

## Value for Money Framework

### 1.0 Aim / Purpose of the Framework

- 1.1 Coastline Housing Group has both an ethical and regulatory responsibility to ensure optimal use of resources in the pursuit of our stated charitable aims.
- 1.2 There is no separate VfM strategy, because it is essentially the Corporate Plan, which drives the strategies we have in place across different strands of our business, for example: Customer First Access Strategy, Asset Management Strategy, Finance Strategy and HR Strategy all of which have value for money embedded within them.
- 1.3 This framework seeks to provide a single point of reference for how these responsibilities are translated into how Coastline goes about its strategic and day to day business.
- 1.4 Seeing value for money as embedded in everything we do as opposed to a separate business function is the reason that this collection of guidance and principles is produced as a framework rather than a strategy or policy but has been produced in the same format as policies for ease of reference and clarity.
- 1.5 To deliver value for money, Coastline must continually look at how resources are used to improve how the organisation operates. When viewed in this way, it is clear that value for money is not a standalone activity, but something that is intrinsic to all core activities and decision making processes. There is no single policy or strategy that sets out how value for money will be achieved, although the various threads are pulled together in the corporate plan, and there is a particularly strong link with performance management and improvement processes.

### 2.0 Background / Introduction

- 2.1 Coastline Board and Management have considered our approach to VfM and have developed this framework to articulate our vision for how value for money is achieved and evidenced.
- 2.2 This framework (or policy) applies across the whole of Coastline operations irrespective of the corporate or contractual structures that may be deployed as part of Coastline's tax strategy or other risk mitigation measures.
- 2.3 This version of the framework follows on from the original produced in 2012 which has been through a number of revisions most recently in 2016 and seeks to further embed the Regulator for Social Housing's approach in assessing Value for Money and guidance from the Charities commission.

### 3.0 Legislation, Statutory Regulatory duties & references

- 3.1 The key regulatory requirement currently is driven by one of the Economic Standards of the Regulator for Social Housing (RSH). The Value for Money Standard [RSH VfM Standard April 2018](#), sets out the required outcomes and specific expectations.
- 3.2 The standard clearly states that management must 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 of the standard include:

- a robust approach to achieving value for money
- regular and appropriate consideration by the board of potential value for money gains
- consideration of value for money across their whole business
- 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

3.4 The other key documents in relation to VfM from a regulatory perspective are:

- [VfM Code of Practice April 2018.pdf](#)
- [Technical Note VfM Metrics April 2018.pdf](#)
- [Annex to VfM Metrics Technical Note - FVA lines.pdf](#)
- [VfM metrics Summary report - Sept 2018.pdf](#)
- [VfM metrics Technical regression report - Sept 2018.pdf](#)
- [Global Accounts data by provider](#)

#### 4.0 VfM Framework Objectives, Expectations and Outcomes

##### 4.1 Framework objectives

To achieve the aim, the objectives of the framework are to:

- Develop our use of business intelligence to inform our decisions better - understanding our cost drivers, how these relate to performance and compare to others;
- Integrate value for money principles within existing governance, management, strategic and operational planning and review processes;
- Ensure all staff understand what value for money is and how this can be achieved and are enabled and encouraged to seek value for money as part of their routine activities;
- Improve our approach to procurement and obtain maximum benefit (including, where relevant, enhanced social value) from goods and services procured;
- Promote and embed a culture of continuous improvement and value for money;
- Actively demonstrate our commitment to value for money to all stakeholders.

##### 4.2 Expectations and outcomes

- The Corporate Plan sets out a range of measurable outcomes and progress against these is reported three times a year to the Board and Annually to stakeholders as part of the Strategic Review in the Statutory Accounts.
- There are specific measurable objectives outlined in the Performance Improvement Plan (PIP) and these are reviewed and published on an annual basis.
- Performance against regulatory VfM Metrics and commentary is included in the statutory accounts and business plan on an annual basis.
- Operational strategies have annual targets or work packages which have progress reports to Board, Committee and Executive Team as appropriate.
- Key dynamic measures are reported and commented on as part of the Group Finance and Performance report which is reviewed by the Senior Leadership team and reported to Board

4.3 Strong and effective management is integral in the process of delivering and improving business productivity. For Coastline this aim is embedded within the corporate objectives through the expectation of increased growth in units with limited expectations of staffing increases. A key part of this is achieving continuous improvement and excellence in running the business, essentially improving 'value for money'.

4.4 Value for money contributes to both sustaining financial viability and maintaining and improving customer and stakeholder satisfaction. Value for money can also release resources for future investment in new homes and a range of related services. This is

particularly relevant as the social housing sector continues to experience significant changes in the way it is both funded and regulated against a backdrop of continuing economic uncertainty, increased risk and increased market competition, particularly (but not exclusively) for those organisations with an active development programme like Coastline and for those providing care and support services such as Homelessness, Extra Care, Older Persons Accommodation and wider community based initiatives.

- 4.5 To deliver value for money, Coastline must continually look at how resources are used to improve how the organisation operates. When viewed in this way, it is clear that value for money is not a standalone activity, but something that is intrinsic to all core activities and decision making processes. There is no single policy or strategy that sets out how value for money will be achieved, although the various threads are pulled together in the corporate plan, and there is a particularly strong link with performance management and improvement processes.
- 4.6 This framework therefore does not aim to duplicate what is already in place in other parts of the organisation, for example the Group Performance Management Procedures (appendix A). Rather the focus is on how Coastline ensures that appropriate data is available (to inform improvement and to evidence results) and on how value for money thinking can continue to be embedded across the organisation, being “part of the day job”, with board members, managers and staff continually looking at ways to target resources more efficiently and effectively.
- 4.7 Procurement of services, materials and consultancy are all areas where Value for Money should be demonstrated via the procurement process and further details of Coastline’s approach to procurement are covered in the following (hyperlinks provided):
- [Group Contract Standing Orders](#)
  - [Group Standing Orders](#)
  - [Group Financial Regulations](#)
  - [Group Procurement Strategy](#)
  - [Procurement Toolkit \(including tendering procedures and quick guides\)](#)

## 5.0 Definition and Assessment of Value for Money

### 5.1 Definition

5.1.1 Good value for money is the optimal use of resources to achieve the intended outcomes. ‘Optimal’ means ‘the most desirable possible given expressed or implied restrictions or constraints’. Value for money is not about achieving the lowest initial price.

### 5.2 Assessing value for money

5.2.1 The National Audit Office (NAO) uses three criteria to assess the value for money of government spending i.e. the optimal use of resources to achieve the intended outcomes :

5.2.2 Economy: minimising the cost of resources used or required (inputs) – spending less;

5.2.3 Efficiency: the relationship between the output from goods or services and the resources to produce them – spending well; and

5.2.4 Effectiveness: the relationship between the intended and actual results of spending (outcomes) – spending wisely and ensuring that outcomes link directly to objectives set out in the organisation’s Corporate Plan

5.2.5 Besides these three ‘E’s, a fourth ‘E’ is applied in some places:

Equity: the extent to which services are available to and reach all people that they are intended to – spending fairly. Some people may receive differing levels of service for reasons other than differences in their levels of need.

For example:

- the cost and level of provision of a service is more for one group of people than that for another group of people with similar needs;
- some people cannot reach, see, hear or use a service;
- the service may be unsuitable for some people's specific needs;
- a service is provided in a language that some people do not speak or terms they do not understand; or
- some people are unaware that the service is available to them.

5.2.6 In addition to these components consideration of a further E – Environment (impact on both the local community and the wider natural environment taking account of sustainability and the longer term effect of decisions) - should be included in value for money assessments as should Social Value.

5.2.7 Increased value for money can be achieved by:

- Reducing costs for the same outputs;
- Reducing inputs for the same outputs;
- Obtaining greater outputs or improved quality for the same inputs; or
- Obtaining proportionally more outputs or improved quality or better outcomes in return for an increase in resources.

## 6.0 Key Reporting requirements

6.1 The regulatory requirement to report on the VfM metrics is a minimum expectation and the Board approach to VfM is led at a strategic level via the following:

Setting specific measurable targets within the Corporate Plan

Linking the corporate plan targets to financial metrics and performance expectations in the Business Plan

Setting annual targets for performance and delivery as part of the annual budget and performance improvement plan

Linking key operational strategies to delivery of elements of the Corporate Plan

6.2 Performance and progress towards meeting the targets outlined above is reported to Board and Committee with the following as a minimum to gain assurance on delivery:

Corporate plan progress – reported three times a year to Board and reported annually in Statutory accounts as part of the Board's chosen metrics for measuring VfM

Financial and operational performance – reported monthly to Board and annually as part of the statutory accounts

Business Plan review – update reported to each Property and Investment Committee

Operational strategies – reported as appropriate to Board and Committee

6.3 The Board have selected a South West peer group to benchmark performance against as the geographical impacts of operation and the Annual Survey of Hours and Earning (ASHE) regional pay index. It currently comprises 22 organisations (based on the 2018 global accounts data) and excludes two providers who have a higher than average level of either Supported Housing or Housing for Older people. The exclusion of these two reflects the work of the RSH and their report on regression analysis which demonstrated that organisations with high levels of housing of this nature have higher cost bases.

6.4 The reference peer group will be subject to change as corporate entities combine or to reflect new entrants. The key requirements for the peer group are:

- South West operations

- Proportion of trading activities is broadly consistent with Coastline's

In addition to this the requirement is to always use a consolidated data set in preference to entity level to remove any intercompany trading anomalies.

- 6.5 In addition to the South West peer group performance should also be assessed on national averages to assist in understanding Coastline's performance in relation to both.
- 6.6 On an annual basis (programmed to be Q2 each year) the Director of Finance & ICT will provide a summary report to the Property and Investment Committee on levels of spend by contractor and by type where possible. This information will also be linked to the Contracts Register and used to assist in developing and delivering the Group's strategic approach to procurement.
- 6.7 In addition to the above the Board annually review the Sector Scorecard requirements and report performance on both of these to Stakeholders via the Statutory Accounts and Annual Report.

#### 7.0 **Cross reference / working in partnership / inks to other Policies**

- 7.1 Value for money is linked with our Corporate and Business Plans, our key business strategies and plans, our performance management arrangements and our service reviews to ensure that it is embedded across the organisation. External factors such as customer choice and regulatory and statutory requirements are also taken into account. These relationships are set out in more detail in the paragraphs that follow.

#### 7.2 Corporate plan

This sets our strategic direction. Objectives are set to be stretching while being achievable and are regularly monitored and challenged to ensure they remain relevant and appropriate to our business and our stakeholders. A highly focussed approach to value for money will underpin the achievement of Corporate Plan targets, driving customer satisfaction and profitability, and increasing the capacity of the organisation to deliver more to meet the requirements of its various stakeholders.

#### 7.3 Business (financial) plan

This is our long term plan which sets out the financial limits within which we operate and which can also be used to measure our performance and achievement of efficiency targets. In addition, our annual budget process provides an opportunity to review costs and identify the potential for reducing these. Any new initiatives (referred to as growth bids) which require funding need a robust business case

#### 7.4 Group Procurement strategy

This includes the framework for achieving value for money when procuring goods and services e.g. tendering, exploration of partnering arrangements and other forms of collaborative working, e-procurement, and assessment criteria including social value

#### 7.5 Human Resources (HR) strategy

This aims to build the capacity and competence of Coastline staff. It sets out how we will ensure we have the right people with the appropriate skills and experience in place in the correct numbers and working on those things which are necessary to deliver excellent services to our customers alongside ensuring that our business objectives are met and our legal and statutory responsibilities are fulfilled. The strategy emphasises the need for managers and staff to be more customer focussed and to work in ways which are more evidence and knowledge based, more commercial and more outcome focussed – all of which will help strengthen our drive to deliver and demonstrate value for money.

7.6 Volunteer Policy

Coastline Housing Ltd encourages volunteering in all areas of the organisation. It recognises and appreciates the positive contribution volunteers can make to the organisation and that volunteering can help individuals reach their own personal development goals.

7.7 The other key strategies where value for money is embedded as part of our overall approach to strategic work are:

- Asset Management Strategy
- Repairs and Maintenance Strategy
- Income Strategy
- Homes & Communities Strategy
- Customer First Access Strategy
- Development Strategy
- Finance Strategy
- ICT Strategy

Appendix A – Group Performance Management Procedures (formerly Framework)