

Value for Money Strategy




2023 - 2027






Value for Money (VfM) Within Orwell

Orwell's Vision, Mission and Values are articulated in the Strategic Plan 2023-2027 and this VfM Strategy is a key enabler to achieving our Vision and is inextricably linked to fulfilling our Strategic Plan. Through our VfM Strategy we will deliver our strategic objectives in the most economically sustainable, efficient and effective way.

Specifically:

-  Economic sustainability is about obtaining appropriate resources at best value, taking into account price, quantity and quality.
-  Efficiency is about productivity – achieving maximum output for any given set of inputs.
-  Effectiveness is about our measure of the impact achieved to obtain the intended result, which can be either quantitative or qualitative.

To deliver VfM, we will recognise the skills and resources available and deploy them to achieve optimal value – this will bear down on costs and generate higher surplus:

-  To invest in delivering more homes.
-  To invest in providing higher quality housing, care and support services.
-  Leading to greater financial resilience.

Therefore, not only is the VfM Strategy critical to our business, but it also reflects requirements set out in the Regulator of Social Housing's (RSH) 2018 VfM Standard and Code of Practice.

The VfM Strategy covers all areas of our business, so it will operate:

- ↗ At all levels of the business – VfM is not the job of nominated individuals within Orwell – it is the responsibility of every single employee.
- ↗ Throughout all of our processes and procedures – in particular, VfM is embedded in core operational strategies with a focus on people, procurement, treasury, asset management and investment in new homes.
- ↗ In all areas of the business, including all subsidiaries and other partnerships.

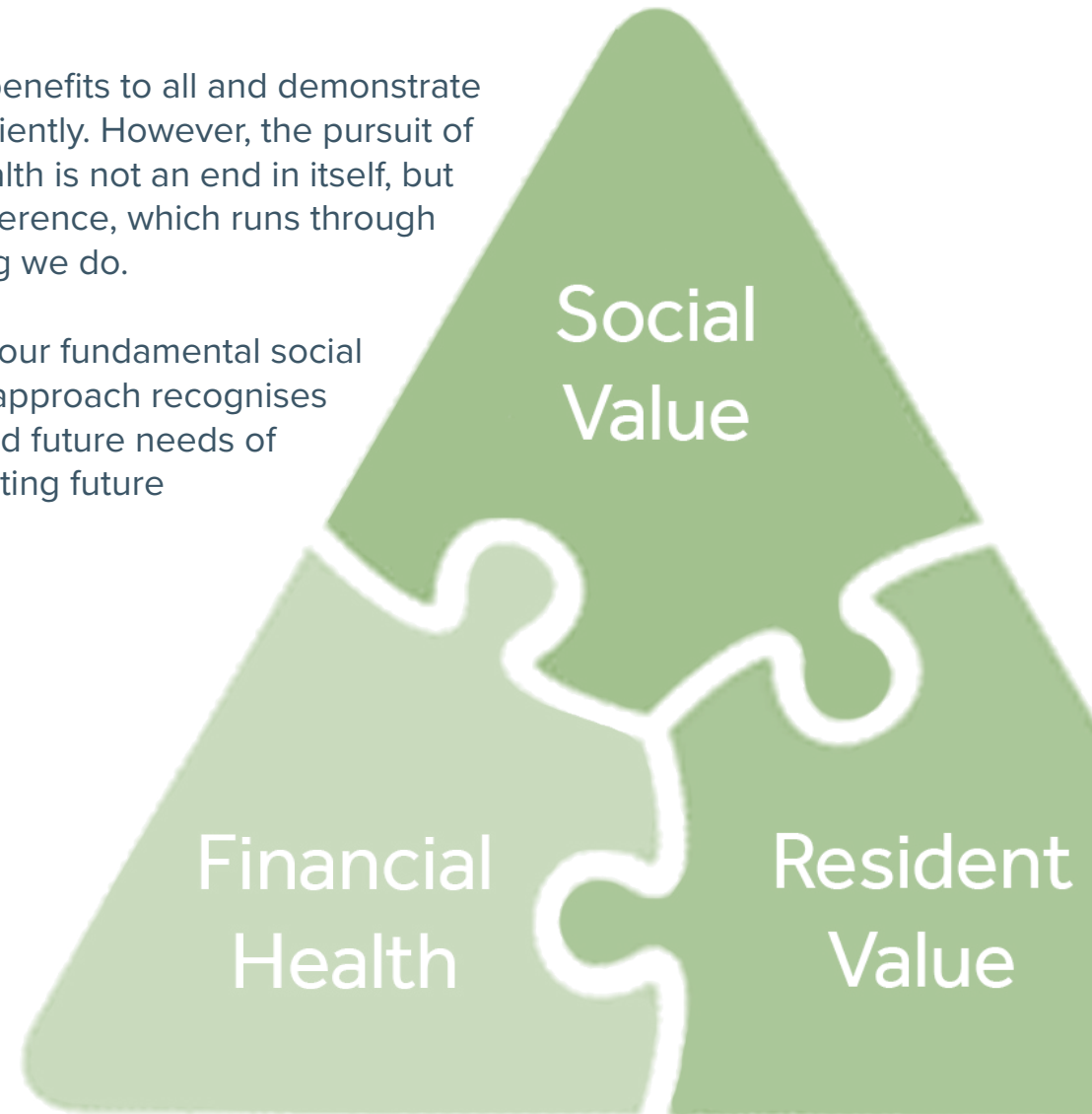


VfM Approach

Our approach to VfM Strategy balances financial health with our responsibilities to our customers and our social mission. It also recognises risk and would not seek to increase physical or financial risk in pursuit of VfM gains. For this reason and in recognition of a balanced risk/reward position, Treasury management is not included within this strategy and is monitored and reviewed separately by the Board.

As a social purpose business, our aim is to deliver measurable benefits to all and demonstrate that our skills and resources are being used effectively and efficiently. However, the pursuit of efficiency is not simply an exercise in cost cutting – financial health is not an end in itself, but complements and reinforces our social purpose of making a difference, which runs through our Model Rules, Strategic Plan and is fundamental to everything we do.

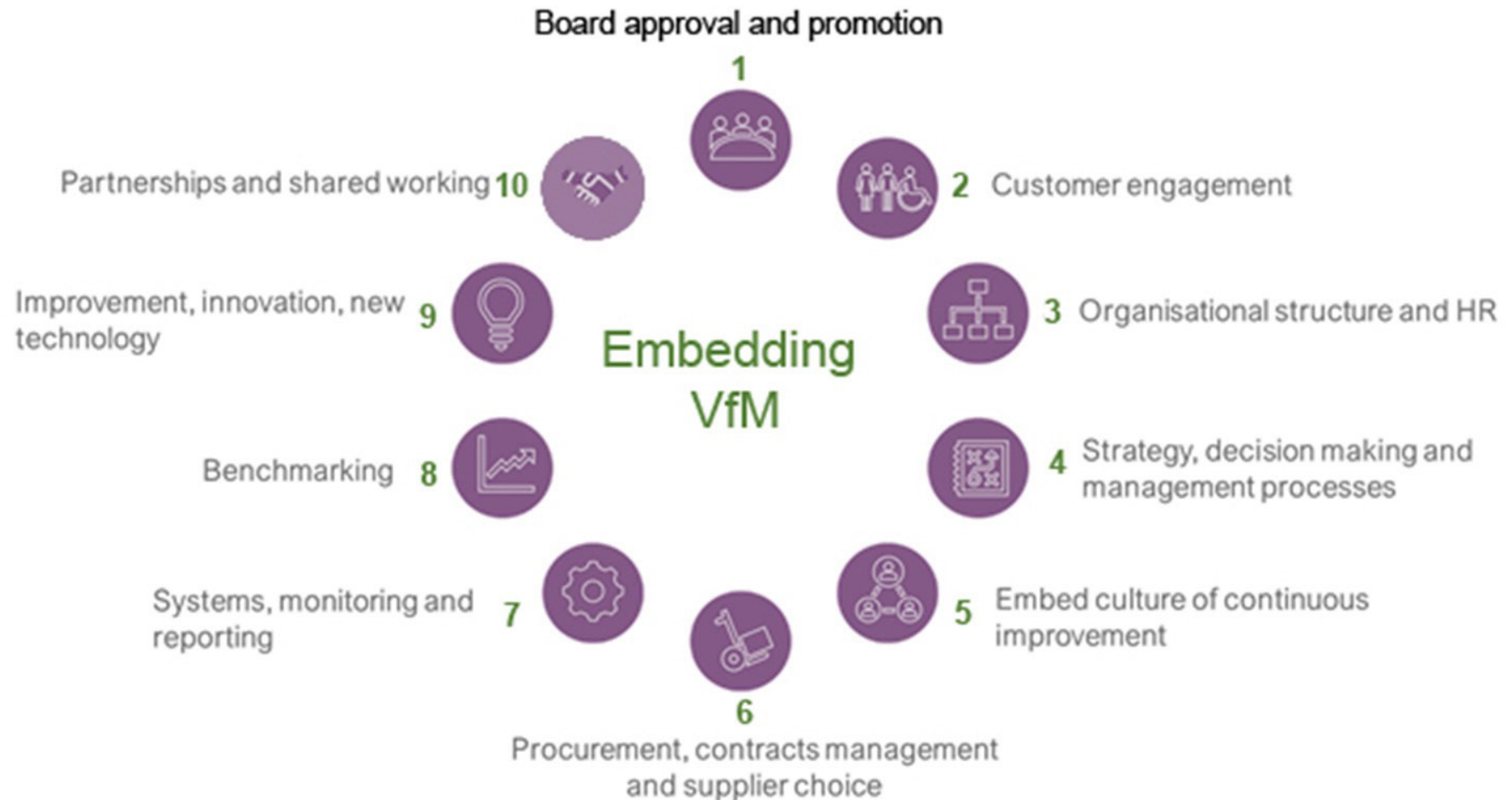
A holistic and balanced approach to VfM is taken, that supports our fundamental social purpose and strategic intent. The interconnected nature of this approach recognises both social and financial value and also balances the existing and future needs of our residents with the wider social value delivered, such as meeting future housing need and managing environmental impact.





How we will achieve our VfM objectives

The VfM Strategy is focused around delivering our Strategic Plan and is reliant upon meeting the ten VfM objectives central to our VfM Framework.



The overriding principle of our VfM Strategy is to drive efficient use of our skills and resources to deliver our Strategic Plan. Adherence to our ten VfM objectives will ensure the approach to VfM is comprehensive, rigorous and truly embedded at all levels of the organisation. The objectives are that:

- ✔ The Board agree and own the VfM Strategy, articulate general acceptance of its benefits and encourage strong commitment from employees, suppliers, etc.
- ✔ We engage with our customers, in agreeing the VfM Strategy and in considering VfM performance.
- ✔ We integrate VfM principles in developing an optimal organisational structure and in recruiting, retaining and rewarding employees, to provide the right level of service at the right cost.
- ✔ We ensure VfM is a key element of strategic planning, decision making and in existing management processes, for example, when considering new opportunities, appraisal of new developments and maximising return on investment.
- ✔ We appraise our operational effectiveness to promote a culture of continuous improvement within the business planning and budget processes, to maximise the efficiency and effectiveness of our use of skills and resources.
- ✔ We create additional value through procurement and contract management.
- ✔ We monitor the outcomes of our actions and customer satisfaction and demonstrate actively to both internal and external stakeholders the achievement of VfM in all activities undertaken throughout the business.
- ✔ We benchmark our activities and performance against a specially selected group of peers with similar activities.
- ✔ We continuously challenge current practices – apply lessons learned and adapt and innovate to improve performance and position Orwell to meet future challenges.
- ✔ We maximise our capacity to achieve our strategic objectives by working in partnerships.

How we will measure our VfM success

We will measure our success using both Sector standard VfM metrics as defined by the RSH and Sector Scorecard, together with our own measures of VfM aligned with the Strategic Plan 2023-2027. These are as shown in the tables below which include historic actual performance, a target for 2024 being the end of this strategy and a target for the end of this current year 2023.

STANDARD METRICS 2023						
	Actual	Actual	Target	Actual	Target	Target
Year Ending	Dec-20	Dec-21	Dec-22	Dec-22	Dec-23	Dec-24
RSH Metrics						
Metric 1 - Reinvestment %	6.5%	3.4%	6.5%	4.1%	4.8%	5.5%
Metric 2a - New supply delivered (Social Housing) %	1.4%	1.0%	2.6%	0.9%	2.3%	2.3%
Metric 2b - New supply delivered (Non-Social Housing) %	1.6%	0.1%	0.4%	0.4%	0.3%	0.6%
Metric 3 - Gearing %	38.5%	38.9%	39.5%	43.2%	39.4%	39.8%
Metric 4 - EBITDA MRI Interest Cover %	165.0%	207.4%	166.9%	169.3%	137.2%	166.2%
Metric 5 - Headline social housing cost per unit	£7,315	£8,735	£8,139	£9,954	£8,356	£7,713
Metric 6a - Operating margin (Social Housing Lettings) %	24.9%	21.5%	21.8%	20.4%	18.9%	19.3%
Metric 6b - Operating margin (Overall) %	15.3%	12.3%	13.1%	10.9%	12.7%	14.4%
Metric 7 - Return on capital employed %	2.4%	2.3%	2.4%	2.3%	2.3%	2.4%
Sector Scorecard Metrics						
Ratio of responsive repairs to planned maintenance	62.6%	127.6%	62.6%	90.8%	71.7%	75.0%

STANDARD METRICS 2023							
		Actual	Actual	Target	Actual	Target	Target
Year Ending	Owner	Dec-20	Dec-21	Dec-22	Dec-22	Dec-23	Dec-24
Objective 1 - Put our customers, our communities and our people at the heart of our organisation.							
Decrease in average cost per responsive repair compared to prior year (combined with achieving satisfaction target)	Steve Crissall - Assistant Director of Property and Construction	N/A	Inc 6.4%	Inc 6.0%	3.2%	Inc 7.9%	Inc 4.3%
Total business void loss %	Alice Moore - Customer and Communities Manager Andrew Regent - Supported Housing & Care Manager	2.3%	2.1%	1.8%	2.2%	2.0%	1.8%
Selling development services to e2 partners and others - actual surplus in year	Dawn Edwards - Development Manager	(£52K)	£140K	£35K	£29K	£8K	£9K
Objective 2 - Be a great employer, invest in our people and be somewhere people are proud to work.							
Care and Support Agency cost as a percentage of Care and Support income	Andrew Regent - Supported Housing & Care Manager	9.4%	11.1%	5.0%	11.1%	8.0%	7.0%
Total training expenditure as a % of salary cost	Diane Stirton - People & Culture Manager	N/A	2.1%	2.3%	1.4%	2.2%	2.3%
Objective 3 - Know our customers and provide a service driven by their voice.							
% of ORS repairs booked via self-service solutions	Steve Crissall - Assistant Director of Property and Construction	0%	1%	10%	1%	5%	25%
Social value - number of people in supported housing for who step-down/move-on accommodation is provided for by Orwell	Andrew Regent - Supported Housing & Care Manager	N/A	5	10	5	10	15
Tenancy Sustainment - the % number of people accessing the service where outcome is a tenancy sustained	Alice Moore - Customer and Communities Manager	N/A	83.5%	85.0%	89.0%	85.0%	90.0%
Objective 4 - Improve our efficiency, effectiveness and sustainability.							
Increase in contribution from Care and Support Services per customer compared to prior year	Andrew Regent - Supported Housing & Care Manager	N/A	Redn 3.6%	1.0%	Redn 1.7%	1.0%	1.0%
% decrease in Social Housing Lettings salary cost per unit of stock compared to prior year (whilst maintaining customer satisfaction)	Alice Moore - Customer and Communities Manager	N/A	Inc 11.0%	0.0%	Inc 2.3%	6.0%	1.5%
Unify the Property and Estates team and then use the dynamic scheduling system to improve % productive time to target levels as shown.	Steve Crissall - Assistant Director of Property and Construction	41.1%	51.6%	60%	58.3%	62.0%	65.0%

VfM roles, responsibilities and actions

Board

The Board has ultimate responsibility for VfM:

- Owning and approving the VfM Strategy.
- Delegating VfM delivery and targets.
- Monitoring VfM performance.
- The Board Performance Report includes a section on VfM and monitors the metrics included in this strategy.

The Executive Team (ET)

- Has responsibility for delivering VfM.
- Agrees annual VfM targets.

The Strategy and Performance Team

A multi-disciplinary Strategy and Performance Team (S&P) chaired by the Director of Resources and Growth, monitors VfM performance on an ongoing basis and reports to ET. The role of the S&P Team is to:

- Incorporate VfM into our core values.
- Ensure that the VfM Strategy accommodates the interest of all stakeholder interests, particularly our customers.
- Communicate the VfM Strategy to all employees and other stakeholders, demonstrating that VfM is taken seriously.
- Ensure all employees recognise their responsibility for pursuing VfM as a continuing obligation, shared by all employees who should endeavour to seek and achieve VfM in all activities and to bring to management's attention any opportunities for improvement.
- Draft annual VfM targets for agreement by ET.
- Draft an annual VfM action plan.
- Promote and disseminate case studies and good practice through internal communications.

VfM for large operational/project expenditure

- The Board Care and Support Tender Evaluation Group will scrutinise and evaluate rigorously all proposals for new and re-tendered Care and Support services.
- The Digital Project Group will scrutinise and evaluate rigorously all proposals for significant investment expenditure in IT, new technology and management and use of data, etc.
- As the need arises, we will convene other informal task and finish groups to scrutinise and evaluate rigorously all proposals for large and significant operational and project expenditure in the following areas:
 - Significant investment expenditure, as well as major disinvestment decisions in relation to property assets
 - Other areas of significant expenditure.
- Each informal task and finish group will include members of ET and lead officers from across the organisation, as appropriate.

All employees

- All managers have responsibility to maintain an awareness of good practices in their own area of operation and to ensure that they are followed appropriately.
- Through an ongoing campaign of continuous improvement, employees are encouraged to share their ideas of where efficiency gains can be achieved.
- All Job Descriptions within Orwell include reference to improving VfM.

Orwell Residents Group

- The all-important voice of customers is also encouraged through our Orwell Residents Group and other engagement initiatives.
- The Group commissions 3 service reviews per annum.
- The Group provides input to review of the VfM Strategy.

Suppliers, procurement and contractors

- Include a VfM section within our tender documents to achieve buy-in from suppliers and contractors to Orwell's VfM and social value.

Delivery plan for VfM

The 2023 delivery plan for enacting this VfM Strategy is detailed below.

VfM Heading	Action	Responsible	Due Date
1) Annual VfM Achievement Report.	Present to Board an Annual VfM Achievement report.	DoRG	B2
	Publish Annual VfM Achievement report on the intranet, Workplace and Orwell website.	DoRG	End April
2) Build a 30-year plan that supports delivery of the agreed VfM Strategy.	Incorporate VfM strategy planning and target setting for the RSH metrics as part of preparation of the 2022 30-year plan process.	DoRG	30/06/23
3) Ensure new business opportunities and one-off, large operational /project expenditure are subject to rigorous review.	Business cases for investment/divestment to include an evaluation of short-term costs of delivery and medium to long term cost savings in addition to considering VfM contribution to the business through efficiency and effectiveness.	DoRG	31/12/23
	Undertake post investment appraisal on completion of major projects, highlighting benefits realised versus project plan to ensure lessons learned are captured and shared for future projects.	DoRG	31/12/23

VfM Heading	Action	Responsible	Due Date
4) Incorporate VfM consideration in creation of the annual budget.	Incorporate VfM strategy planning and target setting for the RSH metrics as part of preparation of the 2024 budget.	DoRG	31/12/23
5) Benchmark VfM performance.	Strategic Plan Measures – work with Independent East and other similar Groups to collate benchmark information and provide meaningful comparison.	DoRG	31/12/23
	Investigate areas where the benchmarks suggest that we are underperforming.	DoRG	31/12/23
6) Agree and communicate new VfM Strategy 2024 - 2027.	Draft VfM Strategy reviewed by the Executive Team.	DoRG / ADoR	31/12/23
	Draft VfM Strategy for review by the Board.	DoRG / ADoR	31/12/23
	Liaise with engaged Customers to communicate and discuss our VfM Strategy and make changes as appropriate to amplify the customers' voice.	DoRG / ADoR	31/12/23
	VfM Strategy approved by the Board.	DoRG / ADoR	31/12/23
	Communicate VfM Strategy to management team.	DoRG / ADoR	31/12/23
	Launch the VfM Strategy on the Intranet, Workplace and publish on the Orwell website.	DoRG / ADoR	31/12/23



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comms@orwell-housing.co.uk
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