



**Social housing VFM Standard 2018**

Keith Ward, RSM,



The slide features a blue header with white icons of various buildings and houses. A white rectangular box highlights a group of icons, and a red rectangular box highlights a specific icon within that group. The RSM logo is located in the bottom right corner.

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### Agenda

- What did you used to do?
- What do you have to do now?
- Tell the world
- 2017/18 practicalities



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### What did you used to do?

- Comprehensive review of the actions that you are taking to deliver vfm
- Some trend analysis
- Some comparison with external data
- Some cost saving analysis
- Some feedback on what you have done with the savings that you have achieved
- Reporting - variable



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### What do you have to do now .... Outcomes.

A revised, strengthened VFM Standard and a supporting Code of Practice. You are required to:-

- **Clearly set out your objectives** as a registered provider of social housing
- Identify how you will deliver value for money in achieving those objectives + approved by the Board + demonstrate delivering vfm to stakeholders
- **Through these objectives**, set out how you will deliver homes to meet your target need
- Then just get on and do it – deliver VFM through delivering your objectives



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### What do you have to do now... demonstrate...

- A robust approach to achieving vfm – including for decision making and a for judging choices for improving performance
- The Board has considered vfm alternatives, including cost / benefits of
  - alternative commercial,
  - organisational and
  - delivery structures
  - .....Annually!
- You are considering VFM across the company, incorporating that the return for non social housing supports the extra risk
- The targets that you have in place to monitor achieving VFM ( or not) against, and to measure and report regularly on.



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### Tell the world... annually publish evidence in your statutory accounts, on...

- Performance against your vfm targets
- Performance against the metrics set out by the regulator
  - o and how that performance compares to peers
- Measurable plans to address any areas of underperformance, including:
  - o clearly stating any areas where improvements would not be appropriate and the rationale for this.



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### Depth of demonstration.

**'Rigorous appraisal' of all potential options for improving performance includes:**

- cost inputs versus outputs achieved
- opportunity cost of using assets and resources in their current function
- comparison against potential alternatives
- evaluation of implications for delivery of objectives.

**Alternative delivery models include:**

- corporate structure
- procurement
- diversification / divestment of business streams
- investment in non-social housing activity including that undertaken in any unregistered subsidiary
- partnership arrangements
- standalone business versus merging with another provider, and
- geographic areas of operation.




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### Reporting

Annually as part of the Statutory Accounts - including:

- Performance against your own value for money targets**
- VFM metrics set out by the regulator**
- Performance against peers**
- Measurable plans to address areas of underperformance,**

You can also report anywhere else if this increases transparency with stakeholders, eg VFM strategy reports or Annual Tenant reports.

For 2017/18 –whilst the RSH recognises that your approach to reporting under the new Standard will evolve over time - you are required to report **on i to iv.** "we recognise that this may not be possible for every reporting requirement."




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### The Metrics

- Reinvestment %
- New supply delivered %
- Gearing %
- Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %
- Headline social housing cost per unit
- Operating Margin %
- Return on capital employed (ROCE)




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### The Sector Scorecard; 15 measures – covering:

- Timetable – submission now to end of June; 31 October – publicly released  
 Collected separately for less than 1000 units and more than 1000 units.
- Business Health - margin
  - Development – capacity and new supply
  - Outcomes delivered – satisfaction – reinvestment – investment in communities
  - Effective asset management – ROCE; Occupancy; responsive repair ratio to planned mtce
  - Operating efficiencies; costs per unit + % rent collected + O/H % T/O




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### Other considerations

- Social value**  
 "To help balance this we introduced an additional requirement through the Standard that providers must report performance against targets which they have set for themselves based on their organisational objectives.  
 It is these targets where providers have the opportunity to demonstrate their work in social value/impact related to their organisational objectives. These targets will be unique to each organisation and reflect its core values and beliefs"
- Size**  
 Below 1000 units have to follow the VFM Standard, but no additional FVA reporting requirements.




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### Reporting 2017/18

- Objective setting
- How will we report on these areas?
  - Performance against your own value for money targets
  - VFM metrics set out by the regulator
  - Performance against peers - Scorecard
  - Measurable plans to address areas of underperformance
- Social value – very subjective




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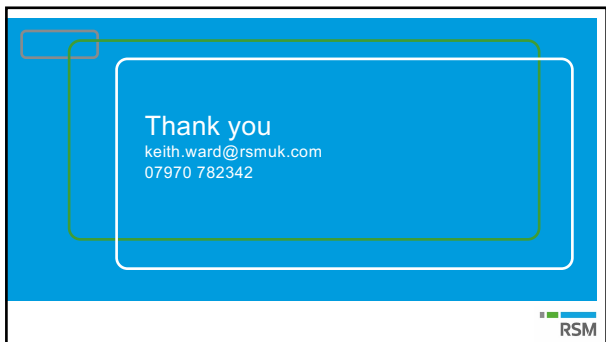
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