

## VALUE FOR MONEY AND EFFICIENCY GROUP TERMS OF REFERENCE

### GENERAL RESPONSIBILITIES

The Value for Money and Efficiency (VFME) Group is accountable to the Performance and Regulatory Committee for the fulfilment of the responsibilities as set out in its Terms of Reference.

The VFME Group is charged with assisting the Performance and Regulatory Committee in ensuring that Value for Money (VFM) is embedded throughout the organisation, notably by:

- Monitoring the adequacy and effectiveness of the Company's VFM and efficiency arrangements;
- Identifying and sharing best practice as well as providing a forum to ensure good working practices and initiatives are integrated across the organisation;
- Challenging inefficiency and examples of poor working practices;
- Encouraging all staff to think in terms of VFM and consider VFM when making decisions; and
- Focussing attention on 3 key themes of i) Income maximisation, ii) Cost containment and iii) New ideas and innovation.

The Performance and Regulatory Committee will agree and review the responsibilities of the VFM Group on a timely basis. The VFME Group should meet on a regular basis.

The Performance and Regulatory Committee will obtain assurance on the Group's work via an annual report on VFM compiled by the Chair of the VFME Group.

### AUTHORITY AND ACCESS

The VFME Group is authorised by the Performance and Regulatory Committee to investigate any activity within its Terms of Reference.

The Group may from time to time scrutinise, discuss or review matters outside its Terms of Reference if required to do so by the Performance and Regulatory Committee. The Group's Terms of Reference may be amended at any time by the Performance and Regulatory Committee.

### COMMITTEE MEMBERSHIP

The Group will consist of those Managers and staff within the Company with key responsibilities for VFM and embedding VFM with the organisation. As a minimum the VFME Group shall have adequate management representation from the following key areas of the business to ensure that a network of Champions is established across the Company to promote, improve and embed VFM in their area:

- Finance
- Business Improvement and Development

- Housing Services
- Procurement
- Asset Management
- Caretaking and Estates Management
- Contract Services

The Group will be chaired by the Head of Finance (Company).

## **VFM AND EFFICIENCY SUB GROUPS**

The Chair of the VFME Group will be responsible for monitoring its effectiveness and ensure it is exercising its duties and responsibilities established in these Terms of Reference. It is envisaged that a network of efficiency champions from across all service areas of the business will be developed going forward and that these individuals would provide the core membership of any such sub groups.

## **DUTIES AND RESPONSIBILITIES**

### **Value for Money**

- To ensure and monitor progress made in implementing the actions set out in the VFM Strategy.
- To review the implementation of management action designed to address weaknesses identified during Audit Commission Inspections.
- To identify and monitor progress with adopting initiatives and work programmes designed to address weaknesses and gaps highlighted in the VFM KLOE self assessment or VFM Service Improvement Plan (SIP).
- To implement and monitor the introduction of formal VFM arrangements into project management, partnerships and large contracts, aligned to the principles of Best Practice and procurement.
- Participate in VFM Reviews.
- To identify VFM best practice and efficiency initiatives adopted by high performing ALMOs or other similar organisations.
- To research the housing and public services sectors for new ideas and initiatives to improve VFM and efficiency within the organisation.
- To identify the barriers within the Company which prevent the organisation from increasing efficiency and develop action plans to remove them.
- To ensure that customers' views are taken account of in all reviews which impact on the service that they receive.
- To monitor achievement of efficiencies, including arranging post implementation reviews, to ensure that the planned efficiencies are delivered in practice.
- To maintain a formal record of achievements throughout the year, in order to demonstrate efficiency to key stakeholders.
- To ensure that appropriate audit trails are maintained to demonstrate that reported efficiency gains have been achieved and facilitate the production of the Annual Efficiency Statement (AES).
- To determine future priorities of VFM and efficiency reviews within the organisation based on benchmarking, KPI results and customer satisfaction surveys.

- To ensure that efficiency targets are included within the Company's performance management systems.
- To recommend VFM and efficiency targets, limits and controls.
- To produce an annual VFM update for the P&R Committee and Board.
- To provide an internal training resource on VFM.

## **Income Maximisation**

### Understanding where we are not maximising our income

- Review benchmarking information from Housemark and other relevant sources, to check we have correctly defined and calculated the data and identify organisations we can approach/consult.
- Look at service charges under-recovery and identify how deficits could potentially be reduced.
- Identify the extent to which Supporting People costs are recovered and develop strategies to ensure full recovery in the future.
- Examine whether costs of the corporate repairs function are fully recovered and develop strategies to ensure full recovery in the future.
- Ensure that the group is fully acquainted with current best practice and explores the scope for adoption to improve efficiency within the Company.

### Identifying and examining ways to increase income

- Identify alternative income collection methods and carry out cost benefit analysis.
- Examine the potential for offering incentives for tenants to pay their rent.
- Review current procedures for tenant recharges and recommend improvements to ensure that both identification of cases for cost recovery and the collection rate are maximised.
- Identify services provided by the Company for which either we do not charge or the charges made may be insufficient.

## **Cost Containment**

### Understanding our costs

- Further develop the understanding of the cost drivers within the business.
- Use benchmarking information to understand how costs compare to others and investigate the reasons.
- Identify which costs are fixed, which are variable and how they vary.

### Identifying and examining ways to reduce costs

- Assist with the review of existing Service Level Agreements (SLAs) with the Council and ensure that all market testing of services is properly conducted.
- Engage with the advances made in procurement to ensure that best practice is spread across the Company.
- Assist with enhancing budget monitoring and control across the Company.

- Examine externally procured services and identify whether there is scope for these to be carried out in-house at less cost without a reduction in quality.
- Identify duplication and waste across the business.

## **New Ideas and Innovation**

### New business opportunity and partnership working

- Identify new initiatives and business opportunities for the Company.
- Explore and develop opportunities for partnership working with other ALMOs and RSLs, with a particular focus on joint funding and shared service provision.
- Identification of RSLs, landlords and housing charities operating in the local area to whom the Company may be able to provide housing or maintenance services.
- Explore the potential of providing services to private householders.
- Explore the potential for attracting external funding into the business, notably through bids for grants.
- Review ideas and proposals from Tenants and customers, including data from customer suggestion schemes, giving consideration alternative methods of service provision preferred by customers.

### Internal Efficiency

- Embed 'joined up thinking' to ensure initiatives work across departmental boundaries and managers are committed to supporting and implementing changes to working practices.
- Consider how staff or other resources can be freed up by service process innovation.
- Identify inefficient inherent practices or ways of doing things that have not been challenged in the past and consider process re-engineering.
- To identify examples of best practice and disseminate these across the Company's service areas.
- Explore options to improve electronic communications internally and with key stakeholders e.g. suppliers.
- Identify IT solutions which will have a focus on streamlining services, improving accessibility, improving knowledge management across the organisation and reducing the paper flow.