

Value for Money Strategy

Responsible Officer: Finance Director

1.0 Introduction and Scope

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

This 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.

When Phoenix was formed in 2007 its overarching purpose was to provide decent homes, excellent housing services and resident empowerment, so that the Phoenix area could 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.

Our original purpose remains today but our aims have grown and developed. In 2015 our Board agreed that to build a better future for our Phoenix Community and embrace our gateway model of resident leadership and membership we needed to build new homes and ensure our community is supported through physical and community regeneration activities as well. More recently in 2021 we have delivered on another aim which was to:

Progress stock acquisition and transfer opportunities to increase the number of homes we manage and extend our model through stock transfer opportunities.

Our successes to date have been achieved by carefully considering Value for Money and at times making difficult decisions; balancing cost and quality in everything we do.

This strategy sets out our approach to value for money including how we make sure we consider it when we make decisions. It also sets out how we use our assets and resources to meet our strategic objectives which are:

- Resident Leadership and effective governance
- Excellent Services delivered efficiently with openness and empathy
- Growth in new homes and opportunities
- Sustainability and safety for our business, our community, and our environment.

Our strategic objectives are monitored by the Board including VFM gains, and achievements related to each objective.

The Regulatory Standard on Value for Money set by the 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?

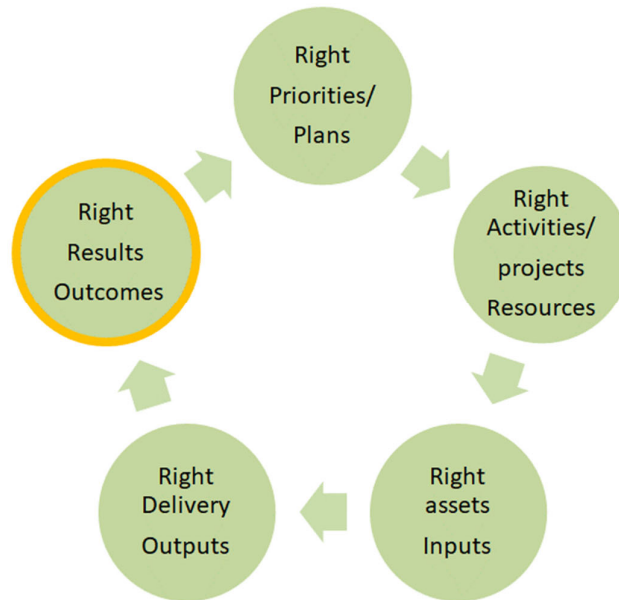
Our definition of Value for Money is the delivery of our strategic objectives in the most cost-effective way possible:

“Balancing cost and quality in everything we do”.

In practice this means:

- A strategy and corporate plan that focus resources on our 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, invest in our community and improve services.

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, as illustrated below:



For example

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

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 result in additional social value as well as representing a fair price- for example, by supporting the local economy through the use of local labour, offering apprenticeships or training.

3 Value for Money Strategy

The overall aim of the strategy is

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

The key aims of the strategy are:

- One- Set a robust approach to achieving VFM, including a rigorous approach to decision making and option appraisal to improve services, deliver projects and review our structures.

Two- Assess the return on our assets so we can get the most benefit from them now and in the future.

Three-Set targets to measure our performance in achieving VFM against our plans and consult, scrutinise, monitor, and report on our achievements to residents and other stakeholders.

One Set a robust approach to achieving VFM; including a rigorous approach to decision making and option appraisal to improve services, deliver projects and review our structures.

Phoenix has a Corporate Plan which sets out what the organisation aims to achieve over the five-year period 2020-25. The Plan is refreshed annually and is supported by key strategies:

KEY STRATEGIES			
Community Engagement and Empowerment	Health and Safety	Financial Regulations and Standing Orders	People Services
Customer Access	Asset Management Building Safety	Treasury	Communication
ASB Strategy	Sustainability	Risk	Business Continuity
Equality and Diversity Charter	Development	Value for Money	Information Communication and Technology
Approach to Safeguarding and Risk	Procurement	Tax	

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

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

Team 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. The budget also 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, including the Phoenix Gateway Committee, and other stakeholders. The corporate plan, long-term financial plan and budgets are reviewed and refreshed annually.

Procurement processes 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.

To deliver this objective we will:

- Consider alternative delivery structures, the results of benchmarking and the views of residents and other stakeholders when drawing up team 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.
- Apply new technology to deliver efficiencies in the way we work and provide more choice to residents through the Digital Together Programme.
- Ensure that effective procurement methods are followed to achieve Value for Money when a contract is retendered and consider procurement option appraisals, as set out in our procurement strategy.
- Review and update our Procurement Strategy every 3 years.

Two 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 through all tenures. Our Development Strategy focuses on the development of new homes to meet the shortage of affordable rented housing in our area and shared ownership homes to address the aspirations for home ownership among our residents. The 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 social rents. Phoenix will ensure all homes are maintained at the Phoenix standard (which exceeds the Government’s Decent Homes Standard-which is currently under review).

All investment will be subject to rigorous appraisal for both financial and sustainability implications before being committed to either new build or redevelopment. All opportunities to realise grant funding will be sought for schemes such as affordable homes, retrofit pilots or other energy efficiency upgrading. Residents are involved in the development of all new build and redevelopment through our “Building Together Standard”.

Accurate information on the condition of existing stock is linked to planned improvement schemes that will be devised in phases to deliver the best VFM as well as assist us in meeting our net carbon zero plans, set out in our sustainability strategy.

Phoenix will seek to maximise its role as an anchor organisation in our community, delivering a positive impact from our investment in assets, through attracting other investment, maximising social value from our suppliers, and creating training and employment opportunities. We will also play an active role in promoting and delivering the Lewisham Deal.

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 also seek to optimise the core income it receives through rents and services charges whilst providing good quality affordable services 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 for key performance indicators.

To deliver this objective we will:

Deliver our Asset Management Strategy and Sustainability Strategy and set a new Building Safety Strategy.

Using insight from our rolling programme of stock condition surveys, good practice and legislation update our key building strategies every 3 years.

Annually review our treasury management strategy to secure funding at the most advantageous rates to develop new homes.

Review our assets to ensure they continue to be fit for purpose and where they are not; develop and agree plans for redevelopment or alternative use.

Use Social return on Investment models and impact assessments to assess the Social Return of our Community Engagement and Regeneration activities and consider reporting against Environmental, Social and Governance standards to show our impact as well.

Use operational performance to deliver VFM gains

- Set rents 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 to meet the cost of the services provided.
- **Arrears-** will be minimised 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 well-being support. Targets will be reviewed annually.
- Continue to implement our Welfare reform and Universal Credit action

plan to minimise any potential negative impacts of the welfare reforms on residents and our financial viability.

- **Void losses-** will be minimised 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 seek to attract income from other sources e.g., external grant funding to support community regeneration, financial well-being or build new homes and maximise social value contributions from our suppliers.

Three-Set targets to measure our performance in achieving VFM against our plans and consult, scrutinise, monitor, and report on our achievements to residents and other stakeholders

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

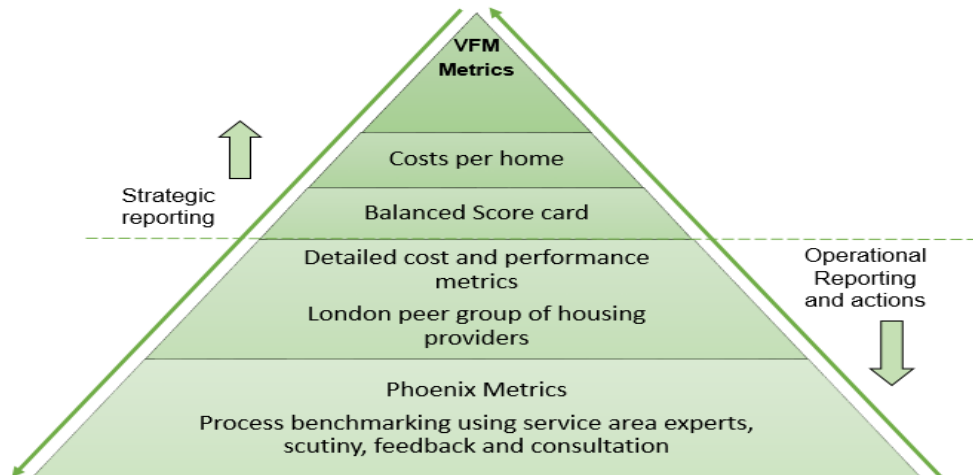
We will use the Regulator of Social Housing's unit costs analysis, VFM Metrics and an appropriate toolkit, such as Housemark benchmarking analysis, to undertake assessments on an annual basis of how we compare to previous years and to other landlords. These assessments will help us to identify those 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 further research 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. Staff and residents will be actively involved in reviews and insight from previous consultations will be used wherever possible. We will also 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:



To deliver this objective we will:

- 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 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.
- Challenge Value for Money through the management accounts review process.
- Undertake 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 transactional surveys after services are provided.
- Provide relevant induction and training for Board members and staff.
- Measure staff engagement and monitor staff sickness and turnover.
- Empower staff and residents, through consultations, surveys, and complaints, to put forward ideas for improving the way services are delivered.
- Involve residents and staff in service design and procurement to enable them to shape options, make choices about 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.
- Recognise staff achievements and communicate how savings have been reinvested.
- Maintain a contract register containing information about existing contracts, their duration and the basic terms on which goods or services are supplied.

Equality, Diversity, and Inclusion

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 accessible and meet individual needs. We will ensure that our drive to improve the social value we deliver promotes the principles of equality, diversity and inclusion and do not disadvantage any particular group of residents by completing Equality impact Assessments.

Monitoring of the Value for Money Strategy

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.

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.

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 and in future years develop this approach to report metrics for environmental, social and governance reporting, as well.

6 Responsibility

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

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

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