

# Value For Money Strategy

2024/25



# 1. Introduction

**The purpose of this strategy is to set out a clear framework to ensure we are providing the best Value for Money (VFM) for our customers and links closely with RBH's new corporate plan 'Delivering for our Customers and Communities' to support delivery of its Strategic Objectives.**

Our corporate plan for the coming year will focus on five strategic themes. These themes reflect the things that our customers and colleagues tell us are important to them. Underpinning all of the themes is a drive for continuous improvement which is becoming an embedded part of our culture. As we move forward, we will look to bring new ideas and innovation to make it easy for our colleagues to do great things for our customers.

We will improve data and insight as we move forward to ensure all that we do is focused on facts and that we are making decisions based on what our customers tell us is important. Achieving value for money, with decisions driven by data and insight, and robust financial and social value analysis. Success will be monitored and reported through outcomes supported by key performance indicators.

**We will link our VFM Strategy to these key themes:**



## Customers

Our services will be shaped with our customers with their voices heard in our business every day.



## Communities

We'll support the building of thriving, inclusive communities where embracing diversity makes our communities great places to live.



## People

Everything we achieve is through our people. Our focus will be on building a great place to work with a supportive and inclusive culture that reflects the diversity of our communities.



## Homes

We'll continue to invest in our homes to ensure they are safe, warm places to live and comply with building safety regulations.



## Governance

Embedding good governance, robust financial management and controls and ensuring our business is risk informed will see us strengthening the foundations that underpin RBH.



# 2. Context

## VFM Definition

Value for money is about looking at everything we do and making sure we spend customers' money in the right way:

- What we spend should provide value for money and deliver a good return
- It ensures we understand the costs and outcomes of our services, enabling us to make good decisions
- It ensures our work brings benefits to customers and communities
- We continually review the best ways to deliver our services
- Ensuring we are working efficiently and effectively

The Regulator of Social Housing have also published a standard that all housing providers must comply with, VFM Standard 2018.

### Regulation

RBH must ensure that we achieve optimum economy, efficiency and effectiveness in the delivery of our strategic objectives. The specific expectations of the Regulator for Social Housing's VFM Standard 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.

Registered providers must demonstrate:

- 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
- regular and appropriate consideration by the board of potential VFM gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures
- consideration of value for money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case
- that they have appropriate targets in place for measuring performance in achieving value for money in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets.

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.

### Scope

This strategy covers RBH and its subsidiary, RBH (Design and Build) Limited. The Board is responsible for ensuring that the VFM Strategy is delivered in conjunction with the Representative Body, ELT and SLT. All RBH colleagues are responsible for achieving value for money in delivering their services.

## Methodology

This document has been written to support delivery of the new corporate plan and will be reviewed alongside any future iterations of this.

Consultation has taken place with the Senior Leadership Team around the key themes, objectives and delivery of the VFM Strategy. This will help ensure a culture which is organisation wide where colleagues will own and support delivery of value for money in everything they do.

Customer consultation has taken place with customers across all four townships and online and any feedback incorporated into this Strategy. There were 20 customers in total and feedback was positive highlighted themes such as accessible communication channels, engagement and strengthening partner links.

The Strategy has also been reviewed by the Executive Leadership team, the Treasury and Finance Committee and consultation took place with employee group 'Our Voice' which reaches out across a wide range of RBH services.

## Value for Money Strategy Key Objectives

This strategy document will put forward six key over-arching objectives to best support RBH's Corporate Plan as indicated above:

1. Embedding a VFM culture across the organisation
2. Working with our Customers to provide services that they want and need
3. Maximising financial returns to reinvest in our customers
4. Maximising our social value and environmental returns on our assets
5. Delivering our key objectives in the most efficient and effective way
6. Demonstrating compliance, accountability and transparency to our stakeholders

### Objective

# 1

#### Embedding a VFM culture across the organisation

**'Outcome'** – Value for money will be considered in all strategic and operational decision making in the organisation across short, medium and long timeframes.

#### Board

Board set the strategic direction of the organization, incorporating value for money in the organisation's vision. Board will incorporate a value for money assessment into all of their own decision making as well as ensuring that VFM is operationally embedded across the organisation. The achievement of Board's social value aspirations is paramount across current and future activity and determining how returns are reinvested.

#### Executive

The Executive Team will embed VFM into the culture of the organisation and across all areas of the business. Understanding the costs of the business, what drives those costs, how this will change in the future allows the Executive to create a linkage between VFM at a strategic level and an operational level. VFM will be considered in the overall Corporate Strategy and individual strategies. Benchmarking against peer organisations helps to shape the organisational approach to VFM. Reporting on VFM performance in all relevant documents throughout the organization, recording VFM outcomes and challenging the approach to VFM taken will provide assurance of embeddedness.

#### Colleagues

All colleagues will be aware of the VFM culture, the need to incorporate this into decision making at all levels and will be trained to deliver this. From

the induction of a new colleague through to well established teams, VFM will be incorporated into training, development and appraisal of performance where relevant. Colleagues play a vital role in the identification of waste and improvement of processes to drive efficiency. A VFM working group will be established which brings together colleagues from across different parts of the business and at different levels to build understanding and address VFM challenges which extend far beyond procurement and financial aspects. Where lower returns are accepted in pursuit of social value, the reasons for this will be articulated.

#### Communications

VFM will be a key theme of the Internal Communications Strategy and good news stories will enhance embeddedness and keep the concept fresh in the mind of our colleagues. Value for Money is one of the key principles in RBH's new Communications and Marketing Strategy. This principle needs to be reflected across our internal and external communications and marketing strategies, ensuring colleagues understand what VFM means for them and illustrating our commitment to VFM to our customers and stakeholders.

#### Representative Body

The Representative Body will consider VFM in everything that they do. The Body's scrutiny role will underpin their consideration of VFM.

## Objective

# 2

### Working with our Customers to provide services that they want and need

**'Outcome'** – Regular engagement with our customers will support services which are fit for purpose and avoid providing something which is not right or not needed.

#### Communication

In line with the Communications and Marketing Strategy, we will ensure that value for money is a golden thread of our internal and external communications, demonstrating that customers' rent is well spent on the things that matter to our customers and communities.

RBH will work with partner agencies to strengthen links and communications. Working together and providing more efficient communication will increase the support that our customers need in their everyday lives.

Communications should be provided through a range of channels and be accessible to all.

#### Engagement

Customer and colleague engagement should feature as a key part of the development of new strategies, process improvements and programmes of work. This ensures we are developing something that the customer wants and needs and therefore maximising the value created from the rental income we receive.

RBH should provide platforms for customer forums/surgeries which are accessible to all.

Involving residents in key procurement activity by engaging ahead of approaching the market will drive the achievement of better customer outcomes and therefore stronger value for money. Allowing customers choice over the services they receive allows them to understand the balance to be struck between cost and quality and how this will generate value for them.

RBH's representative body will carry out regular scrutiny challenges to help support improvements to services.

#### Monitoring Feedback from Customers

RBH will monitor feedback from all customer surveys to gain an understanding of how our customers are feeling. It gives us a steer on what we are doing well and where there are areas for improvement. RBH will make a commitment to using that feedback to improve the quality of our services and ensure the customers are getting services that they want and need.

## Objective

# 3

### Maximising financial returns to reinvest in our customers

**'Outcome'** – To ensure we provide services that our customers require that generate optimal value for the customer and the organisation and secure our long-term viability.

#### Planning, budgeting and cost management

A 30-year plan will be set and approved annually which ensures RBH can operate into the long-term and has a clear plan for delivering objectives in the short, medium and longer-term. A budget will be prepared, which is more detailed, using Zero Based Budgeting principles and should be set with value for money in mind.

Once our budgets are set for the year ahead, these will be monitored to ensure that planned activities are being delivered within the budgeted cost envelope and any potential risks to non-delivery highlighted and mitigated in good time.

#### Options appraisals

With any business case, an options appraisal should be drawn up prior to making a decision. This considers all options for delivery of a business case and allows for financial implications of each option to be assessed.

#### Effective procurement and contract management

Value for money should be a key priority in procurement activity. Tender evaluation criteria will vary between different tenders and will be based on an informed decision on what weighting combination will bring the greatest overall Value for Money from whatever goods or services are to be procured.

Following procurement, contracts should be managed to ensure that the supplier is providing the specified goods or services to the standards required by RBH, to the standards contained within their tender submission and realising the expected benefits from contracts.

## Objective

# 3

### Maximising Income – both rent and other funding opportunities

RBH will promote a rent first culture supporting our customers where possible to be able to pay this.

RBH will constantly look for opportunities to obtain grant and other similar sources of funding to support the activities of the organisation.

#### General Principles

As an organisation RBH will:

- Work towards obtaining greater understanding of the cost base to reduce costs and generate more funds for investment.

- All investment and divestment decisions will be built on a business case and a strong understanding of the return on investment and comparison to other options where applicable, with the knowledge of the social value generated not just the financial.
- Decisions will be data driven based on financial performance, stock type, geography, stock condition and other factors which support the achievement of objectives.
- The formation of the Property Investment Group supports the robust challenge of options appraisals performed, applying financial analysis as well as wider criteria to decision making to understand social value.

## Objective

# 4

### Maximising our social value and environmental returns on our assets

**'Outcome'** – To ensure the activities of the organisation contribute to the wellbeing of our communities.

#### Embed social value in everything that we do

RBH will create a Social Value Framework which will support social value culture organisation wide. This will create a better understanding of the importance of social value, what it means and how we create opportunities.

Social value will be a key consideration in our procurement activities and where possible will ask our suppliers to contribute to this where they can.

#### Reduce our Negative Impact in the Environment

RBH will look for opportunities to become greener in the work that we do.

RBH will commit to work with our communities to identify and develop long term efficiencies.

We will encourage contractors and suppliers to develop sustainable management practices, and to consider the environment in the procurement of materials and supplies.

## Objective

# 5

### Delivering our key objectives in the most efficient and effective way

**'Outcome'** – To understand the costs of delivery and cost drivers and how costs could be reduced for customers through the target operating model and the use of technology.

#### Process Improvements

RBH will continually consider process improvements to make things easier, less time consuming, to ensure quality and to ensure that it delivers what the customer needs and wants.

There is a need for constant review of service offering where we should consider the effect on customer service and how we monitor that to ensure efficiency doesn't lead to lower value.

RBH will be open to exploring alternative ways of carrying out services and tasks and this should be a key consideration in all decisions and business cases.

#### Recruitment and Training

RBH will recruit the right people into the right roles to ensure that work is done well, expertly and efficiently.

RBH will ensure VFM mindset is embedded in the recruitment and onboarding stages and promote our VFM culture as part of the induction process.

Following recruitment, RBH will commit to developing and training colleagues through change management to ensure that the level of service can be maintained. Training will also be given on the principles and delivery of VFM to ensure delivery of the strategy.

## Objective

### 5

#### **Technology and right tools to do the job**

RBH should ensure that colleagues have the right tools to do their roles and that tools are accessible when needed. Employees should also take responsibility to make sure they have the right tools when needed. This allows tasks to be carried out well and in a timely manner.

Promoting a 'right first time' culture will improve the customer experience and increase productivity.

#### **Customer First Programme and Transformation**

Our Customer First Programme will focus on how RBH achieves its corporate strategy and facilitates any change management through the business with the customer in mind. VFM will be a key objective within this programme.

Target operating models will be worked towards to achieve greater levels of efficiency based on an understanding of the costs of different delivery models such as insourcing or outsourcing.

#### **Homes & Communities Strategy**

The Homes & Communities Strategy will provide a framework for the investment programme, decarbonisation and regeneration of homes and communities. Value for money will be considered throughout making sure all activities are financially appraised and ensuring homes are safe and of good quality, a place where customers want to live.

## Objective

### 6

#### **Demonstrating compliance, accountability and transparency to our stakeholders**

**'Outcome'** – To ensure good governance and compliance with the RSH's VFM Standard, remaining accountable to our customers.

#### **VFM Statement**

The Value for Money Statement is published each year in September in RBH's financial statements in the annual report. It encompasses a review of the year from a Value for Money perspective telling a story of how we have performed against target metrics set at the beginning of the year and detailing areas where we have made value for money improvements. The Value for Money statement will also include comparison against peer organisations and a review of social value.






This is not only a part of the regulatory standard detailed in section 2 of the Strategy but an important way of communicating with our many stakeholders.

#### **VFM Metrics**

The VFM regulatory standard also requires registered providers to measure performance against targets set at the start of each year. The targets for 2024/25 are set out below and are made up of the RSH Value for Money Metrics, detailed in the Governance section and also other metrics which have been set and chosen by RBH. These will be monitored quarterly, and mitigations put in place for adverse performance.

#### **VFM Self-Assessment and Action Plans**

Every year, each service area will be required to carry out a self-assessment of VFM across their function. This will not only identify VFM good news stories but will also identify areas for improvement. These will form an action plan for the year ahead which will be progressed and monitored by the leadership team.

Themes		VFM Metric	Target 2024/2025
 <b>Customers</b>		Overall Tenant Satisfaction with RBH	80%
		Repair Appointments Made & Kept (%)	98%
	NEW	Repairs completed within target timescale (%)	n/a
		-Non-emergency	85%
		-Emergency	100%
	NEW	Rent Arrears (%) Q4	3.75%
	NEW	% complaints escalated to stage 2	15%
 <b>Communities</b>		Tenant Satisfaction with Neighbourhood (%)	80%
		LM3 Score	1.75
		% of spend with businesses with an operating base within Rochdale	50%
		% of spend with an operating base within GM	64%
 <b>People</b>		Employee Turnover (%)	15%
		Days lost through sickness per employee	8.25
 <b>Homes</b>	NEW	% of homes achieving EPC C prior to let	87%
		Tenant Satisfaction with Home (%)	76%
	NEW	% of homes meeting DHS	100%
 <b>Governance</b>		Headline social housing cost per unit	£6,649
		EBITDA MRI	(1,207)
		Return on Capital Employed	4.0
		Operating Profit (Overall)	7.5
		Operating Profit (Social Housing Only)	12.3
		% new supply delivered	0.17
		% gearing	17.0
		% Re-investment	14.2

## Monitoring

VFM metrics will be reported quarterly in the Quarterly KPI's which link intrinsically with the Corporate Plan.

A VFM working party will be created to ensure the delivery of the Strategy and embedding of the culture operationally. The group will also link in with the leadership at regular intervals to report on progress made.

The Senior Leadership team will review VFM monthly and updates will be reported to ELT and Board at regular intervals. Value for money decisions, benefits achieved and the effect on customer satisfaction will be logged, monitored and reported.

## Review

All RBH strategies, policies, service standards and procedures are reviewed on a regular basis in order to ensure that they are 'fit for purpose' and comply with all relevant legislation and statutory regulations.

This strategy will next be reviewed alongside the next Corporate Strategy to ensure continuous alignment in the future.

## Links with other RBH Documents

This strategy links with and supports delivery of the Corporate Plan and therefore links with and is delivered through all RBH strategies, policies and procedures.



## Next Steps / Action Plan

- Incorporate VFM into all strategies across the organisation with clear identification of how the strategy supports the achievement of VFM.
- Create a Social Value Framework to pursue, monitor and report social value outcomes.
- Establish a VFM Working Party including colleagues organisation wide and at all levels to embed VFM practices.
- Create a mechanism to log VFM benefits realised, and decisions made. The VFM Working Party will collate this analysis to assist with periodic reporting of VFM outcomes and gains.
- Embed a strengthened contract management approach across the organisation.
- Implement target operating models across the organisation.
- Engage with the Representative Body to understand how to inform and involve customers in value for money.

