

Value for money strategy:

2019 / 2020



1 Overview:

1.1 For Sutton Housing Society, we believe that value for money (VfM) is about being effective in how we plan, manage and operate our business. 'Value' means the appropriateness of our homes to help meet local housing need, supported by the quality of our homes and the services we provide, which in turn create an improved quality of life and wellbeing for our residents.

1.2 Value for money is about making the right decisions now, for the long-term benefit of the organisation, that where appropriate, support the principles of whole life cost.

Whole life costing (WLC) is a means of comparing options and their associated **cost** and income streams over a period of time. **Costs** to be taken into account include both initial capital or procurement **costs**, opportunity **costs** and future **costs**.

1.3 The value for money strategy is agreed by the Board and our annual value for money performance / statement will be published as part of the financial accounts.

1.4 We have a five-year business plan (2017 / 2022) in place, which helps to guide our work and focus our resources. The business plan reflects our vision and values for the organisation, which are:

Vision:

- Investing our resources, we are proud to provide affordable, well maintained quality homes
- With charitable status and as a specialist provider of homes for the independent over 55s, we continue to invest for the changing needs of Sutton
- Our highly professional staff team are dedicated to responding to the needs of our residents and developing a sense of community

Values:

- Passionate about doing what's right
- People focussed and stronger together
- Professional and effective
- Caring, responsive and flexible

2 Objectives of our value for money strategy

2.1 Our value for money (VfM) strategy will enable us to:

- Develop and refine other strategies that have VfM implications
- Explain our approach to VfM to our residents, staff and stakeholders
- Deliver VfM in a consistent and effective way
- Define regular reporting of performances
- Further embed VfM within the organisation
- Embed our approach to achieving and measuring social value for those services that are difficult to quantify in financial terms

3 Defining quality

- 3.1 Sutton Housing Society considers that quality must sit alongside value for money.
- 3.2 The quality of an outcome whether tangible or otherwise, should be considered as part of our value for money approach and / or decision-making process. To support this decision-making process, Sutton Housing Society will include three additional 'quality' measures in all value for money decisions:
1. Improving the customer experience
 2. Product
 3. Information
- 3.3 All Board reports will include a value for money and quality heading.

4 Business plan (2017 / 2022)

- 4.1 Our Board approved five-year business plan (or corporate plan) sets out our purpose and is delivered through five objectives. Value for money is one of the tools we use to ensure delivery.
- 4.2 Our five objectives are:
- Maintaining and improving our financial strength
 - Maintaining and improving excellent resident services
 - Investing in our assets and new development
 - Growing our stock through development
 - Maintaining and investing in good governance
- 4.3 We must ensure that our business generates a surplus. As a not for profit organisation, we decide how this surplus may be re-invested, which will include investment in our existing homes and the delivery of new social / affordable homes for local people.
- 4.4 Our ongoing financial management has ensured that the impact of the 2015 budget and the introduction of a 1% rent reduction has been minimised.
- 4.5 Our financial plan is used as the starting point in developing the budget each year; the management accounts monitor performance against budget and specifically against any efficiency targets.

5 How will Sutton Housing Society deliver value for money?

- 5.1 Our approach to delivering value for money is not a single solution. It will be achieved through the combination of strategies, policies, procedures and our 'actions'. These in turn, will help us to decide how to make best use of our income and assets to fulfil our social purpose. The most significant strategies or actions that will support our approach to value for money are summarised below:
- 5.2 **Asset management:** this will be an integral part of value for money and once our compliance / catch up repairs are complete it will prescribe how we invest to maintain the useful life and quality of our housing assets. It will also define the standard for our residents' homes (above the decent home standard) and set

targets for affordable warmth, as well as influence decisions on redevelopment. The strategy will underpin the principles of whole life cost.

- 5.3 **Development:** this will describe the level and mix of growth, which can be achieved without impact upon our existing assets and / or services. Similarly, subject to support by the Board, by focussing on Sutton and the neighbouring boroughs i.e. building locally, it will ensure that we can develop strong local relationships, maximising these opportunities and the benefits that new homes within existing communities can bring.
- 5.4 **Digital (and customer):** our 'paper-lite' approach will enable us to refine how we deliver services to our residents and make colleagues' tasks easier and more efficient. It will simplify, standardise and automate some of our key business processes for staff and residents via digital services. We will however, never lose that personal touch, which is so important for our older residents (and sets us apart). Our digital journey will always be an *appropriate* one, which suits our core client group both now and in the future.
- 5.5 **Local geographic focus:** less of a strategy and more of an approach, this underpins our business and will be explored further with the Board.
- 5.6 **Procurement 'strategy':** our approach to procurement will align with our size and geographical location. We will make decisions based on whole life cost - we will primarily use local contractors, consultants and suppliers. Our focus will be upon being a good client, one that pays promptly, rewards rather than penalises as well as ensuring that we use the right people for the right job – we will adopt frameworks as an exception not the rule.
- 5.7 **Treasury:** this is essential to delivering value for money, interest costs can be one of the main items of expenditure. Wherever possible, we will identify opportunities that attract grant funding and use our surpluses to minimise borrowing – seeking external advice, where appropriate.

6 **Cost effectiveness**

- 6.1 Value for money is not simply about making cost reductions, it should be about balancing quality, efficiency and great service to residents. However, embedding appropriate process benefits e.g. by investing in information and communication technology (ICT) to digitise and streamline services will be pursued. A lower cost does not always mean an efficient service, particularly where investment in assets is concerned – lower costs could identify a lack of investment.
- 6.2 There are several strands to our internal controls including standing orders and financial regulations, which detail how income and costs are controlled. Income and expenditure are reviewed regularly by the Senior Management Team and the Board.
- 6.3 We will use a business case approach to making significant decisions. This is particularly helpful in situations where money can be spent to achieve an outcome, which is not easily quantified financially, such as customer wellbeing by measuring our social value.

6.4 We will promote flexible working, where staff have more choice and flexibility in how and where they work supporting both customer service and efficiency. We will continue to sub-let our offices to maximise income.

7 Embedding value for money

7.1 Greater understanding of value for money will improve outcomes for staff and residents. We will embed value for money into the organisation as part of the monthly performance management team meetings.

7.2 Recruiting and retaining quality staff, who will go the extra mile to deliver better outcomes for our residents, will underpin any approach to value for money.

8 Reporting value for money

8.1 A value for money statement is produced each year and included within the financial statements, using the Regulator of Social Housing metrics approved by the Board.

9 Our plan(s) for 2019 / 2020

9.1 Our plans to deliver value for money for 2019 / 2020 include:

9.1.1 *Repairs*: formalising our repair contracts, providing 5-year certainty for our key contractors, who are high performing / low cost.

9.1.2 *Lift servicing*: retender service contract to ensure breakdowns are included within the scope of the works, as opposed to ad-hoc and uncontrollable expenditure.

9.1.3 *Cyclical maintenance*: preparing a 5-year external painting schedule to protect the long-term integrity of our assets.

9.1.4 *Development*:

- Secure grant funding through the care and supported housing route (to ensure minimum grant levels are exceeded)
- Include stock investment works as part of future development remodelling
- Fund development from surpluses rather than borrowings
- Redevelop buggy store at Peppermint Court to maximise use of existing space
- Recruit new development post (possibly including shared role with another RP)

9.1.5 *Compliance*: deliver compliance through newly established in-house post.

9.1.6 *Digital*:

- Implement electronic document management system
- Introduce digital notice boards at all our older people schemes
- Start work on the introduction of the resident portal

9.1.7 *Quality*:

- Introducing a 'quality' discussion into all decision making.