



Value For Money Strategy

2019-24

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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 Regulator of Social Housing (RSH) and its VFM Standard (2018). 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.

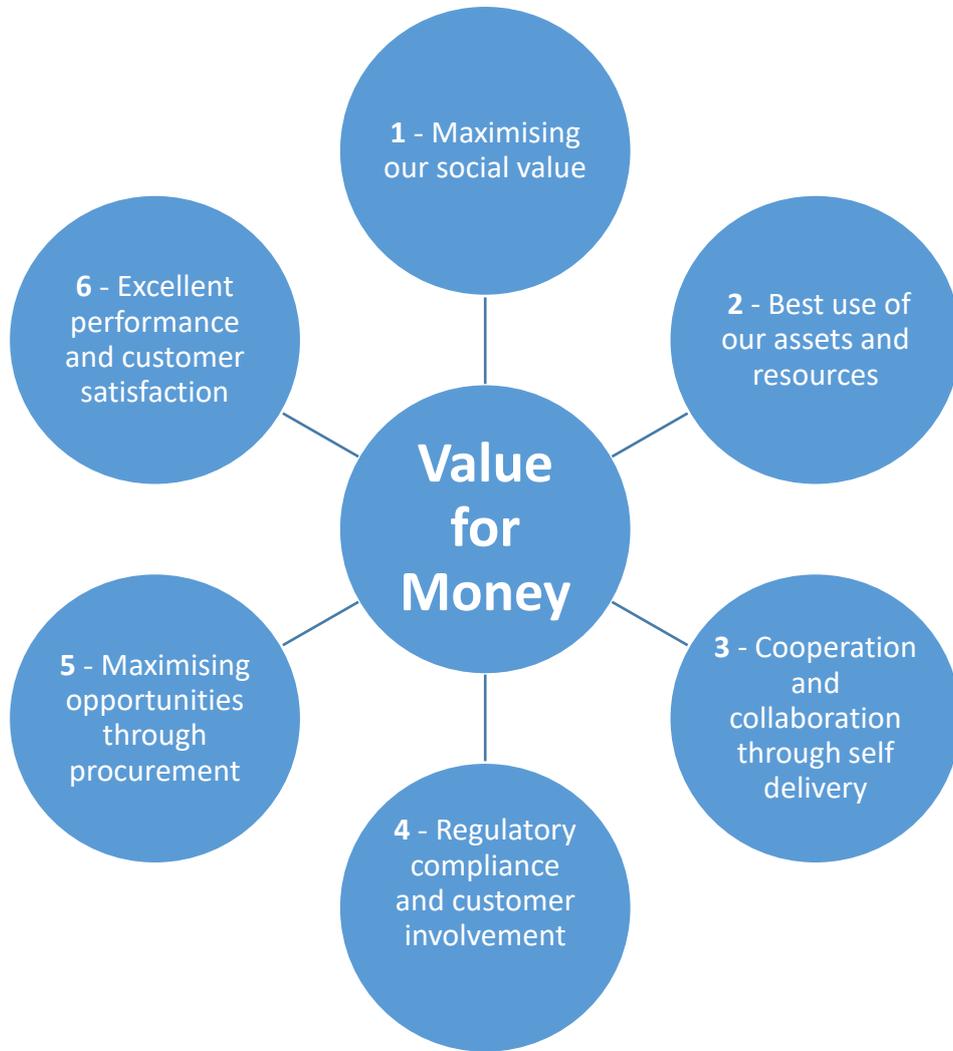
This VFM Strategy details how OVH adopts a challenging and robust approach to its VFM objectives. The objectives in turn support the delivery of aims within OVH's Strategic Plan (2019-2024):

- To provide the environment to deliver business success
- To provide excellent services that meet or exceed customer and stakeholder expectations
- To make a positive impact in the communities in which we operate
- To provide homes that meet demand, in safe, secure and sustainable neighbourhoods

The relationship between the OVH Strategic Plan and the OVH VFM Strategy is demonstrated in the diagram within **Appendix One**. It clearly shows how the VFM objectives and plans are directly aligned to OVH's Strategic aims.

There are measures in place to report the outcomes that are achieved through our approach which is defined by the following six VFM objectives shown in diagram One.

Diagram One – The six VFM objectives



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 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 RSH, in relation to both the Consumer and Economic Standards, and specifically the VFM Standard (2018).

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 Encourage employment and enterprise opportunities through our externally awarded contracts
- 1.7 Commit to supporting community projects through grants and volunteering placements
- 1.8 Use customer intelligence information and customer scrutiny to determine business priorities and improve our services
- 1.9 Collate a VFM tracker of cashable and non-cashable savings to demonstrate our effectiveness
- 1.10 Review the outcomes, Return on Investment (ROI) and Improvements via the Corporate and Social Responsibility (CSR) Steering Group

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 insight and 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 through stock sustainability analysis and stock condition appraisals
- 2.3 Using 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 areas for improvement and align our resources accordingly
- 2.8 Training our people to have VFM at the heart of their decision making through:
 - Onboarding/Induction
 - 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, and the above actions will be reviewed monthly at the Asset Management Steering Group Meetings.

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 not-for-profit and 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 ethos is 'Success through collaboration' and is supported by the corporate values of: success, passion, authenticity, courage and enterprise.

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:

- 3.1 Listening to our staff and customers and using this to improve our processes and customer experience
- 3.2 Recognition for excellence in the sector
- 3.3 Attracting new registered providers to the group
- 3.4 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
- 3.5 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 by the Regulator of Social Housing. We aim to exceed the regulatory requirements with our approach to VFM and to do this we will:

- 4.1 Comply fully with the Consumer and Economic Standards, with a strong focus on the VFM Standard (2018)
- 4.2 Retain our Governance 1 (G1) and Viability 1 (V1) rating from the Regulator (RSH)
- 4.3 Complete and publish our VFM self-assessments and share it with stakeholders
- 4.4 Measure, compare and report our performance against the VFM Metrics (See Table One)
- 4.5 Continue to have a strong effective and committed Board structure, with members who are focused on strategic objectives and risk management
- 4.6 Undertake annual Board member appraisals to continue to retain a strong and effective Board
- 4.7 Regular customer review and scrutiny meetings to appraise performance and deliver customer priorities
- 4.8 Use the Group Business Assurance Committee to monitor risk and tenant scrutiny recommendations, along with VFM outcomes and assurance in meeting the regulatory standards
- 4.9 Undergo both internal and external audit in relation to our annual VFM self-assessments and our approach to VFM.
- 4.10 Provide six monthly updates to Board and Business Assurance 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 Framework, the Performance Management Framework and the Risk Management Policy.

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 reviewing 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 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, Performance Management Framework and Procurement 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, VFM Metrics 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 our costs and performance
- 6.3 Deploying our specialist staff to transform our processes strategically and operationally (automating and streamlining) to generate additional financial capacity and other efficiency savings
- 6.4 Implementing our IT Strategy 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 Performance Management Framework, IT Strategy, Customer Insight Strategy, Procurement Strategy, and the Risk Management Policy.

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 (2019-24). 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
Customer Empowerment Framework
Corporate Governance Framework
Financial Management Policy
IT Strategy
Performance Management Framework
Risk Management Policy

Monitoring and Reviewing the VFM Strategy

Embedding the Culture of VFM

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**
 - Drive the implementation of the VFM Strategy and Action Plan - VFM plays a key part of the strategic planning processes with future financial models being a key part of this
 - Receive six monthly reports on performance relating to the VFM Objectives/action plans, VFM Standards and VFM Metrics
 - 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
 - Reporting back VFM achievements to staff, customers and stakeholders

- **The Group Business Assurance Committee (GBAC)**
 - Scrutinise the six monthly VFM reports that detail VFM achievement to gain assurance in achieving the Boards objectives and VFM Standards
 - Monitor progress against the VFM Strategy and associated strategies
- **Managers**
 - Use the performance and benchmarking information to make decisions and improvement plans for their service area
 - Support a positive VFM culture with their team
 - Delivering VFM briefings at their team meetings, encouraging staff to make suggestions and using these where possible to make improvements in service delivery and deliver efficiencies
- **All staff**
 - Understand how their team deliver VFM
 - Continually look for opportunities to improve and create value within the organisation
 - Make suggestions that can translate into improved VFM
- **Tenants and stakeholders**
 - Make suggestions that can translate into improved VFM
 - Read our annual report to tenants, the VFM self-assessment and tenant magazines
 - Be involved in our work, to scrutinise our services and help deliver service improvements
- **The Regulator of Social Housing**
 - Will review our statutory accounts, VFM self-assessment, annual report to tenants
 - 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)
- Six monthly progress reports on performance against the VFM objectives, VFM Standards and VFM Metrics.
- Six monthly updates to be scrutinised by 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 Regulator of Social Housing
- 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 July 2020.

Table One - VFM Strategy Summary

The following table links how OVH's approach to VFM will assist in delivering OVH's Strategic 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 | |
|--------------------|---|---|---|---|---|---|
| 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 | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • Strong governance structure in place • Board member appraisal/Skills framework • Group Business Assurance Committee (GBAC) monitor risk • Self-assessment of compliance against the VFM Standard (2018) • Customer Scrutiny Reviews | <ul style="list-style-type: none"> • 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 | <ul style="list-style-type: none"> • Use our performance management system to manage action, risk and performance • Benchmark our services to understand strengths and weaknesses • End-to-end service reviews • Improved IT infrastructure to support the business |
| Outcomes | <ul style="list-style-type: none"> • Certified Social Value Outcomes • Social return from procurement • Support our tenants into jobs and training | <ul style="list-style-type: none"> • Investment work programme linked to ROI • Increased number of homes built • Achieve awards and accreditations | <ul style="list-style-type: none"> • Improved partnerships • Less outsourced contracts • In house growth and activity | <ul style="list-style-type: none"> • Positive Regulatory judgements • Publishing robust VFM self-assessments | <ul style="list-style-type: none"> • Evidencing value for money • Evidencing social value • Continuous review of supply chain | <ul style="list-style-type: none"> • Well managed performance indicators, risks and actions • High levels of performance and |

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| | <ul style="list-style-type: none"> • VFM tracker – non cashable savings • Support community projects | <ul style="list-style-type: none"> • Annual VFM assessments on all our functional areas | <ul style="list-style-type: none"> • Meeting the targets and requirements of our statutory partners • Staff that feel valued | | <ul style="list-style-type: none"> • VFM tracker (cashable and non-cashable savings) | <ul style="list-style-type: none"> customer satisfaction • Use of business intelligence in business planning to inform VFM decisions • Tenant scrutiny and review groups |
| Monitoring | <ul style="list-style-type: none"> • Team meetings • CSR Steering Group • EMT • GBAC • Board | <ul style="list-style-type: none"> • Team meetings • Asset Management Steering Group • EMT • GBAC • Board | <ul style="list-style-type: none"> • Staff Surveys • Managers' meetings • EMT • GBAC • Board | <ul style="list-style-type: none"> • Customer Satisfaction Surveys • Customer Insight Steering Group • EMT • GBAC • Board | <ul style="list-style-type: none"> • EMT • GBAC • Board | <ul style="list-style-type: none"> • Team meetings • Managers' meetings • EMT • GBAC • Board |
| VFM Metric | <ul style="list-style-type: none"> • £'s invested for every £ generated from operations in new housing supply • £'s invested for every £ generated from operations in communities | <ul style="list-style-type: none"> • New Supply Delivered % • Reinvestment % • Headline Social Housing Cost per Unit • Return on capital employed (ROCE) % • Units Developed (social housing) • Occupancy • Ratio of responsive repairs to planned maintenance spend • Rent collected | <ul style="list-style-type: none"> • Customer satisfaction that their rent provides value for money | <ul style="list-style-type: none"> • Gearing % • Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover % • Operating Margin % | | |