

# Value for Money Strategy

## 2017-20

### 1. Introduction

It is important that Penge Churches (PCHA) is able to demonstrate that it delivers Value for Money in its delivery of housing and associated services to its residents and other stakeholders. In doing so we should compare ourselves to others in the sector as far as is possible and weigh up the cost of the services provided against the perceived quality/value from the perspective of our residents and other stakeholders/partners, including our Regulator. It is important to note that cost cutting is not the primary driver of this Strategy but a desire to understand our costs and ensure we get the maximum return on our investment.

### 2. Background

When PCHA was set up in 1969, the Board was very aware of the need to maximise the value from any resources available. Volunteers gave their time, skills and experience to lobby, fundraise, and to develop good quality, well managed low cost housing for the local community. PCHA has stayed focussed on the careful management of resources to get maximum output along with the drive to continue to meet the housing needs of the local community.

However, the world we work in has changed considerably and this strategy is one of our tools in managing our resources at a time when demands are increasing but income is reducing as a result of government policies. Our rental income will reduce by 1% per annum until 2020 and we are seeing increasing rent arrears as residents find their incomes squeezed through welfare benefits changes and the difficulty of finding secure well paid employment. Changes in London's housing market make it more difficult for us to acquire or develop new homes although it remains a key objective for us to make the most of our financial capacity and to develop new homes in our community. These factors cannot be ignored in terms of understanding and evaluating VFM.

#### 2.1 Definition of VFM

**Value for Money** has been described as the relationship between:

- **Economy** - the price paid for what goes into providing the service
- **Efficiency** - a measure of the productivity. Primarily associated with the process and delivery of procurement.
- **Effectiveness** - the measure of the impact achieved. Primarily associated with the outcomes for residents

Our definition of value for money (VFM) is the production of as much value as possible from the income and assets we have available. It does not merely measure the costs of

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goods and services but also takes into account quality, resource use and fitness for purpose to judge whether or not they constitute good value. This includes several types of value: financial, social and environmental. PCHA aims to provide good value for a number of stakeholders: our residents, the local authority, the local community, our regulator and funders. Through involving residents and continually seeking their feedback, we are able to identify their priorities and shape our services to meet these.

PCHA incorporates an assessment of value for money into its decision making processes. In doing so the financial, social and environmental and value of business decisions are taken into consideration.

The aim of this strategy is to embed a culture of optimising Value for Money within PCHA and establish a continuous cycle of challenge about what and how we deliver services. This Value for Money strategy should reflect and support our corporate plan and more detailed business plan.

### **3. Business Objectives and links to our VFM Strategy**

Our Regulator is encouraging all housing associations to take a wide view on how they can achieve their strategic objectives, including proper consideration of mergers and partnerships with other organisations. They expect all associations to take account of the NHF's Code on Mergers, Group Structures and Partnerships. The regulator is keen that associations make the best use of their assets to develop new homes to meet the ever growing needs for affordable housing; this is an aim we fully embrace. PCHA's Board is actively considering the potential strategic options by way of a Strategic Review during 2017/18. The outcome of this review will shape the future based on decisions about how best to achieve value for money and deliver excellent housing services for our residents and local community.

Our VFM strategy will help us:

- Ensure that the Board is driving VFM in all aspects of running the association and delivering services
- Give impetus to VFM in achieving our business objectives
- Deliver VFM in a consistent and effective way
- Explain our approach to VFM to our people and stakeholders

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### 4. Our Vision, Values and Objectives

#### Our Vision

We are a community based housing association that is passionate about enhancing the lives of our residents by providing excellent homes and services. We are proud of our strong community roots and strive to be a positive voice within, and make a positive impact on, our local community.

#### Our Values

Our values are integral to our success and they are at the core of the way we work:

##### Acting with Integrity

- We communicate in an open, honest and transparent way
- We do what we say we will and keep our promises
- We are accountable for our decisions and take responsibility for our mistakes

##### Being Ambitious

- We are ambitious for the future of PCHA, seeking to deliver a broader range of services to more people in our community
- We are prepared to take measured risks to drive improvements and growth
- We are creative and open to new ideas
- We embrace change and respond positively to new opportunities
- We adapt swiftly to changing markets and needs

##### Striving for Excellence

- We create homes and communities we can all be proud of
- We are people focussed and aim to tailor our approach to the needs of individual residents
- We strive to be proactive, solution orientated and go the extra mile
- We work collaboratively and build positive partnerships
- We continually challenge ourselves to improve our performance
- We seek to make sound business decisions and be well governed and managed

##### Behaving with Respect

- We behave in a fair-minded and non-judgemental way
- We value the individuality and diversity of our residents and our community
- We are inclusive in the way we work

**...Making a positive impact with our residents and community**

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### **Our Strategic Objectives**

**To deliver efficient and effective housing and services and be financially Viable.** We will:

- provide responsive, tenant focused services to maximise satisfaction and respond to feedback from satisfaction surveys
- pursue value for money and efficiency savings, without compromising on high quality services, setting specific and realistic savings targets each year
- implement our Asset Management Strategy in order to maintain our homes in good condition whilst keeping repairs costs down
- implement our Welfare Reform Action Plan and work with London Borough of Bromley and other local partners to support residents and minimise rent arrears as a result of welfare reforms
- benchmark our performance and network to learn from others to improve our services
- aim to be an 'upper quartile' housing management performer

**To work in partnership with others in the interests of our residents and the local community.** We will:

- be proactive in developing partnerships where there is clear benefit to our operations, including seeking external funding
- develop and maintain relationships with organisations whose services benefit our residents
- research local needs and consider taking the lead in community projects where funding is available and these will benefit our residents

**To pursue opportunities for growth to meet the needs of the local community.** We will:

- increase our social housing stock
- develop new homes with or without grant
- consider developing a small programme of sub-market rented homes
- consider offering management services to other landlords

These objectives are reviewed and updated periodically to ensure that we are focused on achieving value from our resources and assets. Each member of staff has individual objectives derived from the corporate objectives.

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### 5. Value for Money

#### 5.1 Governance and Scrutiny

To ensure that VFM remains at the heart of our operations, PCHA's Board has a number of governance arrangements in place:

- The Business Plan is reviewed regularly by the Board in order to ensure that prudent financial plans exist to cover liabilities for the long term maintenance of the Association's assets
- The Finance & Audit Committee terms of reference include a responsibility to consider the Association's Value for Money (VFM) performance and to recommend to the Board an annual self-assessment on VFM
- A balanced scorecard containing key financial and management performance indicators is reported to each of our Committee and Board meetings
- The Board approves the annual budget and the Finance & Audit Committee carries out regular monitoring of quarterly management accounts to assess performance against that budget
- The Board receives annual benchmarking data comparing our performance and costs with those of peer organisations in the Acuity BM320 benchmarking group. We are also taking part in the Sector Scorecard pilot.
- Tenant satisfaction feedback provides information, including views on value for money of services, which the Board and staff can use to drive performance improvement. From a sample of 65.6% of our residents in 2015, 92% felt that the rent and charges they pay PCHA represent good value for money. This was an improvement on 90% in the 2013 satisfaction survey and is a higher score than the median score of 86% in the BM320 benchmarking group.

#### 5.2 Investing in Assets

An essential part of achieving value for money lies in the management of our assets i.e. the properties owned by the Association. PCHA has a number of strategies which set out our approach to managing and maintaining existing assets, and to developing new homes. These include our:

- Development Strategy (updated in May 2016)
- Asset Management Strategy (updated in May 2015)

When we improve or develop properties we take into account environmental and sustainability issues, aiming to minimise the energy costs for residents and reduce environmental impact.

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### 5.3 Good Value Services

PCHA has a set of Customer Service Standards, agreed with residents, which set out what they can expect by way of housing management services. Our aim is to meet tenant expectations by providing quality services whilst managing budgets carefully.

We operate in the Penge area and currently only work with one local authority; all our properties are in close proximity to our office. This enables our housing management service to be both efficient and accessible to our residents.

When service contracts are reviewed or new services commissioned, we will always seek to make savings or improve value where possible. We aim to use local contractors and suppliers, keeping economic benefit in the local community, so long as standards of work and costs represent good value for money.

### 5.4 Social Value

As a small community based housing association, we are committed to working in partnership and offering a range of services to our residents which extend beyond the provision of a home and basic landlord services. These include:

- a personalised service and access to support from other community partners, for example from Community Options who support people with mental health problems
- a range of services to support residents financially, for example through our welfare reform action plan, free one to one debt advice services, support to access credit union banking services
- small grants for household goods or to support access to employment or training
- support to residents seeking employment, for example through access to internet facilities at our offices for job seeking

## 6. Communicating with Stakeholders on VFM

It is important that we can be held to account for the VFM of our services by all our key stakeholders, including residents, the local authority and other partners in the community, our regulator and funders.

We will publish a summary of our VFM strategy and activities in our published annual report and accounts, and will send a copy of our annual VFM self-assessment to key stakeholders as well as publicising it in our residents newsletter and making it available on our website.