

**VALUE FOR MONEY
SCRUTINY REVIEW FEBRUARY 2011
RECOMMENDATIONS TO CABINET 31 MARCH 2011**

- (A) That the Value for Money Strategy be endorsed
- (B) That the Action Plan (reproduced below) be endorsed for monitoring by the Housing and Value for Money portfolio holders
- (C) That the Housing Portfolio Holder ensures that the impressive value for money already achieved by the housing service is appropriately celebrated and communicated to tenants, residents, staff, members, partners and the housing sector including an article in South Cambs magazine
- (D) That the value for money toolkit produced by the Housing Quality Network be adapted for use as a basis for examining value for money in all other service areas across the Council

Affordable Homes Value for Money Action Plan 2011/12 – 2012/13

| | Action | Timeframe | Lead |
|-----|---|------------|---------------|
| 1 | Set targets | | |
| 1.1 | <p>Prioritise those business objectives that will lead to reductions in costs and/or performance improvement ensuring they are communicated to all staff.</p> <p>For example: is an increase in repairs efficiency and preventative maintenance accompanied by a reduction in future repairs costs?</p> | March 2011 | Anita Goddard |
| 1.2 | <p>Split targets down effectively between management and maintenance, back office or overhead costs, commodities and capital/major works.</p> <p>Ensure the efficiencies within each area reflect both the financial strategy and corporate priorities.</p> | April 2011 | Anita Goddard |
| 1.3 | <p>Ensure clarity as to what level VFM targets are set. Identify and publicise what efficiency and VFM targets (cashable and non-cashable) can be delegated/devolved to individual service areas.</p> | May 2011 | Stephen Hills |

| | Action | Timeframe | Lead |
|----------|---|--------------|----------------|
| 1.4 | <p>Review the Housing Service Plan and Business Plan ensuring that clear financial and value for money objectives are included, incorporating SMART principles, that are relevant and understood by all staff.</p> <p>The objectives should be proposed by section heads following team meetings to ensure 'buy in' from all staff and agreed at Housing Services Management Team (HSMT).</p> <p>Examples could be:</p> <ul style="list-style-type: none"> To seek cost efficiencies for re-investment in service development To reduce operating costs to upper quartile performance for comparable housing organisations in the following areas: repairs and maintenance, planned and cyclical maintenance and housing and estate management. | October 2011 | Stephen Hills |
| 2 | Monitor | | |
| 2.1 | Ensure evidence in place (including benchmarking) to track impact of efficiency savings on overall service performance and include as a regular agenda item at team meetings and HSMT. | April 2011 | Julie Fletcher |
| 2.2 | <p>Ensure procedures and appropriate resources are allocated for providing/inputting benchmarking data to HouseMark* and subsequent validation . As a result the action will be fully integrated with other corporate financial and performance reporting activities.</p> <p>*HouseMark is a national membership-based organisation helping the social housing sector to improve performance and achieve value for money.</p> | April 2011 | Alex Coyler |
| 2.3 | Ensure data record includes evidence (schedule) of reinvesting cash-recurring efficiencies. | July 2011 | Stephen Hills |
| 2.4 | Compare the efficiency record against the various sector studies/best practice examples published in last 3 –5 years. | July 2011 | Julie Fletcher |
| 2.5 | Generate efficiency targets in consultation with staff and customers. Ensure value for money initiatives are standard agenda items at team meetings and form part of the staff appraisals. | July 2011 | Julie Fletcher |

| | Action | Timeframe | Lead |
|----------|---|-----------|---------------|
| 2.6 | <p>Set up system to routinely collect, analyse and report to managers and board/members on the cost and cost-driver ratios which explain how resources are utilised in service delivery and compare these ratios to other organisations.</p> <p>Minimum ratio requirements/examples include:</p> <ul style="list-style-type: none"> • Ratio of overheads/support and corporate services against frontline operating costs • Ratio of pay and non-pay (contract/partner) costs • Ratio of management and maintenance • Within maintenance, the ratio of planned, responsive, voids and cyclical works • Within responsive repairs, the ratio of emergency/urgent against routine repairs • Within repairs, the ratio between major (capital) works and responsive/planned/cyclical repairs • Ratio of management, maintenance and overheads to turnover/rental income • Operating costs per property • Direct costs per property <p>Ratio of interest/debt costs to turnover/operating costs.</p> | July 2011 | Laura Rawling |
| 2.7 | <p>Ensure that financial monitoring and HSMT meetings consider where higher costs be justified on the grounds of better/excellent performance and can measure where lower costs lead to poorer performance.</p> | July 2011 | Stephen Hills |
| 3 | Manage | | |
| 3.1 | <p>Analyse the movement in ratios collected (Action point 2.6) to see how they change over time. Seek to understand reasons for this movement and ensure linkage to financial strategy.</p> | Sept 2011 | Laura Rawling |
| 3.2 | <p>Keep record of action that has been taken on the outputs from cost benchmarking, particularly where:</p> <p>Costs are higher than the average in similar housing authorities?</p> <p>Costs are lower than the average in similar housing authorities ?</p> <p>Record what has changed as a result of this reflection.</p> | Sept 2011 | Laura Rawling |

| | Action | Timeframe | Lead |
|----------|---|-----------|---------------|
| 3.3 | <p>Ensure the reasons for differences for cost and quality/performance between benchmark are understood and action undertaken e.g.</p> <ul style="list-style-type: none"> • Relatively high cost associated with relatively poor or average performance – through seeking efficiencies combined with improved service effectiveness? • Relatively low cost associated with poor performance – through investing in service delivery? • Relatively high cost associated with good/excellent performance – through reducing costs and protecting service delivery? | Sept 2011 | Anita Goddard |
| 4 | Communications | | |
| 4.1 | Ensure that VFM information is shared effectively so that all staff have an understanding of how their service's costs and quality levels compare. | May 2011 | Stephen Hills |
| 4.2 | Establish a VFM awareness-raising plan/campaign with customers. To include discussed VFM at tenant forums, conferences or other events. | May 2011 | Gill Anderton |
| 4.3 | Establish process for approval of annual efficiency report by Portfolio Holder. | June 2011 | Stephen Hills |
| 4.4 | Ensure that Portfolio Holder for Housing, other elected Members who attend the Portfolio Holder meetings (e.g. Scrutiny monitors) and key TPG members or any future housing board members are briefed on the VFM requirements for housing arising from the regulatory framework. | June 2011 | Stephen Hills |