

This Key Line of Enquiry (KLOE) on value for money: securing efficiency and effectiveness is part of a set of KLOEs produced by the Housing Inspectorate. To find out more about how KLOEs are used please read the KLOE guidance notes available from the Housing Inspectorate.

KLOEs represent sets of questions and statements around either service or judgement specific issues which provide consistent criteria for assessing and measuring the effectiveness and efficiency of housing services. These KLOEs are designed to provide inspectors, inspected bodies and others with a framework through which to view and assess services. In inspections, service specific KLOEs are used as a basis for assessing Judgement One on ‘How good is the service?’

There is a separate KLOE for Judgement Two of inspections on ‘What are the prospects for improvement?’ This KLOE covers the assessments made on visions and ambitions, track record, ability to learn, quality and effectiveness of plans, prioritisation, capacity to deliver improvements and performance management.

This is one of three cross-cutting KLOES which give more detail on our expectations of organisations in terms of access and customer care, diversity and, in this value for money: securing efficiency and effectiveness.

KEY LINES OF ENQUIRY	AN ORGANISATION DELIVERING AN EXCELLENT SERVICE	AN ORGANISATION DELIVERING A FAIR SERVICE
32.1 How do the organisation’s costs compare to others, allowing for local context, performance and policy choices? <ul style="list-style-type: none"> How has the organisation demonstrated that there is a clear relationship between costs, the level and quality of services provided? Are resources and policy aligned? Is accurate information on costs and services collected and is this used to decide priorities and strategically manage resources? What have been the impact/outcomes for customers? 	<ul style="list-style-type: none"> The organisation’s overall and individual service costs compare favourably with other similar organisations Costs are commensurate with the service delivery, performance and the outcomes achieved – reflected in high quality services There is a clear understanding of the organisation’s costs and quality of services provided The organisation fully understands the link between activities and costs, including attributing 	<ul style="list-style-type: none"> Overall and unit costs for key services are high compared to other organisations providing similar levels of services, allowing for local context Costs are low but services are also of an average quality – this may reflect a conscious decision to keep costs low resulting in lower quality services being the outcome Costs are not clearly related to the range, level and quality of services provided There is a baseline level of information on costs but this is not used consistently to review cost-

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	<p>specific costs to particular activities and using this information to determine future procurement and investment decisions</p> <ul style="list-style-type: none"> • Cost data is accurate, timely and used to improve services • Resources have been allocated in accordance with policy decisions and are used to target and deliver organisational priorities • Policy decisions fully reflect resource availability and/or allocation 	<p>effectiveness</p> <ul style="list-style-type: none"> • Resources and policy are not aligned • Policy decisions do not fully reflect resource availability and/or allocation
<p>32.2 How well does the organisation manage and improve value for money?</p> <ul style="list-style-type: none"> • Is there a robust procurement strategy and is this being delivered? • Has the organisation fully explored what the market can potentially deliver, including contract 'packaging' and procurement? • How have procurement decisions made full use of modern procurement practices? • Has the organisation delivered demonstrable VFM though the application of a transparent framework that treats all potential partners on an equitable basis? • Has there been a sustained focus on VFM over time? Is a VFM culture embedded throughout the organisation? • Is the organisation contributing to the sector wide efficiency targets in: <ul style="list-style-type: none"> ✓ New Supply ✓ Capital Works ✓ Management and Maintenance 	<ul style="list-style-type: none"> • Procurement strategies embrace partnering and other modern procurement frameworks • The organisation follows positive practice in procurement and understands where the greatest potential benefits can be gained, including reconfiguring service delivery mechanisms and contract packaging • Procurement decisions are taken on an objective basis, using a transparent procurement framework which includes a comprehensive dialogue with a range of potential service providers • Staff at all levels demonstrate a clear awareness and application of the organisation's VFM and procurement principles over a sustained period. • Efficiency targets are challenging and being met. The organisation is routinely generating surpluses through improving efficiency - and reinvesting these to improve services in areas of need • Services are focused on the needs of the customer based upon an informed choice on cost and quality • Efficiency gains have been achieved without loss 	<ul style="list-style-type: none"> • Variable quality corporate/service specific procurement strategies and/or the inconsistent application and monitoring of these • Varied understanding of the benefits of partnering arrangements and how modern procurement principles are applied • Inconsistent application of robust challenge and competition to existing service providers • VFM objectives are not clearly contained within the organisation's core service aims and objectives • Performance management of services monitor processes and systems rather than manage or measure the outcomes and impact of procurement decisions • Inconsistent application of procurement and VFM considerations across all service areas • Targets are not routinely set for efficiency and cost-effectiveness and are not fully 'SMART' • Procurement frameworks and service reviews have not led to significant improvements in cost-effectiveness or efficiency

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<ul style="list-style-type: none"> ✓ Commodities • Do VFM considerations focus on the costs and benefits to the customer? • How have customers and other stakeholders been involved in service design, procurement decisions, choice and delivery? • How has the organisation developed real and meaningful partnerships with existing and potential external stakeholders and suppliers, including the use of procurement consortia? • How is the organisation securing and then using resources to deliver Government and Housing Corporation priorities? • What have been the impact/outcomes for customers? 	<ul style="list-style-type: none"> • of quality • Residents and other local stakeholders recognise that services have been designed to best meet their needs and aspirations within the financial constraints • Residents and stakeholders jointly determine the quality and range of services to be provided. • Investment and procurement decisions demonstrate the organisation is acting in the long-term interest of service users • A range of effective partnerships, reflected in positive stakeholder views of the organisation • Stakeholders share and are aware of the organisation's commitment to promoting and achieving VFM • Demonstrable efficiency gains and/or quality improvement through partnerships and corresponding improvements in services • Clear plans to achieve the delivery of key priorities including Decent Homes, Market Renewal, Sustainable Communities and Supporting People. From this the organisation has successfully secured additional resources where available 	<ul style="list-style-type: none"> • Service users are not routinely involved in decision making processes - consultation focuses on detail rather than principle and planning • Stakeholders are not fully engaged in determining service standards • The focus for procurement decisions is inconsistent with some being in the interests of the organisation/ workforce rather than service users • Varied levels of understanding of the value and purpose of partnering • Inconsistent approach to demonstrable efficiency gains and/or quality improvement and corresponding lower quality services • Plans consider Government and Housing Corporation priorities but fail to successfully secure available resources to deliver against these