



# Value for Money Strategy

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## 1. Aims of the Strategy

This document sets out the strategy for Empower Housing Associations (EHA) approach to Value for Money (VfM). EHA recognises that value for Money (VfM) is a fundamental consideration for all housing associations and is committed to maximizing VfM to ensure the highest level of service is delivered to our customers. EHA's vision is to have a positive impact on people and communities by providing specialised housing solutions that allow people to live independently, enabling their ability to thrive.

- 1.1 The strategy will consider short-, medium- and long-term financial implications and will be reviewed every other year, with a detailed action plan created for at least the year ahead. The action plan will be developed by the Finance Manager in consultation with colleagues and will be responsible for reporting progress against Value for Money actions. The current plan is included in Appendix 1.
- 1.2 Responsibility for VfM lies with everybody and is not restricted to those with performance or financial responsibilities. It is intended that every employee considers the service delivery measures attached to every item of expenditure.
- 1.3 EHA will know that VfM is being delivered when:
  - The purpose, values and objectives are being achieved,
  - The services that customers want are being provided when and where they are needed, and
  - Top quartile performance is being achieved in comparison with similar registered providers for key cost and performance indicators. For EHA these indicators are different to mainstream housing associations due to its structure.

The key measures for EHA are:

- Operating margin
- Overheads as a percentage of turnover
- Housing management cost per property
- Current tenant arrears as a percentage of rent due
- Percentage of rent collected
- Percentage of lettable properties let
- Cost per property of major works and cyclical maintenance
- Cost per property of responsive repairs and void works
- Percentage of repairs completed on time
- Percentage of non decent dwellings
- Percentage of residents satisfied with the service provided by EHA staff
- Percentage of residents satisfied with outsourced repairs and maintenance
- Percentage of residents satisfied with the quality of their home
- Percentage of residents satisfied that their rent provides value for money
- Percentage of residents satisfied that their views are being listened to and acted upon

The key objectives for achieving VfM are:

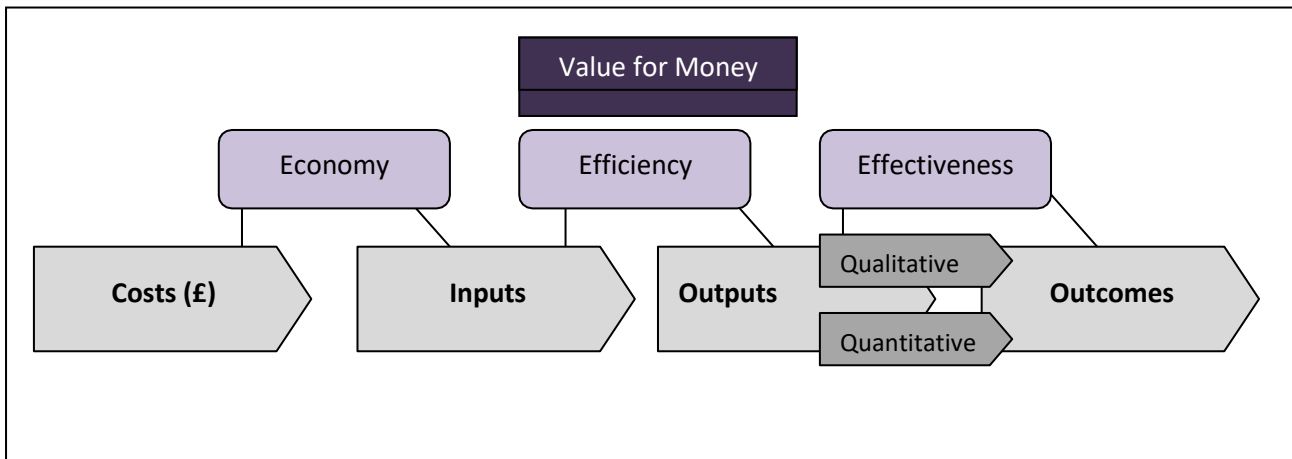
- Streamline internal processes to enhance operational efficiency
- Proactively manage and maintain assets to maximise lifespan and returns
- Enhance procurement practices to ensure goods and services are

- purchased at the best prices without compromising on quality
- Ensure a robust system is established and monitored to report on key measures for VfM
- Ensuring EHA's corporate objectives and priorities are met without compromise. These being:
  - High Quality Service
  - Safe and Sustainable Homes
  - Healthy Business

1.4 EHA will know that progress is being made in embedding VfM when year-on-year improvement can be demonstrated and sustained on these measures of success.

## 2. What is Value for Money?

2.1 VfM is the relationship between economy, efficiency and effectiveness, sometimes known as the 'value chain'. It can be illustrated by the following diagram:



2.2.1 Economy is the price paid for what goes into providing a service, for example, the salary cost of employees, material costs of a repair, payments made to contractors and consultants.

2.2.2 Efficiency is a measure of productivity, i.e., how much you get out in relation to what is put in. Efficiency is primarily associated with the process and delivery of procurement.

2.2.3 Effectiveness is a measure of the impact achieved and can be quantitative or qualitative. Effectiveness is primarily associated with the outcomes for customers.

2.2.4 VfM is high when there is an optimum balance between all three; relatively low costs, high productivity and successful outcomes. Best value for money has been defined as the 'optimum combination of whole-life costs and benefits to meet the customer's requirement'. To maximise VfM, the needs of customers must be met by 'doing the right thing, in the right place, at the right time and at the right price.

2.2.5 VfM gains are classed as either 'cashable' or 'non cashable'. Cashable gains are produced by achieving the same level of outputs from reduced inputs or costs. Non cashable gains are achieved when additional outputs are achieved from the

same level of inputs, or a proportionately greater increase in outputs is achieved from a smaller increase in inputs.

### **3. Business strategy/VfM Goals**

3.1 EHA has a 3-year Corporate plan and EHA's aims to improve value for money throughout the organisation in line with the objectives of this plan. The following commitments relating to VfM are relevant and will be delivered through our business strategies:

- Continue to improve our understanding of our current value for money position ie EHA's costs, performance and quality of services
- Promote and embed a value for money culture
- Develop a programme to agree with customers how value for money gains are used
- Optimise the future returns on assets whether they be held directly by EHA or investors
- Direct resources to achieve the right balance between frontline services, maintaining existing assets and business development
- Maintain a high level of customer satisfaction with value for money
- Achieve top quartile performance in recognised performance indices.

#### **4.1 VfM and Tenants**

4.1.1 VfM will play a key role in the agenda for tenants' consultation through the Your Voice, Your Choice community.

4.1.2 Tenants will have a role in shaping and driving the VfM approach by directing the areas for analysis and review. This is by consideration of the sector wide benchmarking reports, VfM performance indicators, identified risks and budgetary analysis and perception indicators.

#### **4.2 Procurement and commissioning**

4.2.1 Procurement forms an integral part of the VfM strategy and has the potential to deliver significant savings and service improvements for the association through the adoption of different methods of procurement.

4.2.2 It is proposed to consider and use where appropriate all available mechanisms to obtain VfM from spending on goods, works and services. This may involve the use of consortia, partnering, collaboration with other organisations, and e-procurement, as well as more traditional processes. The engagement of residents where appropriate in the procurement process will also be essential to the improvement of services and the achievement of VfM.

4.2.3 A full review of the association's financial regulations took place in 2024 to ensure that they support the achievement of VfM. The review ensured a proportionate approach to procurement while ensuring process in place to ensure the market is fully tested to deliver optimum VfM.

### **4.3 VfM processes**

- 4.3.1 EHA will maintain a register of VfM projects that records the savings achieved and improvements in quality for each VfM initiative, identifies relevant performance measures and evidences the improvement in those measures. The register is reported to the Board at least annually. Performance will be reported to residents in an appropriate format, and gains will be reported to residents in the annual report and VfM self-assessment.
- 4.3.2 A contracts register has been established which enables EHA to demonstrate that legislative requirements have been met, provides staff with information for planning future arrangements and allocating resources, and improves value for money by enabling the identification of opportunities to aggregate purchasing and allocate resources required in the procurement process more effectively.

## **5 Communication**

- 5.1 The Board will publish a self-assessment of VfM annually that demonstrates to stakeholders how VfM has been and will be achieved in delivering the association's objectives, and how the VfM standard is being met. The need for improved information has been identified as a driver to improve value for money. The self-assessment:
- Enables stakeholders to understand the return on assets measured against the organisation's objectives
  - Sets out the absolute and comparative costs of delivering specific services
  - Evidences the value for money gains that have been and will be made and how these have and will be realised over time.
- 5.2 Internally, training sessions and briefings will be implemented to ensure all team members understand and align with EHA's strategic goals.

## **6 Reviewing the Strategy**

- 6.1 The VfM strategy will be reviewed and updated every other year.

<b>Ref no</b>	<b>Action</b>	<b>Responsibility</b>	<b>Target date</b>
	Procurement review – improved VFM	CEO/ SMT	24/25
	Review SDM to ensure data integrity and efficiency	SMT	24/25 & ongoing
	Develop benchmarking as part of LDAHN	Finance Manager	25/26
2.	Include VFM on tenant involvement agenda	Housing Manager	25/26
6.	Review the establishment to ensure we have the right balance of maintenance employees versus contractor partners.	DoHO	25/26
	Review of service charges	Finance Manager	25/26
	VFM training for all colleagues	Finance Manager	24/25