



VALUE FOR MONEY STRATEGY 2016-2019

DOCUMENT CONTROL

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1. Purpose of the VfM Strategy

1.1 This VfM strategy explains clearly what VfM means to RBH. It describes how we will continually improve VfM (and the role of members, tenants and employees in those processes). It sets how we will meet regulatory requirements in respect of VfM, and demonstrate to all stakeholders that we are achieving it. The strategy identifies our three key VfM objectives. To see the actions planned from our strategy, please see the *VfM Action Plan*.

2. Link to RBH's Corporate Strategy – Our Mutual Future 2015-2018

2.1 Everything RBH does, whether new projects, offer document promises or service delivery is done to help meet its objectives:

- **Getting our Core Services Right** – through our day to day service improvement and the delivery of two transformational projects:
 - Enhancing the customer experience;
 - Improving Business Intelligence and Customer Relationship Management.

- **Supporting People and Place** – the two new projects to achieve this are:
 - Remodelling of neighbourhoods and homes where needed;
 - Looking at different uses of our land.

- **Membership and Business Resilience** – this will be delivered by projects to:
 - Increase member engagement in neighbourhoods
 - Focus on business resilience which involves understanding the extent to which we can influence our position;
 - Consistently striving to reduce costs as an integral part of our value for money review;
 - Agreeing our approach to seeking additional sources of income and investment to diversify our income streams and reduce our dependence on rent;
 - Critically reviewing what we do and how we deliver, including determining our approach to collaboration.

2.2 The VfM Strategy is designed to assist RBH in achieving these objectives.

- 2.3 The reduction in income as a result of the July 2015 Budget (mainly through a 1% reduction in rents for the next 4 years but also from further welfare benefit changes) has meant that substantial savings are required to ensure our ongoing viability, placing an increased emphasis on our strategy for achieving value for money. In response to the Budget, RBH has established a programme of activity – ‘Facing the Future’ – which involves the delivery of £6.0M ongoing savings by April 2018.

3. What VfM means to RBH

- 3.1 VfM is always a balance of factors all of which are important and may be vital. Following the July 2015 Budget and the establishment of the Facing the Future Programme, we have engaged members in reviewing how RBH ranks these VfM factors.

- 3.2 Our definition and ranking of the factors is as follows:

1. Financial considerations

RBH sets savings targets each year in order to reduce our costs as far as possible and currently has to deliver £6.0M savings over the next 4 years in order for our Business Plan to remain viable. Any available surpluses generated through savings are re-invested in regeneration activity.

2. High quality homes, goods and services

VfM is always about finding a balance between quality and cost. RBH seeks to deliver a good quality standard when improving homes, purchasing goods, or when specifying a new service for example. This may sometimes mean that services are more expensive.

3. Local social and economic benefits

Many of the services that RBH delivers provide a much wider benefit to the Community and may save money for other public services. Running activities at sheltered accommodation for example improves the health and well-being of our elderly tenants potentially saving money for the NHS. RBH also currently supports apprenticeships and traineeships that can help support local people to find full time employment and improve the economy in Rochdale.

4. Environmental issues

We invest money each year in installing energy efficiency measures in homes which save money for our tenants and we run Energy Smart Clubs in some of our

neighbourhoods to provide support and advice for tenants who needed energy saving advice or help to save on their energy bills. These are just two examples of how we consider environmental issues as being a factor in delivering VfM.

- 3.3 Each factor will be weighted to inform decisions to invest in assets or services depending on the nature of a particular project or procurement.

4. Where are we now?

- 4.1 RBH have developed a strong track record of achieving efficiency gains through reductions in costs and service improvements – savings which have been re-invested in a wide range of service improvements linking to tenant’s priorities agreed with the Board. Since transfer in 2012 and through our VFM Strategy 2013-2016, the Board has driven a process of significant re-structuring, taking £1.2M out of housing management costs and £3M out of our repairs costs, in order to improve our services and to make them more economic, effective and efficient.
- 4.2 Our value for money plans in 2014 were focussed on the ‘It’s our RBH Review’ which sought to re-align RBH’s resources, without any additional money, with the priorities of our new Corporate Strategy in terms of customer service excellence, improving the quality of our homes and modernising our internal systems and processes to better support service delivery.
- 4.3 Aligned with Our Mutual Future, the Facing the Future Programme, and members views combined with research into current thinking and best practice within the sector and consideration of the HCA’s VFM Standard, 3 VfM objectives have been identified within the new 3 year strategy.

5. VfM Objective 1 – Cost Reduction Whilst Maintaining Quality

Savings Targets

- 5.1 We are committed to driving down costs and set targets for cashable savings embedded within 3 year budgets to ensure we continue to have a viable business plan. Budget reductions are allocated in line with corporate and financial planning which includes an annual business plan stress testing exercise to identify prioritized mitigating actions to a range of scenarios that break the plan. Action plans are clearly identified via 6 delivery work-streams (within the Facing the Future Programme) to achieve savings targets for the next 3 years. These are set out below.

Facing the Future Programme - Savings Targets			
	16-17 Target £'000	17-18 Target £'000	18-19 Target £'000
Delivery work-stream			
Business Process Review	(525)	(900)	(900)
Review of assets	(875)	(1,930)	(1,930)
Terms and Conditions	(292)	(500)	(500)
Improving Core performance		(235)	(420)
Managing Assets		(685)	(905)
Maximising Opportunities and shaping the future		(500)	(1,345)
Target Total	(1,692)	(4,750)	(6,000)

- 5.2 Any savings generated over and above those required to ensure a viable business plan will be re-invested in order to support delivery of our corporate objectives with a focus on the quality of homes supported by new build and regeneration.

Business Process Review

- 5.3 We have adopted a lean thinking approach to conducting service improvement reviews, led by RBH trained change agents, aimed at increasing efficiency and removing waste from key processes.

Collaboration and Partnerships

- 5.4 RBH will explore different models of service delivery to maximise opportunities for collaboration and partnership working. This includes working with our near neighbours Bolton at Home and First Choice Homes Oldham to determine what options are available to share expertise and best practice, and potentially to identify if a cost share vehicle could be viable to deliver significant efficiencies.

- 5.5 As well as a cost sharing group, other options will also be considered to determine whether a different structure and operation can provide a better way of delivering our objectives, including a merger (whilst maintaining our core purpose of doing what is right for Rochdale). For RBH there are fundamentally two options to consider:

- Partnerships within Rochdale –linked to being a Local Anchor Institution, aimed at improving outcomes and securing overhead efficiencies.
- Partnership with a local housing association – aimed at delivering efficiencies through scale

Procurement

- 5.6 The goods and services that we procure are a major part of our total expenditure and therefore it is essential that we procure as effectively as possible, i.e. that

we follow procurement procedures, that we identify new opportunities and that we properly maintain partnerships. Our procurement procedures are already clearly linked to our objectives through the Procurement and Asset Management Strategies.

- 5.7 Our Procurement Strategy and supporting Toolkit align fully with our approach to value and VfM and comply with the Social Value Act. It includes a requirement for a minimum 50% price weighting for all tenders. We are exploring opportunities for joint procurement exercises within Greater Manchester.

Income Generation

- 5.8 We have produced an appraisal framework to put us in a strong position to assess and respond to new business opportunities for the future should they arise.

6. VfM Objective 2 – Further Embedding a VfM Culture

RBH's Approach to VfM

- 6.1 Our approach is to seek to ensure that VfM is part of everyday operations and that we are clear and transparent on the costs of services. If employees and customers are extensively involved in VfM and the results are communicated effectively, then this will lead to the generation of cost savings, improved standards and an increase in customer satisfaction. An embedded culture of VfM will help to drive and deliver improved value for money performance.

To achieve this:

- Corporate planning, business planning, budget setting, and quarterly forecasting, are in place to improve our management of budgets. Budgets are constructed through the use of collaborative planning software;
- VfM is a consideration in employee role profiles and is an element of the employee induction process; It is discussed at individual annual Performance and Development Reviews (PDRs) in relation to evidencing how employees meet the working efficiently and effectively competency.
- Our internal VfM self-assessments are carried out routinely by teams across the society which feed into the annual VfM self assessment, a more accessible summary version of which is also published. Service area VfM action plans are in place to improve VfM performance;
- We have in place a robust project management methodology which includes investment appraisal and Project Boards that oversee project delivery. Each project is progressed with a Project Initiation Document which includes an analysis of anticipated costs and benefits. These

benefits are tracked to ensure the desired benefits are fully realised and captured within budgets;

- Progress in achieving VfM savings is communicated across the Society and we will continue to run other VfM awareness sessions.

Governance Framework for VfM

- 6.2 The Board is responsible for ensuring that the VFM Strategy is delivered in conjunction with the Representative Body. All VFM activity is monitored via Heads of Service at regular meetings and it is reported to Audit Committee and the Board. Board reports have a section that sets out the financial and VfM implications of all decisions.
- 6.3 The 4 Continuous Improvement Groups (CIGS), linked to the consumer standards each have a remit to consider VFM in their work. The Members Scrutiny Group will scrutinise specific elements of the business according to a programme of work commissioned by the CIGS using a toolkit with VFM built in.
- 6.4 We ensure tenants have the opportunity to help develop our VfM initiatives, by shaping the repairs service as part of Project Re-fit for example and through the use of participatory budgeting as part of neighbourhood action planning.
- 6.5 We are working with the Members Scrutiny Group to develop a framework to enable tenants to ratify the 'value' and VfM that has been achieved.

Demonstrating Delivery of VfM

- 6.6 We publish an annual VfM Self-assessment which is compliant with HCA requirements. We will participate in the pilot for a new Efficiency scorecard and the HCA's review of the VfM Standard
- 6.7 We currently benchmark our costs and performance through HouseMark in order to help judge whether our services provide value for money and identify areas of concern. Our main focus through HouseMark is on the LSVT benchmarking group. We will also co-operate with other mutual organisations to identify VfM ideas that can be adapted and we are exploring alternative ways to benchmark with similar organisations, for example through the GM Providers Group.
- 6.8 We also conduct a Customer Satisfaction (STAR) survey which is used to give us a clear steer on areas where we are performing well and where we need to improve.

- 6.9 Internal and customer facing Service Standards have been developed or are in development (in conjunction with tenants where appropriate) so that we can measure performance against targets to demonstrate VfM.
- 6.10 We are implementing business intelligence software that will provide greater transparency and visibility of information on costs and performance which we will use to inform decisions around service improvements.

7. VfM Objective 3 – Maximising the Return on our Assets

Our Homes

- 7.1 RBH's main assets are our homes that our tenants live in and the 'return' achieved on these assets is a measure of the overall value we get from the homes.

In order to understand the performance of the assets and to plan to optimise returns by considering the long-term sustainability of neighbourhoods and making investment decisions, we routinely calculate financial and sustainability indicators to build up a comprehensive profile of performance of each neighbourhood annually. This also supports decisions around dis-investment and regeneration priorities where appropriate as set out in our Asset Management Strategy – Our 2050 vision.

Social Value

- 7.2 Creating social value continues to be an ambition of RBH's and in 2015 we published our first social value report. This stronger and more systematic focus on social value for RBH, using rigorous measurement tools, will continue to be delivered as part of this strategy.

Environmental Returns

- 7.3 The Improvement Programme continues to include a range of measures such as double glazed windows and doors and central heating upgrades, which contribute to greater thermal efficiency of our homes. Our Energy Smart Clubs provide support and advice to tenants on energy savings. We have a Sustainability Policy in place and our overall sustainability credentials are measured and compared to our peers via SHIFT (Sustainable Home Index for Tomorrow).

8. Links to Other Strategies

- 8.1 As well as the Corporate Strategy, this VfM Strategy has clear links to the Procurement and Asset Management Strategies.

9. Equality and Diversity

9.1 The VfM Strategy and in particular the cost reduction objective has the potential to have a significant impact and therefore the overall score as part of the Equality Impact Assessment (EIA) is high. The EIA sets out further action to be taken.

10. Monitoring

10.1 The implementation of the strategy will be monitored via Heads of Service meetings, Audit Committee and Board

11. Review

11.1 All RBH strategies, policies and procedures are reviewed on a regular basis in order to ensure that they are 'fit for purpose' and comply with all relevant legislation and statutory regulations.

11.2 This strategy, including any other related policies and procedures will be reviewed annually in order to ensure its continued appropriateness and formally reviewed and submitted to the appropriate 'approving body' every three years.

11.3 This strategy is to cover a short-term period of transition in order to focus on savings and viability. Once this has been actioned, at the next review, we expect the longer term strategy to reflect our future purpose.

VfM Strategy Action Plan

<u>Ref</u>	<u>Action</u>	<u>Champion</u>	<u>Lead</u>	<u>When</u>	<u>Comments (March 2017)</u>
VFM Objective 1 : Cost reduction whilst maintaining quality					
1	Delivery of 3 year £6M savings target	EMT	HoS	By April 2018	
2	Development of revised target operating model and Future Purpose	EMT	CO	By Sep 2016 - complete	
VFM Objective 2 : Further embedding a VfM culture					
3	Establish a framework within our governance structure, developed by the Tenants Scrutiny Commission in 2016, to allow tenants to ratify the 'value' and VfM that has been achieved.	IM	JW	By March 2017 - complete	
4	Full implementation of business Intelligence software to improve information on costs and performance	NH	EJ	By March 2017	Top 10 KPIs implemented by March 2017.
5	Undertake VfM awareness training with employees to ensure VfM is part of everything we do	NH	IM	By March 2017 - complete	
VFM Objective 3 : Maximising the return on our assets					
6	Review our net present value indicators, used to assess the return on our assets, to take into account the potential impact of new welfare reform policies to inform the effect on neighbourhoods.	EJ	GT	By March 2018	

Employees

HoS – Heads of Service

CO – Cath Owston

JW – Jonathan Walton

IM – Ian Metcalfe

NH – Nickie Hallard

EJ – Elaine Johnson

GT – Gina Tomlinson