



Value for Money Strategy 2021-2024

September 2021

MONITORING, APPROVAL AND REVIEW	
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Value for Money (VFM) Strategy

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VALUE FOR MONEY STRATEGY – 2021/22 to 2023/24

Executive Summary

First Choice Homes Oldham (FCHO) is committed to providing Value for Money (VFM) for our customers and other stakeholders who benefit from the services we provide. This Strategy covers the three year period from 2021-2024 and has been developed in the context of our Strategic Objectives:

- Being an excellent landlord.
- Creating thriving communities.
- Building new homes.

Following changes at Executive level in early 2020, FCHO launched a short term interim Strategic Delivery Plan (SDP) for 2020-2022 during the year. The focus of delivering against our Strategic Objectives however, remained the same.

The permanent leadership structure was finalised in Quarter Two (Q2) of 2021/2022 and work will be undertaken to work with the Board to develop the three year Corporate Plan, which will run from 2022-2025.

The objectives of this Strategy will be relevant to both the current SDP and the future Corporate Plan however, the VFM Action Plan will continue to be reviewed to ensure it aligns to the delivery of the Strategic Objectives.

We are a financially strong organisation and recognise that VFM is not solely to drive out cost savings or reductions, it is about becoming more effective and efficient and to maximise our resources in order to deliver our Strategic Objectives.

Governance of the Strategy

Good governance is important to achieving VFM and FCHO ensures that it updates and abides by Standing Orders, Financial Regulations, Code of Conduct, counter-fraud policies and a Risk Management Framework. All measures contribute to securing VFM by reducing the risk of financial losses, inefficiencies, and sub-optimal outcomes.

FCHO's Strategic Risk Register has included the risk of failure to deliver the VFM strategy and operating inefficiently. The development and delivery of the VFM Action Plan will ensure that the residual risk is managed in accordance with FCHO's Risk Appetite.

The Board is ultimately responsible for setting the VFM Strategy and ensuring we are achieving VFM in all operations across our organisation. They must be satisfied that the actions taken to improve our VFM metric performance are adequate and will generate the optimal benefit from our resources and assets.

Day to day responsibility for delivering VFM is delegated to the Leadership Team, i.e. the Executives and Directors, and budget holders.

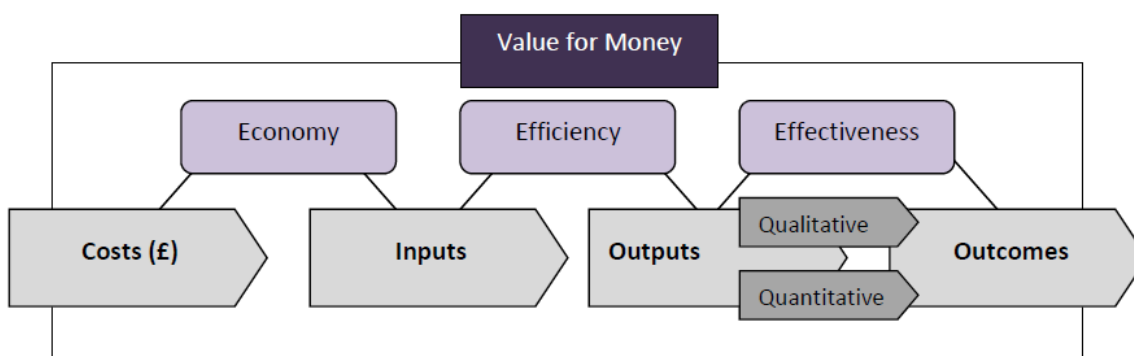
Performance targets are aligned to the delivery of the Strategic Objectives and the 30 year Financial Business Plan and are reported to, and monitored by both the Leadership Team and the Board. This captures our long term investment and development plans and demonstrates a long term view on the organisation's financial viability. Performance against annual budgets/ Business Plan are reported to Leadership Team monthly, and the Board on a quarterly basis.

Strategic Objectives of the VFM Strategy

Achieving VFM should include achieving economy, efficiency, and effectiveness in all areas of activity, taking into account the outputs achieved as well as input costs.

Economy, efficiency and effectiveness are defined as follows:

- 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 and the relationship between intended and actual impacts.



One of the key Strategic Objectives is to embed a VFM culture across the whole organisation; creating a mindset that VFM is not simply about cost saving or reduction, it relates to doing something more effectively or more efficiently. This then allows us to maximise the use of our resources to deliver these Objectives.

In order to do this and to align to one of our values of 'Keeping it Simple', we will look to develop the language and terminology used so that all colleagues across the business can relate it to their own areas of operational activity.

Historically, VFM has been captured and reported through various mediums such as strategies, Strategic Objectives and Local Plans etc. Another key objective of this Strategy therefore, is to consolidate all of this activity and clearly explain our approach to our customers, colleagues and stakeholders to delivering VFM in an appropriate and effective way.

Benchmarking

FCHO monitors our own trends in VFM performance by using both national and local benchmarking data in assessing whether our financial performance is considered to be above, below or within the average range in comparison to similar housing associations.

FCHO's performance against the Regulator of Social Housing's (RSH) VFM metrics compares our prior year, current financial performance and the future direction of travel. By using the RSH's Global Accounts for all housing providers and also, more locally, North West LSVTs seven to twelve years old, we can determine useful metrics to assess our financial performance.

We will continue to explore other avenues of benchmarking for both financial and operational areas, that are appropriate for FCHO and that will contribute towards the improvement of the delivery of our products and services. We are currently developing a relevant methodology for determining corporate social value, to better reflect the value we create with and for our local communities.

VFM Standard – Stakeholder Involvement

FCHO has a Customer Voice Panel (CVP) that influences how services are developed and delivered and VFM is considered as part of those discussions. As well as scrutinising performance every quarter, in 2021 the CVP has completed a number of service reviews including Aids and Adaptations, My Account, and the Customer Access Policy.

On an annual basis a self assessment against the RSH Value for Money Standard is undertaken and presented to Board. This contains both financial and non-financial measures. There are specific activities undertaken by the organisation that extend beyond basic landlord services, such as supporting customers in to training or work.

How VFM will be Achieved

- Annual budget and business planning processes will identify any future cost savings and will include VFM efficiency targets.
- Procurement Team established in Q2 of 2020/2021, policies and processes have been put in place, a longer term Procurement Strategy will be developed in Q3 of the 2021/2022 financial year.
- All colleagues undertake mandatory training about the application of the Procurement Strategy so that the principles are actively implemented.
- The tender process includes requirements for larger contracts to include social value and contributions to the local economy.
- An electronic modelling tool has been developed to help us understand the performance of our assets and is due to be implemented in Q3 of the 2021/2022 financial year. A rolling programme of Stock Condition Surveys will ensure that the data is continually updated. This will enable more effective decision making in relation to the investment, disinvestment, or disposal of the stock.

- My Account – a 24/7 self service portal that allows customers to view their rent account, make payments, book a repair, receive message and documents etc. The functionality of My Account is continually being reviewed and refined to meet customer requirements
- VFM is considered as part of the reporting and approval process with Board reports including a section on the impact of the decision on the Financial Plan.
- Financial monitoring is a key element of the operational reporting framework and provides feedback on performance to all levels of the organisations.
- Regular business process reviews are undertaken to examine end to end processes aimed at increasing efficiency, removing waste from key processes and working more collaboratively across teams so services are delivered more cost effectively while meeting service standards.
- Constant customer satisfaction and transactional surveys are undertaken to give us a clear indication on areas where customers are reporting high levels of satisfaction with the delivery of our services and where we need to improve.
- A comprehensive training programme on VFM is delivered to all our colleagues and they are actively involved in VFM as they are often best placed to identify where efficiencies can be made, improve standards and increase customer satisfaction with our services.

How We Will Measure Success

The current interim SDP is underpinned by a number of both financial and non financial Key Performance Indicators (KPIs). Performance against these indicators is reported to and discussed on a monthly basis with the Leadership Team and on a quarterly basis to the Board.

Where there are areas that are underperforming, plans are in place to address this and take the relevant mitigating actions.

The budget is set on an annual basis using a zero based approach agreed by the individual budget holders at departmental level. The budget is then used to form the basis of the 30 year Business Plan, along with associated stress testing and these are both approved on an annual basis.

Financial performance against the budget is discussed on a monthly basis at the Leadership Team meetings and reported to Board on a quarterly basis. Included in this reporting is compliance with the covenant requirements of the funders which indicates how FCHO is performing against its Business Plan targets.

All budget holders have a monthly budget meeting with their Finance Business Partner, where they can consider where any remedial action may need to be taken.

Another key measure of success will be the delivery of the current interim SDP and the new three year Corporate Plan, along with the VFM tracker that is to be implemented. This will record the improvements, not only of significant projects, but also all the smaller efficiency gains that colleagues have identified and delivered.

Monitoring of VFM Performance

Historically monitoring of VFM performance has been undertaken at departmental levels with local reporting and action plans.

A VFM Action Plan will be developed (See Appendix A for a draft example) that will be linked to other key Strategies, such as the Development Strategy, Asset Management Strategy and ICT Strategy that are aligned to the 30 year Business Plan. The monitoring of the delivery of the actions in the plan will be monitored by the Leadership Team and reported to Board on a half yearly basis.

In addition to this; a central VFM tracker will be developed that will capture not only financial savings, but also efficiency and effectiveness savings and impact.

Value for Money Draft Action Plan

Appendix A

Responsibility	Action	Timescales
CFO	Develop a simple process to capture VfM financial, efficiency and effectiveness gains	October 21
Procurement Manager	Develop and implement a procurement strategy	November 21
Procurement Manager	Implement and maintain a VfM tracker	December 21
Finance Director	In conjunction with the People Team develop a VfM awareness programme for Colleagues	December 21
Leadership Team	With the support of IT colleagues develop and deliver a programme of service/process reviews to identify areas of improvement for effectiveness and improvement	March 22
Finance Director	Review alternative sources of comparison data – financial/operational to enable effective benchmarking	March 22
CFO	Develop a staff suggestion programme that will encourage all colleagues to identify ways of 'doing things easier' or 'one less click' in their own areas of operational activity	December 21
Operations Director	Implementation of the APE model to enable us to understand the performance of our assets	October 21