



# Value for Money Strategy

2023 - 2028



# Our approach to business effectiveness

## Introduction

Value for Money (VFM) is important for any organisation but particularly for housing associations which are using public funds and income from residents and customers to fund services and new housing developments.

At Plymouth Community Homes (PCH) we regard our residents as our main stakeholders, and we owe it to them to spend money wisely so that we can provide high quality services to at a cost-effective price.

However, we are also concerned with the wider context of value for money in terms of social value and community impact across Plymouth and our other areas of operation, for example placemaking and how we support local businesses to succeed through our spending.







# What does value for money mean to PCH?

Our mission is to provide a high-quality affordable home for everyone because we believe that everyone has a right to a clean, comfortable, safe, and secure affordable place to live. This is why we are here, and this is what we do.

Value for money at PCH is quite simply about delivering our strategic priorities, whilst making best use of our assets, resources, and expertise in a cost effective, customer focused and efficient way.

## Our agreed strategic priorities are:



In delivering Value for Money, we aim to achieve the following objectives:

- Provide the right homes, the right services and to the right quality.
- Manage our assets effectively and efficiently.
- Work effectively with our supply chain.
- Maximise opportunities for adding social value.

# How will we deliver value for money?

Our strategic objectives are underpinned by a range of activities identified through business planning processes and are part of our five-year plan. We have engaged with stakeholders, in particular our residents, to establish these principles and activities. In this way, we are clear that the delivery of these activities supports stakeholder needs and ambitions.

The most significant aspect of value for money is the rents we charge as a social landlord. It is essential now more than ever that our rents are affordable to tenants as the cost of living continues to increase and that we offer good value for money to the taxpayer, recognising that the majority of our income is through welfare benefits or Government grants for development and capital works to the homes.

However, it is a fine balance between remaining affordable for tenants and having enough resources to achieve our strategic objectives. Due to changes in Government rent policy, Plymouth Community Homes' rents are the lowest in Plymouth compared to other social landlords and there remains scope to increase our rents to similar levels in our areas of operation when a home becomes vacant. This is done with resident affordability in mind, balanced with the need to increase rents in order to finance our ambitions.

We have a commercial property portfolio, where we seek to maximise income and achieve higher financial returns and we have started to develop homes for open market sale to support development of social housing and investment in services for residents.

We focus our investment on delivery of our strategic objectives, and use a range of tools, including performance and benchmarking information, to apportion resources across these activities. VFM can only be delivered if our strategies are aligned to an approach that assists us in delivering our purpose and the associated outcomes.

The strategic framework for delivery of VFM includes:

- Strategic asset management
- Supported housing
- Tenancy management and sustainment
- Treasury management
- Risk management
- Supply chain management
- Development
- Digitisation of services
- Branding and reputation
- Employee engagement
- Regulation
- Business diversification

A key part of delivering value for money means that we will target and prioritise investment in all of our resources in a way that helps to deliver our strategic objectives. This includes the homes and the people that help to deliver our key activities and means ensuring that we are clear about the costs associated with running our organisation and the expected outputs to deliver an effective social business.

We use a number of golden rules within our treasury management activities which assists in promoting financial stability, and covers key areas such as liquidity management, risk management, debt management, investment management and compliance and governance. We manage interest costs within the above framework to minimise cost as far as possible however the priority is to manage the risks.





## Objective One

# Provide the right homes, the right services, to the right quality at the right price.

This means having the right tenure mix of homes for modern housing need, delivering the right services as required by residents and other stakeholders and to the expected quality. We regularly engage with residents and other stakeholders such as Local Authorities to understand what the housing need is within our areas of operation and what aspirations people have for their home through residents' design conferences. We also engage at local level where works or major changes are planned within specific neighbourhoods, so we have clarity on resident aspirations for their area.

To deliver value for money we need a motivated and productive workforce, with the appropriate skills and support to deliver agreed activities along with clear business processes to achieve consistent, high-quality services for residents. This is mainly achieved through implementation of our people strategy which sets out how we recruit and retain high quality talent into the organisation and is complemented by a behavioural framework which specifically references that employees should be looking for improvements that improve processes and systems in order that we deliver our strategic objectives.

We measure service quality and costs through a mixture of business metrics and customer satisfaction and perception measures which are reported to a wide range of audiences from the Board through to individual level and used to drive up performance.

Throughout the year we compare ourselves to others within the sector through benchmarking and we have an aim in our strategic business plan to be in the top 25% across all Tenant Satisfaction Measures by 2028.



## Objective Two

# Manage our assets effectively and efficiently.

Our asset management strategy provides a framework for how we will manage our current and future housing assets. The principle of our asset management strategy is to ensure that all aspects of delivery from new build, improvement, repair, and cyclical maintenance are integrated into an investment model and will consider each asset's environmental, economic, and social value to the organisation. As we are an organisation with a social purpose, our asset management approach should also include consideration of how investment works can support residents to run their homes more cost effectively, now more than ever as the cost of living becomes more challenging and places immense pressure on household budgets.

The strategy is underpinned by stock condition data, and uses sustainability modelling to help achieve the themes within the strategy, which are:

- Understand asset performance.
- Decent homes standard, building safety and fire safety.
- Providing quality and responsive services.
- Working towards net zero carbon.
- Maximise value of land and related assets.
- Making every voice count.

Alongside the asset management strategy, we have a development strategy which sets out our ambition to deliver 1,000 new homes between 2020 and 2025, grow our ambitions around land-led development and complete the North Prospect regeneration. These two strategies are key to delivering on a number of our strategic objectives and are aligned in such a way that they support the agreed outcomes.





## Objective Three

# Work effectively with our supply chain.

We spend tens of millions per year on purchasing goods and services from external suppliers which means we have enough buying power to negotiate and influence the price we pay.

Supply chain management is about more than money; it's about how we hold our suppliers to account to do what they say they will and to a high standard. We expect suppliers delivering services directly to residents to work to the same quality and in line with our organisational values.

Where possible, we aim to work with smaller local companies so that we keep the money within the local economy and support the people of Plymouth and surrounding areas to sustain business and employment.



## Objective Four

# Maximise opportunities for adding social value.

Social value is about looking at the added benefit that we can provide to our residents and the communities in which they live. As we are a social housing provider it could be said we produce social value simply based on what we do but in delivering value for money and making every penny count, we will also ensure that the potential for social value is maximised. Our role as a truly community focussed organisation means that we provide much more than a basic landlord service. We support people in a whole host of ways, for example giving help with budgeting and benefit claims, signposting and liaising with other organisations, helping homeless people to transition into permanent accommodation, and keeping our homes maintained to a very high standard.

Social Value can be categorised in four ways:

- Social and economic benefits
- Service quality
- Environmental benefits
- Financial benefits through reinvestment and the benefits to others

We also attract and leverage social value through being a key partner in Plymouth and surrounding areas as other organisations want to work with us. We receive in-kind social and financial value through working with contractors, partners and supporting residents to come together to have their say in how these resources are spent within their neighbourhoods.














# An effective social business with excellent service

## How we measure and monitor value for money.

Our success at delivering VFM is dependent upon not only delivering our strategic outcomes, but measuring how they were delivered, in terms of business effectiveness.

### To measure our effectiveness, we:

-  Monitor financial and non-financial business metrics across the whole organisation.
-  Ask residents what they think about their experience of being a tenant of PCH and align this to business metrics.
-  Work with residents to ensure that our objectives and activities are what they want and are delivered in a way that meets their expectations.
-  Benchmark our services against other providers nationally for cost and quality.
-  Use business cases which show:
  - How proposals are aligned to our strategic objectives,
  - Clearly defined outcomes,
  - Measures of success (anticipated outputs and outcomes)
  - Cost-neutral outcome or a saving
-  Measurement of financial benefits gained through social value in procurement as well as those gained for communities and projects through external grant funding, and the in-kind benefit gained for residents and neighbourhoods through working with partners.
-  Conduct post-implementation reviews against financial and non-financial measures of success and outcomes.

# VFM Governance arrangements

The Board is responsible for ensuring the delivery of business effectiveness and the Executive Management Team is responsible for the implementation of the strategy and integrating value for money into organisational culture and processes.

The Senior Management Team is responsible for implementation at team level, whilst front line staff ensure the integration of value for money into day-to-day work.

Senior managers are required to define and demonstrate value for money targets within their operational service plans each year, for example committing to savings and other efficiency targets as required.

The Board scrutinises the value for money report on an annual basis containing a wide range of metrics outlined above. This is further complemented by a tailored feedback session delivered by our external benchmarking company Housemark, who update on our performance and offer insight into the sector's performance more generally.





# Appendix A – Value for Money Drivers

## PCH Strategies and Impact on VFM Metrics


▲ Aim to improve  
 ▲ Outturn could increase & improve  
 ▲ Outturn could increase & decline  
 ▬ Maintain or no impact  
 ▼ Outturn could decrease & improve  
 ▼ Outturn could decrease & decline  
 ? Could have a positive or negative impact dependent on situation


Strategy	Purpose	Risk	Aim to Increase or Maintain Provision	Investment in stock as % of value of properties held	New supply delivered as a % of stock owned	Gearing %	Headline Social Housing Cost per Unit	Operating Margin %	EBITDA MRI Interest Cover %	Return on Capital Employed %	Overall Satisfaction %
				2022/23 Outturn Positions:							
				3.32%	0.75%	16.93%	£4,310	6.53%	212.18%	0.94%	85.59%
Predicted Impact of PCH Strategies On Metrics:											
Development Affordable Homes	Grow the business	Decline through RTBs	▲	▲	▲	▲	▼	▲	?	▼	▲
Development Open Market Sales	Subsidise affordable housing	Become over dependent on sales	▲	▬	▬	?	▬	▲	▲	▲	▬
Asset Management Improvements	Protect asset values and DHS	Decline in property standards / values, complaints from leaseholders	▲	▲	▬	▲	?	▼	▼	▼	▲
Asset Management Repairs	Maintain homes meeting tenant needs	Poor service reducing satisfaction and increasing costs	▬	▬	▬	▬	▲	▼	▼	▼	▲
People	Sustain business performance	Loss of skills and knowledge	▬	▬	▬	▬	▲	▼	▼	▼	▲
Digital	Business transformation invest to save	Become outdated and inefficient	▲	▬	▬	▲	▼	▲	▲	▲	▲
Environmental	Compliance and environmental improvement	Reputation, fines and loss of commercial advantage (ISO14001)	▲	▲	▬	▬	▲	▼	▼	▼	▲
Supply Chain	Reduce costs and add value	Cost increases, quality decline	▲	▼	▲	▼	▼	▲	▲	▲	▲
Housing management	Optimise resident occupancy and sustain tenancies.	High tenancy turnover, bad debts	▲	▬	▬	▬	▲	▼	▼	▼	▲
Resident Involvement	Community development & resident influence	Lack of community cohesion	▲	▬	▬	▬	▬	▬	▬	▬	▲
Estate Management	Well managed neighbourhoods	Undesireable estates making hard to let	▲	▬	▬	▬	▬	▬	▬	▬	▲
Communications	Engage internal / external parties, build on reputation	Reputaion and lack of influence	▲	▬	▬	▬	▬	▬	▬	▬	▲
Rents	Aim for HA mid-market rent in Plymouth	Insufficient money to provide service v unsustainable tenancies	▲	▬	▬	▬	▬	▲	▲	▲	▬
Service Charges	Cover cost of VFM services	Poor service draining finances	▲	▬	▬	▬	▬	▲	▲	▲	▬
Other social housing income	Optimise income	Drain on finances	▬	▬	▬	▬	▬	▬	▬	▬	▬
Commercial Shop and Office Lettings	Sustainable letting to Optimise income	Unlettable shops drain finances and damage community	▲	▬	▬	▬	▬	▲	▲	▲	▬
Commercial Solar Panels	Tackle fuel poverty at no cost to PCH	Change in govt policy cuts income.	▬	▬	▬	▬	▬	▬	▬	▬	▬
Treasury	Secure funding to deliver strategy	Fail to secure money and lock into higher costs	▬	▬	▬	▲	▬	▬	▼	▬	▬
Financial	Maintain strong financial performance and credit rating	Can't achieve limits and suffer decline in credit rating	▬	▬	▬	▬	▬	▬	▬	▬	▬
Regulatory Compliance	Ensures regulatory and legal compliance	Regulatory downgrade.	▬	▬	▬	▬	▬	▬	▬	▬	▬

# Plymouth Community Homes

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We are Plymouth's largest social housing landlord  
with over 16,000 properties providing homes to over  
35,000 people in Plymouth and the surrounding  
areas.

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