Value for Money Plan (VfM)

2021-2026

Contents

1.0 Executive summary

1.1 Value for Money underpins the Beyond Housing purpose, mission, strategy and business plans. It is a key requirement for setting performing targets, supporting strategies, culture and delivering better services to customers. We define VfM through three key areas economy, efficiency and effectiveness:

1. **Economy:** minimising costs while having regard to quality
2. **Efficiency:** the relationship between outputs versus inputs ‘doing more with less’
3. **Effectiveness:** are the objectives achieving and relationship between intended and actual impact on service ‘making improvements’.

1.2 Beyond Housing is governed by the Regulator Social Housing (RSH) ‘VfM Standard and Code of Practice’ and is required to demonstrate VfM through its operations and provision of services to customers. To ensure this is happening the Governance & Review Committee carries out an annual assessment of VfM to ensure we comply with the standard, which was last done October 2021 .

1.3 Beyond Housing monitors and reports VfM throughout the year reporting to the board and stakeholders. We publish and report in a number of ways:

- The published annual accounts report the RSH sector scorecard metrics, and we highlight targets, benchmarks (HouseMark and Global Accounts), performance and future plans
- The annual VfM self-assessment report highlights our successes (case studies), performance and also provides the plans and targets the following year
- All board meetings receive performance reporting against annually agreed tier one and two metrics (appendix 2)
- The procurement team report on savings to contracts through the Investment Appraisal Panel
- Key strategic projects and programmes are monitored in relation to financial savings and performance improvement e.g., re-financing, agile working, income analytics, Office 365
- The business monitors performance through tier one - three metrics and communicates to colleagues across various channels.

1.4 This plan has been drafted to summarise and identify our key targets over the next five years. The approach taken has been to ensure the plan is aligned to our, current five-year strategy (ending March 2026) which includes the key strategic business plans relating to technology, asset, people, customer experience, finance, regeneration and development.

1.5 The plan does not aim to identify every area of improvement in relation VfM – instead we focus on those areas that are seen as critical to business performance and customer outcomes.

2.0 Strategy aligned to VfM

2.1 It is important that our longer term VfM plans are aligned to the Beyond Housing strategy. Our strategy is summarised below along with the Key Performance Indicators (KPI).

2.2 **Provide quality services to customers:**

- Improve and extend the digital offer so the majority of our customers can self-serve
- Grow the independent living service (ILS)
- Increase customer engagement
- Retain customers
- Tailor personal service to customers through business intelligence and creating a new service centre model.

Our stated **KPI commitments** are:

- Improve customer satisfaction
- Increase actively the number of customers using 'me and my home' to 65%
- Grow the ILS
- Implement a new customer service operating model.

2.3 **Build new homes and keep our existing homes in top condition:**

- Develop 2,000 homes
- Exceed Decent Homes across our stock
- Reduce homelessness
- We will develop a new Beyond Homes standard above Decent Homes standard and improve energy efficiency
- Deliver housing solution for old and vulnerable people
- Deliver 65% of repairs in a planned way
- We will work with partners to reduce homelessness.

Our stated **KPI commitments** are:

- Develop 2,000 new homes
- Increase customer satisfaction with the quality of their home to HouseMark top quartile
- Improve customer satisfaction with repairs to top quartile
- Have less than 600 homes below energy performance certificate EPC C
- Deliver 65% of repairs in a proactive way as planned v reactive.

2.4 **Invest in our neighbourhoods to create great places to live and work:**

- Deliver greater social value (support customers with employability, training, poverty levels, public realm etc)
- Consider the wider regeneration of key neighbourhoods
- Allocate 10% of net operating surplus to invest in communities.

Our stated **KPI commitments** are:

- Invest 10% of our net surplus in communities
- Invest c£16m into Church Lane North regeneration
- Increase tenant sustainability to 90%
- Offer quality apprenticeships
- Improve customer satisfaction with their communities.

2.5 **Be a great place to work:**

- Deliver a people plan to attract and retain the best people
- Address skills gap through training plans
- Promote the wellbeing and safety of or colleagues
- Increase diversity and inclusion
- Review our people offer.

Our stated **KPI commitments** are:

- Roll out our culture programme by 2020
- Introduce agile working by 2024
- Achieve Investors in People (IIP) by 2023 and Leaders in Diversity accreditation by 2024
- Increase colleague satisfaction to 75% by 2024
- Implement more self-serve solutions for colleagues by 2022
- Improve health and wellbeing.

2.6 Finally or strategy outlines our commitment to building our financial strength and approach to VfM.

Building our financial strength

- Increasing turnover year on year through rent, development of homes and delivering services
- Increasing our operating margin year on year by way of efficiencies and VfM plans
- Reducing our social housing cost per unit to achieve top HouseMark quartile performance within the social housing sector
- Raising further finance to meet our new homes targets
- Maintaining full compliance with all funder covenant requirements
- Maximising investment in our homes, neighbourhoods and services

- Effective and timely investment in the repair and maintenance of existing homes to reduce cost and improve customer satisfaction.

Our **value for money metrics** will reflect those of the Regulator, and include:

- Reinvestment in properties (%)
- Delivery of new homes (including acquired homes) both social and non-social (%)
- Gearing, which reflects our borrowing relative to our asset base
- Earnings before interest, tax, depreciation and amortisation (EBITDA) including major repairs investment (MRI)
- Interest cover (%)
- Headline social housing cost per unit
- Operating margin both social and overall (%)
- Return on capital employed – ROCE (%).

2.7 Key strategic plans and objectives

Five key strategic plans have been reviewed/discussed by the group board and reflect the approach to VfM.

Strategic objective	Strategic plans
Services	Customer Experience (incorporating strategic channel plan)
Homes	Asset management Development
Places	Regeneration
People	People
Strategy enablers	Value for Money Treasury Information and Communications Technology

3.0 VfM plan 2021-26

3.1 Build new homes and keep our existing homes in top condition

Investing in existing homes, new homes and the repairs service is essential to our overall strategy and customer experience. We have plans to build 2,000 more homes across our current footprint, make our homes more energy efficient and improve our repairs service. The key metrics for new homes, energy efficiency and repairs services are highlighted in the table below.

Economy measure	Budget/ target 2021/22	2022/23	2023/24	2024/25	2025/26
Generating a development surplus from selling new homes	£0	£842k	£2,210k	£2,972	-£28k
Key initiative Deliver 10% of our 2,000 new homes for outright sale. Generate a sales surplus that can be reinvested back into the business.					
Capital investment in our homes	£9.8m	£9.2m	£9.2m	£9.6m	£9.6m
Key initiative (fig 1) Continue to meet the Decent Home standard. Annually set our 30-year £342m capital investment programme (roofing, kitchens, windows, doors, boilers) to ensure our homes are maintained and continue to meet decency. The government Social Housing Green Paper 2018 called for a review of the Decent Homes Standard to ensure homes are energy efficient, decent and safe. The initial findings of the review are expected autumn 2021.					
Efficiency measure					
Ratio of planned/responsive work	41%	44.6%	45.5%	45.5%	46.1%
Key initiative Increase the ratio of planned verses responsive work. Increasing the ratio will shift procurement to longer term subcontractor contracts for planned works (e.g., boiler replacements, kitchens, bathroom replacements etc) offering greater price efficiency. Implement our Target Operating Model (TOM) that streamlines and combines legacy repairs structures and process. The model will streamline the repairs process, separate planned and routine processes, define repairs priorities and standardised materials. The HouseMark 2020 sector scorecard median was 64% routine to planned.					
Delivering 2,000 new homes	304	454	657	410	-
Key initiative (fig 2) Provide 2,000 new homes across the region with a mix of affordable, shared ownership, outright sale and a small number of rent to buy.					
Effectiveness					

Responsive repairs satisfaction (transactional)	85%	86%	87%	88%	90%
Key initiative Increase customers' satisfaction with all our repairs. We will deliver our single repairs model TOM to provide right first-time repairs, a streamline more responsive repairs process, defined repairs priorities for customers and greater access to use 'Me and My Home' to book repairs etc.					
Properties at EPC C energy efficiency 95% and above	82%	85%	90%	95%	96%
Key initiative Increase the number of our properties at EPC C or above to reduce the carbon footprint, lower energy bills and keep homes warm. The energy efficiency rating scale is from A (very efficient) to G (inefficient) and all our properties have a certification. With our own buildings as reported in our annual accounts we aim to reduce their carbon footprint by 20% from 1,416 tons of Co2 to 1,132 by 2025/26. We also have our government target to reach zero carbon by 2050.					

Fig 1 Capital investment over 30 years.

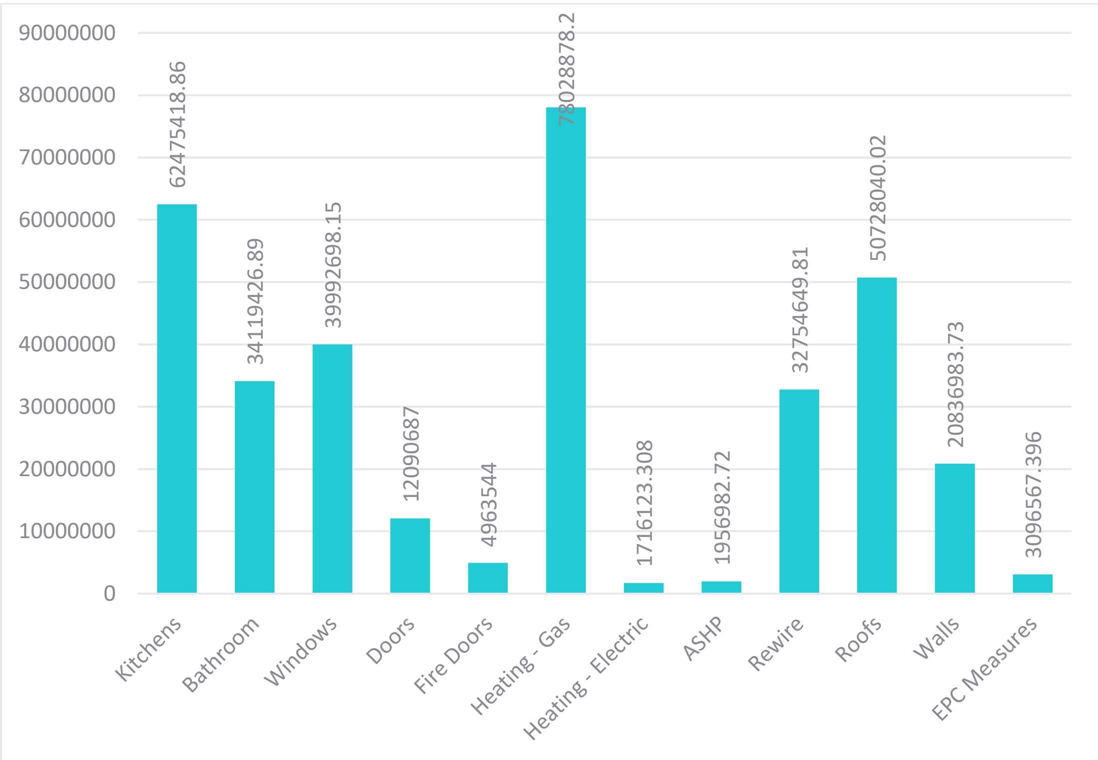


Fig 2 New homes being built, year on year forecast and strategy target 2,034.

Tenure split	Completed in plan	2021/22	2022/23	2023/24	2024/25	Total	
Affordable/social rent	155	238	283	356	269	**1,301**	63.96% (54%)
Shared ownership sales	54	34	33	187	111	**419**	20.60% (27%)
Outright sales	-	26	78	111	30	**245**	12.05% (15%)
Rent to buy	-	6	60	3	0	**69**	3.39% (3%)
Completions	**209**	**304 (354)**	**454 (605)**	**657 (449)**	**410 (386)**	**2,034 (2034)**	

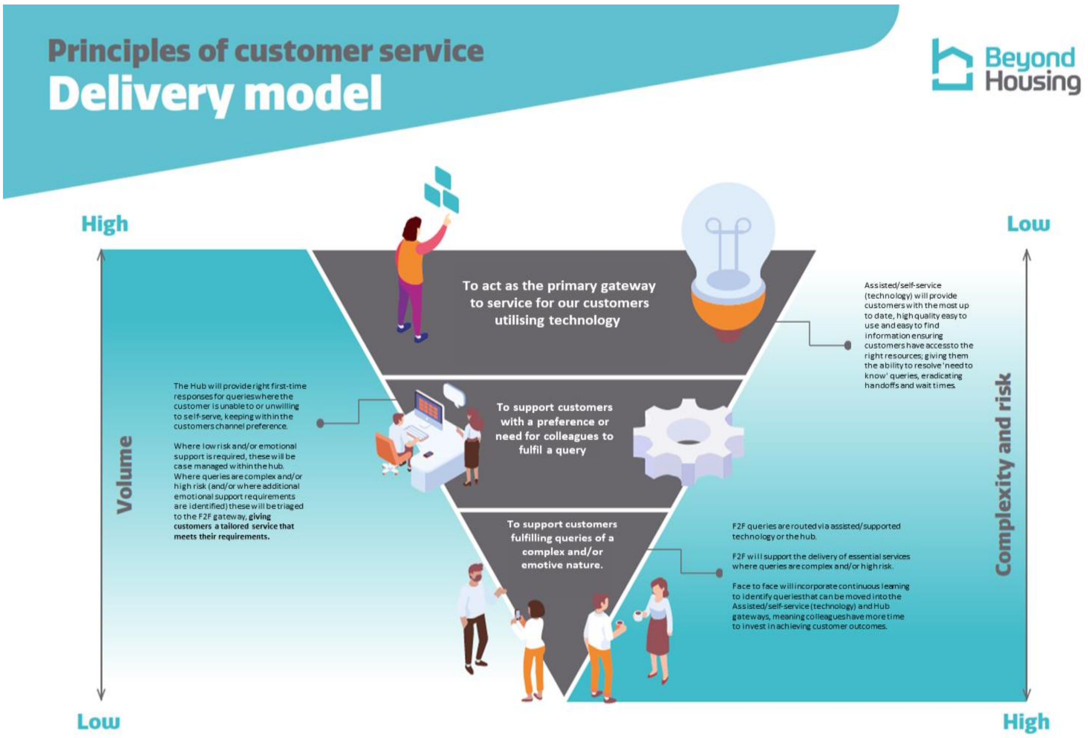
3.2 Quality services to customers

We want to improve the customer experience through better service and products. In addition, we aim to grow our ILS and digitally enable more channels of communication with customers. Our key metrics for customer service, digitisation and ILS are highlighted in the table below.

Economy measure	Budget/ target 2021/22	2022/23	2023/24	2024/25	2025/26
Rent arrears	£2.3m	£2.2m	£2.1m	£2.0m	£1.9m
Key initiative Further development our income analytics tool to provide insight and focus to increase rent collection levels. Target support to assist customers with benefit claims, set up more direct debits and provide customer access to additional government funding (e.g., winter fuel allowances).					
Customer satisfaction – STAR survey	75%	80%	85%	90%	90%
Key initiative Increase customer satisfaction improving KPI tier one and two KPI targets year on year, our new TOM, CRM systems and colleague training and development					

programmes. Monitor satisfaction through our annual Survey of Tenants and Residents (STAR) survey. We measure the percentage of customers who are 'very' or 'fairly' satisfied. The HouseMark sector scorecard median in 2020 of 86.9%.					
Efficiency measure					
ILS growth	c7,268	c7,413	c7,565	c7,717	c7,717
Key initiative Grow the ILS business adding 6% net customers. Remove legacy brands to a new single ILS brand and maintain an operating margin of at least 5%.					
Number of customers registered on 'Me & My Home'	40%	45%	50%	60%	65%
Key initiative Develop the 'Me & My Home' customer portal to increase 'self-service' for customers to pay rents, book repairs and enquire on tenancy issues etc.					
Effectiveness					
Tenant sustainability - % of tenancies >12mths	86%	87%	88%	89%	90%
Key initiative Increase tenant sustainability and support initiatives around starter tenancy support, rough sleepers, care leavers and holistic support. Higher sustainability will reduce the cost of void turnovers to the business and provide a more stable customer base for income and ongoing repairs and maintenance planning.					
Customer Resources Management systems	Customer research completed	New operating model and systems developed and trailed	Assisted and self-serve technology working.	-	-
Key initiative (fig 3) Offer a new customer experience that will allow self-service and automated functionality, enhanced by human interactions to will deliver the right solution at the right time to achieve the fastest outcome for customers. The aim will be to cross reference more information (e.g., rents, benefits and arrears), allow customers to self-serve (paying rents online, booking repairs etc), access to your information through more digital channels (online, web, text, mobile etc) and deliver continuous improvement in the customer experience.					

Fig 3 Customer service delivery model



3.3 Invest in neighbourhoods as places to live and work

We want to regenerate estates, increase tenant sustainability, invest a proportion of our operating surpluses into estates, quality apprentices and improve customer satisfaction. Our key metrics to achieve these aims are highlighted in the table below.

Economy measure	Budget/ target 2021/22	2022/23	2023/24	2024/25	2025/26
Rent loss due to voids	£955k	£900k	£850k	£800k	£750k
Key initiative Reduce the number of voids and turn them around quicker making homes available to customers. This will lead to lower rent losses due to properties being unavailable for rent.					
Apprentices	30	32	35	35	40
Key initiative					

Take on more apprentices creating local jobs in our communities and future employees for Beyond Housing. Apprentices provide a skilled workforce and those taking on future full-time employment reduce our recruitment costs.					
Efficiency measure					
>10% of net surplus invested	£1.9m	c£1.9m	c£2.2m	c£2.3m	c£2.2m
Key initiative Invest at least 10% of the annual net surplus into supporting community initiatives. Community initiatives include; recruiting apprentices, Westfield Farm, youth employability services, community connectors, tenancy management services, safeguarding and other initiatives.					
Average relet times - days	25	24	23	22	20
Key initiative Reduce the average time to relet a property (excluding those requiring major works) through our enhanced voids standard (fitting showers, vinyl flooring and painting/decoration standards). When properties can be relet more quickly it improves rental income, homes are available to customers more quickly and it ensures repairs work is efficient.					
Effectiveness					
Compliance	100%	100%	100%	100%	100%
Key initiative Ensure further automation and digitisation of regulation processes and systems to ensuring all our properties comply with regulatory compliance standards through gas, oil and solid fuel safety checks, asbestos inspections, lift servicing, legionella inspections and electrical certifications.					
Regeneration of estates – Church Lane North	£2.5m	£7.6m	£1.9m	-	-
Key initiative Regenerate of our Church Lane North estate. The total net investment is c£16m and includes demolition and external wall insulation (EWI) costs of c£4m. The project will deliver 18 new homes, the refurbishment of void properties, EWI for energy efficiency, enclosed gardens for properties and improved changes to the estate layout.					

3.4 Be a great place to work

We want Beyond Housing to be a great place for colleagues to work. The working environment has changed through COVID offering opportunities for more efficient and effective in our approach to how we work. We are therefore moving to agile/hybrid working, investing in digital learning, training and development and investing in colleague satisfaction. Our key metrics for being a great place to work are highlighted in the table below.

Economy measure	**Budget/ target 2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
Agile working where appropriate for employees	70%	85%	100%	100%	100%
Key initiative Where is suits colleagues and customers we aim to have a 100% agile working environment. This will support reduction in a number of spend areas (travel expense claims, building energy costs), reduce carbon output through working from home and improve productivity by removing travel time. Implementation and embedding of Office 365 will further support this approach.					
Time taken to recruit to vacancy - days	92	91	90	89	88
Key initiative Reduce the time taken to recruit to vacancies through recruitment planning thus lowering costs and the need for agency or temporary colleagues to cover a vacancy.					
Efficiency measure					
Retaining employees by reducing voluntary turnover	8%	8%	8%	7%	7%
Key initiative Reduce employee turnover to lower disruption to the business and the costs associated with recruiting and training new colleagues. Exit interview colleagues, enhanced appraisals and 360 colleague feedback (Peakon surveys).					
Sickness levels (days)	8	8	7.5	7	7
Key initiative Reduce sickness levels and loss of productivity. Continue to offer and develop support in the working environment through agile working, COVID safe environment, refurbished offices, employee health benefits, cycle to work scheme, Investor In People (IIP) programmes and H&S training modules etc.					
Effectiveness					
Colleague satisfaction	78%	78%	79%	79%	80%
Key initiative Increase colleague satisfaction as an employer. Review the way we evaluate roles and our pay structures to ensure we are competitive and fair in the market. Evaluate possible performance related pay models and further promote professional development.					

Develop people through leadership and management plans and invest to upskill and reskill colleagues.					
IIP and Leaders in Diversity	-	IIP	Leaders in Diversity accreditation	-	-
Key initiative Achieve recognition for being a great place to work through IIP and Leaders in Diversity Accreditations.					

3.5 Building our financial strength

We report financial metrics in line with the RSH. Those for 2020-21 are summarised in **appendix 1**. The key metrics are highlighted in the table below.

Economy measure	Budget/ target 2021/22	2022/23	2023/24	2024/25	2025/26
Headline SHCPU	3,435	3,362	3,366	3,443	3,539
Key initiative The aim is for the SHCPU to be c£3,000 over the long term though it will rise in the coming years reflecting the increase in spend on energy performance (EPC C), voids, fire door programmes and forecast cyclical stock condition work.					
Operating Margin (Overall)	25.80%	25.30%	25.60%	25.80%	26.90%
Key initiative The operating margin of the business in the current business plan remains consistent over the next few years at c25%. Our ambition is to increase this towards c30% by 2025/26 through the activity of the VfM plan and annual 30-year business plan. The margin is reviewed annually when setting budgets and updating the business plan.					
Efficiency measure					
Cost of repairs per property	£373	£370	£365	£360	£350
Key initiative By maintaining our properties, making our planned capital investments, having a higher ratio of planned to reactive repairs we will improve the average cost of repairs. The efficiency or repairs will be improved through the new repairs Target Operating Model being implemented from April 2022.					
Gearing	51.90%	54.80%	51.80%	47.10%	40.80%
Key initiative Our ‘golden rule’ is to keep gearing below 63%. The level of gearing rises in the near term through borrowing to finance our 2,000 homes and then declines when the homes are					

completed and capitalised on our balance sheet. Gearing will be managed through our treasury strategy to align borrowing principally to capital improvements to homes and new housing.					
Effectiveness					
Reinvestment	18.6%	14.9%	11.0%	6.1%	1.7%
Key initiative Our reinvestment falls as we complete our current strategy to build 2,000 new homes, however our target is up to c15% in the medium term. This is heavily dependent on a large new housing programme continuing. Reinvestment will increase when a new strategy is approved by board and our asset programme is updated next year to reflect higher zero carbon investment costs.					
Return on capital	4.70%	4.60%	4.80%	4.90%	4.40%
Key initiative ROCE remains steady as we maintain our operating margin in the medium term. The ROCE will reflect our strategy to build new homes and capital improvement works in our stock. Our target will need to be revised down to align to our business plans.					

4.0 Conclusion - key outcomes by 2025/26

4.1 Our VfM plan is aligned to our current strategy. The targets and outcomes we have set will be reviewed annually. Our aim is to improve services to customers and colleagues. We need to be economic, efficient and effective to ensure all areas of the business are high performing and our income is spent in the right areas for customers.

Appendix 1 RSH VfM Metric 2020-21 Annual Accounts

2020/21		2019/20						
RSH VfM Metric	**Beyond Housing**	**Beyond Housing**	**Global Upper Quartile**	**NE^ Upper Quartile**	**Global Med Quartile**	**NE^ Med Quartile**	**Global Lower Quartile**	**NE^ Lower Quartile**
Reinvestment	6.0%	7.4%	10.0%	9.8%	7.2%	7.2%	4.9%	4.6%
New supply: Social	0.64%	0.76%	2.40%	2.4%	1.50%	1.3%	0.70%	0.70%
New supply: Non-social	-	-	0.015%	0.011%	-	-	-	-
Gearing	47.5%	51.2%	54.7%	49.8%	44.0%	39.3%	33.0%	24.9%
EBITDA MRI	280%	179%	227%	253%	170%	192%	126%	120%
Social housing cost per unit	£3,047	£3,398	£4,860	£3,820	£3,830	£3,400	£3,340	£3,150
Operating margin: Social	29.1%	22.7%	32.3%	27.4%	25.7%	23.5%	20.8%	20.3%
Operating margin: Overall	27.2%	20.9%	28.6%	25.4%	23.1%	21.7%	18.1%	18.5%
Return on capital employed	5.8%	4.2%	4.4%	5.3%	3.4%	3.2%	2.6%	2.4%

^NE (Northeast) combines average performance for the north-east region and North Yorkshire based register providers

Appendix 2 Tier one and two metrics

Tier one - Measures
Operations compliance: Gas
Operations compliance: Electrical
Operations compliance: Fire safety
Operations compliance: Asbestos
Responsive repairs transactional satisfaction
Assets - Capital investment
New supply: planned model programme all tenures contractual starts
New supply: planned model programme all tenures completions
New supply: financial performance - affordable five-year programme average NPV
Unsold sales homes - build complete unreserved
Colleague satisfaction
Current tenant arrears
Percentage of customer base actively using Me & My Home
Brand perception - Net promoter score
Customer satisfaction: percentage of customers 'very' or 'fairly' satisfied with our services STAR survey
Complaints: percentage of complaints responded to within target timescales
Financial health: cashflow from operations
Financial health: surplus before tax
Headline social housing costs per unit

Operating margin: (overall)
Cyber security - Reportable security issues that interrupt the business
Cyber security - Reportable data breaches that impact the business
Tier two - Measures
Number of health and safety actions overdue
Average time to complete repairs (calendar days)
Operations compliance: Water hygiene
Operations compliance: Passenger lifts
Operations compliance: Domestic lifts
Homeless lets - percentage of new tenancies lasting 12 months or more
Cost of repairs per property
Average number of working days lost to sickness absence per employee
T&D - Growth rating
EDI - Colleagues from all backgrounds are treated fairly at Beyond Housing
Percentage of colleague turnover - voluntary
Rent collected
Former tenant arrears as a percentage of debit
Independent Living Services - Operating margin
ILS - Occupancy level for supported housing
Safeguarding referrals within target
ILS - Compliance with TSA targets

Occupancy
Number of voids
Rent Loss due to voids - £
Average re-let time (days)
Investment in communities
EBITDA MRI (as a percentage of interest)
Gearing
Reinvestment
Return on capital employed (ROCE)
Overheads as a percentage of adjusted turnover
Ratio of responsive to planned maintenance (spend)

Tier two - Development	
New home customer satisfaction	
New supply - planned model programme OMS starts	
New supply - planned model programme OMS completions	
New supply - planned model programme affordable contractual starts	
New supply - planned model programme affordable completions	
Committed programme total scheme costs within £100k of approved	
Committed programme total scheme income within £100K of approved	
Sales completions within 90 days of forecast	
Target reservation date four months prior to practical completion	
Schemes starts meet Homes England year-end target	Spirit
	Combined

Scheme completions meet Homes England year end targets	Spirit
	Combined
Scheme cash take up meets Homes England year end targets	Spirit
	Combined