

VALUE FOR MONEY STRATEGY

Responsible Officer: Finance Director

1.0 Introduction and Scope

1.1 The Phoenix Community Housing group consists of:

Phoenix Community Housing – registered provider of social housing and two wholly owned subsidiaries:

- Phoenix Agency Services – repairs and maintenance services
- Home Makers – private lettings management

The Value for Money strategy applies to Phoenix Community Housing (Phoenix) but Phoenix as parent will approve financial and performance targets for the subsidiaries which balance risks and returns in accordance with this strategy.

1.2 At transfer Phoenix's overarching purpose was to provide decent homes, excellent housing services and resident empowerment, so that the Phoenix area will be a place where people choose to live, bring up their families and retire, and a place where everyone lives in a modern, affordable home in a safe and pleasant environment.

1.3 In autumn 2015 our Board reviewed our vision, corporate plan and financial plans to make sure we could respond to the Government's decision to reduce social housing rents by 1% each year for four years from April 2016. The Board reaffirmed our vision ***"to work together to build a better future for our Phoenix Community"*** but clarified what this meant so the organisation could clearly respond to our external operating environment:

- To build a better future for our Phoenix Community and embrace our gateway model of resident leadership and membership; we need to build new homes and ensure our community is supported through physical and community regeneration activities.
- To achieve this we will deliver excellent services being innovative and efficient, so Phoenix remains sustainable and we achieve our vision.

This strategy sets out our approach to value for money including how we make sure we fully consider Value for Money when we make decisions, as well as how we use our assets and resources to meet our strategic objectives:

- Resident leadership and membership
- Excellent services, efficiently delivered with empathy and fun
- Growth in new homes and opportunities
- Sustainability-for our business and our community

These are monitored by the Board including VFM gains and achievements related to each priority.

1.4 The Regulatory Standard on Value for Money set by the ~~Social Housing~~ Regulator of Social Housing requires Boards “to 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”.

A full copy of the VFM Standard can be found here:

<https://www.gov.uk/guidance/regulatory-standards>

2 What is Value for Money?

2.1 For Phoenix the definition of Value for Money is the delivery of our strategic objectives in the most cost-effective way possible: “balancing cost and quality in everything we do”.

2.2 In practice this means:

- A strategy and corporate plan that focus resources on business and resident priorities by appraising all options to determine the best value for money.
- Investing in the right physical and people assets at the right price.
- Doing things right first time – efficient and effective delivery.
- Evaluating success – checking that the right outcomes have been delivered, what has been learnt and reinvesting gains to provide new homes and improve our community and services.

2.3 Like any business, Phoenix spends money on inputs such as physical assets (homes, offices, equipment) and people assets (staff, procured services) to deliver outputs that produce outcomes, for example:

- properties (output) for those who need a home (outcome)
- housing services (output) aimed at maximising enjoyment of the home and local area whilst maintaining the value and useful life of housing assets (outcome)
- Community services (output) to enhance well-being and life chances (outcome).

2.4 The Public Services (Social Value) Act 2012 requires housing associations, as part of the procurement process, to consider whether an improvement in the economic, social and environmental well-being of an area can be achieved, as well as having regard to cost. We procure goods and services

from others which may yield additional social value as well as representing a fair price - for example, by supporting the local economy through the use of local labour and the provision of training.

3 Value for Money Strategy

3.1 The overall aim of the Value for Money strategy is to deliver more value by reinvesting surpluses in new homes and community services and by improving service outcomes.

3.2 The overall aim of the strategy is

To set plans for delivering VFM gains so we can reinvest in providing new homes, our community and improving services.

3.3 The key aims of the strategy are:

- Set a robust approach to achieving VFM, including a rigorous approach to option appraisal and the delivery structures for all our services.
- Assess the return on our assets so we can get the most benefit from them now and in the future.
- Set targets to measure our performance in achieving VFM against our plans and consult, scrutinise, monitor and report on our aims and what we achieve with residents and other stakeholders.

3.4 **Set a robust approach to achieving VFM; including a rigorous approach to option appraisal and the delivery structures for all our services.**

Phoenix has a Corporate Plan which sets out what the organisation aims to achieve over the five year period 2016-2020. The Plan is refreshed annually and is supported by key strategies, in particular:

- Community Empowerment
- Community Regeneration
- Asset Management
- Development
- Treasury Management
- IT
- Procurement

The corporate planning and budget framework is designed to ensure that resources are focused on the corporate priorities.

All new business cases are subject to option appraisals and considered as part of the budget process.

Detailed service improvement plans set out the actions and projects that will be required to deliver the key objectives. The annual budget process

allocates resources according to these priorities. In addition the budget informs the long term financial plan which also draws on other sources of information (e.g. stock condition surveys) to confirm the long term financial viability of Phoenix.

The planning process outlined above incorporates consultation with residents, through the Community Links and Phoenix Gateway Committee, and other stakeholders. The corporate plan is reviewed and refreshed annually and the budget is approved by the Board annually along with the long term financial plan.

The procurement processes in use at Phoenix are set out in our Procurement Strategy and Financial Regulations. These set out the procedures and authority levels that all staff should follow in purchasing both goods and services from external suppliers. By following the procedures managers and teams should ensure that any new contract has been properly assessed against a range of operating and financial criteria including the requirements of the Public Services (Social Value) Act 2012.

We will address this objective by:

- Consider alternative delivery structures, the results of benchmarking and the views of residents and other stakeholders ~~into account~~ when drawing up service improvement plans, reviewing strategies and setting delivery plans.
- On an annual basis determine resource allocation and efficiency targets and incorporate these into budgets.
- Review the long term financial plan to ensure that sufficient resources are in place to deliver key priorities while maintaining financial viability.
- Cascade resource allocation and efficiency targets down to individual staff objectives.
- Reviewing and updating our Procurement Strategy at least once every 3 years.
- Applying new technology to deliver efficiency in the way we work through the Digital Together project.
- Ensuring that effective procurement methods are followed to achieve Value for Money when a contract is retendered, procurement option appraisals.

3.4 Assess the return on our assets so we can get the most benefits from them now and in the future.

Phoenix will manage its assets ensuring that quality homes are provided for its residents under all types of tenure. Our Development Strategy focuses on the development of new homes at London Affordable Rent to meet the shortage of affordable rented housing in our area, plus new shared ownership homes to address the aspirations for home ownership among our residents. Our strategy also includes buying homes in our area which were previously sold by the Right to Buy or Right to Acquire to be let at London Affordable Rent. Phoenix will ensure all homes are maintained at

the Phoenix standard (which exceeds the Government's Decent Homes Standard).

All investment will be subject to rigorous appraisal for both financial and sustainability implications before being committed to for either new build or redevelopment. All opportunities to realise grant funding will be sought for schemes such as affordable homes and energy efficiency upgrading. Residents will be fully involved in the development of all new build and redevelopment that is planned.

Accurate information on the condition of existing stock shall be linked to planned improvement schemes that will be devised in phases to deliver the best VFM.

Phoenix will seek to maximise the positive impact on the community of its investment in assets, through attracting other investment, maximising social value from our suppliers and creating training and employment opportunities.

Optimising returns on assets means that more resources are available for re-investment in services to residents and providing new homes in our area. Phoenix will seek to optimise the core income it receives through rents and services charges whilst providing good quality affordable service to tenants and maintaining upper quartile overall satisfaction with Phoenix as a landlord. As part of optimising income Phoenix will keep arrears and voids as low as possible and will set annual targets on key performance indicators. Phoenix will also aim to secure income from external sources to help fund improvements or assist with the financing of new homes and services.

We will address this objective by:

- Delivering our Asset Management Strategy and reviewing it in 2020
- Annually reviewing our treasury management strategy to secure funding at the most advantageous rates to develop new homes in the future.
- Reviewing assets to ensure they continue to be fit for purpose and where not we will develop and agree plans for redevelopment or alternative use.
- Surveying our properties to assess their level of thermal comfort and undertaking insulation works, seeking grant funding where applicable, so we at least meet the Government's requirements for the private rented sector (we'll need to assess and estimate costs initially and then plan how we deliver works).
- Use Social return on Investment models and impact assessments to assess the Social Return of our Community Regeneration activities.
- **Rents-** will be set in compliance with relevant legislation, the Rent Standard Guidance and our policy. The rent policy for new homes will reflect the best balance between affordability for new residents, availability of subsidy and demand. The Board will approve our annual changes in rent.
- **Service Charges-** will be charged in order to meet the cost of the services

provided.

- **Arrears-** will be kept to a minimum through robust application of arrears policy and procedures, while also providing advice and support to residents. We will review our processes against good practice and focus our work on proactive arrears prevention and financial inclusion. Targets will be year.
- Continue to implement our Welfare reform and Universal Credit action plan to minimise any potential negative impacts of the welfare reforms on Phoenix Community Housing and on residents.
- **Void losses-** will be kept to a minimum through robust application of procedures and following good practice in the sector. Targets will be agreed and monitored each year.
- **Other Income-** we will seek to maximise income from non-social housing assets, ensuring that we balance risks with returns. We will also seek to attract income from other sources e.g. external grant funding to support community development or to assist with financing new homes and maximise social value contributions from our suppliers.

3.5.1 Set targets to measure our performance in achieving VFM against our plans and consult, scrutinise, monitor and report on our aims and what we achieve with residents and other stakeholders.

We will monitor performance against the agreed objectives in our corporate plan and targets for key performance indicators.

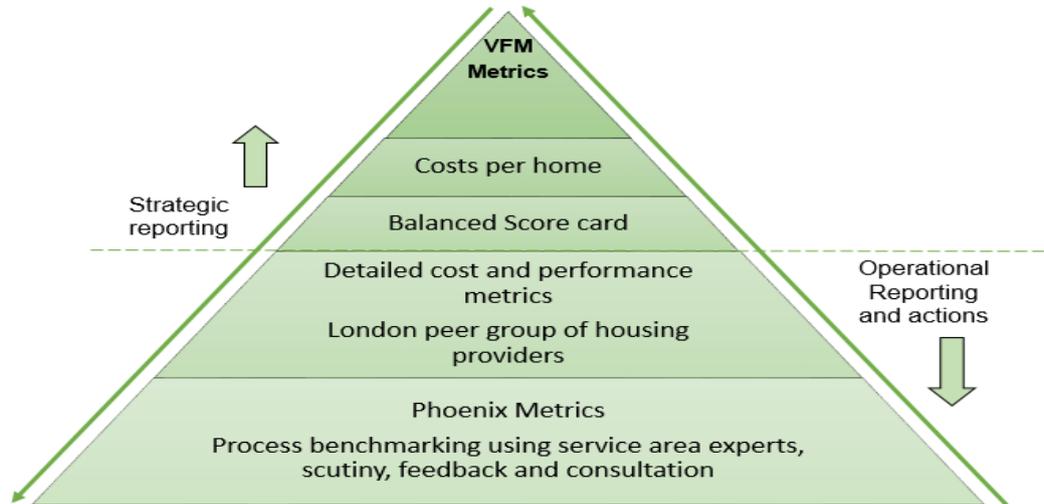
We will use the Regulator of Social Housing's unit costs analysis, VFM Metrics and an appropriate toolkit, such as Housemark benchmarking analysis, to undertake assessments on an annual basis of how we compare to previous years and to other landlords. These assessments will help us to identify those services that are delivering poor value for money and those where we have insufficient information to form an accurate view, so we can set targets for improvement and carry out more benchmarking if needed

Wherever possible, data will be collected and analysed over time and compared with other landlords or private sector organisations. The assessment results will be fed into and help set priorities within our service improvement plans.

Service reviews will look at performance and costs using available benchmarking information and additional specific benchmarking where necessary. Each review will look at the scope for alternative delivery structures and/or competitive tendering and whether there is potential for more creative procurement, such as joint procurement with other housing providers. Employees will be actively involved in setting and meeting targets and objectives as outlined in service improvement plans. Consultation with residents and other stakeholders are essential elements of all reviews and we will make extensive use of our existing consultation systems. We will commission or undertake specific consultation exercises if we do not have accurate, up-to-date information.

The appointment of Value for Money Champions at Board level helps to promote the culture of value for money with the Board and Executive team.

This approach is summarised in the diagram below:



We will address this objective by:

- Regular performance reporting to the Board and Executive, including our annual benchmarking results, VFM metrics and how we compare to others using the Regulator of Social Housing unit costs.
- Set targets for our operating margin taking into the above analysis and our strategic objectives.
- Reduce our operating costs in line with the financial plan targets.
- Budget holders will be held to account during the year for actual expenditure against budgets with regular reporting to the Executive and Board.
- The Executive will assess supplier spend every Quarter.
- Challenging Value for Money through the management accounts review process.
- Undertaking service reviews as part of our Digital Together Project.
- We will measure satisfaction and quality of services through the use of the STAR survey and supplementary surveys on specific service areas.
- Providing relevant induction and training for Board members and staff.
- We will measure staff satisfaction and monitor staff sickness and turnover.
- Encouraging staff and residents through suggestion schemes to put forward ideas for improving the way services are delivered.
- Residents and stakeholders are involved in the design of the service and procurement process and are able to exercise informed choices based upon cost and quality and influence service standards.
- Completing a programme of scrutiny reviews with residents and delivering agreed recommendations.

- Maintaining a Value for Money Register to record efficiency gains including procurement savings and any suggestions to improve Value for Money that have been implemented.
- Recognising staff achievements and communicate how savings have been applied.
- Maintaining a contract register containing information about existing contracts, their duration and the basic terms on which goods or services are supplied.

4 Equality and Diversity

- 4.1 Phoenix is committed to providing high quality services that meet the needs of the communities we serve. Improvements in services include making sure our services are more accessible and appropriate to all our residents. We will ensure that our drive to improve the social value we deliver promotes the principles of equality and diversity and does not disadvantage any particular group of residents by completing Equality impact Assessments.

5 Monitoring of the Value for Money Strategy

- 5.1 The delivery of the Value for Money Strategy will be monitored through the Corporate Plan and a specific VFM update report – to the Board every 12 months.
- 5.2 We will publish our performance against our targets and any metrics published by the Regulator of Social Housing in our statutory accounts as well as our plans to address any areas of underperformance and areas where improvements would not be appropriate and why.
- 5.3 We will also publish our progress delivering our VFM plans and targets in our annual report so both residents and other stakeholders can assess how we are achieving value for money in the delivery of all of the objectives in our Corporate Plan.

6 Responsibility

- 6.1 The Board is responsible for overseeing the delivery of this strategy. The ownership and implementation of this strategy rests with the Director of Finance.

7 Review

- 7.1 This strategy will be reviewed at least every 3 years by the Board to ensure good practice is incorporated.

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