



Value for Money Strategy

Maximising Capacity & Creating Value

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1. Introduction

Value for Money (VFM) is a specific standard within the regulatory framework and the required outcomes include that “organisations should articulate and deliver a comprehensive and strategic approach to achieving VFM in meeting their objectives”.

Boards must maintain a robust assessment of the performance of all their assets and resources (including financial, social and environmental returns). This will take into account the interests of and commitments to stakeholders, and be available to them in a way that is transparent and accessible. This means managing their resources economically, efficiently and effectively to provide quality services and homes, and planning for and delivering on-going improvements in value for money.

In particularly this means that the Group must:

- have a robust approach to making decisions on the use of resources to deliver the provider’s objectives, including an understanding of the trade offs and opportunity costs of its decisions
- understand the return on its assets, and have a strategy for optimising the future returns on assets – including rigorous appraisal of all potential options for improving value for money including the potential benefits in alternative delivery models - measured against the organisation’s purpose and objectives
- have performance management and scrutiny functions which are effective at driving and delivering improved value for money performance
- understand the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so.

Boards must demonstrate to stakeholders how they are meeting this standard. As part of this process, on an annual basis, Housing Plus will publish a robust self-assessment which sets out in a way that is transparent and accessible to stakeholders how they are achieving value for money in delivering their purpose and objectives. Housing Plus will include this report in its Annual Report as part of the financial statements, and make the self-assessment easily available on the website.



In October 2016 Severnside Housing and Housing Plus merged to become the Housing Plus Group. It is anticipated that following merger, recurring efficiency savings will boost surpluses and increase potential borrowing capacity by £50 million. The new combined business will:

- Ensure financial resilience and the capacity to continue to grow
- Increase housing supply via a more diverse development programme
- Enhance productivity and performance in the property care business
- Offer growth opportunities to Care Plus
- Sustain and develop fit for future services to customers and investment in homes
- Deliver successful transformation and drive out the intended value of the merger for the benefit of existing and future customers

This Strategy defines what Value for Money represents to the new Group, and explains how Value for Money will be delivered.

2. What is Value for Money and why it is important

The definition of VFM used by the Housing Plus Group Limited and its subsidiaries ('The Group') is to manage their resources providing quality services and homes, and to plan for and deliver year on year improvement on their services.

We can achieve VFM in terms of the three components (3Es) as the process of optimum relationship between costs, inputs, outputs and outcomes. Inputs are primarily measured in cash, outputs and outcomes (social value) generally involve various combinations, such as social and economic benefits, service quality, environmental benefits, and financial benefits. Breaking it down into following components helps you to better understand VFM:

- Economy – careful use of resources to save expense, time, or effort, i.e. the price is competitive for the quality of service provided
- Efficiency – delivering the same level of service for less cost, time or effort, i.e. through streamlined processes that involve partnership with other organisations where necessary.

Outputs may be expressed in terms of:

- Quantity – e.g. reducing the number of accounts in arrears.
 - Quality – e.g. quality of housing service provided as measured by satisfaction results
- Effectiveness – delivering a better service or getting a better return for the same amount of expense, time or effort, i.e. at the right time so that services meet the needs of our customers.

Some of the Group's subsidiaries are social businesses that exist to produce social value in a broad sense. Like any business, the Group's spend on inputs such as physical assets (houses) and human assets (staff or procured services) to deliver **outputs** that produce **outcomes**.

The creation of social value within the Group is not limited to the outcomes that flow from housing assets owned by the housing subsidiaries; South Staffordshire Housing Association (SSHA) and Severnside Housing, for the provision of housing services, but it is achieved also by delivering goods and services to others through operational activities of all Group's subsidiaries i.e. Care Plus, Severn Homes, Property Plus and AWE. Additionally to that the Group's procurement of goods and services from external providers may also yield additional social value as well as represent a fair price for example, by supporting the local economy through the use of local labour and the provision of training.

The Group wants to maintain VFM and be transparent about it. The strategy is a means to an end – we have a vision which we want to achieve, where our principles are that our homes and services:

- Meet the needs of residents and service users at the right time and meet their expectations,
- Are of the right quality and are fit for purpose from end to end,
- Generate high levels of satisfaction and enhance our reputation and track record,
- Are delivered from suppliers (internal or external) whose prices are competitive for the quality of service delivered.

These principles improve our business sustainability, viability and opportunities for the future. And our assets deliver an optimal sustainable performance including financial, social and environmental returns, to achieve better outcomes for our customers.

3. Key Aim, Objectives, Approach and Measures of the Strategy

Aim

The Group's aim is to ensure the VFM in all we do, through putting tenants at the heart of everything we do.

Objectives

- 1) Train and develop all colleagues at different levels in our organisation to embed VFM culture and ensure that VFM is meaningful, and it is an integral part of our day to day activity.
- 2) Raise VFM awareness among our customers, share with them our achievements and commitment to VFM, and involve them to shape, improve and develop services based on their priorities.
- 3) Develop effective procurement that supports the values of the Group as expressed in the Procurement Strategy.

Approach

The Group wants to be transparent and accessible to all stakeholders on how we are achieving VFM in delivering our objectives. In order to do so we will:

- Demonstrate to all stakeholders an understanding of costs of delivering our services, factors that influence these costs and benchmarking of these costs
- Capture and present efficiency gains that have been and will be made over time
- Act on improving services based on results from benchmarking groups, governance and scrutiny of our services, and VFM contributions from our employees and customers
- Make decisions on the use of resources based on the trade offs and opportunity costs, which may include: new supply, improved services and housing stock, neighbourhood and community investments.
- Assess options for VFM improvements through delivery of Procurement Strategy options and such alternatives like: partnerships, mergers or contracting with other parties
- Show return on our assets and strategy for maximising the future returns on assets
- Have in place effective performance management and scrutiny functions to drive and deliver improved performance with outcomes clearly demonstrated

- Carry out an annual self-assessment and gain assurance in reaching our VFM and publish this on our website
- Build strong customer relationships by involving customers in VFM and the procurement decision making process

Measures

To ensure a regular focus on VFM takes place, we will prepare and report performance against key VFM health measures across all parts of the Group. These measures will be initiators to scrutinise on cost, efficiency and quality.

The health indicators will be reported to our Boards and will be interrogated for:

- Drivers; what are the underlying reasons for performance
- Barriers; what is stopping performance improving
- Forecasting; if performance continues, what will be the impact
- Improvement; what actions are required for improvement

These measures will be weighted to ascertain the key values, volumes and ratios requiring further investigation. Each measure will have an accountable operational manager.

The expected benefits of these measures are:

- Improving what matters – cost vs quality, complaints vs praises
- Achieving early wins across a range of cost, efficiency and quality measures
- Making VFM part of the mainstream of the Group's business
- Generating learning events and knowledge

The Group main strategic measure is to ensure that our annual performance results will show tangible continuous improvement through excellent results and demonstrating a fair balance between qualitative and quantitative performance indicators, and that there is an increasing trend of lean and efficient savings and efficiency gains across the whole business.

4. Housing Plus VFM Framework

The Board set the strategic view incorporating business foundations and strategies including VFM strategy to ensure delivery of our strategic aspirations.

VFM Strategy, targets and measures clearly link with the frontline and strategic objectives set out in key documents included e.g. Business Plan, Corporate Plan, Operational Plan and Appraisal System with individual employees' objectives. Additionally it is supported by the Procurement Strategy, Asset Investment Strategy and also Business Improvement Strategy and other strategies and policies as per the diagram below.



This has been done to ensure consistency and demonstrate the relationship between all individual objectives and the overall corporate objectives and values.

5. Communication and Implementation

We will communicate this VFM Strategy to customers, colleagues and stakeholders. The Strategy will be placed on the website, intranet and will be made available in an appropriate format upon request.

A three year VFM action plan will be developed to further embed VFM throughout the organisation. It will allocate tasks to defined colleagues and will indicate when the actions would be completed. Progress against the action plan will reported to the Executive Team and to the Audit and Risk Committee and the Boards bi-annually.

The Group's VFM assessment will be communicated to all customers every year via the website, and an article in the resident magazine.

Comprehensive training and development plans are in place that provides support to employees to improve the Group's performance. Part of this programme includes inductions, briefing sessions, workshops and training courses designed to ensure that employees are familiar with relevant policies, procedures and strategies.

Performance Management and Business Improvement are key communication tools which are managed and monitored through the compliance process to ensure that meaningful objectives have been set and that there are strong links to VFM.

6. Responsibility

The responsibility for VFM lies with the Board and all employees and is not restricted to those with resource or budget responsibilities. The Group is required to satisfy itself that VFM is being sought and achieved from all areas of the Group.

Boards are expected to develop and deliver a strategy to achieve continuous improvement in their performance on running costs and the use of their assets. They are expected to be transparent and to enable scrutiny of their performance. The Board of the Group and Directors have the executive responsibility to put in place arrangements that will ensure that VFM is being sought. The Finance Director and Deputy Chief Executive will be the lead in this area.

All employees have a responsibility to maintain an awareness of good practices in their own area of operation and to ensure that these are followed appropriately. Managers need to satisfy themselves that VFM is being secured in the services and functions that they manage. It is expected that this knowledge will in turn inform the managers self-assessments completed on a services basis for inclusion in the annual VFM self-assessment.

The Scrutiny Panel look at value for money as a cross cutting theme in all of their reviews which are reported to Board. This helps bring a customer perspective to Value for Money.

All members of staff should endeavour to achieve VFM in all their activities and to bring to management's attention any opportunities for improvement.