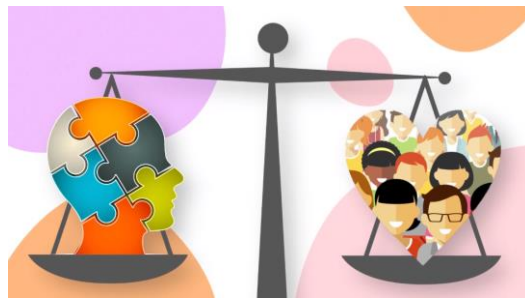




## ‘Business Head/Social Heart’ VFM Strategy



*“We will run our business efficiently and effectively and we will review all our services to ensure we deliver value for money in everything we do. This will maximise the resources we can invest in providing good quality, good value services for current and future tenants, leaseholders and their communities”.*

<b>Date of Approval</b>	26 <sup>th</sup> July 2021 TBC
<b>Responsible Director</b>	Executive Director of Finance
<b>Strategy Monitoring Body</b>	Group Board
<b>Resident Input into Strategy</b>	Tenant Committee
<b>Dates for Strategy Review</b>	Annually – Strategy to be kept under continual review to ensure remains in line with best practice
<b>Linked strategies</b>	Crosscutting strategy hence all other Strategies (e.g. Treasury Strategy, Procurement Strategy, Asset Management Strategy, Community Investment Strategy)
<b>Statutory and Legal Framework</b>	RSH VFM Standard
<b>Version</b>	V1



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## 1. Introduction

The purpose of the '**Business Head/Social Heart**' VFM strategy is to set out a clear framework to embed and drive continuous improvement in value for money.

The strategy supports the delivery of our Purpose and our Corporate Plan.

One of the nine Guiding Principles within the Corporate Plan defines what VFM means to WCHG "**Have a business head and a social heart**" which is described as:

*"We will run our business efficiently and effectively and we will review all our services to ensure we deliver value for money in everything we do. This will maximise the resources we can invest in providing good quality, good value services for current and future tenants, leaseholders and their communities".*

The collective nine Guiding Principles strengthen and steer the Group's strategic activities to ensure that we achieve VFM whilst balancing our financial ('Business Head') and other ('Social Heart') returns, alongside ultimately delivering our Purpose.

In striving to achieve the optimum balance between our business head and our social heart, we understand that we are putting tenants and leaseholders first, we respect their diverse needs, and we consider the interests of both current and future generations in ensuring that in seeking VFM we improve our financial strength and resilience.

The Group has an 'Open' risk appetite for VFM which defines the level of risk the organisation is prepared to accept in seeking VFM to deliver its strategic objectives, values and make its target returns.

Our 'Open' risk appetite for VFM means that the Group is *"willing to consider all potential options and choose the one that is most likely to result in success, while providing an acceptable level of reward"*.



## 2. Regulation

The VFM strategy complies with the Regulator for Social Housing's VFM Standard and the specific expectations that Registered Providers must demonstrate are as follows:

- 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.
- Regular and appropriate consideration by the board of potential value for money 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 including their approach to investment in non-social housing activity. They should include 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.

## 3. Methodology

The revision of the '**Business Head/Social Heart**' VFM strategy is one of nine projects launched under the business transformation programme.

In revising the strategy, the Board, customers and colleagues have been consulted in order to achieve a collaborative approach in developing the strategy.

The customer consultation focused on how customer involvement/influence and communication regarding VFM can be improved.



The staff consultation focused on ideas to improve VFM, both on a day to day basis and on a larger transformational scale whilst also considering ways to help integrate VFM into everything that we do.

Feedback from both consultations was valuable and suggested improvements have been incorporated into the strategy including;

- Improved customer involvement and input, continuous engagement and communication;
- Creation of a staff focus group to capture VFM ideas from all colleagues and translate into practical actions;
- Use of multi-channel communications to share VFM best practice and celebrate achievements with colleagues and;
- Embed a culture of VFM, emphasising the responsibility of colleagues to bring ideas and suggestions for improving VFM and ensuring that there is appropriate training to support them in helping deliver this.

At the Board away day, the Board were consulted on the main points within the draft VFM strategy along with the proposed Benefit Realisation Methodology.

#### **4. Objectives of the VFM strategy**

The aim of the VFM strategy is to ensure:

- We run our business efficiently and effectively and review all our services to ensure we deliver and embed value for money in everything we do;
- We maximise the resources we can invest in providing good quality, good value services for current and future tenants, leaseholders and their communities;
- We increase customer influence on VFM; engaging and informing customers, involving in VFM decision making and encouraging scrutiny;



- We continuously develop our VFM culture; improving colleague understanding, encouraging ideas and gaining benefit from colleague feedback.

## **5. Governance Framework**

### **Board**

The Board oversees VFM itself, rather than delegating to a Committee.

The Board is responsible for approving the VFM strategy, ensuring that it is aspirational and for overseeing that the objectives that it contains are delivered.

The Board will ensure that the Tenant Committee suitably challenges the delivery of VFM.

### **Group Leadership Team**

The Group Leadership Team are responsible for delivering the VFM strategy and objectives.

The Group Leadership Team are responsible for ensuring that all strategic decisions made on the use of Group's resources clearly demonstrate VFM and demonstrate an understanding of the trade off and opportunity costs that they offer.

The Group Leadership Team will seek to drive VFM improvement over time as represented by VFM metrics, other KPIs and budgets and business plans.

### **Senior Leadership Team**

Day to day responsibility for delivering VFM is delegated to the Senior Leadership Team.



The Senior Leadership Team will appraise all options for improving VFM against the Group's strategic objectives and will monitor and operationally manage projects and day to day activity to ensure delivery of VFM outcomes.

### **Customers**

The Tenant Committee is a vehicle for tenants to hold the Group accountable for VFM through sharing of relevant performance information and review of customer related policies.

### **Regulator**

The Regulator is responsible for setting the framework for monitoring the delivery of VFM savings (through the Regulatory Framework, and the VFM Standard).

The RSH will review WCHG's compliance with the VFM Standard through annual stability checks and VFM will be a key area of focus at the next in depth assessment.

## **6. Delivering – 'Business Head/Social Heart'**

The Group commits to delivering VFM; ensuring we work efficiently and effectively to maximise value for money in everything we do.

An embedded culture of VFM, where we are transparent about the cost of services and strive to balance our business head and social heart, is key to driving continuously improved VFM outcomes.

This strategy sets out how VFM can be achieved across all aspects of our operations and ensures that everyone is aware of how their actions contribute to our strategic objectives.



The following framework will firmly embed a '**Business Head/Social Heart**' VFM culture throughout the organisation.

### 6.1 Board

The Board will fulfil their VFM responsibilities in the following ways;

- The Board will give full consideration to the cost and benefit of proposals that are within their remit, providing challenge and scrutiny in order to ensure that VFM is delivered; with a clear audit trail of the decision-making process and outcome;
- In order to make difficult choices in striking a balance between the potentially competing requirements around the quality and level of service versus the cost, the Board will receive information that reflects the full spectrum of benefits; social/financial/operational/environmental in order to fully consider proposals and make decisions;
- The Board will monitor the RSH's VFM Standard metrics and Internal VFM KPI's to ensure delivery of VFM objectives in line with this strategy and;
- The Board will review and approve the annual budgets and business plan ensuring delivery of '**Business Head/Social Heart**' VFM outcomes and will monitor actual results against targets.

### 6.2 Group Leadership Team/Senior Leadership Team

The Group Leadership Team and the Senior Leadership Team will ensure that VFM is delivered by undertaking the following activities;

- Corporate Plan including the Business Transformation Programme

In addition to our day to day VFM activity, in alignment to help deliver our 2020-2022 Corporate Plan objectives we have launched our business transformation programme "Change Wyth" incorporating service reviews and improvement projects across the four strategic themes, which will deliver VFM benefits.





The high level VFM objectives within each of the four strategic themes are as follows:

**More Homes** – delivering more new homes for future tenants and leaseholders with evident VFM. VFM is demonstrated by strong development cost per unit and other relevant KPI's which are benchmarked against regional peers and reviewed by the development committee. The recently updated JV North procurement framework contributes to our delivery of VFM through development activity.

**Living Well** - adopt a person-centred, right first time approach including an enhanced digital offer for customers and elimination of waste in services; delivering efficiency benefits, and maximum social value impact.

Sustainable plans for the Village 135 Independent Living Extra Care home and WCHG community centres; increasing benefits to tenants and communities alongside improving financial resilience.

**Great Places** – a new repairs and maintenance delivery model across our property and asset teams which offers customers a digital first, efficient experience, with full control over service requests, optimising processes to remove touchpoints and eliminating waste work.

**Smarter Business** – 'invest to save' projects incorporating technology and infrastructure to give colleagues and customers the right digital solutions; delivering medium to long term VFM efficiencies.

Procurement review/revised strategy to ensure that the Group is maximising its purchasing power.

The latest approved Business Plan includes a VFM improvement target increasing to £2.4 million per annum by 2025, the aim being to improve operating margins to a level more in line with sector peers and so improve both our financial resilience (to withstand shocks) and our financial capacity (to allow choice of where to re-invest surpluses).



The Group Leadership Team and the Senior Leadership Team will ensure that VFM is delivered by also undertaking the following activities;

- Carefully balancing priorities around housing allocation, new homes and adaptations, maximising the return on investments and service expenditure;
- Budgeting, business planning and forecasting have a clear focus on '**Business Head/Social Heart**' VFM outcomes, agreeing and achieving targets;
- Procurement activities that support corporate objectives with promotion and delivery of VFM as a core principle;
- Board reports containing detailed information on the VFM implications of Board decisions;
- Project management framework including a Benefit Realisation Methodology;
- Robust performance monitoring with a clear understanding of our costs/benefits in the context of **Business Head/Social Heart**' VFM outcomes and;
- Monitoring VFM metrics including RSH's VFM Standards, specific WCHG VFM KPI's and VFM benefits realised from the business transformation projects/service reviews and major operational projects/decisions.

### 6.3 Customer influence

Increasing customer influence will be achieved from the following actions;

- Service Delivery– seeking customer involvement and feedback on the service delivered via satisfaction and customer understanding of the cost/benefit of providing the service including transparency of service related charges;
- Service review- seeking customer input and views in relation to any service reviews that may be undertaken that result in changes to services or introduction of a new service;



- Involvement in procurement decisions that impact on customers by way of rent and service charges contributions and the use of rent money to deliver services;
- Formal Customer involvement – by way of scrutiny of VFM in key decisions and services (Scrutiny Review Group (SRG) / Tenant Committee);
- Customer engagement methods regarding VFM, promoting honest conversations as part of our everyday dealings;
- A clear avenue for customers to raise VFM questions and ideas with a defined process to response to and action any points raised;
- Quarterly update to customers regarding VFM performance via the digital newsletter. Keeping customers informed on the VFM benefits delivered along with the impact on communities and customers;
- Customer satisfaction surveys to provide a clear steer on how we are performing on VFM and where we need to improve and;
- Ensuring continuous improvement and learning from complaints and dissatisfaction with services.

#### 6.4 Colleague engagement

Engagement with colleagues will be promoted using the following methods;

- Colleagues understand what the Guiding Principle '**Business Head/Social Heart**' means in their role and appropriate training is provided to support them in helping deliver VFM in everything they do;
- The principle of, and responsibility for, VFM is acknowledged within the staff performance and appraisal framework;
- VFM is an agenda item at team meetings;
- Managers and budget holders take ownership of effectively managing their budgets in order to deliver VFM;
- A clear avenue for colleagues to contribute ideas and VFM improvements;
- Staff focus group to review VFM ideas from all colleagues and translate into practical actions;
- VFM best practice is routinely shared and;



- VFM achievements are celebrated with colleagues.

## 7. Realising and demonstrating VFM

In order to evaluate the success of the VFM strategy, the following measures are in place to identify, calculate, report and monitor VFM.

### 7.1 RSH's VFM Standard

We will comply with the RSH's VFM Standard and monitor the Regulator of Social Housing's (RSH) VFM metrics, seeking to improve these indicators over time.

We will benchmark against the annual published VFM metrics report and against peers within our region, in order to understand and improve VFM.

We will publish an annual statement on VFM as part of our annual report and financial statements. This includes the actual VFM metrics results, along with variances to the targeted metrics and supplementary analysis.

The VFM statement also includes the forecasted VFM metrics for the next four years.

These targets along with the actuals for the last three years, for comparison purposes, are shown in **APPENDIX A**

### 7.2 Internal VFM KPI's

We report and monitor our own extensive suite of key performance indicators as part of our wider performance management framework.

Included within this framework there are a number of KPI's which allow us to assess significant indicators of VFM.



These indicators are highlighted as being those measures that most strongly demonstrate VFM, allowing the Board to have clear visibility of VFM performance and review delivery of VFM objectives in line with this strategy.

### **7.3 Benefits Realisation Methodology**

Business transformation projects and service reviews are managed using our project management process. Part of this process is the benefit realisation methodology, which delivers an overview of the full spectrum of benefits; social, environmental, financial and operational in order to understand the wider impact of proposals and ensure well informed decision making. The benefit realisation methodology is also used to capture benefits for major operational projects/decisions.

As part of the benefit realisation methodology, benefits that have a VFM impact are also recognised, which allows us to understand our VFM performance.

Benefits are additionally classified as cash or non-cash to allow assessment of financial impact against the VFM improvement target of £2.4m and benefits identified inform our future budgets and business plans.

The benefit realisation methodology monitors and tracks the expected benefits against those realised and the results are reported as part of our wider performance reporting.

### **8. VFM Strategy Action Plan**

An action plan (**APPENDIX B**) has been prepared in order to deliver the objectives of this strategy.



## **9. Review**

The VFM Strategy will be reviewed formally every three years by the Board.

An annual update will be provided to Board on the status of the delivery of the VFM Strategy to offer assurance to Board that the strategy remains fit for purpose, and to confirm continued compliance with the Regulator for Social Housing's VFM Standard and all relevant legislation and statutory requirements.

## **10. Links to other strategies**

The VFM Strategy is closely linked to the Asset Management, Development and Procurement strategies; VFM being a fundamental principle in all areas.