

### Connect's Value for Money (VFM) Strategy.

#### 1 Introduction

Connect's purpose – We are a community based asset, supporting people and places to be the best that they can be.

Connect's vision – A more equal society where a good home, a good neighbourhood, good health and good prospects are within everyone's reach.

- 1.1 These statements above were reviewed at the Board's seminar in June 2017 and set the broad direction for our VFM strategy, guiding how we allocate and prioritise expenditure on new and existing activity.
- 1.2 By stating that we want a fairer society, where people's homes, health and happiness matter, Connect is making it clear that our service will not be based on a 'no frills', lowest cost model even in an age of austerity. However, in these difficult times, this poses a greater challenge to ensure that we make best use of our finite resources to provide the headroom in the Business Plan to invest in activities that meet these objectives.
- 1.3 Embedding VFM is not about a single action or initiative; nor is it the responsibility of one individual or team. Rather, it requires a total, holistic approach. Therefore, this strategy operates alongside the risk management strategy, the procurement strategy, the Investment Strategy, the responsive repairs strategy, the Information Management Strategy, the People / Human Resources Strategy, and the Business Transformation strategy.

1.4 The VFM Strategy has also been assessed against the draft Strategy Map framework that was introduced at the June 2017 Board seminar. The VFM Strategy clearly resonates with the 3 financial objectives identified in the draft Strategy mapping framework if we are to meet our purpose and vision:

- 1.4.1 we will maximise revenue to invest in communities through innovative growth;
- 1.4.2 we will retain and grow our customer base by offering good value to our customers – our homes and services will be affordable;
- 1.4.3 We will minimise costs to a level appropriate to the social impact of our work i.e. we will not be the lowest cost in our field.

## **2 Objectives of the VFM Strategy**

Connect's purpose and vision set the direction for the Value for Money Strategy, which in turn helps to inform how we allocate and prioritise resources on new and existing activity. We also list "Seeking out and achieving value for money and value for the community" as one of our 6 7 key foundations for success listed in our Business Plan.

At the heart of the Value for Money Strategy, Connect aims to:

- Embed Value for money into Connect's culture, seeking to reinforce Value for Money as one of the principles at the heart of everything we do and keeping affordability centre-stage in decision-making.

The key objectives of the Value for Money Strategy are confirmed as:

- Seeking out and achieving value for money and value for the community
- To keep affordability centre-stage in decision-making;
- To embed VFM into Connect's culture, seeking to reinforce VFM as one of the principles at the heart of everything we do;

- To facilitate a robust approach to making decisions on the efficient use of resources by guiding efficient working practices and procurement, to achieve Business Plan (BP) objectives;
- To understand our return on assets and facilitate optimising the future return on assets in line with our purpose and objectives;
- To support performance management and scrutiny functions to drive out and deliver improved VFM performance;
- To understand our costs and outcomes of delivering specific services and compare this to others to enable Connect to continue to deliver affordable quality in homes and services;
- To facilitate the involvement of customers and staff in delivering VFM;
- To gain a greater understanding of our contribution to wider social and economic gains;
- To meet regulatory requirements;

### **3 What does Value for Money mean for Connect?**

'Value for Money' is a term used to assess whether or not an organisation has obtained the maximum benefit from the goods and services it acquires and provides, within the resources available to it. Achieving VFM is often described in terms of the 'three Es' and we extend this (for Connect's approach to VFM) to include 'Equity' as a fourth 'E'. This is to emphasise that decisions will be taken in line with our Values and commitment to communities, meaning that the VALUE element of VFM means a lot to us:

- Equity – ensuring services are delivered fairly to a wide range of customers in line with Connect's Values.
- Economy – careful use of resources to save expense, time or effort;
- Efficiency – delivering the same level of service for less cost, time or effort;
- Effectiveness – delivering a better service or getting a better return for the same amount of expense, time or effort;

A key objective of Connect’s Business Plan is to deliver affordable quality in homes and services. Through VFM Connect aims to ensure

- resources are available to achieve the association’s Business Plan objectives and key priorities;
- a balance between cost, quality and performance;
- A high level of customer satisfaction.

It is generally accepted that VFM is about:

- doing the right things (what customers want and what the business needs)
- doing things right (first time)
- at the right price (not necessarily the cheapest)
- And in the right way (the most streamlined way that meets requirements).

#### 4 How Connect delivers VFM

Approach	Delivery Vehicle
<b>Governance</b>	
Championing affordable quality as integral to the purpose of the organisation.	<ul style="list-style-type: none"> <li>▪ Stated in our Vision</li> <li>▪ Strategic Leads for VFM at Board and Management Team</li> <li>▪ Tenant Scrutiny / Tenant inspections</li> <li>▪ Annual assessment of optimum corporate form to achieve objectives.</li> </ul>
Championing strategic tenant involvement in the Business Planning process and resource allocation.	<ul style="list-style-type: none"> <li>▪ Service Improvement Forum</li> <li>▪ Connect Residents Federation through the Critical Friend Policy, Service Improvement Forum and Board Representatives.</li> <li>▪ Board members who are also tenants</li> </ul>

<b>Best use of assets</b>	
Assessing the opportunity costs of decisions about new supply, improved services and housing stock, and neighbourhood investment	<ul style="list-style-type: none"> <li>▪ Asset Management strategy</li> <li>▪ Investment strategy;</li> <li>▪ Whole life costings;</li> <li>▪ Asset Management Software (4point2)</li> </ul>
Investment decisions are underpinned by a sound business case.	<ul style="list-style-type: none"> <li>▪ Cost Benefit analysis with supporting business case;</li> <li>▪ Business Transformation Strategy.</li> </ul>
Lettings are made having regard to affordability and sustainability.	<ul style="list-style-type: none"> <li>▪ Affordability assessments at lettings stage to prevent unsustainable lettings.</li> </ul>

<b>Service costs and performance</b>	
Budgets are aligned to objectives and priorities, so that there is an effective use of resources.	<ul style="list-style-type: none"> <li>▪ The Business Planning and budgeting cycle.</li> <li>▪ Staff and tenant involvement in cycle.</li> </ul>
A zero-increase principle to budgeting is used to evaluate the basis of spending, rather than simply uplifting budgets year on year.	<ul style="list-style-type: none"> <li>▪ Budget pack requires evidence of how the budget has been constructed.</li> </ul>
Budget holders have clear accountability and identify and act on excess spend	<ul style="list-style-type: none"> <li>▪ Monthly and quarterly reports and Board of Management and Management Team scrutiny.</li> </ul>
Costs and performance are understood and benchmarked and service areas where high costs are combined with average or poor performance are targeted for service improvement activity.	<ul style="list-style-type: none"> <li>▪ Annual and quarterly Housemark benchmarking</li> <li>▪ HCA Social Housing Cost per unit analysis (SHCPU)</li> <li>▪ Sector Scorecard pilot member</li> <li>▪ HQN member</li> <li>▪ VFM Management group quarterly updates</li> <li>▪ VFM reviews</li> <li>▪ VFM register</li> </ul>

<p>Income protection measures in place to ensure income lost as a result of Welfare Reform measures is minimised.</p>	<ul style="list-style-type: none"> <li>▪ Welfare Reform Action Plan</li> <li>▪ The Business Planning and budgeting cycle</li> <li>▪ Money Matters (Economic Inclusion) team</li> <li>▪ Robust rent accounting approach.</li> <li>▪ Rentsense arrears software</li> </ul>
<p><b>▪ Tenant Involvement and information</b></p>	
<p>Tenant involvement in service design and scrutiny of cost and performance helps achieve VFM because services reflect what tenants want and being held to account ensures continuous improvement.</p>	<ul style="list-style-type: none"> <li>▪ Involvement in Business Planning update cycle</li> <li>▪ Involvement in procurement panels and contract review meetings.</li> <li>▪ Tenant Inspection</li> <li>▪ Community Priority Fund</li> <li>▪ Housemark Dashboard on website</li> <li>▪ Get Connected</li> <li>▪ Review of performance against local offers</li> <li>▪ Tenant Report</li> </ul>
<p>Critical sources of intelligence include:</p> <ul style="list-style-type: none"> <li>- Tenant consultation and feedback</li> <li>- Tenant profiling</li> <li>- Tenant insight via Community Housing Officers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Annual 'What Tenants Want' report</li> <li>▪ Annual customer profile</li> <li>▪ Dear Prudence email</li> </ul>
<p><b>▪ Staff involvement</b></p>	
<p>Optimising systems and processes to improve productivity and free staff to add value by:</p> <ul style="list-style-type: none"> <li>▪ using IT to streamline processes</li> <li>▪ engaging staff in</li> </ul>	<ul style="list-style-type: none"> <li>▪ Information Management Strategy</li> <li>▪ Client-side lead on corporate projects</li> <li>▪ Dear Prudence email</li> <li>▪ Catch-up Connect staff forum</li> </ul>

<ul style="list-style-type: none"> <li>improving work processes</li> <li>▪ providing methods by which staff can make suggestions for improving VFM that are taken seriously</li> </ul>	<ul style="list-style-type: none"> <li>▪ Intranet VFM site</li> </ul>
<ul style="list-style-type: none"> <li>▪ <b>Procurement</b></li> </ul>	
<ul style="list-style-type: none"> <li>▪ Sound procurement practices are central to securing VFM <ul style="list-style-type: none"> <li>▪ explicitly seeking to obtain best value, assessing cost &amp; quality in tendering</li> <li>▪ embracing partnering and collective procurement, including considering shared services</li> <li>▪ involving customers in procurement and monitoring</li> <li>▪ innovative contract packaging</li> <li>▪ encouraging 'whole-life' costing in procurement decisions looking at the full, long-term impact on costs</li> <li>▪ Acknowledging that in-sourcing (e.g. bringing a service in-house that is currently contracted out) and outsourcing can both provide better VFM.</li> <li>▪ including the option to use professional procurement advice as appropriate</li> <li>▪ addressing issues of probity and equality</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>▪ Connect has a robust Procurement Strategy</li> <li>▪ Procurement 4 Housing membership</li> <li>▪ Efficiency North Procurement Club member</li> </ul>

<ul style="list-style-type: none"> <li>▪ <b>Partnership working &amp; external funding</b></li> </ul>	
<ul style="list-style-type: none"> <li>▪ Collaborative working is increasingly essential to achieve 'more for less' and achieve greater impact in communities.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Involvement in a range of local and regional partnerships.</li> <li>▪ Neighbourly Places strategy</li> </ul>
<ul style="list-style-type: none"> <li>▪ Attracting additional funding and income can help sustain our 'added value' services.</li> </ul>	<ul style="list-style-type: none"> <li>▪ Tendering pack on the intranet</li> <li>▪ costed services</li> </ul>

Title	Value for Money Strategy
Author	Sean Flynn, Director of Finance & Resources
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