

VALUE FOR MONEY STRATEGY

1. Introduction and Background:-

- 1.1 Concepts such as '**Value for Money**' and '**Efficiency gains**' have seen a heightened profile on both the local and central government stage following the Gershon Report of 2004 and the Comprehensive Spending Review due to report in 2007. The driving tenet behind the terms and the Reviews is the aim:

'To maximise the impact of every pound spent on public services so that the benefit could be felt where it matters most: at the point of service delivery.'

- 1.2 The Housing Corporation have also included value for money in their regulatory code:

3.3 of the Code states that, 'Housing associations must aim to deliver continuous improvements and value for money in their services'

- 1.3 For a number of years, as seen in the focus of the Business and Annual Plans, the Group has endeavoured to strive towards achieving a high quality service at a reasonable cost in order to deliver genuine value for money.

2. Definition of Value for Money

- 2.1 Defining a product or service that provides good value for money is a combination of factors. *Value for Money* can be defined as:

'Judgement about the price of a service in the light of the perceived value of that service' (ODPM Introductory Practice Aid)

Or as

'where quality and cost combine to produce a service which meets technical and customer requirements at an acceptable level of expenditure (taken from 'Integration quality and efficiency by the Housing Corporation and Housemark)

- 2.2 The three 'classic components' that make up *Value for Money* are:

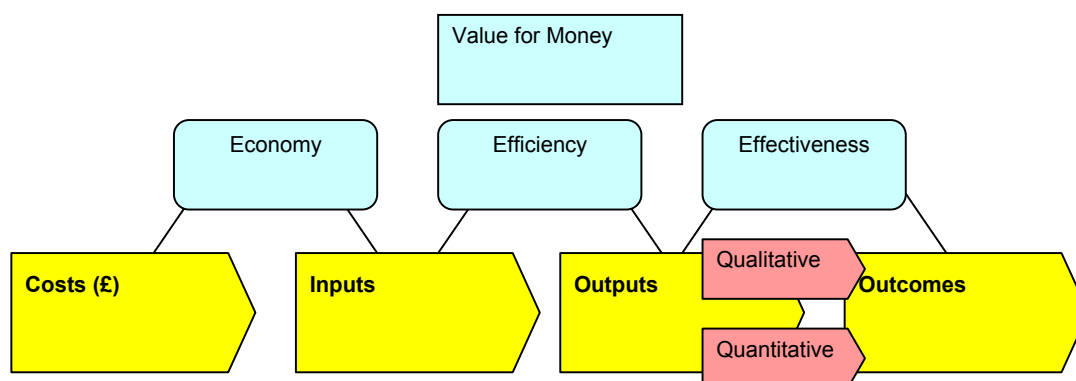
- 1) economy
- 2) efficiency
- 3) effectiveness

- 2.3 Value for money is not determined by lowest cost alone. In essence the best '*Value for Money*' is the service or product that balances effectively cost and quality. The value for money judgement is determined by both qualitative data such as customer service and quantitative data such as cost. The optimum balance between all of the factors is where the best value for money lies.

- 2.4 When making a judgement about the *Value for Money* of a particular service or product it is important to look at all of the factors involved, such as cost, and customer experience and to make a judgement based on a holistic picture of the service. Consideration will also be given to the environmental impact of products to ensure

value for money judgements are based on broad, holistic considerations encompassing capital costs, running costs and the environmental impact.

The concepts link together in the following way-



3. Current position

- 3.1 The Group has a clear commitment to ensuring value for money. This is seen in the efficiency savings made in 2006-2007, totalling £119,500. The Group has set the target for 2007-2008 as £244,000. The Group's commitment to providing value for money is further endorsed with 74% of tenants stating in the STATUS survey that they feel the service provides value for money.
- 3.2 The Group is in the top national quartile in terms of weekly operating costs per general needs unit as well as the operating cost as a percentage of the Group's overall financial turnover. The combination of the quantitative and qualitative data, such as 82% of tenants stating in the STATUS survey that they were happy with the overall service, demonstrates that the current service provides sound value for money.
- 3.4 As a Group we seek to 'continuously improve' and so we wish to build on these achievements to ensure efficiency gains are made with funding being re-directed to front-line services. The Group has set itself a target of achieving £1million aggregated efficiency gains by 2011, confirming the strong emphasis it places on providing value for money.
- 3.5 Further work will be required to ensure that services and processes are consistently reviewed to ensure further gains are made where applicable. Work will also be required to ensure that a seamless, value for money culture can be established.

4. Our Vision

- 4.1 As a Group we are aware of the public sector environment in which we operate and the current efficiency agenda in the form of the Comprehensive Spending Review.
- 4.2 As set out in our Business Plan, the Group sees itself as 'a community regeneration agency with quality social housing at its heart' and is strongly committed to providing a holistic service. Therefore, the Group recognises that in order to have funding available to continue to provide these services, value for money must lie at the heart of all of our services.

4.3 By ensuring careful management of funding, correlating competitive costs with high quality service, we can endeavour to ensure we have adequate funding available to fulfil our mission statement: "enabling neighbourhoods to thrive".

5. Value for money methodology

5.1 The Group use various methods and incorporates targets into departmental annual plans as well as the overall business plan for the organisation to ensure 'continuous improvement' throughout all areas of the Group's work. This is done through a number of different methods.

- 1) Best Value Reviews
- 2) Annual Efficiency Statement
- 3) Annual Plan
- 4) Business Plan
- 5) Key Performance Indicators

5.2 The Group have adopted approaches and methodologies to ensure the 'golden thread' from strategic level decisions to operational level has been clearly developed from Board of Management decisions to operational services. For instance, links have been established between work plan targets set for individual staff members and business plan objectives.

5.3 Using key performance indicators and individual targets the Group has aimed for top quartile status in various Housing Corporation performance indicators. Continuation of this practice, will ensure that the Group strive for excellence whilst consideration of 'value for money' will ensure that this is done in line with the efficiency agenda.

6. Action Plan

Action	By Whom	Due date
Procurement action plan to be implemented to ensure value for money is obtained with specific reference to procurement.	SMT	In accordance with procurement action plan
Develop model documents such as impact assessments and cost analysis templates to ensure consistent, high quality data is collected. Data to be used to inform Value for Money judgements	Corporate Support Officer- liaising with CMT/SMT	End of March 2008
Cost analysis to be kept by managers where appropriate, information to be collated at suitable times such as in line with Best Value Review Programme.	CMT	As per Best Value programme
Value for Money considerations to be integrated into all reports to the Board of management as part of	CMT/SMT	Considerations to be implemented by June 2008.

financial implications and also Key Lines of Enquiry impact		
Value for Money considerations to be clearly incorporated into the Best Value reviews. Use of qualitative data such as impact assessments and quantitative data in the form of costs as part of the reviews.	CMT/ Best Value Steering Group To be monitored by Performance and Monitoring Officer	Consistently part of the 2008 programme of Reviews.
Value for Money strategy to be promoted to all members of staff for example on the Intranet or Corporate Brief.	Corporate Support Officer	By the end of 2007

7. Summary

For a number of years the Group has placed considerable emphasis on trying to balance the provision of high quality services with competitive weekly operating costs. Although a clear focus on value for money has been established and considerable gains made, further work is required to ensure that this becomes fully embedded cross departmentally. In an efficiency focused public sector climate, the Group realises the importance of maximising the impact of funding. By doing so, the Group aims to ensure best value for money to enable funding to be directed towards the Group's aims: adding quality to the lives of tenants and the wider community.

<u>Original Issue Date:</u> November 2007	<u>Author:</u> H. Howard	<u>Last Review Date:</u>	<u>Review Date</u> 2010	<u>Reviewed By</u>	<u>Version No.</u>
<u>Responsibility for this procedure</u>	Corporate Support Officer	Hazel Howard			01
<u>Distribution:</u> Intranet/Policies/Corporate/General, hard copy to Care and Supported Housing and communicated via Corporate Brief					