Value For Money Strategy

2017/22

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Our Value For Money Strategy

The aim for our Value for Money (VFM) Strategy is to ensure that OVH has a strategic approach to delivering and achieving value for money in meeting our strategic aims. It is written in direct reference to the required outcomes and specific expectations of the Homes and Communities Agency (HCA) VFM Standard. It provides direction on how to work collaboratively, harnessing the innovation and creativity of our people, customers and stakeholders to deliver improvements in efficiency, effectiveness and economy.

With a view to achieving the aims of OVH, this VFM Strategy details how OVH adopts a challenging and robust approach to their VFM objectives. It will ensure measures are in place to report the outcomes that are achieved through our approach which is defined by the following six VFM objectives shown below. The objectives in turn support the delivery of OVH's strategic aims as demonstrated in **Table One**.
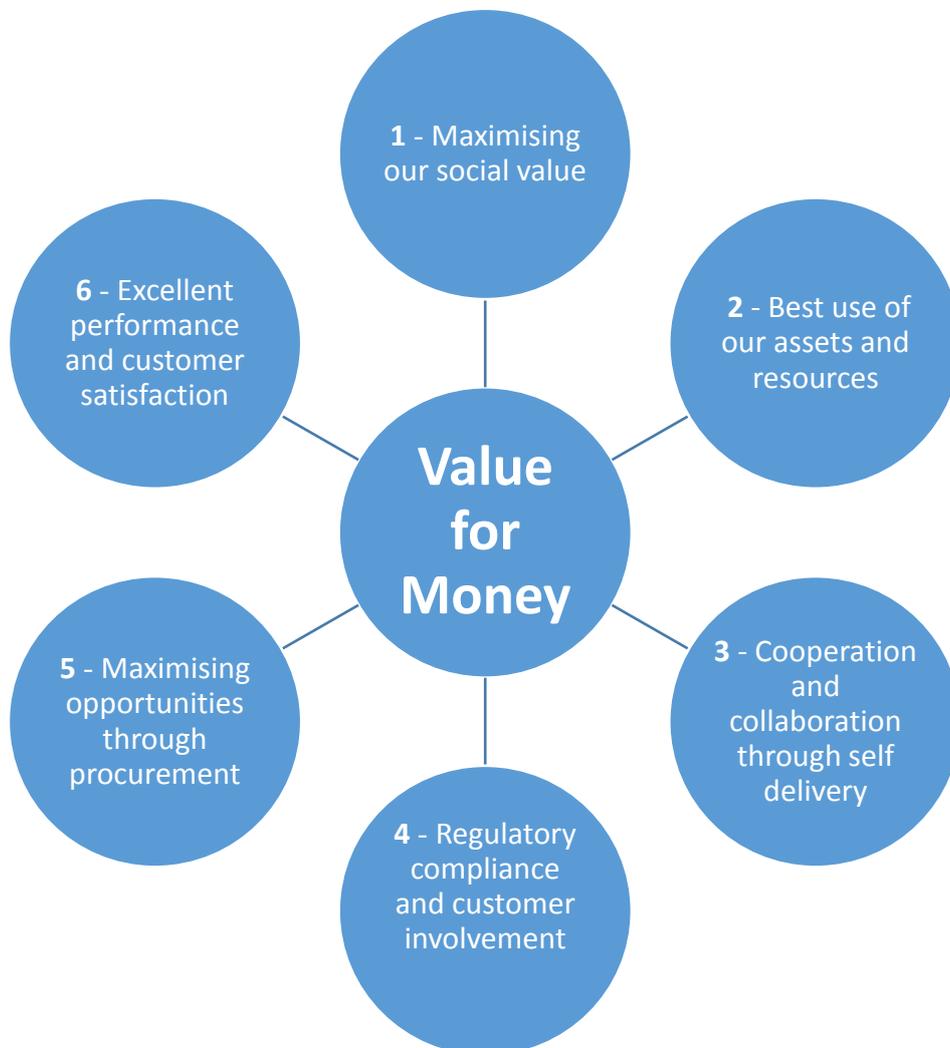
Overall aim for VFM

Our aim is to work collaboratively, harnessing the innovation and creativity of our people, customers and stakeholders to deliver improvements in efficiency, effectiveness and economy.

Our VFM Objectives will be delivered through the implementation of this Strategy. Each of the six VFM objectives outlined in this VFM Strategy has actions that directly contribute to the achievement of that objective and the overall VFM aim. This sections details the actions we will take to achieve each objective.

Through the implementation of this strategy we aim to exceed the requirements of our regulator, the HCA, in relation to both the Consumer and Economic Standards, and specifically the VFM Standard.

The objectives of the OVH VFM Strategy are aligned to OVH's Strategic aims as outlined within OVH's Strategic Plan (2017-22). This is demonstrated in the diagram within **Appendix One** attached to this VFM Strategy. It clearly shows how the VFM objectives and plans are directly aligned to OVH's Strategic aims.

VFM Objective One - Maximising our social value

We follow the Public Services (Social Value) Act 2012 definition of social value:

"It involves looking beyond the price of each individual contract and looking at the collective benefit to a community. Social value asks the question: 'If £1 is spent on the delivery of services, can that same £1 be used, to also produce a wider benefit to the community?"

We follow this definition in the broadest sense to maximise the impact we have in our communities, wider society and on the environment.

Actions we are going to take to maximise our social value are:

1.1 Use the HACT Social value calculator to, where possible, establish the social value of our activities

1.2 Work with HACT to certify our social value assessments

1.3 Improve the amount of activities we can calculate social value against by better recording our outcomes

1.4 Record social value generated from procurement activity

1.5 Proactively work with the third sector to have effective referral services with our key partners to improve outcomes for our customers

1.6 Provide learning, training and employment opportunities for people that live in our neighbourhoods

1.7 Encourage employment and enterprise opportunities through our externally awarded contracts

1.8 Commit to supporting community projects through grants and volunteering placements

1.9 Use customer intelligence information and customer scrutiny to determine business priorities and improve our services

1.10 Collate a VFM tracker of cashable and non-cashable savings to demonstrate our effectiveness

The delivery of this VFM objective is supported by the aims and objectives of the Corporate Social Responsibility Strategy.

VFM Objective Two - Best use of our assets and resources

This VFM objective sits at the heart of the business planning and budgeting process and underpins the work of the whole organisation. It informs decision making based on economy, efficiency and effectiveness.

We consider our assets to be our homes, people and financial resources. This VFM objective looks at how well we understand the way we use our resources.

Actions we are going to take to achieve this VFM objective are:

2.1 Using a whole life approach to how we manage and use our assets including how we:
- Procure products
- Deliver services
- Use local labour via self- delivery
- Employ, train and retain people and apprentices
- Use zero based budgeting
- Use customer intelligence to understand what our customers want

2.2 Conduct a systematic analysis of the longer term performance and return on investment of our housing assets

2.3 Using new asset management software to facilitate robust asset management planning and scenario analysis

2.4 Seek recognition for excellence, with awards and accreditations

2.5 Continue to review funding and the impact of unutilised borrowing facilities

2.6 Actively seek funding where feasible, including sustainability funding such as ERDF & ECO funding

2.7 Benchmarking our services against others to understand our strengths and weaknesses and align our resources accordingly

2.8 Communicating our VFM ideas and suggestion schemes for both staff and customers

2.10 Training our people to have VFM at the heart of their decision making through:
- Leadership and management skills training
- 360 degree appraisals
- Budget and costs management training
- Project management training

The delivery of this VFM objective is supported by the aims and objectives of the OVH Asset Management Strategy.

VFM Objective Three - Cooperation and collaboration through self-delivery

A key part of the OVH's approach to VFM is the Sovini Group business model of self-delivery that harnesses the economy, efficiency and effectiveness of both the public (not-for-profit) and private (for profit) Group Partners.

The Sovini Group comprises of both not-for-profit (including OVH) and for-profit Partners. The purpose of the Group is to work collaboratively to deliver improvements in efficiency, effectiveness and maximise Value for Money.

In support of OVH's VFM Strategy, Sovini has a strategic approach to VFM that has been adopted and applies to all the Sovini Group Partners to ensure they all maximise VFM opportunities available to them through partnership working.

The Sovini Corporate Strategy sets out how activities in the Sovini Group will drive efficiency, VAT and other productivity savings through the provision of shared and self-delivered services to Group Partners. The Sovini Group Vision is 'Success through collaborative enterprise' and is supported by the following corporate principles:

Collaboration   We work in true partnership to share knowledge and skills aimed at improving efficiency, effectiveness and value for money.

Innovation   Our aim is to create an environment that encourages shared innovation and aspiration, and where employees thrive and realise their potential.

Motivation   We do the right things for right the reasons – based on an ethical and honest approach to business. We are motivated by excellence and the ambition to continuously improve what we do and how we do it.

As a key partner of the Sovini Group, OVH wants to maximise the creation of additional financial capacity for reinvestment in our homes and communities and to optimise our social, economic and environmental return.

We will do this by:
4.1 Listening to our staff and customers and using this to improve our processes and customer experience
4.2 Recognition for excellence in the sector
4.3 Attracting new registered providers to the group
4.4 Reviewing our supply chain and procurement plan to highlight opportunities to bring service contracts in-house (delivered either by OVH directly or through Sovini Group Partners) to reduce costs and improve performance
4.5 Working closely with our statutory partners (Local Authorities, the Police and Health providers) to deliver positive outcomes in our neighbourhoods and communities

The delivery of this VFM objective is supported by the Procurement Strategy.

VFM Objective Four - Regulatory compliance and customer involvement

OVH's regulatory requirements are set within the Homes and Communities Agency (HCA) Regulatory Framework and Standards. We aim to exceed the regulatory requirements with our approach to VFM and to do this we will:

3.1 Comply fully with the HCA standards, with a strong focus on the VFM Economic Standard

3.2 Retaining our Governance 1 (G1) and Viability 1 (V1) rating from the HCA

3.3 Completing and publishing our VFM self-assessments and sharing it with stakeholders

3.4 Continuing to have a strong effective and committed Board structure, with members who are focused on strategic objectives and risk management

3.5 Undertake annual Board member appraisals to continue to retain a strong and effective Board

3.6 Regular customer review and scrutiny meetings to appraise performance and deliver customer priorities

3.7 Use the Group Business Assurance Committee to monitor risk and tenant scrutiny recommendations

3.8 Retain TPAS accreditation as recognition for excellence in Customer Governance and Quality Assured Scrutiny

3.9 Undergo both internal and external audit in relation to the VFM self-assessments and our approach to VFM.

3.10 Use the VFM Steering group to proactively monitor the delivery of the VFM Strategy Objectives

The delivery of this VFM objective is supported by the Corporate Governance Framework, the Customer Empowerment Strategy and the Risk Management Strategy.

VFM Objective Five - Maximising Procurement Opportunities

Procurement remains one of the biggest opportunities we have to influence our supply chain and to generate social value, which is why we have a specific Procurement Strategy that gives greater detail about our activity in relation to maximising procurement opportunities. We recognise procurement and VFM are closely entwined, so to maximise opportunities we will be:

5.1 Measuring, tracking and reporting in line with the Public Services (Social Value) Act 2012 to demonstrate our outcomes through externally tendered contracts

5.2 Annually review the Financial Regulations to make sure our processes are compliant in terms of procurement limits, requirements and expectations

5.3 Using robust and transparent procurement processes

5.4 Regularly reviewing our suppliers and their pricing strategies

5.5 Monitoring our contracts register for criticality (risk, volume, duration) and social and environmental impact (locality, size, ethics, carbon footprint)

5.6 Publicise our ethical and environmental standards and embed them within our procurement processes

5.7 Identify opportunities for self-delivery vehicles of products and services

5.8 Involving customers and Partners in all our procurement projects

5.9 Promoting customer scrutiny of our services (self-delivered and external) to ensure quality

5.10 Completing service reviews when required, as highlighted by audits and customer feedback

The delivery of this VFM objective is supported by the Customer Insight Strategy, the Performance Management and Service Review Framework and the Corporate Social Responsibility Strategy.

VFM Objective Six - Excellent Performance and Customer Satisfaction

We have a proactive culture of managing performance as detailed in the Performance Management Framework.

We will achieve this by:

6.1 Continuing to use our Performance Management software to track actions, performance indicators and risks in team, management and Board meetings

6.2 Using a range of benchmarking services to monitor how we perform and compare against our peers with a clear focus on understanding of our costs and performance

6.3 Deploying our specialist business analyst team to transform our processes strategically and operationally (automating and streamlining) to generate additional financial capacity and other efficiency savings

6.4 Implementing our ambitious IT Strategy (FLOW) that will transform our current IT infrastructure, systems and processes

The delivery of this VFM objective is supported by the aims and objectives with the Commissioning Strategy, the Risk Management Strategy and the Corporate Social Responsibility Strategy.

Links to other strategies

The objectives of the OVH VFM Strategy are directly aligned to OVH's Strategic aims as outlined within OVH's Strategic Plan (2017-22). In addition, there are several other strategies/Frameworks adopted by OVH that are integral to the delivery of the VFM Strategy, and they are highlighted under the relevant VFM objectives. These have been cross checked to make sure the content of the VFM strategy compliments and reinforces the other strategies. These strategies are:

Group VFM Strategy
Asset Management Strategy
Procurement Strategy
Corporate Social Responsibility Strategy/Framework
Customer Empowerment Strategy
Corporate Governance Framework
Financial Management Strategy
IT Strategy
Performance Management Framework
Risk Management Strategy

Monitoring and Reviewing the VFM Strategy

Embedding the Culture of VFM Strategy

This Strategy recognises that as a business, customer, stakeholder or individual employee, we all have a positive and proactive contribution to make to achieve VFM. We will embed this culture of VFM in OVH by:

- Training our senior staff to understand VFM through their leadership and management skills
- Use our team meeting infrastructure to talk about VFM regularly with all staff
- Promote VFM achievements to bring VFM to life and celebrate successes
- Proactively encourage suggestions for service improvement from staff, customers and stakeholders about how we can better deliver our services
- Proactively addressing any dips in performance by regularly reviewing action plans, performance indicators and benchmarking information
- Scanning the external environment for good practice, accreditations and awards that will improve our service delivery or enhance our reputation
- Tracking our savings (cash and non-cash savings)
- Training all staff as part of their induction in VFM and how it links to the work of all teams

Monitoring the VFM Strategy

Progress made against the VFM Strategy will be reported and monitored by the following groups:
- Board
  - VFM will be a key part of the strategic planning processes with future financial models being a key part of this
  - All reports that go to Board have a VFM section called 'Resource Implications' which informs the VFM decision making process
  - Reviewing the Quarterly KPI and Financial Monitoring Reports
- Executive Management Team
  - Directors remain the champions for VFM across the organisation driving strategic plans based on sound VFM thinking
  - All EMT briefings include a section on options appraisal which are the basis for making VFM decisions
  - Review both service performance and financial information monthly
  - Review progress against action plans
- The VFM Steering Group (which includes two involved tenants)
  - Drive the implementation of the VFM Strategy and Action Plan
  - Supporting the delivery of the Commissioning Strategy and Action Plan
  - Leading on the development of the VFM self-assessments
  - Reporting back VFM achievements to staff, customers and stakeholders

- The Sovini Group Business Assurance Committee (GBAC)

- o Review the quarterly VFM reports that detail VFM achievement
      - o Monitor progress against the VFM Strategy and Corporate Plan
  - Managers
      - o Use the performance and benchmarking information to make decisions and improvement plans for their service area
      - o Support a positive VFM culture with their team
      - o Delivering VFM briefings to their team meetings, encouraging staff to make suggestions and using these where possible
  - All staff
      - o Understand how their team deliver VFM
      - o Continually look for opportunities to improve and create value within the organisation
      - o Make suggestions that can translate into increased VFM
  - Tenants and stakeholders
      - o Make suggestions that can translate into increased VFM
      - o Read our annual report to tenants, the VFM self-assessment and tenant magazines
      - o Be involved in our work, to scrutinise our services and help deliver service improvements
  - Our Regulator the Homes and Communities Agency
      - o Will review our statutory accounts, VFM self-assessment, annual report to tenants
      - o Deliver a regulatory judgement about finance viability and governance

Measuring VFM Outcomes of the strategy and sharing with stakeholders

The outcomes of this Strategy will also be evidence based and measured through a number of activities:

- Annual VFM Statement approved and certified by OVH Board
- Annual VFM assessments of all key OVH services (including benchmarking information)
- 6 monthly updates to the Group Business Assurance Committee
- Social value outcomes based on the HACT toolkit
- Procurement Plan (activity and outcomes)
- Annual accounts
- Annual efficiency savings (cashable and non-cashable)
- The regulatory judgements awarded by the HCA
- Clear assessment of our Return on Assets - Sustainability index score (Net present value)
- The number of new homes built and funded from our additional financial capacity

The Strategy will be reviewed annually, the next review is due in October 2018.

Table One - VFM Strategy Summary

The following table links how OVH's approach to VFM will assist in delivering OVH's Stratgic Aims

OVH Strategic Aims	To make a positive impact in the communities in which we operate	To provide homes that meet demand, in safe, secure and sustainable neighbourhoods	To provide excellent services that meet or exceed customer and stakeholder expectations		To provide the environment to deliver business success	
Main aim	To work collaboratively, harnessing the innovation and creativity of our people, customers and stakeholders to deliver improvements in efficiency, effectiveness and economy.					
VFM Objectives	1 - Maximise our social value	2 – Best use of our assets and resources	3 - Cooperation and collaboration through self-delivery	4 - Regulatory compliance and customer involvement	5 - Maximising procurement opportunities	6 - Excellent performance and customer satisfaction
What we will do	• Measure our social value • Proactively work with our Third Sector partners • Create and encourage employment, education and enterprise • Support community projects with grants and volunteers	• Measure and report the return on assets (ROA) of our stock • External assessment/ accreditations • Funding review to maximise our borrowing capacity • Use zero-based budgeting • Invest in staff	• Using customer intelligence to continually improve • Recognition for excellence in the housing sector • Increase self-delivery, and use of group services • Strategic collaboration • Maximise staff engagement	• Strong governance structure in place • Board member appraisal/Skills framework • Group Business Assurance Committee (GBAC) monitor risk	• Use efficient procurement tools • Measuring in line with the Public Services (Social Value) Act 2012 • Annual review of financial regulations • Proactively reviewing suppliers and monitoring contracts • Embed environmental and ethical standards in procurement processes	• Use Covalent to manage action, risk and performance information • Benchmark our services to understand strengths and weaknesses • End-to-end service reviews • Improved IT infrastructure to support the business
Outcomes	• Certified Social Value Outcomes	• Investment work programme linked to ROA	• Improved partnerships • Less outsourced contracts • In house growth and activity	• Positive Regulatory judgements	• Evidencing value for money	• Use Covalent to monitor

	• Social return from procurement • Support our tenants into jobs and training • VFM tracker – non cashable savings • Support community projects	• Increased number of homes built • Achieve awards and accreditations • Annual VFM assessments on all our functional areas • Explore opportunities for external funding to improve our homes	• Meeting the targets and requirements of our statutory partners • Staff that feel valued	• Publishing robust VFM Statements and self-assessments • TPAS Consumer Governance accreditation • VFM steering group monitoring objectives	• Evidencing social value • Continuous review of supply chain • VFM tracker (cashable and non-cashable savings)	performance, risks and actions • Use of business intelligence in business planning to inform VFM decisions • Tenant scrutiny and review groups • Welfare reform group
Monitoring and measuring	• VFM Steering Group • Team meetings • EMT • Board	• VFM Steering Group • Team meetings • EMT • Board	• VFM Steering Group • Managers' meetings • Staff Surveys • EMT Board	• VFM steering Group • EMT • Customer Satisfaction Surveys • GBAC • Board	• VFM Steering Group • EMT • GBAC • Board	• VFM Steering Group • Team meetings • Managers' meetings • EMT • Board