



<b>Policy</b>	<b>Value for Money (VfM) Strategy</b>
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## AIMS OF THE STRATEGY

This document sets out the strategy for Trinity housing associations (THA) approach to Value for Money (VfM). THA'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 Organisation regard THA as a first-choice provider of housing or support services.

THA's overarching VfM objective is to achieve its VfM 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. The objectives that sit behind achieving the overarching VfM objective are:

- Implement measures to achieve cost savings in key operational areas without compromising service quality.
- Improve the quality of housing and support services delivered to tenants.
- Proactively manage and maintain assets to maximize their lifespan and returns.
- Streamline internal processes and workflows to enhance operational efficiency.
- Explore opportunities to diversify the types of housing offered to meet a broader range of tenant needs.
- Actively engage in the development of new and existing partnerships to leverage resources and achieve shared objectives.
- Enhance procurement practices to ensure the acquisition of goods and services at the best possible prices without compromising quality.
- Develop and implement a program for residential involvement, actively seeking input from tenants on service delivery improvements.
- Establish a robust system for monitoring and reporting on key performance indicators related to Value for money.
- Show measurable year-on-year improvement in identified areas, such as turnover, operating margin, and tenant satisfaction.
- Ensure full compliance with regulatory standards, including meeting the requirements set by the Regulator of Social Housing.

VfM is important to THA; 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.

Achieving VfM at THA is intricately woven into our overarching corporate objectives. Our commitment to VfM directly aligns with our strategic imperatives, reinforcing our dedication to continuous improvement, regulatory compliance, excellence in service provision, and sustainable business growth.

#### Enhancing Financial Viability:

Efficient resource utilization and cost-effectiveness, key components of our VfM strategy, contribute directly to the improvement of our financial viability. By maximizing the impact of every financial decision, we strengthen our financial position, ensuring the long-term sustainability of THA.

#### Regulatory Compliance:

Meeting and exceeding VfM standards set by regulatory bodies is not just a compliance requirement but a testament to our commitment to transparent and accountable operations. By adhering to regulatory standards, we build trust with stakeholders and reinforce our credibility as a responsible housing provider.

#### Model Provider of Quality, Long-term Supported Housing:

VfM is at the core of our mission to be a model provider of good quality, long-term supported housing. By optimizing resources, we can invest in maintaining and enhancing the quality of our housing offerings, ensuring our tenants experience the highest standards of living and support.

#### Sustainable Business Growth:

Strategic alignment of our VfM initiatives with the goal of sustainable business growth is pivotal. As we streamline operations, explore new partnerships, and diversify our housing offerings, we create a robust foundation for the expansion of our business, fostering resilience and adaptability in a dynamic housing landscape.

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

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

The VfM priority remains financial viability to facilitate THA's asset management and to monitor its cost per unit, as these areas are where THA 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 VfM is being actively considered and evaluated as part of the decision-making process.

THA'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 THA 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 THA'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 organisation being limited in its ability to easily demonstrate VfM. 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 VfM standards in force from the 01<sup>st</sup> of April 2018 by (RSH). The required outcomes of those VfM standards are that registered providers must:

- Clearly articulate their strategic objectives
- Have an approach agreed by their Board to achieving VfM in meeting these objectives and demonstrate their delivery of VfM 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 VfM 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 VfM.

“VfM” 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 VfM Standard requires the THA Board to consider VfM 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 VfM – 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 VfM gains is given – and this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures,
- Consideration of VfM across its whole business has been given,

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

The three classic components of VfM: - 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 VfM objectives that ensures that consideration and action to be taken at both:

- Operational level - optimising VfM in the activities we carry out.
- Strategic level - ensuring that the VfM 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 Organisation 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 VfM can be demonstrated and achieved.

The Organisation will know that progress is being made in embedding VfM 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 VfM.

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 Organisation is focusing on in the coming years as it looks to actively engage with its tenants more.

## **EMBEDDING VALUE FOR MONEY CONSIDERATIONS**

Embedding Value-for-Money considerations into day-to-day decision-making processes at all levels of the organisation is essential for fostering a culture of efficiency and resource optimization. VfM considerations that THA will ensure are integrated into daily decision-making will be:

- Procurement Efficiency - optimize procurement processes to ensure the best value for goods and services.
- Resource Allocation - allocate resources sensibly based on priorities and anticipated benefits.
- Sustainable Practices - integrate environmentally sustainable practices to reduce long-term costs.
- Collaboration and Partnerships - explore collaborative opportunities that enhance efficiency and effectiveness.
- Tenant Feedback - actively seek and consider feedback from tenants to improve service delivery.
- Training and Development Investments - invest in training and development that directly contributes to improved performance and efficiency.
- Risk Management - evaluate risks associated with decisions and implement strategies to mitigate them.
- Technology Investments - assess the cost-effectiveness of technology investments for improved operations.
- Continuous Improvement - nurture a culture of continuous improvement by encouraging feedback and iterative adjustments.

- Impact on Stakeholders - assess how decisions impact various stakeholders, including tenants and external partners.

## **REPORTING**

The VfM 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 VfM 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 VfM 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 VfM Standard and Associated Code of Practice.

We will continue to produce a separate VfM 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 VfM 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 Organisation and help in its delivery of VfM. 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(VfM). The Executive team is charged with delivering VfM through Business planning, forecasting and the budget process through a day-to-day scrutiny of performance management.

## **ENGAGEMENT WITH STAKEHOLDER**

Engaging with and incorporating feedback from stakeholders, including tenants and external partners, is crucial for the success and sustainability of THA's operations. In order to achieve this, we will develop transparent and accessible communication channels for tenants and external partners. Utilize newsletters, emails, and any other preferred communication means to keep stakeholders informed about decisions, projects, and opportunities for feedback. Design and conduct regular surveys to gather specific feedback from tenants on various aspects, including the quality of housing, support services, and overall satisfaction. Use these surveys to identify areas for improvement and assess the effectiveness of implemented changes. Demonstrate a commitment to continuous improvement by closing the feedback loop. Share updates on how feedback has influenced decision-making, and communicate the positive outcomes achieved through stakeholder input.

## **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.

Selecting comparable organisations for benchmarking is a critical step in assessing THA's performance against industry standards. Given THA's small size, it's essential to choose organisations with similar characteristics to ensure meaningful and relevant comparisons. Considerations that would be taken into account would be, Size and structure, Geographical location, legal and regulatory environment and tenant demographics.

## **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 VfM strategy and has the potential to deliver significant savings and service improvements for the Organisation through the adoption of different methods of procurement.

THA Procurement Strategy sets out that THA will aim to deliver VfM 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 VfM 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 VfM.

Contractors, as important providers of services to THAs residents, have a role to play in delivering VfM 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 VfM, and THA’s arrangements including standing orders, financial regulations, codes of conduct, counter-fraud policies, risk management processes, etc. all contribute to securing VfM, not least by helping to minimise loss and waste.

The Organisations risk register includes the risk of non-compliance with the regulator’s economic standards, of which VfM 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 Organisations risk appetite for this risk area.

## **CULTURE**

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

Everyone within the Organisation has a role to play in the delivery of THA’s VfM 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 VfM strategy. All Board members will seek to ensure a culture of VfM in all aspects of the Organisation’s activities and ensure that challenging but achievable efficiency targets are agreed as part of the annual financial planning process. VfM 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 VfM is considered in the day-to-day management of their respective areas of control. They need to ensure that VfM 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 VfM through briefings and team meetings and encouraged to contribute ideas for improving VfM. They assist in the implementation of improvements and the development of performance targets.

## **COMMUNICATION**

THA is committed to transparency and active engagement with our stakeholders. Our VfM strategy, a cornerstone of our mission to provide quality homes and support services, will be communicated through a multi-faceted approach. Internally, regular briefings, staff meetings, and training sessions will ensure that all team members understand and align with our strategic goals. Externally, we will utilize various channels such as newsletters, site meetings, and online platforms to keep tenants, partners, and regulators informed about our commitment to achieving optimal benefit from resources and assets. Through open dialogue and transparent reporting, we aim to demonstrate our dedication to financial viability, regulatory compliance, and the provision of high-quality, long-term supported housing

## **REVIEWING THE STRATEGY**

The VfM 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.

THA is committed to maintaining the highest standards in our operations and ensuring compliance with industry regulations. In our ongoing commitment to transparency and accountability, we have thoroughly reviewed our VfM policy to verify its alignment with any updates or changes in industry standards and regulatory requirements since its last review. This comprehensive examination has been conducted in accordance with the latest guidelines set forth by regulatory bodies, including the Regulator of Social Housing (RSH) and any relevant industry standards established since our last policy evaluation.

Our commitment to providing high-quality homes, supporting independence, and creating opportunities remains unwavering. We recognise the dynamic nature of the housing landscape and have taken proactive measures to ensure that our VfM policy reflects the most current industry standards and regulatory expectations. This includes adherence to any changes introduced by the RSH and other relevant authorities.

As part of our continuous improvement ethos, we have engaged with industry updates, consulted with regulatory bodies, and sought external in the social housing sector. We are confident that our VfM strategy aligns with the latest industry benchmarks, contributing to the financial viability of our organisation and the delivery of exemplary services to our tenants.

This verification process is an integral component of our commitment to excellence, ensuring that our policies are not only compliant but also reflective of the best practices in the field. THA remains dedicated to upholding the trust and confidence of our stakeholders, and we will continue to adapt our strategies in response to evolving industry standards and regulatory requirements.