

# Tower Hamlets Homes Draft Value for Money Action Plan

2009-2010

## 1.0 Introduction

The VfM Action Plan is one of the key methods of delivering the Tower Hamlets Homes VfM Strategy. The VfM Action Plan is based achieving value for money savings by adhering to the five key strategic principles outlined in the VfM Strategy, being:

- Comparing costs (benchmarking) with other ALMOs
- Reducing costs and maximising income
- Improving the Delivery of Services
- Establishing an embedded VfM culture
- Medium Term Financial Plan and Budgeting
- Procurement Strategy

## 2.0 Ownership of the VfM Action Plan

The VfM Action Plan will be submitted to the Finance and Audit Committee for approval and ongoing monitoring of performance against the targets in the plan.

The VfM Action Plan will:

- Be SMART (**S**pecific, **M**easurable, **A**ttainable, **R**ealistic, **T**ime bound)
- Contain agreed Performance Indicators to measure VfM achievements and savings.

The VfM Leadership Group will be asked to assist in the development of the VfM Action Plan, and the day to day management of the plan will be performed by the VfM Accountant.

## 3.0 Value for Money Action Plan Reporting

The Finance and Audit Committee will be provided with regular updates and progress reports on the Value for Money Action Plan.

Other Performance Indicators are being created that can be used to measure the effectiveness of the VfM efforts in the organisation.

Suggested PIs include:

- Number of VfM suggestions made
- Number of VfM suggestions accepted
- % of accepted suggestions vs. total suggestions
- Cashable savings generated
- Non cashable savings generated

## **4.0 Value for Money Action Plan**

### **4.1 Introduction**

The VfM Action Plan is divided up into a number of high level areas, being:

- Board Level Actions
- Embedding Actions
- Procurement Related Actions
- VfM Actions
- Benchmarking
- Controlling Costs
- Increasing Income
- Service Delivery Improvements
- Medium Term Financial Plan and Budgeting
- Annual Efficiency Statement

### **4.2 Board Level Actions**

The Board of Tower Hamlets Homes has an important role in the VfM agenda, from approving the VfM strategy and efficiency targets to ensuring that the VfM message is constantly communicated to staff and residents.

### **4.3 Embedding Actions**

These actions are based around embedding the ideal of VfM into the culture of Tower Hamlets Homes. VfM and actions to improve the services that we offer to residents must be considered at all levels of the organisation, and in every action that we perform.

The embedding of VfM can be assisted by actions such as:

- VfM strategy and Action Plan linked to other corporate objectives.

- VfM training to all levels of staff and to residents Cashable savings generated
- VfM incorporated in staff Personal Development Plans (PDRs)
- VfM incorporated into communications and engagement with residents

#### 4.4 Procurement Related Actions

Large VfM savings can be generated through an efficient and effective procurement function, and staff members following the procurement rules, procedures and processes,

THH recently launched its Procurement Tool Kit, and at the same time, staff training has held for staff members on procurement and the Tool Kit.

#### 4.5 VfM Reviews

A number of VfM reviews are currently being undertaken and additional reviews are planned. These reviews are based on:

- Areas of high costs identified through benchmarking.
- VfM ideas identified by the THH Finance Department
- VfM ideas generated through staff PDRs and VfM suggestions.

#### 4.6 Benchmarking

Benchmarking of Tower Hamlets Homes costs against those of other ALMOs and RSL's is a useful way of determining areas of high cost that can be targeted for VfM reviews.

In addition to identifying areas for improvement, benchmarking can be used to assist managers in understanding what makes up their costs, which assists in identifying future savings and efficiencies.

#### 4.7 Controlling Costs

Controlling costs in order to meet efficiency savings targets and to improve VfM is a key aspect of the VfM action plan.

Re-engineering key processes is one method of challenging costs, and ensuring that we are delivering services in the most cost efficiency manner.

## 4.8 Increasing Income

An example could be arranging a special discounted rate of contents insurance for residents through a broker, and Tower Hamlets Homes receiving a percentage of policies taken out.

## 4.9 Service Delivery Improvements

Delivering a better or improved service at the same or at a lesser cost is one way VfM efficiencies can be obtained, and additional benefits being supplied to residents.

Again Re-engineering key processes is one method of improving service delivery to ensure that we are delivering services in the most effective manner.

## 4.10 Medium Term Financial Plan and Budgeting

The medium Term Financial Plan will identify future savings targets, which must be incorporated into annual budgets. In addition to savings identified in the Medium Term Financial Plan, savings identified from other sources, such as PDRs and VfM suggestions need to be added to budgets.

## 4.11 Annual Efficiency Statement

The Board will request that Tower Hamlets Homes make efficiency savings, which is usually expressed as a percentage of total spend. These savings will be reported using the Annual Efficiency Statement that details how the Tower Hamlets Homes will achieve these gains and includes details of the service areas from which they are expected to come.

Where improved efficiency means that cash is saved Tower Hamlets Homes will be able to reinvest this in their services. Improved efficiency may also enable other resources such as staff time to be used more effectively resulting in improvement to the quality or quantity of services.

Efficiency gains may be achieved from either revenue or capital expenditure but must come about by raising productivity or improving value for money, not through making cuts in services.

## Appendix 1 – Value for Money Action Plan

Priority One					
To compare costs via benchmarking with other ALMOs and Housing Organisations to ensure that value for money improvement opportunities are identified.					
Priority	Measures of Success and Outcomes	Action	Lead Officers	Target Date	Progress
1.1	Benchmark our costs using HouseMark.	1.1.1 – Complete an annual submission of THH financial figures to HouseMark.	LW	October 2009	Completed
		1.1.2 – Identify areas of high cost for investigation to realise possible VfM.	LW/SMT	November 2009	
		1.1.3 – Distribute benchmarking data to managers so they can better understand their costs.	LW	December 2009	
		1.1.4 – Analyse reasons for cost differences with high performing comparators.	LW	Ongoing	
		1.1.5 – Use high cost areas identified through benchmarking to prioritise future VfM reviews.	LW	Ongoing	
1.2	Obtain best practice from other housing organisations.	1.2.1 – Join relevant HouseMark Benchmarking clubs to ascertain best practice.	SMT		Completed

<b>Priority Two</b>					
<b>To increase value for money by reducing costs and maximising income.</b>					
<b>Priority</b>	<b>Measures of Success and Outcomes</b>	<b>Action</b>	<b>Lead Officers</b>	<b>Target Date</b>	<b>Progress</b>
2.1	Reduce costs to improve value for money.	2.1.1 – Analyse costs to identify VfM savings	Team Leaders	31/12/09	
		2.1.2 – Implement systems so VfM cost savings are reported	VfM Accountant	Ongoing	
		2.1.3 – Conduct six VfM Reviews	VfM Accountant	March 2010	20%
		2.1.4 – Use effective procurement to reduce costs when major contracts are renewed	Procurement Manager	Ongoing	
2.2	Maximising income and funding opportunities	2.2.1 – Improve the collection of rent and rent arrears.	BB	Ongoing	
		3.2.2 – Improve the collection of leasehold fees and arrears.	BB	Ongoing	
		2.2.3 – Identify and apply for grants and other sources of income that can be used to improve the service we offer to residents or to improve their homes.	SMT	Ongoing	

<b>Priority Three</b>					
<b>To create value for money by improving the services that we deliver to residents.</b>					
<b>Priority</b>	<b>Measures of Success and Outcomes</b>	<b>Action</b>	<b>Lead Officers</b>	<b>Target Date</b>	<b>Progress</b>
3.1	To improve the delivery of services to residents.	3.1.1 – Analyse services to identify possible improvements to services.	Team Leaders	Ongoing	
		3.1.2 – Conduct six VfM Reviews	VfM Accountant	March 2010	20%
		3.1.3 – use effective procurement to obtain more services for the same money when major contracts are renewed.	Procurement Manager	Ongoing	
3.2	To involve residents in decisions involving services, and ensure that these services include a VfM element.	3.2.1 – To involve residents in decisions involving services, and ensure that these services include a VfM element.	Resident Engagement Manager	Ongoing	

**Priority Four****To embed Value for Money into the culture of Tower Hamlets Homes.**

<b>Priority</b>	<b>Measures of Success and Outcomes</b>	<b>Action</b>	<b>Lead Officers</b>	<b>Target Date</b>	<b>Progress</b>
4.1	Strong commitment for VfM in THH from the Board and SMT	4.1.1 - The Board to approve the VfM Strategy and VfM Action Plan.	LW	March 2010	
		4.1.2 – Appoint Board members to be the VfM Champion.	Board		Completed
		4.1.3 – Create VfM Leadership Group.	GC		Completed
4.2	To improve the awareness of VfM to all staff members and residents	4.2.1 – Implement a VfM training programme that aims to embed the principles of VfM and its importance to THH.	LW	February 2010	
		4.2.2 – Include VfM objectives into all staff members Personal Development Plans (PDRs)	JC	September 2009	Completed
		4.2.3- VfM Objectives from PDRs to be incorporated into Team Plans.	SMT	October 2009	
		4.2.4 – VfM objectives from the Business Plan, the VfM Action Plan and Service Improvement Plan are incorporated into Team and individual Objectives.	SMT	October 2009	

Priority	Measures of Success and Outcomes	Action	Lead Officers	Target Date	Progress
		4.2.5 – VfM to be considered in all papers fro SMT, the Board and its Committees	SMT	Ongoing Action	Completed
		4.2.6 – VfM section to added to the THH Intranet	LW	December 2009	
		4.2.7 - Communications plan for staff and residents to include VfM content.	JC	Ongoing	
4.3	Increase resident involvement in monitoring VfM	4.3.1 – VfM performance and success stories to be included in resident communications.	JC	Ongoing	
		4.3.2 – VfM training to be given to resident groups.	SMT	Ongoing	
		4.3.3 – Residents to be approached for VfM ideas and input into major decisions	SMT	Ongoing	
4.4	Recognising VfM achievements	4.4.1 – Introduction of the VfM Championship League	LW	March 2010	
		4.42 – Introduce annual staff VfM award to recognise commitment and excellence in VfM	LW	June 2010	
		4.43 – Introduce staff VfM suggestion scheme	LW		Completed

<b>Priority Five</b>					
<b>To ensure that Financial Planning is used to identify and drive value for money savings across Tower Hamlets Homes.</b>					
<b>Priority</b>	<b>Measures of Success and Outcomes</b>	<b>Action</b>	<b>Lead Officers</b>	<b>Target Date</b>	<b>Progress</b>
5.1	The Board to approve Medium Term Financial Plan	5.1.1 –VfM savings are identified in the Medium Term Financial Plan, which address savings targets required by LBTH.	SMT	March 2010	
		5.1.2 – Savings targets to be incorporated into the budget setting process, which address savings targets identified in the Medium Term Financial Plan.	LW	March 2010	
		5.1.3 – Benchmarking data to be considered when setting budgets.	LW	November 2010	
		5.1.4 – Savings identified through the PDRs and the VfM register to be incorporated into budgets.		November 2010	
5.2	The Board to approve the Annual Efficiency Statement.	5.2.1 – The Board sets an efficiency target to be achieved and reported through the Annual Efficiency Statement.	VfM Accountant	June 2011	
		5.2.2 – Half year progress to the Board on the progress being made towards achieving the annual efficiency target.	LW	December 2010	

**Priority Six**

To ensure that procurement is effective and used to drive efficiency and cost savings across Tower Hamlets Homes.

<b>Priority</b>	<b>Measures of Success and Outcomes</b>	<b>Action</b>	<b>Lead Officers</b>	<b>Target Date</b>	<b>Progress</b>
6.1	To ensure that the principles of effective procurement are adapted throughout THH, and relevant staff are trained in procurement.	6.1.1 – Procurement Code and Strategy approved by the Board.	LW	October 2009	100%
		6.1.2 – A Procurement Toolkit is developed and implemented.	LW	July 2009	100%
		6.1.3 – Procurement training offered to staff who procure as part of their duties.	LW	August 2009	100%
6.2	Ensure that procurement is used as a tool to obtain efficiency savings.	6.2.1 – Undertake compliance audit checks on procurement procedures.	LW	March 2010	
		6.2.2 – Contracts register to be reviewed quarterly by the Finance and Audit Committee.	LW	Ongoing	Last Reviewed in July 2009