

OUR DEFINITION

Value for Money (VfM) is *maximising the impact of every pound Poplar HARCA spends as a means to achieve its aims.*

Poplar HARCA's aims are:

Housing and services that are high quality and delivered to an excellent standard

Areas that are clean, safe and attractive

Regeneration of Poplar where residents are well-housed with good access to employment, excellent amenities and great leisure facilities

Communities that are empowered through health, financial and social inclusion

All our resources are used carefully

OUR STRATEGY

Our policy sets out that we will:

- have a robust approach to decision making
- understand the return on investment and assets
- understand the absolute and relative cost of providing services
- monitor and scrutinise on-going performance measured against business plan objectives

OUR DELIVERY

Through formal and informal assurance mechanisms VfM is considered, captured, reported and scrutinised throughout Poplar HARCA's structure:

- Poplar HARCA's Board is responsible for approving the VfM policy.
- Finance and General Purposes Committee scrutinises VfM at each meeting.
- The Corporate Management Team considers VfM as a standard agenda item, with an in-depth annual review when Housemark data is published.
- The Operational Management Group considers performance at every meeting, and includes operational leads who contribute to VfM capture.
- Each Head of Service is responsible for ensuring VfM for their service.
- All staff have been tasked with identifying VfM initiatives.
- We publish VfM initiatives in our resident newsletter and ask for residents' ideas in each issue.

OUR TRACK-RECORD

Assets

Poplar HARCA uses its housing assets as security for its debt. This means that we can attract finance at competitive rates to deliver our business objectives.

Key procurement gains

Poplar HARCA operates a framework for the procurement of consultancy and construction services. Mini tenders are undertaken from the framework for every project to ensure that prices received are competitive and reflect value for money in the market. This approach has

ensured that the refurbishment programme has delivered approximately £3 million of savings against the allowance in the business plan.

The application of 'Community Clauses' has led to long term apprentices, training initiatives and various local benefits for residents.

Development agreements for new build projects are drafted to include overage clauses to ensure that Poplar HARCA obtains the benefits of any upturns in the market whilst avoiding the risk of exposure to any downturns. This approach has currently yielded in excess of £2.9 million of overages.

Poplar HARCA regularly tests the market for central supplies as well and examples of savings made are listed in the table.

Operations

Providing the right service, at the right time, for the best cost is an important driver for operational efficiency and effectiveness.

In its annual resident survey in 2012, 79% of residents said they were satisfied with Poplar HARCA overall and 77% were satisfied that it provides VfM.

There are a number of examples of operational VfM initiatives set out in the sections below.

Social Return on Investment

We use the Social Return on Investment model to assess the social value of many of our key services including employment and training, youth work and health. We are also working with the Housing Associations Charitable Trust (HACT) to develop new housing and community measures to demonstrate the impact of our work.

Treasury Management

The Treasury Policy sets the parameters for treasury management. Poplar HARCA seeks to minimise risk rather than maximise returns. The Treasury Policy is being reviewed following the recent bond issue to ensure it reflects the new financial context.

HOW WE WILL USE VFM GAINS

We are a not-for-profit organisation that maximises income so that surpluses can be re-invested into better services, new homes and community regeneration.

VfM gains will, therefore, be reinvested into achieving strategic priorities identified by the Board each year as part of the budget setting and business planning process.

Examples of VfM include those set out in the table on the following page.

Action	How	Estimate of Savings
Cut duplication of reporting on new build to lenders and GLA	Asked lenders to accept a copy of the report that we send to the GLA, and a supplement for the lenders which only lists the projects not funded by the GLA.	£120 annually
Simplify Board report templates	By replacing four templates with one, and removing standard sections which were not useful in practice saved staff time and paper/copying costs	£150 annually
We try to double-up benefits of existing project funding.	Through the First Light project 27 young people got AQA accreditations (10 Film making, 17 in Event Planning)	£594
Residents on housing list no longer have to fill in bidding coupons	No longer having to log coupon bids has saved officer time	£700 annually
Easter Scheme provision	We secured 68 free tickets to the Unicorn Theatre.	£800
The Good Gym Project	Due to the ongoing partnership with the good gym HARCA has been able to use their gardening skills to help some of our elderly very vulnerable residents	£960
Poplar Board members using iPads for meetings	Time saved through formatting and printing/binding papers prior to the meeting, cost of sending out papers	£1,000 per meeting
Review of Electricity costs	HARCA has changed the energy supplier for the Hind grove community centre	£2,000
Change the implementation of the Community Clause on major works contracts to save staff time on circular invoicing	Decision to simplify the method of capitalising staff costs re employment & training on major works. Saving is 1 day per contract on say 6 contracts annually.	£2,000 annually
Conveyancing service	Sourced a new Conveyancer who is able to carry out estate mapping and conveyancing at a lower cost in comparison with the previous contractor.	£17,600

Action	How	Estimate of Savings
Renegotiated parking contract	Management fee reduced, and contractor included signage costs and installation	£35,725
Renegotiation of utilities and facilities contracts.	Renegotiated contracts for mobile phones, photocopiers and energy	£41,048
Local partners give free training courses to our residents in our community centres. We are making staff savings.	The training is delivered free to Poplar HARCA residents	£50,000 annually
Using rent and service charge statements to circulate other information	Staff time and postage saved	£50,000 annually
Auditing to ensure properties are not sub-let	Housing team recovered possession of 17 properties that were sub-let without going to court with no legal fees incurred	£51,000
Rent Support Programme via Family Intervention Project	Using rent arrears and impacted by welfare reform as trigger for intervention – based on estimated £7,000 per eviction and 40 households supported to date	£280,000
Volunteering programme	Savings on staff costs for tasks carried out by 281 volunteers	£748,750
Employment and Training Team together with partners got 226 people into work	According to Department for Work and Pensions (DWP) figures, for every person we move off Job Seekers Allowance (JSA) into work there is a cost savings to the tax payer.	£1,800,000 saving to exchequer
Family Intervention Project	Using Dept of Education cost/saving model based on 10 families supported a year	£2,500,000 annual saving to Poplar HARCA and more generally to the exchequer

Examples of Total VfM decisions include:

- Award winning regeneration schemes that have tackled fuel poverty as well as dynamic aesthetic change
- Board agreed an approach on the Aberfeldy in a way that optimises use of resources. Without private rental model the overall scheme could have failed.
- Board agreed working towards issuing a bond. This will provide £20 million more than our existing facility and enable regeneration of the area including Chrisp Street and Aberfeldy to proceed. Chrisp Street in particular is seen as being the key to regenerating the whole area.
- Board approved annual budget for 2013/14 which targeted spending towards key business objectives. The budget allows additional funds identified during the year to be directed to strategic priorities.
- Board made decisions about the future of the pension's schemes mindful of the need to recruit and retain good staff while minimising the risk to Poplar HARCA.
- Effective procurement of regeneration works that has delivered a complex and difficult programme and maximised 'gap funding' grant.
- Installing higher specification lifts to minimise long term maintenance costs
- Maximising private for sale homes to lever in cross-subsidy, so maximising number of social homes that can be built.
- Project delivery using a framework of consultants, developer/ contractors and standard employers requirements to minimise overhead costs & speed up delivery
- Provision of high quality estate services through an in-house approach.
- Repairs and maintenance strategy that continues to deliver quality outputs.
- Retaining freeholds to secure a long-term income from ground rents
- Strategy for Organisational Development to recruit, remunerate and retain the best staff.
- Using a number of consultants in place of full time employees to balance development peaks and troughs and minimise overheads
- Using Devco, LLP and other structures to minimise tax liabilities

VFM GOING FORWARD

For business effectiveness Poplar HARCA must continue to assess what it will achieve for its money before committing to spending it. Once money is committed an assessment of what has been achieved must take place in order to evaluate and report on success.

Poplar HARCA must also consider how it measures social value given its overarching commitment to community regeneration.

Poplar HARCA measures inputs in terms of cash and total VfM decisions. It measures outputs and outcomes in a variety of ways:

- Social economic benefits to individuals and communities
- Service quality
- Environmental benefits
- Financial returns
- Benefits to wider local services

- There is a need to invest in staff to ensure that Poplar HARCA continues to improve and provide the best services to residents. The Board has approved a strategy for Organisational Development the progress of which will continue to be reported.
- In terms of stock Poplar HARCA aims to invest in the right assets to the right standard at the right cost. The Asset management strategy aligns with development and finance strategies which focus on providing homes that people want to live in that meet approved quality standards.
- Impact assessments for new policies and strategies continue to include a VfM section which focuses attention on this area of work.
- Staff continue to be encouraged to capture and report on VfM initiatives focusing on saving staff or financial resources.