PlaceShapers
Local benefit, national impact

CAMPBELL TICKELL

VALUE FOR MONEY: Good Practice Guidance

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CAMPBELL TICKELL

We are a leading multi-disciplinary management consultancy delivering services to every type of organisation across the housing sector including work on all aspects of value: strategic and operational; financial and qualitative.

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PlaceShapers
Local benefit, national impact

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INTRODUCTION

Value for Money (VFM) has come strongly into focus for housing associations in the past couple of years following increased regulatory attention. But developing a robust approach to VFM simply to avoid a governance downgrade would be a mistake.

A culture that recognises the value of VFM is fundamental to sound business practice, for obvious reasons. Making your money go further enables you to devote more resources to achieving and exceeding your business objectives: providing more and better homes, improving service quality, supporting a wider range of activities, keeping down costs for residents.

This good practice guidance has been prepared for PlaceShapers by Campbell Tickell, part-funded by a Big Assist grant. Our experience is that organisations can easily burn the same number of calories producing a poor VFM Self-Assessment as they would burn to produce a good document. This is a waste, as the benefits of a good VFM Self-Assessment will be felt throughout the organisation from the Board to the front-line and, most importantly, by residents.

This guide is in two parts: firstly how to ensure a collective focus on VFM within your business, and secondly how to write a great VFM Self-Assessment. We have included links to publicly available documents that demonstrate how our key points are tackled by organisations. The guide attempts to present a comprehensive picture: every point will not necessarily apply to every organisation.

SECTION 1
How to achieve great Value for Money: a Good Practice Guide

Great VFM is not simply an administrative process or the existence of a strategy. Rather, it is a series of outcomes that, taken together, demonstrate that the association understands its costs, customers and services and proactively minimises unnecessary expenditure – or reallocates it productively – while delivering its corporate objectives.

This guide can help you whether you are in the early stages of your VFM journey or further down the road. In this first section, we look at the characteristics of an organisation that performs strongly on VFM. Each organisation is different, but application of the following principles according to your circumstances will leave you better equipped to face the challenge.

The Board leads the approach to VFM

The Board should have a clearly defined role in providing leadership on VFM: setting the strategic direction and understanding how VFM relates to the association's vision and purpose. The Board must be clear about the specific drivers for VFM within the association (and how they change over time) and how VFM gains are reinvested. The Board must visibly champion VFM, giving it a high profile across the business and ensuring that it is embedded within operations, rather than treated as an add-on activity.

In simple terms, the Board's role on VFM is to see the big picture and to ask the big questions:

- What are we here for? What's our vision and purpose, our objectives?
- What do we do to fulfill our vision and purpose?
- How have we embedded assessment of cost and quality into our operations?
- What are our ambitions to deliver social value and how do we measure our progress?
- How do we organise ourselves and what processes do we use?
- How much are we spending? How can we spend more efficiently, given finite resources?
- How do we improve our VFM position in the longer term? Do we need to think more radically?

Futures HG VFM statement (see page 23)

The VFM Strategy is a key document, which sets out where the association currently is on its VFM journey, where it is heading and how it will measure progress as it moves forward.

The strategy provides a framework for VFM targets against corporate objectives and defines how progress will be measured and monitored. The Board approves the strategy, and challenges and scrutinises the Executive on its delivery. The VFM Strategy is refreshed each year, with input from stakeholders.

High performers may share a range of tactics:

- The Board oversees VFM itself, rather than delegating to a sub-committee;
- A Board report template which includes an evaluation of impact on costs, performance and quality for every relevant Board decision;
- A rigorous approach to investment, with a business case required for each investment decision which considers alternative delivery models and requires the Board to make trade-offs based on cost and quality considerations Home Group (see 2E page 17);
- Ensuring that VFM is embedded in key corporate strategies such as those for Treasury, Community Investment and Procurement;
- Minuting meetings in a style that demonstrates the level of challenge the Board provides;
- Allowing sufficient time to consider and challenge the VFM Self-Assessment.

The high-performing Board sets ambitious longer-term VFM goals and encourages big picture thinking, challenging the Executive to review delivery models and consider alternative approaches (out-sourcing, buying-in services, joint provision and joint commissioning), as well as considering the relevance of issues such as digital channel shift.

The Board ensures that it clearly understands the regulator's expectations on VFM and how the association is able to demonstrate that it meets those expectations. This includes ensuring that the association:

- Takes a systematic approach to benchmarking using HCA Global Accounts, HouseMark and/or other methods and is open-minded about the learning from these; Shepherd's Bush Housing Group VFM Strategy (see page 6)
- Understands the concept of social value and has an approach in place to determining the social value the business is achieving;
- Proactively manages the return on assets, with robust links between corporate-level data (such as the gearing ratio) and individual property-related data used to inform invest/disinvest decisions for individual properties;
- Takes a structured approach to compliance and has in place a risk management approach that proactively monitors and mitigates compliance risks.

By contrast, indicators of an inadequate approach to VFM might include:

- The Board paying lip service to VFM and skating thinly over the subject;
- A VFM Self-Assessment which is clearly pieced together at the end of the year, based on small cost saving 'good news' from around the association;
- The Board failing to achieve a VFM agenda based on an honest assessment of its progress on the VFM journey, with a believable narrative about its direction;
- Inadequate management of regulatory requirements.

THE EXECUTIVE EMBEDS A VFM APPROACH

The role of the Executive is systematically to embed VFM in the association's culture and approach. Where this happens, there will be evidence that the Executive actively champions VFM, giving it a high profile across the business and making it an integral part of the day job. The Executive uses imaginative ways to bring the concept to life, defining what VFM means in practice in ways that are meaningful to all staff Radian 13/14 VFM Statement (see page 1) / Black Country Housing Project Q (see page 5), through briefings, roadshows, the intranet and similar outlets. Trent & Dove Housing VFM Strategy (see page 66) They encourage all staff to think not just about saving money but also about VFM in its widest sense, such as costs to the customer, service quality, performance and social value.

Futures Housing Group VFM Report (see page 19) The Executive will ensure that a 'golden thread' runs from top level corporate objectives through annual and service plans down to individual team members' personal objectives. The Executive makes sure that VFM is embedded within all key business streams by ensuring each service plan identifies the VFM implications of each objective while 'big ticket' items (such as repairs and procurement) specifically address how they will contribute to the VFM agenda. Together Housing Group (see page 10).

Thought is given to how each individual staff member can move the VFM agenda forward, reflected in appraisal targets. The Executive monitors progress by considering specific VFM reports every quarter and by putting in place a robust framework to manage performance and budgets.

The Executive has a clear understanding of where the association is on its VFM journey and:

- Develops a robust understanding of the association's cost base and cost drivers;
- Actively benchmarks across operations in order to understand how their cost and quality compares to their peers;
- Uses benchmarking data as a can opener to engage staff in moving forward the VFM agenda;
- Fosters and supports active resident scrutiny of costs and quality;

- Encourages 'invest to save' initiatives such as money advice, diversionary activities and supporting family intervention projects.

The best organisations have a long-term programme of service reviews in place to drive VFM improvements, with a well-developed approach involving staff and customers. Gateway HA (see page 15) / Chelmer (see page 12) Some of the best approaches are 'right first time' programmes such as 'lean' which address efficiency and effectiveness. Incommunities (see page 21–23)

STAFF ACTIVELY CONTRIBUTE TO VFM

Where staff are fully engaged in delivering VFM, each will have a practical and meaningful sense of what VFM means for them, e.g. getting the service 'right first time'. VFM is part of the induction process and staff are actively encouraged to spot waste and duplication, to improve processes and bring forward VFM ideas, not just to meet their appraisal target. There may be an award or suggestion scheme to capture ideas e.g. SLH Group's Box Clever Scheme 13/14 VFM Statement (see page 35) and VFM is actively debated at team briefs and staff meetings. You might also see:

- VFM 'champions' at all levels, coming together in a forum or group;
- Staff knowing how the association performs relative to others and are willing to learn from elsewhere; Together HA (see page 9)
- Staff who feel valued, with a pay and reward framework that supports recruitment and retention.

CUSTOMER INSIGHTS DRIVE VALUE

Customer insights are central to a well-embedded VFM culture. The association will have a mature and sophisticated relationship with its residents, characterised by:

- A Scrutiny Panel who see VFM as integral to their work and who are well-trained in evaluating VFM, using benchmarking to understand how their landlord is performing;
- Residents given choices about services, making trade-offs between cost and quality;
- Residents involved in contract procurement, setting service standards and monitoring performance;

VFM being given a high profile in resident communications with new ideas welcomed.

With Welfare Reform an increasing risk factor, associations are developing increasingly sophisticated customer profiling techniques. When used well, these can help focus specific types of support for individual tenants and can be a strong VFM tool in themselves.

"Understanding our customers, and using the data we hold to maximum beneficial impact on services has risen significantly up our list of priorities over recent years"

TONY STACEY, CHIEF EXECUTIVE, SOUTH YORKSHIRE HOUSING ASSOCIATION

AN INTELLIGENT APPROACH TO MANAGING ASSETS

Return on assets (ROA) is a key element of the HCA's regulatory framework, yet has proved challenging for associations to interpret and grasp. Approaches are still evolving in the sector and many associations, particularly smaller ones, are still at an early stages in their thinking. Associations should aim for a degree of granularity in their understanding of the performance of their stock, so they can make informed decisions (whether to invest, disinvest, hold or convert particular properties) and so improve the overall performance of the portfolio over time. There will be overlap here with the regulatory requirements concerning Asset and Liability Registers and stress testing. NHF Guide to Asset and Liability Registers and Stress Testing

Good practice on ROA will include:

- Active management of borrowing to ensure that assets are sweated to the maximum in pursuit of corporate objectives;
- Collating information on stock condition, value, net present value, investment needs maintenance costs, costs-in-use for tenants, local demographics and demand (churn, void rate);
- Using this data to build a nuanced picture of the performance of the stock (at area, neighbourhood, estate, block and individual property levels);

- Developing an intelligent asset management strategy that supports strategic decisions about the future of the stock, including disinvestment when warranted Regenda Group (see page 4);
- Consideration of whole life costing and cost in use for residents when planning investments in new and existing properties.

Associations should demonstrate an understanding of their current position in relation to ROA and have developed a plan to move forward. Trent & Dove Housing (see page 68–69) This means, at minimum, robust stock condition data, a plan for supplementing investment need data with other performance measures, and a policy on identifying and resolving poorly-performing assets.

By contrast, a risky approach to ROA would mean:

- Failing to demonstrate an understanding of the subject;
- Poor stock condition data with limited plans to update it;
- Making ad-hoc decisions to reinvest in or dispose of stock based on weak or anecdotal evidence.

BETTER OUTCOMES FOR COMMUNITIES

Even organisations that focus chiefly on bricks and mortar have opportunities to improve life outcomes for residents through the design choices they make, such as more efficient boilers, solar panels and/or insulation.

An increasing number of providers will go much further. The high performers do three key things better:

- Taking a methodical approach to search out opportunities to increase social value throughout operations, such as flexing contracts to include local labour, apprenticeships and training and/or partnership working such as on youth and health activities;
- Knowing their costs, identifying key outcomes at project start and measuring outcomes such as permanent jobs, qualifications, or improved health outcomes;
- Using one of the available tools to assess the Social Value of their work (for example: HACT / SROI).

KEY BUSINESS STREAMS

The single biggest difference between high and low performing organisations in VFM is its embedded in key business streams. While low performers will retrospectively seek examples of cost reduction and assemble them into a VFM narrative, the high performer will have a VFM Strategy that defines value within each of their key business streams and identifies how that value will be measured. This will be true for treasury management, financial management, development, asset management, housing management and social value.

The definitions of value within each business stream need to address the critical dimensions of cost and quality, for instance:

Financial Management
WEAK *"6% reduction in operating costs"*
STRONG *"Proactive reduction of operating costs by at least 6% to deliver a specified level of service and outcomes"*

Development
WEAK *"Complete 95 new units in the year"*
STRONG *"Develop 95 new homes to a specification that enhances the life opportunities of residents while minimising cost in use and whole life costs to the organisation"*

Social Value
WEAK *"Invest £65,000 in community activities"*
STRONG *"Invest at least £65,000 in our communities, working in partnerships to improve the life opportunities and well-being of our residents"*

Your definitions should:

- Embody your corporate direction;
- Give a clear indication of what you need to measure to understand whether you have been successful.

SECTION 2
How to write a VFM self-assessment: a Good Practice Guide

The first part of this good practice guide concerned how an organisation can work on VFM all year round. This section deals with the annual snapshot of your VFM activity that is the VFM Self-Assessment, mandated by the HCA as part of their Economic Standards.

The HCA has offered limited guidance for housing associations in completing their annual VFM self-assessments. This lack of a detailed specification creates opportunity and risk. Many associations have enjoyed the freedom to interpret the requirements in their own way, producing compliant VFM Self-Assessments in a variety of formats and using a variety of approaches. Others however have struggled with the document: what to include; how to present it; and how to address issues such as return on assets. Some have struggled and achieved compliance; others have struggled and been downgraded.

This guidance aims to help you to produce a VFM Self-Assessment that meets the regulatory requirement and adds value by moving forward your VFM agenda. We do not prescribe what should be included or how the statement should be structured: we believe it is up to individual associations to tell their own VFM story in the way that suits them and their stakeholders. Rather, it provides insight into the issues that a comprehensively strong VFM Self-Assessment will consider. Not all elements will apply to every organisation.

At the time of publication subjects of particular interest to the regulator are Board ownership of the issue, your position on the big questions (see below), return on assets, absolute and relative costs and comparison with other providers. However a comprehensively robust approach will be your best assurance.

THE DOCUMENT AS A WHOLE

VFM self-assessments are an exercise in public accountability as well as a business improvement tool. As such, they need to be honest, open, accessible and evidence-led. Your strong VFM Self-Assessment will:

- Set out a strong, ongoing narrative on VFM, conveying that this is a snapshot taken at a point in your journey;

  The HCA accepts that every organisation is on a journey and that some will be in the early stages of that VFM journey. The key is to demonstrate awareness of your current position, to have appropriate plans to move the VFM agenda forwards, and measures in place to assess your rate of progress.

- Be honest about strengths and weaknesses, highlighting any under-performing areas and how these are being addressed Together HA (see page 5) – you should not 'cherry-pick' examples of good news to show the association in an artificially favourable light. Check back on last year's self-assessment to see if there were any weak areas highlighted or actions promised and provide an update. Where progress has been limited, explain why;

- Ensure that you describe the challenges in your operating environment as challenges on your VFM journey rather than as excuses for poor performance or poor outcomes;

ADDRESSING UNDERPERFORMANCE

Where there is poor performance, address it head-on. Don't make excuses but instead describe your plans for improvement.

WEAK *"Our poorly performing repairs contract has resulted in satisfaction levels of 65%".*

BETTER *"We have experienced issues with our repairs contractor which has led to a dip in satisfaction. We are planning to reprocure the contract next year".*

BEST *"We have experienced problems with the 'first time fix' aspect of our repairs contract which has impacted on resident satisfaction. However we have addressed this head-on by agreeing an Improvement Plan with the contractor, providing an on-site store to assist with availability of materials and agreed the steps required to achieve a 10% increase in satisfaction by March 2016".*

OR *"It took an average 40 days to relet our properties, mainly due to three hard-to-let schemes in East Westfield. However, we have renegotiated our nominations agreement with the local authority to allow multiple viewings and are planning to carry out an options appraisal on two of the schemes in the coming year, to review whether to remodel or dispose of the schemes".*

- Focus on outcomes, rather than inputs and outputs. Many organisations mistakenly emphasise cost savings rather than the more nuanced, multi-dimensional concept of value, which considers cost, quality and performance outcomes equally.

USING AN OUTCOME-BASED APPROACH

WEAK *"We installed 300 new boilers this year, saving £800 per boiler on the previous contract".*

BETTER *"Our boiler replacement programme achieved overall savings of £80,000 for a more efficient boiler with lower running costs".*

BEST *"In designing our boiler replacement programme we considered whole life costing and cost in use for residents. The boiler we selected for the programme is £300 more expensive but is forecast to have one of the lowest whole life costings and, because of its efficiency, is forecast to save residents 34% on average, compared to the 20-year old boilers we are replacing. We have also organised hands-on training so tenants can get the most out of the new boiler."*

THE LOOK AND FEEL OF THE DOCUMENT

There is a wide variation in how self-assessments look and feel, from the relatively short and glossy to long, densely written and wordy documents. The best ones share the following characteristics:

- They are written in Plain English, explaining jargon and key business principles (such as benchmarking, quartiles, return on assets); they pass the 'average reader' test;
- They aren't too brief or over-long – around 15–25 pages seems about right;
- They are clear about the audience and take a broad view of who their stakeholders are (residents, councils, taxpayers, the wider community);
- They have a clear structure and are easily navigable; Regenda (see whole document)
- They make extensive use of data visualisation to communicate complex issues and make information accessible; Halton Housing Trust (see page 1/2) / Gateway HA (see whole document but especially pages 5/6/17) / Futures VFM Report (see whole document)
- They are brought to life with real-life examples and case studies. Futures Housing Group VFM Report (see whole document)

WHAT TO INCLUDE

A strong statement will cover the following ground:

- An 'Our association at a glance' to set the context for the reader;
- A working overall definition of VFM and a statement about what VFM means in practice, including its key drivers (for instance, to build more homes, to cushion the impact of rent convergence, to create headroom for community investment);
- A 'VFM highlights' or summary of VFM gains early on – we've included a template of the information you may want to include at Table 1 on page 37;
- An assessment of overall performance against the HCA requirements (e.g. traffic lights, checklist system); WM Housing Group (see whole document)/ SLH (see page 40) / Together Housing Group (see page 48)
- A summary of the Association's VFM strategy, including key themes and progress against targets; West Kent 12/13 (see whole document)/ North Lincolnshire Homes (see page 8)
- Evidence of how key corporate strategies such as procurement and treasury support VFM.

A strong statement will also address how VFM is being delivered, not just what. This means describing how VFM is embedded within the organisational culture; how the Board holds the Executive to account on VFM and champions the issue; how fiscal stewardship is exercised; and how staff contribute to maximising VFM.

Showing this graphically can make it less abstract. Housing & Care 21 (see page 6). The best statements can evidence:

- Clear Board ownership and oversight of VFM;
- How VFM is framed within the context of the corporate plan/strategy, describing how VFM is integral to delivering corporate targets; St. Vincents (see whole document) / Together Housing Group (see page 10) / SLH (see whole document)
- A systematic approach to VFM across all service areas and all key business streams, with ambitious targets set;
- A sound understanding of costs and performance in absolute and relative terms (benchmarking);
- How the Board has considered the opportunity-costs of decisions and has brought cost and quality into an appropriate balance;
- How the scrutiny function contributes to and sharpens the VFM focus, ideally illustrated with case studies. SLH (see page 35) / Saxon Weald Homes Group (see page 19/20)

A strong VFM Self-Assessment moreover looks forward as well as back, setting out future objectives alongside current and past-years' achievements, so communicating the VFM story over time. Radian (see page 1) City South Manchester (see page 25–29) / SLH (see page 38–39)

TELLING THE FULL VFM STORY

To communicate fully the VFM aspects of, for example, building new homes, a strong statement would take a broad view of value and may include:

- The part played by value to residents in specifying the quality of the scheme;
- How the cost of the scheme was minimised;
- How the homes perform against target margins/yields and how the approval process ensures VFM;
- How the tenure mix strengthens the association's overall financial position;
- Comparable grant levels;
- Any innovative techniques that have cut construction costs and time;
- Lower costs in use (evidenced by for instance build quality, design brief, SAP rating);
- The 'social dividend' represented by the discounted rent;
- Any awards or accreditations for the quality of new homes;
- The social value added through the development process (local labour, apprenticeships, training); Customer feedback.

COMPARISONS WITH OTHERS

Benchmarking data forms an integral part of a strong statement, showing the reader that the association has a clear understanding of its absolute and relative performance and how it is using this data to improve outcomes over time. You should use the range of data that works for you, with a strong statement giving an overview of performance across the business, including those areas that may not be doing so well.

Data will come from a variety of sources including combination of local benchmarking groups, HouseMark and comparison with the HCA Global Accounts and will include the three dimensions of value (cost, performance, customer satisfaction). Dashboards or graphics that plot cost and quality are a good way to make complex data accessible, while pinpointing where improvements are needed. Radian (see page 7) could include quadrants over time with commentary and future predictions (ASPIRE) West Kent (see page 18) / Gateway Housing Group (see page 7) / Futures Group VFM Report (see page 18)

Good comparative data will also include:

- Trends over longer term to show the direction of travel – ideally three years;
- A commentary that demonstrates an understanding of cost drivers;
- A range of critical financial ratios over time, comparing performance to HCA Global Accounts;
- Details of the peer group;
- Any external accreditations or awards to demonstrate quality. City West Homes (see page 8)

"Comparing ourselves with others is a key component in establishing where we need to focus our VFM efforts."

JOHN GIESEN, CHIEF EXECUTIVE, B3LIVING

A typical basket of comparisons will include a selection of the following.

Financial comparators

- Effective interest rate;
- Gearing ratio;
- Operating margin;
- Operating surplus;
- Debt per unit;
- Adjusted net leverage;
- EBITDA.

Operational Costs

- Management cost per unit;
- Maintenance cost per unit;
- Major works cost per unit;
- Operational cost per unit;
- Overheads as % of turnover;
- Cost per property of operations (rent collection, ASB, voids, lettings etc);
- Average cost per void;
- Average cost per repair.

Satisfaction

- Overall satisfaction;
- Satisfaction by service area;
- Satisfaction with neighbourhood, with home.

Performance

- Repairs – repairs completed at first visit, average completion time, average number of repairs per property;
- Voids – average relet time, void loss;
- Rents – rent arrears.

DEMONSTRATING VFM GAINS

The best statements are clear and up-front about achievements, and do not force the reader to search the document to identify VFM gains. Together HG (see page 11) Associations with a well-embedded VFM approach systematically record VFM gains throughout the year Chelmer HP VFM Log (see page 5), having set VFM targets and monitoring performance regularly. By contrast, weak statements appear to be little more than a few cost savings hastily cobbled together at year-end. Our experience of working with associations on VFM issues is that there are invariably many examples of good VFM already in operation but which have not been labelled as such. Putting in place an overarching strategic approach fixes this problem. Gains from treasury and procurement reviews should be included.

A list of savings is *not* a list of VFM gains. For example, if you have saved £50k but resident satisfaction has dipped by 12% as a consequence, this would not be seen as good value. Savings are a key outcome but they must be seen in triangulation with performance and quality. City South Manchester (see page 1) / Saxon Weald Swipe (see page 21) / Poplar HARCA VFM Gains (see page 13)

The overall sector approach to measuring VFM is becoming more sophisticated so, in order to demonstrate the VFM journey, it is useful to distinguish one-off savings from ongoing savings and to show savings over time. B3 Living (see page 9) However, unless VFM gains are recurring, take care not to repeat gains stated in the previous self-assessment or not to claim gains that have not yet materialised (for example, if you have relet a contract that may have started but the gains will fall in subsequent years.

DEMONSTRATING RETURN ON ASSETS

The sector is still grappling with the concept of return on assets and how best to interpret and present it. Associations have taken different approaches, including detailed return on assets metrics for each property type/activity over time; operating margins across activities; operating surplus; or a more qualitative narrative on asset management. There will be overlap here with the regulatory requirements concerning Asset and Liability Registers and stress testing. NHF Guide to Asset and Liability Registers and Stress Testing

Looking at return on physical assets, a strong statement would demonstrate a degree of granularity in understanding the performance of the stock. This means describing how factors such as stock condition and investment needs, maintenance costs, costs in use for tenants, local demographics and demand, impact on performance of the stock at area, neighbourhood or estate level. The more sophisticated approaches assign a Net Present Value (NPV) or sustainability index to every property. Incommunities (see page 17) / Rochdale Boroughwide Housing (see page 6)

A strong statement will demonstrate:

- An understanding of the issue and an understanding of where the association is on its journey to comprehensively address ROA;
- At the headline level, a strong command of how assets are being sweated to deliver maximum benefit to current and potential new residents;
- How data has been used to build a nuanced picture of stock performance;
- How decisions on assets (whether to invest, disinvest, hold or convert) have improved the overall performance of the portfolio over time, providing examples; Together HG (see page 35)
- How returns have been improved following stock investment programmes, with a focus on the wider benefits of investment, such as environmental benefits and lower costs in use.
- The HCA does not expect every association to have completed this level of analysis. It does however expect an understanding of the strengths and weaknesses of the current approach to assets and how this will improve over time.

"The better we understand the financial and qualitative performance of our assets the better we run our business"

CHARLOTTE NORMAN, CHIEF EXECUTIVE, ST VINCENT'S HOUSING ASSOCIATION

DEMONSTRATING RETURN ON ASSETS

WEAK Stock information is limited to a stock condition survey with little analysis of other factors; disposals and reinvestment are decided on the basis of anecdotal evidence, budgetary constraints or geography;

BETTER Evidence of a broad understanding of stock performance by area, estate, stock type or neighbourhood, with a plan for disposing of geographical and cost outliers;

BEST Detailed understanding of stock on a neighbourhood, estate or property level, with stock assigned an NPV or sustainability index; this has been used to inform an intelligent asset management strategy, with a clear rationale for invest/disinvest decisions and a plan/targets for under-performing assets.

DEMONSTRATING SOCIAL RETURN

Creating social value has been an integral function of PlaceShapers members for a long time and many will have a strong story to tell. A strong statement will:

- Present a clear picture of the social outcomes or value the association is looking to generate;
- Capture the full breadth and depth of commitment to social return (e.g. the social and economic impact; service quality; environmental impact; or financial benefits) North Lincolnshire Homes (see page 10);
- Evidence impacts, using social value tools such as HACT's Well-Being Index, the SROI or other output and outcome measures;
- Where relevant, identify where initiatives have led to savings for other public services such as the police and NHS; Poplar HARCA (see page 14); / Rochdale Borough Housing (see page 9);
- Include details of any leverage of external funds;
- Be specific about outcomes achieved (for example, the number of people into work following training, rather than just training places provided).

CREATING SOCIAL VALUE: THE FULL PICTURE

PlaceShapers members have a rich story to tell on how they create social value. This is likely to include:

- New homes built;
- Community investment made – with positive impacts on well-being, life skills or life opportunities such as education and employment outcomes;
- Employment and training opportunities/jobs or apprenticeships created; Together HG (see page 13)
- Reinvestment made in existing stock, particularly where this lowers costs in use for tenants (affordable warmth, fuel poverty); SLH (see page 32) / Together HG (see page 15)
- Service improvements made (increased performance or satisfaction);
- New services offered;
- Tenancy sustainment/support; Black Country Housing (see page 18)
- Aids and adaptations;
- Positive impacts achieved via engagement with residents both on services and for the involved residents.

FOLLOW THE MONEY

A strong VFM narrative will tell the story of how VFM gains have been used to achieve social value. This means that the reader can 'follow the money' and see how the association's overall vision, purpose and objectives are being furthered by making the service more efficient and effective. North Lincolnshire Homes (see page 10) / Poplar HARCA (see page 14–15)

ACCESSIBILITY

The regulator requires the Self-Assessment to be transparent and accessible to stakeholders. Associations have responded to this requirement differently, taking one of three approaches (our order from most to least preferable):

- Three documents: Summary in Financial Statements + VFM Self-Assessment + Resident Summary
- Two documents: Summary in Financial Statements + VFM Self-Assessment
- One document: Everything in the Financial Statements

Others supplement the regulatory requirement with VFM pages on their website where customers can follow the VFM story in detail. SLH / Radian

- It is not a requirement that the full self-assessment is published in the Financial Statements. Where a summary is included in the Financial Statements, there should be a direct hypertext link to the full document on the association's website.

HELPING PLACESHAPERS MAKE YOUR CASE ON VALUE FOR MONEY

The focus on VFM is only going to increase. The national VFM agenda is about cost reduction but the real picture is more complex. VFM is about making buildings, people and systems work more efficiently and effectively to provide homes and improve life opportunities for residents. The VFM Self-Assessment is an opportunity to show residents and stakeholders that you are working rigorously, innovatively and comprehensively to do that, using the same or fewer resources year on year.

PlaceShapers exists to make the case collectively for the great work done by community-based providers. You can help achieve this on VFM by pulling out from your VFM Self-Assessment a small amount of data and providing it to PlaceShapers in a simple list. We estimate that this will take less than an hour to do, and the same data can be used in the upfront summary of the self-assessment. The data you provide will facilitate the aggregation of cost savings, reinvestment outcomes and examples of good practice so that PlaceShapers' collective position on VFM reflects the great work that members do on the issue.

You can find the list we would ask you to send us at Table 2 on page 37.

TOP 10 DOS AND DON’TS

DO:

- Focus on outcomes rather than inputs and processes;
- Bear in mind that value is about the relationship of cost, performance and quality – repeatedly show that you understand this;
- Be clear and up-front about your VFM gains – and say how you have reinvested them;
- Embed VFM in your operations – it makes compiling the VFM Self-Assessment straightforward;
- Cover all the key areas in detail – no blind spots, no cherry-picking.

DON'T:

- Look around in April for examples of savings and call this your VFM Self-Assessment;
- Skate thinly over the subject – it is acceptable to be at an early stage of your VFM journey, providing you demonstrate that you understand your position and have plans to move forward;
- Make VFM an issue dealt with solely by the Finance team – there should be evidence of ownership from the Board and throughout all your key business streams;
- Think that a stand-alone VFM Strategy is enough – how the issue is embedded in operational activity is as important as the strategy;
- Ignore the work of others – all VFM Self-Assessments are on their organisations' websites, so read for inspiration.

Table 1: Demonstrating your VFM gains

Activity	VFM Gain 14/15	Future gains (if appropriate)	Value created
Reprocured day-to-day repairs contract	£275,000	£250,00 in 15/16	The contract measures performance using a 'right first time' approach and has already seen satisfaction increase by 8%
Retendered IT support contract	£15,000	–	The new contract gives us an improved response time at a reduced cost
Reduced sickness absence	£22,000	–	A lower absence level means that our staff are happier, more motivated and more available
Renegotiated loan agreements	£150,000	–	By saving this sum in interest charges we are able to reinvest part of this sum in our community development programme

Table 2: Aggregating Placeshapers data

Name	Turnover	Total efficiency gains in 14/15	New homes built	Jobs created	Investment in existing stock

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PlaceShapers
Local benefit, national impact

CAMPBELL TICKELL