VALUE FOR MONEY STRATEGY

2008

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1. Introduction

1.1. Northwards embraces the VfM agenda. We have established a VfM Project Group of staff across the organisation to drive progress and bring together representatives from across the business to examine *what* we do and *how* we do it – so we can:

- Maximise our key strengths
- Address our weaknesses
- Seek out ways of doing things better
- Reduce threats to our success by effective risk management

1.2. Value for money (VfM) continues to be high on the Government's agenda. The Office of the Deputy Prime Minister expected local authorities to make efficiency gains of at least £480 million by 2007-08 in social housing alone (2.5%).

1.3. The Comprehensive Spending Review 2007 set out further targets for at least 3% net cash-releasing VfM money gains per annum from 2008-09 to 2010-11. Therefore Northwards must have a robust VfM Strategy, embedded in the organisation, which:

- Supports the mission, vision and values of the organisation
- Ensures that external resources are selected and effectively managed through effective and transparent procedures
- Ensures that internal resources are fit for purpose and deliver VfM
- Reflects our customers' priorities
- Obtains the best possible value for money across the organisation

1.4. At the commencement of the Strategy an assessment was done in line with the Audit Commission Inspection requirements on Value for Money. This covered progress to date on the following areas:

- Financial Management
- Benchmarking
- the Annual Efficiency Statement
- Procurement Strategy
- Review of Service Level Agreements

1.5. The VfM Project Group and Resource & Audit Sub-Committee reviews this Strategy annually to ensure it is fit for purpose for the years ahead.

2. Background and Key Drivers

2.1. Obtaining Value for Money has been a priority of Government for some time. Key drivers include:

- **Best Value**
  Introduced in 1999, the Best Value regime aimed to ensure the delivery of quality services, not lowest price tendering. To do this, Northwards needs the capacity to make intelligent choices between different service delivery models and to implement change projects successfully.

- **Byatt Review**
  Published in 2001, this set out a number of key recommendations to align procurement and Best Value. These include developing corporate procurement functions, reviewing current practice, building capability and project and contract management. These recommendations were endorsed by the response to this review from the Local Government Association (LGA) and the Office of the Deputy Prime Minister (ODPM).

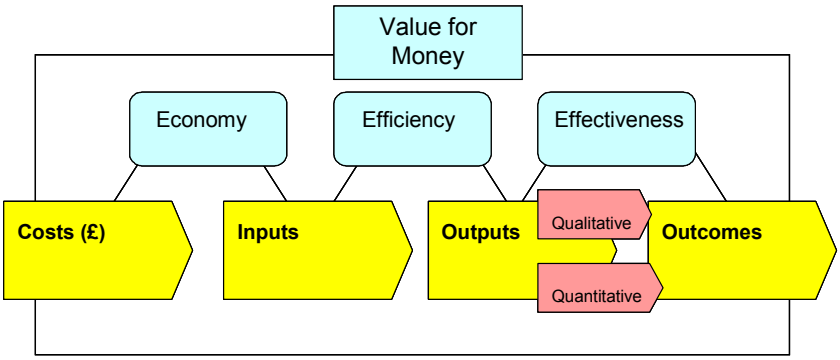
- **National Procurement Strategy**
  Published in 2003 by the ODPM, this report sets out a framework for public bodies to ensure a strategic approach to procurement.

- **Gershon Report**
  Published in 2004, this report was commissioned by the government to drive the procurement and efficiency agenda. By implementing sound procurement practices, resources can be directed to front line services. The Gershon agenda added an extra focus to Value for Money.

- **Audit Commission Inspection of Northwards**
  In preparing for the 2006 inspection, work done showed the importance of embedding a 'value for money' culture throughout the organisation and ensuring that there are strong procurement practices.

- **Audit Commission Key Lines of Enquiry (KLOEs)**
  The KLOEs from the Audit Commission against which services are assessed include an overarching Value for Money KLOE (number 32). However, in addition there are Value for Money sections in each of the service specific KLOEs. Further details are given in section 3 – 'What is Value for Money?'

3. What is Value for Money?



3.1. Any efficiency drive is **not** just about cutting costs. It's about getting more quality and quantity - improving services to tenants and reinvesting in front line delivery wherever possible.

3.2. Guidance from the Office of the Deputy Prime Minister (ODPM) states that VFM – efficiency and effectiveness - is about:

- Reducing inputs for the same outputs
- Reducing costs 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 proportionately less than the increase in outputs.

3.3. Northwards is also committed to the 'Best Value' agenda, and the requirement to challenge, compare, consult and compete when examining alternative methods of service delivery. We will always take whole life costs into account.

3.4. We have received further guidance from the Audit Commission about how we can make sure that VfM is at the heart of everything we do. There are two key questions to consider:

- How do the organisation's costs compare to others, allowing for local context, performance and policy choices?
- How is VfM managed, including through partnership and procurement, and taking a long term view?

3.5. VfM therefore needs to be an integral part of Northwards' culture. We need to constantly evaluate how we can do things better to drive up our efficiency and effectiveness and to engage staff in identifying efficiency opportunities.

3.6. The detail of our approach to driving continuous improvement in VfM will be decided upon and driven by the Resource & Audit Sub-Committee. The Sub-Committee will be focussing on the following areas:

- Planning and Performance Management
- Business Processes
- Procurement
- Partnership
- Planning for the Long Term

3.7. The remainder of this Strategy deals with each of these areas in turn.

4. Planning and Performance Management

4.1. Our aim is to fully integrate VfM into our planning and performance management frameworks. Northwards starts from a base of:

- VfM considerations embedded into all stages of service planning
- Strong basis of financial management
- Quarterly VfM reviews with managers being established – these will flag up risks and opportunities to be reported to the Resource & Audit Sub-Committee
- Robust performance management structure with VfM included in performance reports routinely
- Benchmarking with other ALMOs on cost and performance (we are members of the Housemark Benchmarking club)
- Contributing to the Council's Annual Efficiency Statement (AES) and developing our own AES using the Housemark toolkit
- Customer involvement in setting priorities and monitoring performance
- VfM highlighted in procurement approval

4.2. The annual action plan will include:

- Analyse benchmarking data
- Produce Annual Efficiency Statement
- Carry out VfM reviews and report to Resource & Audit Sub-Committee
- Review Team Improvement Plans to further embed VfM

5. Business Processes

5.1. Our aim is to streamline business processes to gain efficiencies while maintaining a strong customer focus and customer involvement in setting priorities. We will use ICT appropriately in improving processes. Actions already taken include:

- Northwards Housing will adopt the Government's efficiency target of 3% in 2008-09
- Improved management of sickness absence
- Improving functionality and quality of ICT systems
- Business case approach to new projects being put into procurement methodologies

5.2. The Action Plan will include:

- Implementing the ICT Strategy, including Civica implementation to achieve efficiencies in business processes and improve customer access
- Use external advice and support to critically review processes
- Learning from Best Practice

6. Procurement

6.1. Northwards Housing has developed a robust Procurement Strategy based on published examples of best practice. Progress so far on procurement includes:

- Completion of reviews of all the services we purchase from the Council. The continuous programme of SLA reviews now continues into 2008-09 where agreements still remain. When we consider that we are obtaining VfM from the Council, we will still drive the VfM agenda to obtain meaningful service improvements or reductions in cost.
- Use of procurement consortia and Council's approved contractors

6.2. The action plan will include:

- Review of key areas of spend to assess procurement options
- Reviewing and improving the Procurement Strategy
- Continuing programme of SLA reviews

7. Partnership

7.1. Northwards is committed to delivering VfM in its investment programmes – whether through 'Decent Homes' or responsive repairs and in other partnerships. Progress so far includes:

- the partnership through the Framework Contract, Manchester Working, including a pricing mechanism which generates year on year efficiencies, and contractual commitments to ongoing performance and VfM improvements
- our long term partnering arrangements with IMPACT Manchester to deliver the Decent Homes programme avoid on-going procurement costs and are linked into externally funded training and labour market initiatives. The potential for value engineering is built into the contract.

7.2. The Action Plan will include:

- Reviewing and meeting targets with Manchester Working and IMPACT Manchester.

8. Budgets

8.1. The budgets for 2008-09 were prepared following review of the current Service Level Agreements and staffing establishment. As the year progresses, regular financial monitoring will be used to identify areas where budgets need revision and where efficiencies are already being identified.

8.2. The Action Plan will include:

- Monthly budget monitoring with Managers and the Resource & Audit Sub-Committee and quarterly reports to the Board
- An assessment in line with the 2009-10 budgets round of potential efficiencies. Justifications for increased expenditure to be linked to efficiency gains.

9. Planning for the Long Term

9.1. In order to continue providing high quality services to customers and communities, we shall seek to source additional funding where required to offset declining stock numbers if at all possible. Work on this has yet to commence but some tools are being put in place to ensure progress can be made in due course.

- Analysing financial challenges facing Northwards in the future

9.2. The Action Plan will include:

- Produce Northwards Housing Business Plan 2009-2014 incorporating financial plan
- Identifying alternative and complementary areas of new business

Northwards Housing
North Manchester's Council Homes

Link to NHL Objective (1-7) and KLOE	Action	Measurement/Target (How will we know when we have done it?!)	Implications (Customer/Staff Times, Budgets, Other Team Plans)	Timescale (Be Realistic)	OWNER (Who will lead on it?)
3,4 32	**Annual Efficiency Statement 2008**	Completed document approved	**Board, Resource & Audit Sub-Committee, EMT and VfM Project Group**	**July 08**	SW
3,4 32	**Efficiency Monitoring**	Continual review of Performance Framework	**EMT and Resource & Audit Sub-Committee**	**Ongoing**	SW
3,4 32	**Value for Money Strategy**	Completion of Annual Review	**Resource & Audit Sub-Committee, EMT and VfM Project Group**	**July 08**	SW
3,4 5,32	**Team Improvement Plans**	Evidence of VfM within completed plans	**All teams, VfM Project Group, Area Panels, Board and Sub-Committees**	**July 08**	All Teams
3,4 5,32	**Board Training**	Assessment of further training required	**Board, EMT and Governance Support Manager**	**November 08**	DR
1,3,4 and 6 3,32	**Service Level Agreements**	Report to Board on all reviews including justification of continuing agreements	**Board, Resource & Audit Sub-Committee and EMT**	**September 08**	SW
1,3,4 and 6 3,32	**Procurement Strategy**	Completion of Annual Review	**Board, Resource & Audit Sub-Committee, EMT and VfM Project Group**	**September 08**	SW
3,4 32	**Financial Business Planning**	Reworked financial projections for 2008 onwards	**Director of Business Services and Head of Finance time**	**September 08**	SW
3,4 32	**Incorporate Benchmarking Data and Efficiency in**	Finalised model	**Director of Business Services**	**June 08**	SW

Link to NHL Objective (1-7) and KLOE	Action	Measurement/Target (How will we know when we have done it?!)	Implications (Customer/Staff Times, Budgets, Other Team Plans)	Timescale (Be Realistic)	OWNER (Who will lead on it?)
	Financial Business Plan				
3,4 32	**Budget 2009**	Approved budget	**Board, Resource & Audit Sub-Committee, EMT and SMT**	**March 09**	AF/SW
3,4 32	**Benchmarking costs through Housemark**	Completed review of outcomes from benchmarking	**Head of Finance time Housemark subscription**	**June 08**	AF
3,4 1, 3, 6, 7, 8, 10, 11, 30, 31, 32	**ICT Strategy**	Updated Strategy reviewed and Phase 2 Plan developed	**Budget, staff time, other teams plans, service delivery to customers**	**July 08**	JB
3,4 32	**External review of VfM progress**	Review completed and reported upon	**External consultants fees EMT, SMT time**	**September 09**	SW
3,4 32	**Best Practice learning**	Continuous review	**EMT, SMT time**	**Ongoing**	SF
1,4,5,6 3,32	**Reviewing targets with Manchester Working and IMPACT Manchester**	Continuous review	**Director of Property Services and Property Services team time**	**Ongoing**	LP
3,4 5,32	**Value for Money culture**	Continuous improvement	**All staff, VfM Project Group, Area Panels, Board and Sub-Committees**	**Continuous**	VfM Group