

# Value for Money Strategy

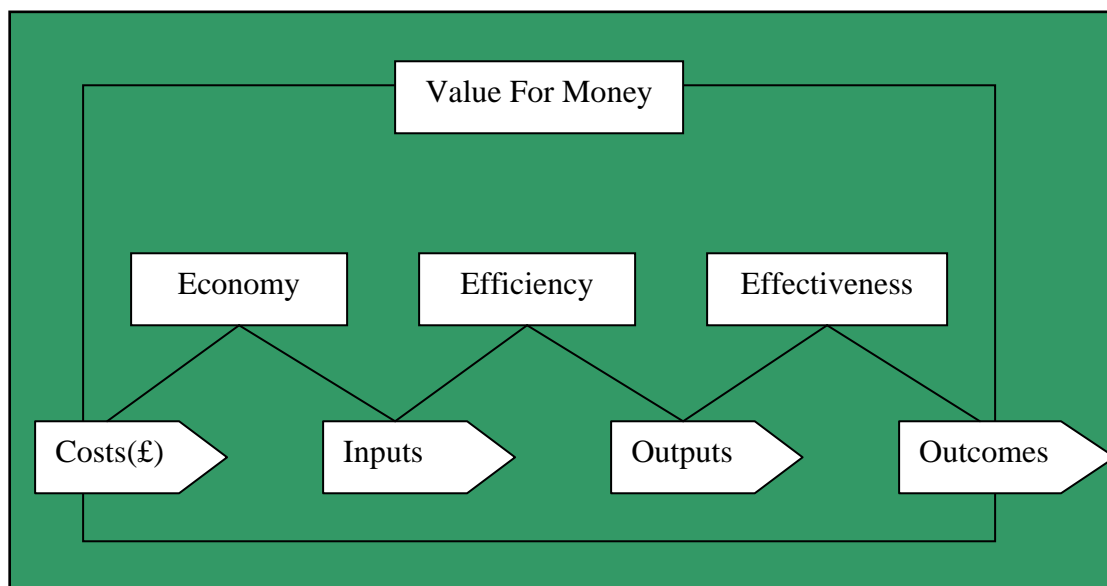
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## Introduction

This strategy sets out Arcon's principles in relation to Value for Money (VFM) and provides a focus to embedding VFM and good practice throughout the whole organisation. Arcon embraces its responsibility to pursue and achieve economy, efficiency and effectiveness in all its area of operations with the provision of a high quality of service to tenants as the main priority. Value for Money is also a high priority for the Government and the Tenant Services Authority.

## What is Value for Money?

VFM has been defined as the relationship between economy, efficiency and effectiveness and is illustrated in the following diagram:



VFM is high when there is an optimum balance between all three – relatively low costs, high productivity and successful outcomes.

So VFM is about:

- Reducing inputs for the same outputs.
- Reducing prices for the same outputs.
- Getting greater outputs or improved quality for the same inputs.
- Getting more outputs or improved quality in return for an increase in resources that is proportionally less than the increase in outputs.

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It is not just about cutting costs, it's about getting more quality and quantity and improving service to tenants by reinvesting in front line delivery where possible.

The questions that we need to address in order to demonstrate our commitment to VFM are:

- How do our costs compare to others, allowing for local context, performance and policy choices?
- How is VFM managed within Arcon taking account of partnerships and procurement and taking a long term view?

## **Objectives of the Strategy**

Arcon's VFM strategy has 5 key objectives that are designed to assist within the achievement of Value for Money at all levels and throughout all service areas.

These are:

1. Embed VFM and continuous improvement within the organisation's culture and ensure that all staff recognise the need to seek VFM for Arcon as part of their routine activities.
2. To deliver savings on overheads and back office costs to deliver increased spend on the delivery of front-line services
3. Adopt good practice in relation to service delivery.
4. To benchmark services.
5. To review the VFM achievement by all departments and to proactively pursue VFM at every opportunity.

The strategy will reflect tenants' priorities, ensure internal resources are fit for purpose and deliver VFM and ensure that the best possible value for money is obtained across the organisation.

## **Methodology**

Value for Money is at the centre of everything we do in terms of achieving our Business Plan objectives and targets. The Value Money Strategy is linked to the key objectives and strategies of the business planning process. This includes both internal and external influences:

- The Business plan sets out the strategic direction and detailed financial

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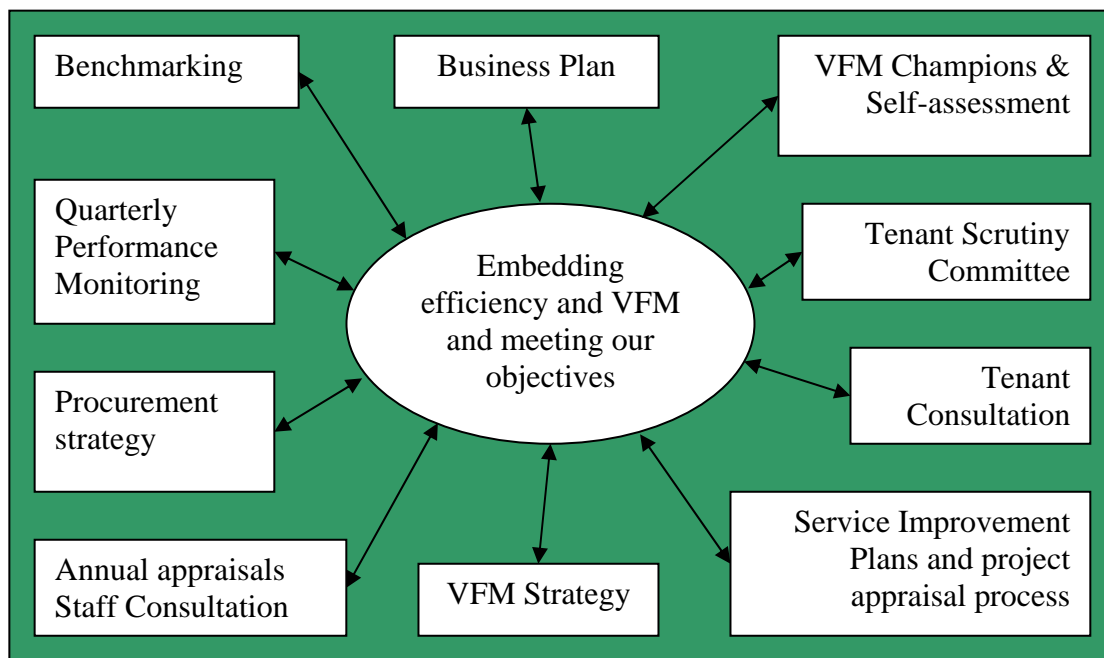
information of the Association.

- The Stock Condition Survey identifies required spend by element and by property.
- The Asset Management Strategy sets at our priority for the future of our stock.
- The Tenant Scrutiny Committee have the authority to scrutinise any areas of activity at the Association in terms of both performance and cost. The Committee can initiate service reviews and make recommendations for improvement to Board
- Regional and Local Strategic plans set the context in which we work e.g. the Regional Housing Strategy sets out our priorities for new development.
- The Procurement and Value of Money Policy sets out a framework for achieving best value when procuring goods and services.
- Service Improvement Plans determine the priorities for improvement throughout the Association, having regard to both tenant priorities and best practice.

## Meeting our Objectives

Our Business Plan sets out our objectives for the next five years. The VFM Strategy is one of the key initiatives that will allow us to achieve this and is influenced by a number of other performance management and improvement tools. This is underpinned by the wish to involve staff, but more importantly tenants, in the process to ensure that we take account of tenant priorities in all aspects of our work.

This is illustrated in the diagram below:



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## **Context**

The Tenant Services Authority and the Audit Commission regulate and inspect social landlords. This is carried out in a number of ways which include:

- The performance indicators for key service delivery targets which are set annually and monitored through Service Delivery Assessments by Board and SMT
- KLOE 32 – The Key Line of Enquiry for VFM, which sets out the parameters by which excellent service providers will be judged by inspectors.
- The rent-influencing regime, which limits rents to a target level to ensure consistency throughout the sector, but also acts as an overall cost control.
- The Audit Commission inspection which ensure that tenants' money is spent economically, effectively and efficiently to achieve high quality services.

## **Arcon's Approach to VFM**

Arcon approaches VFM through its comprehensive performance monitoring framework. Our performance is assessed against key indicators through benchmarking exercises and tenant involvement such as satisfaction surveys, scheme meetings and Tenant Scrutiny Committee. Performance is regularly reported to key stakeholders including Board members and tenants via a range of methods including our annual report. Through Arcon strives to be in the top quartile for Housing Associations and aims to be assessed as an excellent organisation. To assist with this aim Arcon is utilising the Audit Commission's KLOES's as indicators of best practice.

## **Initiatives and Evidence of VFM Culture.**

In ensuring VFM is achieved across the organisation a range of initiatives have been put in place:

- A VFM Group of staff across all departments has been established and is responsible for leading on VFM.
- Clear targets set through annual appraisals, service delivery assessments and the budget process to ensure quality is maintained in an effective and efficient manner.
- Training on VFM has been provided to all staff.
- Ongoing consultation with tenants and leaseholders on the allocation of resources to determine priorities for where savings are spent
- Appointment of a Board champion for VFM to ensure a VFM culture is embedded at all levels in the organisation.

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- Through membership of HouseMark, we benchmark our services on total cost and performance. This information is used to identify areas for improvement.
- As members of Procurement of Housing, savings are made through this purchasing consortium.
- Systems have been established to evidence any VFM reviews and initiatives, allowing for clearer reporting to Board.
- Successful VFM reviews to date include:-
  - review of utility costs with the assistance of the Monarch Partnership.
  - provision of management services to other landlords thereby maximising income for no additional cost.
  - review of gas servicing tender.
  - review of service charge contracts for cleaning and gardening in response to tenants' feedback.
- The VFM Group has developed an action plan to ensure Value for Money is achieved in line with this strategy.
- All reports to Board and Committees to consider the implications of recommendations in terms of Value for Money

## **Review and Monitoring.**

The overall responsibility for the delivery and monitoring of the Value for Money Strategy rests with the Senior Management Team with regular reporting to Board on Value for Money activities, savings achieved and progress on the implementation of the action plan.