

# ARCON HOUSING ASSOCIATION

## VALUE FOR MONEY STRATEGY

### Introduction

This document sets out Arcon's strategy of achieving Value for Money (VFM) in the realisation of the overall values and objectives of the Association. It details how Arcon will seek to maximise the social value that it provides as an organisation.

### What is Value for Money?

VFM has been defined as the relationship between economy, efficiency and effectiveness. VFM is high when there is an optimum balance between all three – relatively low costs, high productivity and successful outcomes.

It is not just about cutting costs, it's about getting more quality and quantity, and improving and enhancing what we do. This added value is linked to our business objectives and so when we deliver value for money, we are increasing our effectiveness as a business.

### Objectives of the Strategy

Arcon's VFM strategy has the key objectives of ensuring that we are:

1. Carrying out the right activities and using the right resources to deliver our values and objectives.
2. Investing in the right housing and operational assets.
3. Delivering the right outputs and effective business operations
4. Achieving the right outcomes and evaluating the effectiveness of achieving our values and objectives.

### Methodology

VFM is at the centre of everything we do in terms of achieving our Business Plan objectives and targets. The VFM Strategy is linked to the key objectives and strategies of the business planning process. This includes both internal and external influences:

- The Business plan sets out the strategic direction and detailed financial information about the Association.
- The Business Plan identifies VFM targets to be achieved in delivering the Association's values and objectives. These will include financial, social, environmental and other relevant outcomes.
- The Stock Condition Survey identifies required spend by element and by property.

- The Asset Management Strategy sets at our priority for the future of our stock.
- The Tenant Scrutiny Committee has the authority to scrutinise any areas of activity at the Association in terms of both performance and cost.
- The Procurement Policy sets out a framework for achieving best value when procuring goods and services.

### **Context**

The Homes and Communities Agency (HCA) regulates social landlords. The HCA expects Arcon to:

- have a robust approach to making decisions on the use of resources to deliver our objectives, including an understanding of the trade offs and opportunity costs of our decisions
- understand the return on our assets and have a strategy of optimising the future return on assets – including rigorous appraisal of all potential options for improving VFM including the potential benefits in alternative delivery models – measured against our values and objectives
- have performance management and scrutiny functions which are effective at driving and delivering improved VFM performance
- Understand the costs and outcomes of delivering specific services and which underlying factors influence these costs and how they do so

### **Arcon's Approach to VFM**

Arcon approaches VFM through its comprehensive performance monitoring framework. Our performance is assessed against key indicators through benchmarking exercises and tenant involvement such as satisfaction surveys, scheme meetings and Tenant Scrutiny Committee reviews. Performance is regularly reported to key stakeholders including Board members and tenants via a range of methods including our annual report.

Through our approach to VFM, Arcon strives to be in the top quartile for Housing Associations and aims to be assessed as an excellent organisation.

### **Initiatives and Evidence of VFM Culture.**

In ensuring VFM is achieved across the organisation, a range of initiatives have been put in place:

- Clear targets are set through the Business Plan, annual appraisals, service delivery assessments and the budget process to ensure quality is maintained in an effective and efficient manner.
- VFM is an integral part of all senior management, staff and departmental meetings.

- VFM champions from each department to meet regularly during the year.
- Training on VFM is provided to all Board and staff.
- On-going consultation with tenants and leaseholders on the allocation of resources to determine priorities for where savings are spent
- Through membership of HouseMark, we benchmark our services on total cost and performance. This information is used to identify areas for improvement.
- All reports to Board and Committees consider the implications of recommendations in terms of VFM

### **Review and Monitoring.**

The overall responsibility for the delivery and monitoring of the VFM Strategy rests with the Board and the senior management team.

On an annual basis, the Board will publish a robust self assessment setting out how Arcon is achieving VFM in delivering our values and objectives. This assessment will be available to all tenants and other stakeholders of Arcon. The assessment will:

- Define VFM in the context of Arcon's values and objectives
- Describe Arcon's approach to VFM and use of resources
- Detail our arrangements to ensure delivery of VFM
- Enable stakeholders to understand the return on assets measured against our objectives
- Set out absolute and comparative costs of delivering specific services
- Evidence the VFM gains that have been made and will be made and how these will be realised over time
- Detail how the Board has gained assurance of the VFM self-assessment