



WCHG Value for Money Strategy 2017-2020

This strategy aims to enable Wythenshawe Community Housing Group Limited to ensure VFM in all the Group does through embedding VFM in the culture, by putting tenants at the heart of everything it does and to improve financial awareness and accountability, by maximising outcomes to meet customers' needs.

Date of Approval	04 December 2017
Responsible Director	Executive Director of Resources
Strategy Monitoring Body	Group Board
Resident Input into Strategy	Tenant Scrutiny Committee
Dates for Strategy Review	Annually – Strategy to be kept under continual review to ensure remains in line with best practice
Linked strategies	Crosscutting strategy hence all other Strategies (e.g. Treasury Strategy, Procurement Strategy, Asset Management Strategy, Community Investment Strategy)
Statutory and Legal Framework	VFM Standard
Version	V5

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1.0 Introduction

1.1 General

- 1.1.1 The Group, Wythenshawe Community Housing Group Limited (WCHG) was formed on 1st April 2013 following a new group structure of Willow Park Housing Trust Limited (WPHT) and Parkway Green Housing Trust (PGHT).
- 1.1.2 The Group's Regulator, the Housing and Communities Agency (HCA) introduced the Regulatory Framework from April 2012, which included a VFM Standard which all Registered Providers (RPs) are expected to comply with.
- 1.1.3 The 2012 VFM Standard is currently subject to consultation by the HCA, with a new VFM Standard (2018) expected to take effect from 01 April 2018.
- 1.1.4 This strategy outlines WCHG's approach to Value for Money (VFM), whilst ensuring VFM initiatives are aligned to the Group's strategic objectives. Achieving VFM also influences and impacts on the Group's Vision and Objectives.
- 1.1.5 The Group is committed to delivering the best possible service to customers and in order to do this it will ensure that VFM is at the core of everything it undertakes.
- 1.1.6 The VFM Strategy is a cross cutting strategy that underpins all other Group strategies, the Group aims to ensure VFM is embedded in key corporate strategies (e.g. Treasury Strategy, Procurement Strategy, Asset Management Strategy, Community Investment Strategy).
- 1.1.7 The VFM Strategy will include measurable VFM targets which will be formally monitored on a regular and timely basis, in addition to reporting on an annual basis within the Group's statutory accounts.
- 1.1.8 All employees are expected to follow appropriate policies and procedures and apply controls which maximize the opportunity for improving VFM.

1.2 Definition of VFM

- 1.2.1 VFM can be defined as maximising the Group's outcomes from its available resources and assets. VFM is about managing the **choice** that exists between the cost, quality, and timeliness of services provided.
- 1.2.2 This can be achieved through the 3 Es as follows:
- **Economy** – delivering the service at the best price (competitive) minimising cost, time and / or effort;

- **Efficiency** – delivering the same level of service for minimum input of cost, time or effort; or obtaining maximum benefit from a given level of input;
- **Effectiveness** – delivering an improved service, i.e. getting a better return for the same investment but ensuring the outcome matches customer’s expectations as fully as possible.

1.2.3 The relationship between Economy, Efficiency and Effectiveness is also known as the ‘**Value Chain**’ – optimal balance between all three will lead to maximum VFM (low cost, high productivity and successful outcome).

1.3 Aims and objectives

1.3.1 The aim of this strategy is to provide guidance in relation to VFM. This strategy should complement all other WCHG’s strategies and policies.

1.3.2 Key objectives of the Group’s VFM Strategy are as follows:

- Continue to develop the understanding of staff and promote a VFM culture within the Group;
- Work with customers so that they shape VFM decisions and provide scrutiny of the VFM of the Group;
- Ensure that VFM services are delivered to customers;
- Ensure maximum benefit is obtained from resources and assets; and
- Ensure compliance with the HCA’s VFM Standard.

1.3.3 This strategy will also:

- Support the strategic goals of the Group;
- Ensure our internal resources and processes are fit for purpose and deliver VFM;
- Ensure that external resources are selected and appropriately managed through effective procedures; and
- Reflects our customers’ priorities.

2.0 Delivery of Objectives

2.1 The Group will continue to work with all staff to ensure that VFM is embedded within the Group and that staff are aware that the decision that they make on a day to day basis all have implications for VFM. Staff will use these skills to continuously review the services and processes that are used along with the procurement activities that are undertaken.

2.2 Customers will remain at the heart of the VFM Strategy and will therefore be involved in all activities relating to it. Customers will be involved in shaping services that will be delivered and providing scrutiny and feedback on their experiences. Customers should be able to:

- Contribute to setting service priorities;
- Help shape service specifications;

- Contribute to the development of performance measures;
- Monitor performance;
- Make informed choices;
- Propose where efficiency gains should be invested.

2.3 As stated above, performance will be monitored and reported to customers. This will be compared and benchmarked with others in order to ensure that VFM services are delivered. The Group will:

- Set clear annual plans, service plans, and action plans which align to the Group's vision and strategic objectives;
- Set challenging but realistic targets and keep comprehensive records of achievement;
- Provide clear accountability for performance so that staff can be held to account by customers;
- Carry out regular and timely scrutiny of performance and take corrective action as soon as possible;
- Benchmark and work with other RPs to support service improvement in line with best practice.

2.4 The Group has adopted the HCA's VFM Standard¹ which specifies that the Group must:

- have a robust approach to achieving VFM – this should include a robust approach to decision making (including an understanding of the trade-offs and opportunity costs of its decisions) and a rigorous appraisal of potential options for improving performance;
- have 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;
- consider VFM across the whole business including the approach to investment in non-social housing activity – this should include whether this generates returns commensurate to the risk involved and justification where this is not the case;
- have appropriate targets in place for measuring performance in achieving VFM in delivering the Group's strategic objectives, and that the Group will regularly monitor and report its performance against these targets.

2.5 This Standard also requires that RPs' Boards shall demonstrate to stakeholders how they are meeting this standard. As part of that process, on an annual basis, the Group will publish the following within the statutory accounts in a way that is transparent and accessible to

¹ Have updated to include the expectations of the draft 2018 VFM Standard since key expectations are expected to be approved post consultation.

stakeholders demonstrating how they are achieving VFM in delivering their purpose and objectives:

- performance against the Group's VFM targets and metrics set out by the Regulator, and how the Group's performance compares to its 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.

3.0 VFM – Measurable Targets

3.1 VFM efficiency targets (including but not limited to those highlighted in section 3.3) are set annually, and monitored on a regular basis (previously included within the VFM Self-Assessments).

3.2 Annual VFM targets will be set aligned with the Group's Strategic objectives.

3.3 The Group will also monitor VFM using the following VFM metrics (proposed by the HCA) which will allow comparison across the sector:

Ref	Metric	2016/2017 Actual	2017/2018 Target ²	2018/2019 Target ³	2019/2020 Target ⁴
1	Re-investment	8.2%			
2a	New supply (social housing units)	0.95%	0.26%	0.42%	0.13%
2b	New supply (non-social Housing units)	-	66.67%	-	-
3	Gearing	43.4%	35.8%	34.2%	34.9%
4	Interest Cover - EBITDA	348.0%	66.0%	258.8%	201%
5	Social Housing Cost per unit	£3,206	£3,387	£3,435	£3,490
6a	Operating Margin (social housing lettings)	21.1%	20.7%	21.7%	18.2%
6b	Operating Margin (overall)	20.1%	18.5%	18.7%	17.7%

² For information only, to be updated March 2018

³ For information only, to be updated March 2018

⁴ For information only, to be updated March 2018

7	Return on capital employed	3.9%	4.3%	4.0%	3.1%
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3.4 Targets for future years will be set on an annual basis, based on the approved Business Plans, Key Performance Indicators, VFM efficiency targets, but will ultimately be aligned to ensure they are in line with the Group's Strategic Plan, its vision and objectives.

4.0 Measure of Success

4.1 The success of the VFM Strategy will be measured by the following:

- The Group will achieve annual performance results that will show continuous movement towards the top quartile national performance indicators. Benchmarking information will be analysed and the results communicated;
- Staff awareness of VFM will be monitored and actions put in place to improve;
- Customer feedback and satisfaction with the VFM for Rent they pay;
- Customer involvement in shaping VFM services;
- Achievement of annual efficiencies and clear benefits demonstrated from where they have been reinvested;
- Favourable performance against the VFM targets set within the Strategy; and
- Compliance with the HCA's Regulatory Framework, in particular the VFM Standard.

5.0 Stakeholders - Roles and Responsibilities

This section states the roles and responsibilities of relevant parties in delivering VFM.

Board members, WCHG staff, customers, partners, suppliers, regulator all have a responsibility and a role in influencing the Group's approach to VFM. These are defined as follows:

5.1 Board

5.1.1 The Board will ensure it understands the Regulator's expectations on VFM and how the Group can demonstrate meeting these expectations.

5.1.2 The Board will be responsible for ensuring that the Group delivers the VFM Strategy and the objectives that it contains. The Board will also provide challenge to all proposals by the Group in order to ensure that VFM is delivered by the Group.

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

5.2 Group Leadership Team

- 5.2.1 The Group Leadership Team will be responsible for ensuring that all decisions made on the use of Group's resources clearly demonstrate VFM and an understanding of the trade off and opportunity costs that they offer. The Group Leadership Team will appraise all future options for improving VFM against the Group's objectives.
- 5.2.2 The Group Leadership Team will proactively manage the return on assets (at corporate level and property level) to ensure the Group is able to make informed decisions on investing / disposal of individual properties.

5.3 Managers and Budget Holders

- 5.3.1 Managers and budget holders will be responsible for ensuring that they effectively manage their resources (budgets and staff) in order to deliver VFM services. This will be done in conjunction with customers in order to ensure that the services that are being delivered are in line with customer expectations on cost and quality.
- 5.3.2 Managers are expected to actively benchmark their service area against relevant peers to ensure they understand how cost, performance and satisfaction compares.

5.4 Staff

- 5.4.1 All staff will be responsible for ensuring that VFM is delivered in everything they do. This will be evidenced in a clear understanding of the costs and outcomes that services deliver and the factors that influence these.
- 5.4.2 VFM is included as one of the key competencies within the Group's appraisal framework, applicable to all staff.

5.5 Customers

- 5.5.1 Customers will be responsible for shaping the future design of services with the Group in order to ensure that they deliver VFM. They will also be responsible for providing scrutiny and challenge to the service standards provided by the Group. The views of customers are reflected within this strategy as follows:
- Performance management – ensure that the measures used reflect what is important to tenants;
 - Understanding our costs – achieve clarity on how effectively resources are allocated to services;
 - Service reviews – ensure appropriate tenant involvement (through the Tenant Scrutiny Review Group) in the reviews so that a balanced view of the service is obtained and the required improvements are delivered;
 - Utilisation of efficiencies – Tenant Committee referred to below will involve tenants.

5.6 Tenant Scrutiny Review Group / Tenant Committee

- 5.6.1 This will provide a means for tenants to hold the Group accountable for the quality and value for money of the services delivered, and to influence the allocation of resources.
- 5.6.2 This group will receive all management reports related to the delivery of all customers services, which include all service delivery and performance management information, as well as any proposed policy development and major project work.

5.7 Internal Audit

- 5.7.1 Internal Audit will support the Group in comparing relevant system policies and procedures with other RPs, and making recommendations and performance improvement opportunities, further identifying areas for VFM.

5.8 Regulator

- 5.8.1 The Regulator is responsible for setting the framework for monitoring the delivery of VFM savings (through the Regulatory Framework, and the VFM Standard).
- 5.8.2 VFM Metrics will be set by the Regulator which will be used in addition to the VFM targets set by the Group.
- 5.8.3 The HCA also provides annual Global Accounts with Unit Cost Data for each RP to further support the VFM reporting framework.
- 5.8.4 Reviewing RP's compliance with the VFM Standard will be a key area of focus for the HCA's IDA process.

6.0 VFM Tools

- 6.1 The Group's aim is to ensure VFM is fully integrated in its planning and performance management framework - examples of the VFM tools used by the Group are as below:
- Zero based budgeting;
 - Tenant involvement in procurement and tendering;
 - Board VFM Champion;
 - VFM Tracker to monitor savings;
 - Staff training on VFM;
 - Communication on VFM;
 - Service Reviews;
 - Scrutiny Review Groups;
 - Active contract management;
 - Benchmarking of services;
 - Annual Plan, Service Plans clearly linked to VFM;
 - Performance and Financial monitoring;
 - Local Offer Inspections on VFM;

- Reporting VFM to customers and staff;
- VFM on all Board papers' title page;
- Customer surveys on VFM for Rent.

7.0 Monitoring Strategy Effectiveness

- 7.1 A Board report will be produced at least every year to update on the status of the delivery of the VFM Strategy, VFM Targets and compliance with the HCA's VFM Standard.
- 7.2 Performance against the Group's VFM targets, and metrics set out by the Regulator (HCA), and how performance compares to peers will be included on an annual basis in the Group's Statutory Accounts (within the Strategic Report). This will also include measurable plans to address any areas of underperformance identified, including any areas where improvements would not be appropriate, and the rationale for this.

8.0 Review

- 8.1 The VFM Strategy will be reviewed formally every three years by the Board, with interim reviews on an annual basis to ensure the strategy remains fit for purpose.