



PEAKS & PLAINS
Housing Trust

The Trust

Value for Money &
Social Value
Strategy

Version number:
V1

Effective Date:
27th November 2024

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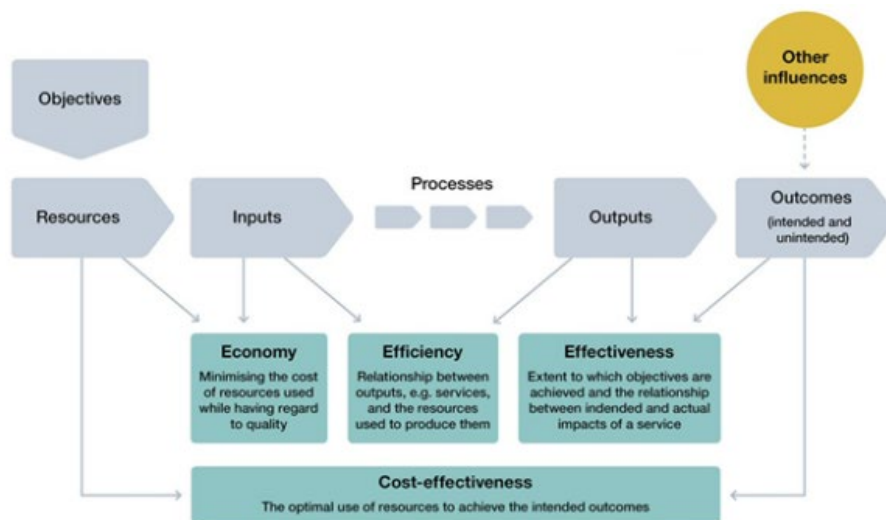
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1. INTRODUCTION & BACKGROUND

- 1.1 The purpose of this strategy is to create a vision for our approach because the Trust wants to ensure Value for Money (VfM) & Social Value is a high priority, promoted throughout the organisation and make sure that the tools to support, embed and deliver are in place and regularly reviewed.
- 1.2 VfM is a golden thread that runs through the Trust's corporate strategy, and the Board recognises the need to continue to improve value for money throughout the organisation, in order to deliver against our corporate objectives. Social Value i.e. the benefits and positive impacts that the Trust's activities bring to society and the community we serve, beyond direct financial gains is also crucial to our purpose of working together to provide safe homes and thriving communities.
- 1.3 The Trust has set out clear direction within its Corporate Plan on how it intends to deliver on its purpose, this is underpinned by our three key strategic priorities:
- Be a great landlord – Continue to put people and homes at the heart of all we do
 - Be a resilient organisation – spend rent wisely and show that we are a well run organisation
 - Create great places to live – create thriving neighbourhoods that customers are proud to call home.
- 1.4 Peaks & Plains is committed to providing high quality VfM services, and will seek to achieve more for less or more for the same, where VfM savings or efficiencies can be achieved. VfM should allow us to increase the investment we make in neighbourhoods and communities, sometimes financially but also in other terms so there is real impact and we make a real difference.
- 1.5 The Trust has previously had separate strategies for VfM and Social Value; as VfM and Social Value are intrinsically linked, the Trust felt that this should be reflected within an all-encompassing strategy.
- 1.6 The VfM and Social Value Strategy is agreed by the Board which also monitors performance to gain assurance that the strategy is being delivered.
- 1.7 The Trust's risk appetite for VfM is 'Open' meaning the Trust is willing to consider all options adopting those most likely to deliver success and reasonable VfM savings.

2. WHAT VALUE FOR MONEY & SOCIAL VALUE MEANS TO PEAKS & PLAINS

- 2.1 VfM is not about cutting cost, or the cheapest price; it is about achieving the best possible outcomes with the best use of finite resources. Achieving value for money is about achieving the 3 E's – Economy, Efficiency and Effectiveness. The traditional definition of VfM is demonstrated in the diagram below:



- 2.2 Specifically, Peaks and Plains defines the 3 E's as:
- 2.2.1 Economy – How we manage all costs coming into the Trust. This is achieved by effective business planning and budgeting and rigorous procurement.
 - 2.2.2 Efficiency – How we make the best use of our resources (time, money and people) and how we can continuously review and improve the way we do things. As well as improvement made in the course of normal business, this is delivered by completing service reviews and delivering against our service improvement plans.
 - 2.2.3 Effectiveness – How we achieve our overall objectives and meet tenants needs , it is about delivering the right outcomes. This is measured by the TSMs and other feedback from our customers.
- 2.3 For Peaks & Plains, Value for Money (VfM) is about being effective in how we plan, manage and operate our business. It means making the best use of the resources available to us to provide safe, quality homes in our communities backed by high quality services and support.
- 2.4 Social Value refers to the broader benefits and positive impacts that the Trust's activities bring to society and the community we serve, beyond direct financial gains. It provides an understanding of value in terms of considering how we can improve the economic, social and environmental wellbeing of an area through the services that we either deliver or procure.

3. LEGAL & REGULATORY REQUIREMENTS

- 3.1 The RSH determines the regulatory framework including the regulatory standards that social housing providers must meet. The Board is responsible for ensuring that the Trust meets these standards. The Value for Money Standard is one of three economic standards which are regulated (the other two standards being 'The Rent Standard' and 'The Governance and Financial Viability Standard'). The Value for Money standard sets out the following required outcomes and specific expectations.

- 3.2 Required Outcomes:
Registered providers must:
- a) *clearly articulate their strategic objectives*
 - b) *have an approach agreed by their board to achieving value for money in meeting these objectives and demonstrate their delivery of value for money to stakeholders*
 - c) *through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs*
 - d) *ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives.*

- 3.3 Specific expectations:
Registered providers must demonstrate:
- a) *a robust approach to achieving value for money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance*
 - b) *regular and appropriate consideration by the board of potential value for money gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures*
 - c) *consideration of value for money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case*
 - d) *that they have appropriate targets in place for measuring performance in achieving value for money in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets.*

Registered providers must annually publish evidence in the statutory accounts to enable stakeholders to understand the provider's:

- a) *performance against its own value for money targets and any metrics set out by the regulator, and how that performance compares to peers*
- b) *measurable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this.*

- 3.4 The Trust's approach to social value is underpinned by The Public Services (Social Value) Act 2012 which came into force in January 2013 and requires 'public authorities to have regard to economic, social and environmental well-being' when procuring public services contracts.

4. OBJECTIVES

- 4.1 The aim of this strategy is to deliver the strategic priorities by continuing to improve our understanding of the Trust's costs, performance and quality of services and by taking action to ensure that the right balance is achieved. This strategy and the associated action plan is intended to follow on from previous strategies, building upon the progress already made.

4.2 Taking account of the Trust’s current position and its corporate vision for 2028, the VfM and Social Value objectives of the Trust are to:

- Deliver more affordable and social rented homes which are energy efficient and help to create sustainable communities, where necessary, we will also develop other tenures in order to support this.
- Ensure that the value of our assets and the costs relating to them are well understood and that decisions for investment take both into account. Our approach will detail plans for improving the net present value of our stock portfolio through investment, divestment or tenure change.
- Ensure procurement is planned effectively to secure cost savings and/or better services and that social value is considered from the outset, promoting the use of local businesses.
- Maintain and deliver against a register of service improvement plan actions, to identify and generate VFM.
- Direct resources balanced between frontline services, maintaining existing assets and providing new homes.
- Embed a VfM culture throughout the organisation. We recognise our people are vital to our success as an organisation and to our ability to identify and deliver VfM across the Trust (Bright Ideas and VFM Submissions)
- Enhance tenant engagement in our Value for Money strategy by integrating customer voice and leveraging customer data to increase awareness, understanding, and drive improvements in The Trust's Value for Money and social value approach whilst maintaining customer satisfaction levels.
- Strengthen our approach to job costing in our repairs and maintenance services to ensure it is robust and enables us to target savings.
- Look to increase digital choice and digitalised services in order to deliver improved operational efficiency for our customers, whilst recognising that digital access will not suit everyone and a range of access methods will always be available.
- Invest in commercial activity in order to generate a return, to fund further investment in the services we provide to our customers
- Continue to develop partnerships with local authorities, businesses and VCSEs (voluntary, community and social enterprises) to collaborate on and deliver social value.
- Support in the promotion and growth of local skills and employment working with local schools and increasing opportunities for apprenticeships.
- Working with our customers, contractors and local partners to encourage healthier, safer and more resilient communities, supporting our most vulnerable and isolated people.
- Greater transparency around VfM and Social Value – demonstrating value to customers and stakeholders with clear reporting across the organisation, including the reporting of Environmental, Social and Governance performance of the Trust.

5. DELIVERY AND IMPLEMENTATION

5.1 The Trust will continue to report on the Value for Money metrics set by the Regulator of Social Housing as detailed in Appendix 1.

- 5.2 In addition to the VfM metrics which will be reported regularly to the Board as part of the Management Accounts, the Trust will measure other indicators such as detailed within the second table of Appendix 1.
- 5.3 We will ensure that the KPIs chosen for regular reporting to the Board or committees indicate delivery of VfM. The ambition of the targets being set, the rigour in which performance against them is monitored and the way they compare with others will all impact on our VfM delivery.
- 5.4 Following on from the previous Social Value Strategy, the Trust will continue to use the metrics within the Social Value TOM system (the UK standard for Social Value measurement) whilst also reviewing other models available for reporting achievement of social value.
- 5.5 VfM and Social Value forms a key part of our procurement strategy. One of the main objectives of the procurement strategy is to achieve VfM in the provision of goods and services. This is built into the processes for reviewing all tenders received by the Trust. The Procurement function will maintain a procurement pipeline of activity, which includes involvement with customers, to ensure sufficient time is given to the process to enable us to maximise VfM.
- 5.6 For procurements where the contract value is over £50,000, a minimum weighting of 10% of the overall quality score will be applied to the tender evaluation and the delivery of any commitments made to the delivery of social value in contracts will be monitored by the contract manager.
- 5.7 We control costs and increase margins by clearly articulating service standards and expectations. This brings a degree of consistency and cost predictability. VfM is about the balance between cost and outcome, so our aim is to deliver enhanced outcomes whilst reducing cost. Regularly reviewing our internal processes and agreed service improvements will enable us to ensure service standards and expectations are being met at an appropriate cost.
- 5.8 Key Board decisions with VfM implications will be informed by an impact summary included in each Board report which summarises the VfM implications. The Board will challenge whether there has been a rigorous option appraisal taking sufficient account of costs and outcomes.
- 5.6 We will seek to both learn from others (e.g. through benchmarking or good practice) and work in partnership with other organisations (e.g. through procurement clubs, joint procurement etc.) where we believe this will bring benefits such as cost savings and/or improvements to services.
- 5.7 This strategy will be reviewed in 3 years, unless there are changes to regulation or process that require it to be changed more frequently.

6. EQUALITY, DIVERSITY & INCLUSION

- 6.1 An equality impact assessment for this strategy did not identify any ways in which the strategy would have any foreseeable negative or adverse effect on any groups.
- 6.2 In line with the Trust's Equality, Diversity and Inclusion Strategy, the Trust's procurement exercises have been improved to identify our suppliers and contractors' commitment to equality, diversity and inclusion.

7. RESPONSIBILITIES

7.1 Board

The Board has ultimate responsibility for VfM and social value and is responsible for:

- Approving the Trust's VfM and Social Value Strategy and action plan.
- Agreeing targets in relation to VfM ensuring that general key performance indicators (KPIs) indicate delivery of VfM.
- Monitoring the implementation of the action plan and achievement of VfM targets, receiving reports on these at least annually.
- Receiving and reviewing an annual summary of VfM and social value performance for inclusion (in full or in summary) in the annual accounts.
- Ensuring that the Trust has effective arrangements in place to meet the regulatory requirements in relation to VfM and social value, including annual review and approval of a self-assessment of compliance with the VfM standard and receiving and reviewing any related reports.
- Certifying compliance with the VfM standards set by the Regulator of Social Housing, including specific 'sign off' of any VfM submissions to be made to the Regulator.

7.2 Value for Money Steering Group is responsible for:

- Monitoring progress against the VfM and Social Value Strategy action plan.
- Triaging bright ideas to identify the best areas of the business to assess them and provide challenge to the responses of bright ideas, as appropriate.
- Monitoring the implementation of Bright Ideas and reporting on progress to SMT and the whole Trust via TeamApp posts, and annually to the Board.
- Setting and recommending to the Board, targets for VfM across the business, and for monitoring those targets throughout the year.
- Reviewing any identification of savings & efficiencies, ensuring that these have been correctly recorded and reported.
- Undertaking the annual assessment of the Trust against the VfM Standard, and reporting this to the Trust's Board annually.

- 7.3 **Executive Management Team is responsible for:**
- Challenging all staff that Value for Money has been considered in any reports and decisions.
 - Approving the Service Improvement Plan actions to be completed each year and challenging VfM outcomes of actions.
 - Consideration of value for money across the whole business including an agreed approach to investment in non-social housing activity.
 - Sign off of the annual ESG report.

- 7.4 **Managers are responsible for:**
- Ensuring the Value for Money culture is embedded within their teams and included as a standard agenda item within team meetings
 - Leading on the review of services and processes, the identification of VfM savings and efficiencies and the implementation of service improvements.
 - Ensuring all reports consider VfM.
 - Embedding a VfM culture
 - Ensuring social value is included in all procurements where the contract value is over £50,000.
 - Ensuring that through effective contract management, social value contract commitments are delivered.

- 7.5 **The Business Assurance Team are responsible for:**
- Oversight of the donations received from contractors and ensuring donations are spent well.
 - Liaising between the Trust and key stakeholders in communities to identify social value priorities.

- 7.6 **The HR team are responsible for:**
- Coordinating between local schools, colleges and the Trust on apprenticeships, mentoring and work experience opportunities.

- 7.7 **All Staff are responsible for:**
- Ensuring they have read and understood the strategy
 - Considering VfM in all activities they undertake
 - Reporting any VfM delivered or contribute ideas for improving VfM to the VfM Steering Group via the VfM/Bright Ideas form.
 - Contributing to the delivery of social value outcomes.

8. ASSOCIATED DOCUMENTS

Value for Money and Social Value is a golden thread that runs through our corporate plan and subsequent strategies; in addition to the Trusts strategies other key documents are:.

- Procurement Policy
- Bright ideas form

POLICY INFORMATION

Policy Name:	VfM & Social Value Strategy
Status:	Final/Approved
Approved by:	PPHT Board
Drafted By:	Sarah Hogg-Robinson, Head of Business Assurance
Date approved:	26 th November 2024
Next Review Date:	November 2027

Appendix 1: Performance Indicators

VFM metrics

	2023 Group	2024 Group	2025 Group	2026 Group	2027 Group
	Actual	Actual	Budget	Budget	Budget
Metric 1 – Reinvestment %	6.59%	13.19%	20.67%	18.92%	14.15%
Metric 2 – New supply delivered %					
A. New supply delivered (Social housing units)	1.28%	0.46%	0.30%	2.07%	1.16%
B. New supply delivered (Non-social housing units)	0.09%	0.15%	0.00%	0.00%	0.00%
Metric 3 – Gearing %	51.14%	48.85%	56.00%	60.00%	62.00%
Metric 4 – Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %	67.57%	105.23%	27%	21%	-18%
Metric 5 – Headline social housing cost per unit (£'000)	4.52	5.07	5.91	6.09	6.84
Metric 6 – Operating Margin %					
A. Operating Margin (social housing lettings only)	22.46%	25.84%	18.13%	23.00%	21.85%
B. Operating Margin (overall)	22.59%	26.50%	19.65%	23.12%	21.34%
Metric 7 – Return on capital employed (ROCE)	4.86%	4.65%	3.50%	3.79%	3.38%

Board Measured Vfm Indicators

BOARD MEASURED Vfm INDICATORS	2022/23 Result	2023/24 Results	2024/25 Target
Rent Collection %	99.3%	100.4%	99.45%
Unpaid rent represents lost value and impacts surpluses, only by maintaining high levels of rent collection can the Group deliver against its corporate plan.			
New Home Completions	67	34	50
Other ways we measure to make sure we are delivering new homes to help improve more lives.			
Average responsive repair costs	£164	£138	£170
Average planned repair costs	£304	£582	£575
Average void cost	£1,893	£2,307	£2,300
The Group has introduced measures to understand the cost of the repairs and maintenance functions, ensuring we deliver a value for money service this enables us to deliver against all of our strategic objectives.			
Asset performance against NPV	£10,230	£6,877	n/a
The Group use the Social Housing Asset Performance Evaluation (SHAPE) model to measure the average asset performance for the Trust, to ensure optimal benefit is derived from its assets.			