

THCH'S Definition of Value for Money (VFM)

Achieving VFM will involve THCH in achieving economy, efficiency and effectiveness in all areas of activity, taking into account the outputs achieved as well as input costs. Economy, efficiency and effectiveness are defined as follows:

- Economy; minimising the cost of resources used while having regard to quality.
- Efficiency; the relationship between the output from goods or services and the resources to produce them.
- Effectiveness; the extent to which objectives are achieved and the relationship between intended and actual impacts.

THCH's Value for Money Strategic Objectives

An important element for THCH to be satisfied it is delivering its Corporate Objectives is that they have regard to the following VFM strategic objectives:

- Having a culture where staff strive for an efficient business that delivers good quality services for customers.
- Creating capacity by maximising income and minimising cost base where possible.
- Using our assets and resources to optimise options for delivering Corporate Objectives.
- Prioritising resources based on customer insight and consultation.

Delivery of the Value for Money Strategic Objectives

THCH will deliver its VFM strategic objectives by;

- Incorporating a VFM outcome for each Corporate Plan Action.
- Regularly reporting to Board performance in delivering the Corporate Plan Actions including in respect of the anticipated VFM outcome.
- Setting targets for VFM metrics and reporting on performance to allow comparison with other organisations and to monitor performance over time.
- Demonstrating corporate leadership through Executive and Non-Executive VFM Champions.
- Meeting regulatory expectations.
- Being transparent through publishing our performance and highlight opportunities for improvement.

TOWER HAMLETS COMMUNITY HOUSING VALUE FOR MONEY STRATEGY 2019-2022



Key: CE – Chief Executive DoO – Director of Operations DoR – Director of Resources

Theme	Measure	Sector Scorecard National Median	Placeshapers National Median	Placeshapers London Median	THCH Performance 2017/18	THCH Target 2018/19	THCH Target 2019/20	THCH Owner
THCH Specific Metric	Increase income from non core activities	n/a	n/a	n/a	£31k	£100k	£40k	DoR
	Reduce spend on temporary staff	n/a	n/a	n/a	-£297k	£200k	£400k	CE
	Necessary steps progressed to commence building new homes	n/a	n/a	n/a	n/a	n/a	3 planning consents and 1 start on site	DoR
Sector Scorecard Metrics								
Business Health (FS)	Operating margin (overall)	27.89%	29.98%	24.00%	18.3%	19.5%	16.4%	CE
	Operating margin (social housing lettings)	30.43%	31.88%	26.54%	17.6%	19.1%	16%	CE
	EBITDA MRI (as % interest)	213.61%	209.60%	175.00%	111.1%	114%	>120%	CE
Development: Capacity & Supply Decent & Safe, FS	New supply % (social)	1.00%	1.15%	0.60%	0.0	0	0	DoR
	New supply % (non-social)	0.00%	1.00%	0.00%	0.0	0	0	DoR
	Gearing	35.14%	42.73%	37.10%	37.1%	37.3%	<32%	DoR
Outcomes Delivered (Value the Residents)	Customer Satisfaction	87.50%	86.00%	74.85%	64%	84%	>84%	DoO
	Reinvestment %	5.80%	6.29%	4.21%	1.1%	1.4%	Subject to budget	DoO
	Investment in communities	N/A	£657,066	£813,940	£467k	£482k	£248k	DoO
Effective Asset Management	Return on capital employed (ROCE)	3.72%	4.10%	3.23%	2.26%	2.39%	>2.1%	DoR
	Occupancy	99.40%	99.40%	99.50%	99.7%	>99.5%	>99.5%	DoO
	Ratio of responsive repair to planned maintenance	0.61	0.67	0.69	0.69	0.66	0.66%	DoO
Operating Efficiencies	Headline social housing cost per unit	£3,450	£3,235	£4,940	£6,664	£6,800	£7,000	CE
	Rent collected	99.90%	99.81%	100.26%	101.2%	101.4%	101.6%	DoR
	Overheads as % of adjusted turnover	12.03%			20.2%	18.3%	17.5%	CE