



Policy	Value for Money Strategy
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AIMS OF THE STRATEGY

This document sets out the strategy for Trinity's approach to value for money. Trinity's vision is to have a positive impact on people and communities by providing high-quality homes, supporting independence, and creating opportunities, with one of its key aims being to establish itself as a fully compliant organisation where people outside the association regard Trinity as a first-choice provider of housing or support services.

Trinity's overarching value for money objective is to achieve its Value for Money priorities to provide better services to its tenants, become a model provider of good quality, long-term supported housing, and develop its capacity to support new supply.

Value for Money is important to Trinity; as an organisation, it wants to ensure it can achieve its priorities year on year to maintain its existing properties, manage its liabilities, improve its operating cash flows, manage upward cost pressures, not only protect but also add value to the services it delivers to its tenants, and implement its growth and development programme.

Delivering Value for Money is integral to Trinity's ultimate objective which is to operate as a financially secure and viable business, that can continue to provide its tenants with a safe and secure environment to live in, that gives them the independence of living that might not otherwise be available to them.

This strategy sets out how THA aim to meet the requirements of the regulator, the Regulator of Social Housing (RSH), as described in their Value for Money Standard (effective April 1, 2018), and it will ensure that Trinity is delivering its services as efficiently and effectively as possible to all its stakeholders.

Value for Money is incorporated into all key strategies, including procurement and asset management. Decisions on Value for Money will always be taken within the context of Trinity's social and business objectives.

The Value for Money priority remains financial viability to facilitate Trinity's asset management and to monitor its cost per unit, as these areas are where Trinity makes the largest investment, outside payment of core rent, and therefore provides the greatest opportunity to add value.

A key strategy that THA are being to explore more is linked to business growth and development, as THA stabilise its operation, the opportunity to develop new and existing partnerships will be an area where THA would look to be demonstrating where Value for Money is being actively considered and evaluated as part of the decision-making process.

Trinity's asset management strategy, supported by its stock condition survey, helps it deliver an important part of its strategic aim of providing its tenants with high-quality accommodation and excellent customer service. It provides a framework for Trinity to manage stock proactively and support business plan objectives. It links knowledge of the stock gained to date, the property requirements in response to local demand and tenant aspirations and needs, and what is affordable in Trinity's financial plan.

BACKGROUND

THA does not own any properties but is a lease-based provider of specialist supported housing. This has been a key factor for the association being limited in its ability to easily demonstrate Value for Money. THA were placed under regulatory supervision after being graded as G3/V3 due to concerns the regulator had regards its long-term viability and the effectiveness of the Board. THA are also deemed as non-compliant with the rent standard.

As a registered provider THA are bound to the Value for Money standards in force from the 01st of April 2018 by (RSH). The required outcomes of those Value for Money standards are that registered providers must:

- Clearly articulate their strategic objectives
- Have an approach agreed by their Board to achieving Value for Money in meeting these objectives and demonstrate their delivery of Value for Money to stakeholders.
- Through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs.
- Ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency, and effectiveness in the delivery of their strategic objectives.

In 2017 the (RSH) published a Value for Money Standard and a set of metrics which came into effect for all registered providers on the 1st of April 2018. The Standard sets out clear expectations around Value for Money.

“Value for Money” is the term used to assess whether an organisation has obtained the maximum benefit from the goods and services it acquires and/ or provides, within the resources available to it. It not only measures the cost of goods and services, but also takes account of the mix of quality, cost, suitability, and timeliness to judge whether, when taken together, they constitute good value.

SCOPE OF THE STRATEGY

The Value for Money Standard requires the THA Board to consider Value for Money across our whole business and therefore THA’s objective is to demonstrate:

- optimal benefit is derived from the resources and assets,
- it delivers homes that meet a range of needs,
- it has a robust approach to achieving Value for Money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance by economical, efficient, and effective means,
- The Board demonstrates that regular and appropriate consideration of potential Value for Money gains is given – and this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures,
- Consideration of Value for Money across its whole business has been given,

- That Trinity has appropriate targets in place for measuring performance in achieving Value for Money in delivering its strategic objectives, and that it regularly monitors and reports its performance against these targets.

The three classic components of Value for Money: - economy, efficiency, and effectiveness, are –

- 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 (desired outcomes) and the relationship between intended and actual impacts.

THA endeavours to achieve optimum economy, efficiency and effectiveness in delivery of its strategic objectives and corporate plan balancing the available resources, risks and legal requirements to ensure financial viability.

From a regulatory perspective, there will be a greater emphasis on THA to ensure that its approach to the management of resources and assets is strategic, comprehensive, and clearly linked to achieving its objectives.

THA must therefore ensure that it meets its organisational purpose and objectives when considering the use of its limited resources or assets.

THA will have an effective approach to Value for Money objectives that ensures that consideration and action to be taken at both:

- Operational level - optimising Value for Money in the activities we carry out.
- Strategic level - ensuring that the Value for Money is conducted and addressed in strategic decisions

THA must have demonstrated it has a full understanding of its cost basis and how these costs are compared to other organisations and how they have changed over time. It is expected that a full understanding of what is driving costs should be known and that assurance is provided that the association is getting the desired quality at the best price.

THA will have a robust decision making process that includes a rigorous appraisal for improving performance and ensuring best Value for Money can be demonstrated and achieved.

The association will know that progress is being made in embedding Value for Money when year-on-year improvement can be demonstrated and sustained on the below measures of success.

- Growth in turnover.
- Operating margin.
- Overheads as a percentage of turnover.
- Housing management cost per unit.
- Current HB rent arrears as a percentage of rent due.
- Current CP void arrears as a percentage of voids charged.

- Percentage of rent collected.
- Tenancies terminated as a percentage of properties managed.
- Average re-let time.
- Percentage of repairs completed on the first visit.
- Void management.

It is incumbent on the board to actively consider the opportunity costs of THA's current structures and to understand the implications changes could have on the delivery of its objectives and what the impact might be for maximising the delivery of Value for Money.

THA will continue to develop its database on the cost base for the properties it manages so that these can be built into future business models and lease negotiation templates, and it can continue to improve how the public's £1 is spent and evidence it.

THA are committed to develop its program for residential involvement regarding the delivery of the service they receive and how it can be improved. This is a critical area that the association is focusing on in the coming years as it looks to actively engage with its tenants more.

REPORTING

The Value for Money Standard states that Registered Providers must annually publish evidence in the statutory accounts to enable stakeholders to understand the provider's:

- Performance against its own Value for Money targets and any metrics set out by the regulator, and how that performance compares to peers.
- Measurable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this.

On an annual basis THA will carry out an assessment of how we have delivered Value for Money and the results will be published in our annual audited accounts.

This will include any information and metrics required by the Regulator to demonstrate how we have met the requirements of the Value for Money Standard and Associated Code of Practice.

We will continue to produce a separate Value for Money Self-Assessment which will provide a more detailed analysis of our performance and we will make this available to our stakeholders upon request.

REGULATORS VALUE FOR MONEY METRICS

Alongside the Value for Money Standard, the Regulator published details of 7 metrics which measure economy, efficiency, and effectiveness on a comparable basis across the sector.

These measures are derived directly from our audited accounts and have specific definitions attached to them.

The 7 measures are: -

- Reinvestment %
- New supply delivered %

- Gearing %
- Earnings before interest, tax, depreciation, and amortisation Major repairs included (EBITDA MRI) Interest Cover %
- Headline social housing cost per unit
- Operating margin %
- All activities
- Social housing lettings only
- Return on capital employed.

Not all these metrics will apply to THA as it doesn't own any of its own assets. Therefore, it is not possible to report on these metrics.

As a minimum THA will monitor these metrics where it is applicable to do so on an annual basis, tracking its performance against the prior year results and against an appropriate peer group. The results will be published in its annual accounts accompanied by a narrative which explains its performance and sets out any steps being taken to address areas of shortfall.

THA will continue to measure itself against those metrics that are meaningful and relevant to the association and help in its delivery of Value for Money. These will be monitored and compared alongside the mandatory metrics and the results will be published in its annual accounts.

THA has a continuous improvements framework to report on and achieve (Value for Money). The Executive team is charged with delivering (Value for Money) through Business planning, forecasting and the budget process through a day-to-day scrutiny of performance management.

SETTING TARGETS & COMPARING WITH PEERS

THA will continue to monitor and report on the income collection targets that have been built into the Business plan and represent a critical target for THA to achieve its main objective of viability and attaining financial security to provide the homes to our tenants that they deserve.

Voids management targets built into the Business plan will be monitored and reported on as part of the monthly management reporting.

It will select individual peers who are comparable based on size, location and structure and using publicly available information such as the global accounts. THA will carry out further benchmarking where possible.

ACTIVE ASSET MANAGEMENT

The Code of Practice states that "Registered providers must also be able to demonstrate that they have a full understanding of the return they generate from their assets compared to the costs of maintaining those assets.

A Stock condition survey of all properties leased by THA has been undertaken in conjunction with our head landlords and Baily Garner. Work programming's over the short term have been developed to ensure that THA can afford to perform the work so its tenants can continue living in a safe and secure environment and that the asset is protected. This is a key objective for THA's Board. Cash flow management will continue to be critical element of asset management given THA's current financial position.

During discussions with its head landlords; THA will address properties that it identifies as being erroneous and detrimental to its future viability and discuss their removal from the portfolio it manages and where changes in the leases are required as units are lost then deeds of variance will be sought from the landlords.

Leases that are held with private landlords will not be renewed unless the cost benefit analysis shows they work and generate a positive surplus position.

MAINTENANCE SERVICE

It is important that THA get the best value from the work carried out on the properties it manages. Priority will be given to repairs and maintenance work as per the timelines agreed in tenancy agreements and other third-party agreements it holds.

The awarding of maintenance contracts and all work, where possible, will go through the procurement process. Contractors are vetted prior to awarding any work; this is done via face-to-face interview, references and/or reviews of work and price.

All contracts that have been taken out with third parties (Ascots & Urban Sky) to deliver the services that THA are legally bound to provide will be monitored and renegotiated, where appropriate, before the end of the agreements to ensure that the service to its tenants isn't disrupted and remains to a high standard.

PROCUREMENT

Procurement forms an integral part of the Value for Money strategy and has the potential to deliver significant savings and service improvements for the association through the adoption of different methods of procurement.

THA Procurement Strategy sets out that THA will aim to deliver Value for Money by ensuring that it is getting the best possible prices for the required quality of service or goods. All procurement will be made using a balance of cost and quality criteria and wherever possible are weighted towards price.

THA Will ensure that money is spent in a manner that demonstrates both Value for Money and openness, fairness, and transparency of the process (Public Contracts Regulations 2015) ("the Regulations")

All employees are responsible for ensuring that any procurement decisions reached demonstrate Value for Money.

Contractors, as important providers of services to THAs residents, have a role to play in delivering Value for Money and improving results for its residents. It is therefore necessary for this strategy and their role in its delivery to be understood by our contractors. This participation could be through service reviews or proposing improvements.

GOVERNANCE AND RISK MANAGEMENT

Good governance is crucial to achieving Value for Money, and the association's arrangements including standing orders, financial regulations, codes of conduct, counter-fraud policies, risk management processes, etc. all contribute to securing Value for Money, not least by helping to minimise loss and waste.

The associations risk register includes the risk of non-compliance with the regulator's economic standards, of which Value for Money is included. The current risk level sits at 20 but reduces to 12 once mitigating actions are considered, which places this in the amber area of the associations risk appetite for this risk area.

CULTURE

THA aim to develop a culture of efficiency and Value for Money throughout the association. It will develop these values in the association through briefings, team meetings and individuals' performance management. Its Value for Money culture will be essential to the achievement of its Value for Money strategic goal. Treating THA's assets as if they were their own is a key message given to all employees.

Everyone within the association has a role to play in the delivery of THA's Value for Money strategy, as follows:

The Board - Is responsible for maintaining a robust assessment of all its assets and resources and a robust approach to decisions on the use of resources to deliver the business strategy.

The Board approves the Value for Money strategy. All Board members will seek to ensure a culture of Value for Money in all aspects of the association's activities and ensure that challenging but achievable efficiency targets are agreed as part of the annual financial planning process. Value for Money is a standard consideration in all reports to ensure that the board are aware of all the options and implications for each decision.

Executive team – Is responsible for ensuring that Value for Money is considered in the day-to-day management of their respective areas of control. They need to ensure that Value for Money is understood by all their staff and that actions relevant to their services are completed.

All staff members - Are made aware of the importance of Value for Money through briefings and team meetings and encouraged to contribute ideas for improving Value for Money. They assist in the implementation of improvements and the development of performance targets.

Reviewing the Strategy

The Value for Money strategy will be reviewed and updated annually with any changes being circulated by email to the board or presented to a meeting depending on their significance.