

Value for Money Strategy 2024/25

We believe every tenant deserves the best possible value for their rent.



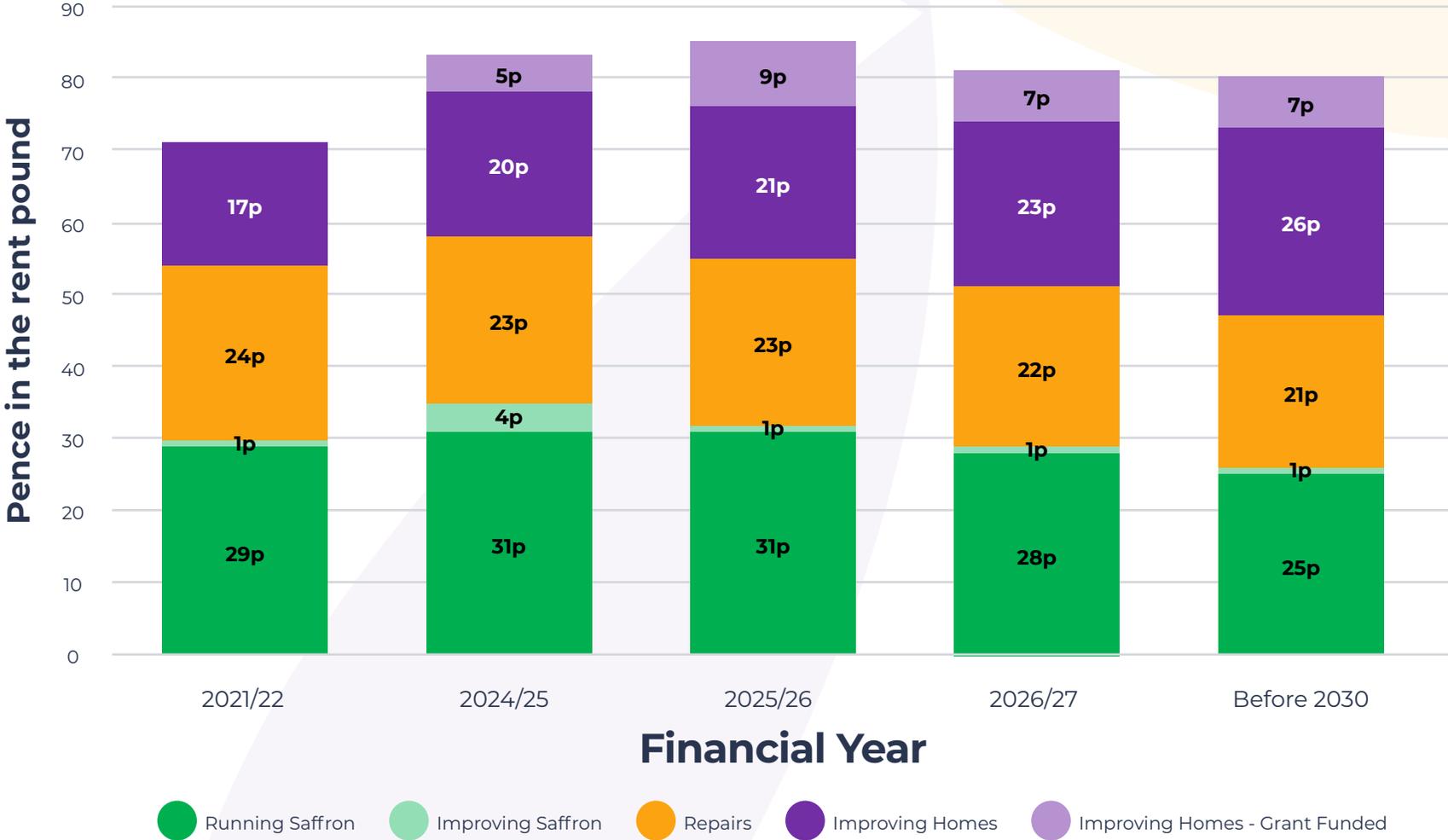
The Inspiring Saffron Strategy

- Our purpose - every tenant deserves the best possible home and service.
- Three clear segments of activity, each led by a Chief Officer. Inspiring Trust is all about improving homes and services, Inspiring Community is all about creating the capacity to improve, and Inspiring Organisation is all about creating the culture to improve.
- Targets for 2030, and annual strategic objectives and key performance indicators that move us towards our 2030 targets for each segment.
- Our risk appetite, setting out the things we will never compromise.

The Inspiring Saffron Strategy also sets out how it will improve Value for Money (VfM) by investing more of the rent pound into improving homes. Before 2030 we will double our investment in improving homes compared to 2021/22. We will do this by utilising grant where available and by saving £1.5m from how we run Saffron. This saving is embedded into the Business Plan. The chart below details the change in the pence in the rent pound up to 2030.



How Every Rent £ is Invested



Value for Money Strategy 2024/25

This VfM Strategy integrates with the Inspiring Saffron Strategy and will be updated alongside it on an annual basis. It sets out how we will deliver the Inspiring Saffron Strategy in the most economically sustainable, efficient, and effective way.

Economic sustainability is all about obtaining inputs (resources) at best value. The Inspiring Community strategy segment focuses on this. In May 2022 we refinanced our Barclays term loan with a Private Placement. This enabled us to save £1m in annual interest, or 3p in the rent pound, so we can invest more in improving homes.

Efficiency is all about getting optimal output for any given input. The Inspiring Organisation strategy segment focuses on this. In 2019 the income team was created; the arrears process was reviewed and Rentsense went live. This software allows the Income Team to focus on cases where tenants are in arrears, whereas in the previous system the team had to work through lists of accounts on a fortnightly basis. These three improvements have reduced arrears from 3.2% in March 2019 to 2.52% in March 2023.

Effectiveness is all about outputs having optimal impact. The Inspiring Trust strategy focuses on this. In 2023 we sold Clare House to South Norfolk Council. This is an example of a property that was not fit for our needs but could serve a purpose in the community as temporary accommodation. We received best value for the asset and it remains in the community serving a vital purpose. We have also disposed of other assets where we are not best placed to have optimal impact such as Contact Care (our lifeline business) and the Caravan park in Costessey. In 2024/25 we have a strategic objective to look at stock rationalisation which will include reviewing our tenures such as HOLD and the geographic area we operate in. We will continue to review voids when they come up in line with our stock options appraisal. This analyses each void via a set of parameters to determine if we should dispose of the asset.

This strategy is not only integral to the delivery of the Inspiring Saffron Strategy, it also reflects the requirements of the RSH standard.



Approach to embedding this strategy

Board approval and champion as per roles and responsibilities ensuring the cultural tone is set across the organisation.

VfM

VfM is incorporated into both strategic and operational activities; Through our Service Improvement Framework we will use tenant voice insight, satisfaction data and industry insight, working collaboratively to facilitate the delivery of insight driven improvements to the overall tenant journey. The development of business area Service Improvement Groups (SIG) will feed into a framework, facilitated by the Tenant Insight team and will serve to support innovation, share best practice, achieve value for money as we drive tenant centred decision making in every aspect of our business. This will ensure we make business decisions that keep the tenant at the heart of all we do and give an effortless experience that is measurable and transparent.

Reviews

Regular reviews of the operating environment will be undertaken to ensure that Saffron can respond appropriately in the short, medium, and long terms to changes. There will be a commitment to improving VfM performance in the short, medium, and long-term through embedding the commitment to achieve the right quality of service at the best cost. Cost to serve is included as part of Service Improvement Framework.

Decision making

VfM is integrated in recommendations and decisions at all levels of delegation. It is embedded in 2030 targets, annual strategic objectives and KPIs and the rent pound model. We will embed in the departmental updates to the Executive and ensure that all new business case projects include VfM considerations with business case payback. Development appraisal assumptions are refreshed each year to ensure that development continues to add capacity to Saffron based on long term funding cost forecasts.



Approach to embedding this strategy continued

Partnerships

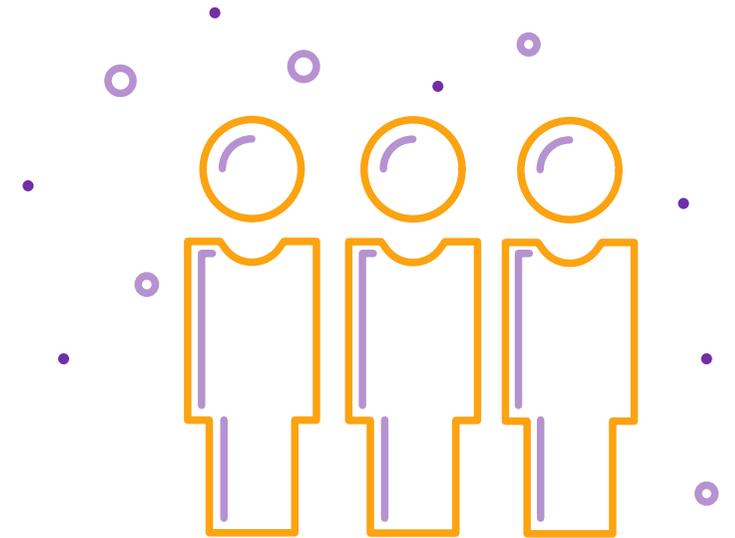
We are delivering VfM through our partnerships - targeting those where we can create additionality for homes and surplus for investment in our Inspiring Saffron strategy. Crocus has increased our delivery of affordable homes and generates gift aid for further additional investment in core purpose. We recognise the benefit to the local community and public spending of working with local authority partners to align our asset and financial plans. Through our established stakeholder engagement with South Norfolk Council (SNC) we have been able to dispose of Clare House which has created capacity and VfM for both Saffron and the local community and enabled a wider range of needs to be met. We have worked closely with local authorities to deliver extra care enabling us to also continue to meet a wide range of needs.

Merger position

VfM is a criteria. We have added to the merger position statement that “We believe every tenant deserves best value for their rent pound”. VfM is a criteria in our decision making process.

Reporting and external benchmarking

We report on our strategic objectives to Board and report KPIs monthly. We use benchmarking against Housemark and Independent East to ensure we understand our relative VfM. We report on RSH and sector scorecard metrics annually. The following section details those metrics and our performance and how those link to how we track VfM through our KPIs and strategic objectives.



Approach to embedding this strategy *continued*

Operating model

We have a 2024/25 strategic objective to “Create and deliver a new ‘work smarter’ programme”. This is about making savings on how we run Saffron through investment in people, data and tech. Savings of £1.5m are embedded in the Business Plan.

We shared the following as Design Principles for delivery of a new Target operating model at the away day in Feb –

- Don't break the service
- Tenant drive design
- 'Effortless' interaction led
- Phased (not big bang)
- Value for Money Driven (£1.5m)

Procurement

We utilise procurement frameworks to deliver best value in our contracts. We have a procurement strategy, policy and guidelines. We are exploring opportunities with Independent East for more joined up procurement.

Funding

Our credit strength is a key consideration to ensure we get best value from future financing. We maintain strong relationship with financial stakeholders to ensure an active dialogue on fund raising plans to ensure we are best placed to take advantages of any opportunities to create value for Saffron. In relation to grant funding on new homes, we have secured a relationship with a Homes England strategic partner to get above benchmark grant rates in the region.



How will we know we are succeeding?

We use both the (sector scorecard and RSH metrics) to understand our VFM position relative to the sector. We compliment these by ensuring our annual strategic objectives and KPIs target value for money gains. We monitor progress against our annual strategic objectives and KPIs through reporting to Board and Committees.

The following charts show the RSH and Sector Scorecard metrics and how we monitor the metric, or the important drivers of the metrics, through our Board and Committee reporting. The Housemark data below is from our Board approved peer group. This is Large Scale Voluntary Transfer Housing Association (LSVT's) with 3k to 10k homes in the East and South East.



How will we know we are succeeding? *continued*

RSH VfM METRICS	2022/23 ACTUAL	2024/25 STRATEGIC OBJECTIVES & KPIs	HOUSEMARK DATA		
			TOP QUARTILE	MEDIAN	BOTTOM QUARTILE
1. Reinvestment	11.9%	We monitor this metric through the strategic objectives to deliver new homes and invest more pence in the rent pound in improving existing homes.	10.01%	8.11%	6.78%
2a. New Supply Delivered % (Social Housing Units)	1.6%	This is monitored through the strategic objectives to deliver new homes	2.85%	1.8%	1.14%
2b. New Supply Delivered % (Non-Social Housing Units)	0.3%	Crocus performance is monitored through the subsidiary report to Board.	0%	0%	0%
3. Gearing	62.8% (58.20%)#	These metrics are calculated on a different basis to our covenants. We track our own financial metrics and ensure we comply with our gateways and golden rules. We prepare our business plan to deliver our strategic objectives and meet a range of stressors. We consider our credit strength as part of our Business planning process. We plan to increase certain parts of our headline social housing cost per unit, such as major repairs and decrease others, such as how we run Saffron. The increase in major repairs is monitored through the strategic objective to increase investment in improving homes to 25p in the rent pound. The decrease in how we run Saffron is monitored through the strategic objective to deliver a work smarter programme, along with progress against the Business plan that has £1.5m savings embedded in it.	44.54%	57.52%	62.55%
4. Interest Cover** EBITDA MRI	109.0% (119.3%)*		161%	148.4%	120.9%
5. Headline Social Housing Cost per unit	£4,069 (£3,930)*		£4,215	£4,618	£5,268.5
6a. Social Housing Lettings Operating Margin	26.1% (28.8%)*		30.84%	25.27%	19.95%
6b. Overall Operating Margin	27.1% (29.5%)*		30.35%	25%	20.45%
7. ROCE	3.7% (4.0%)*		3.8%	3.55%	2.82%

* VfM targets for 2022/23 were calculated excluding the pension adjustment as this is unknown when the budget is set. The VfM metrics calculations are calculated from the Financial Viability Assessment (FVA) return and include the pension adjustment of £0.9m at operating surplus level. The table above also shows the metrics calculated in line with the target, in brackets, for comparison.

Saffron's gearing covenant is based on historical cost of assets. The Regulator of Social Housing VfM metric is based on net book value.

** The interest cover calculation excludes the one-off impact of the £12.633m mark to market that was payable as a result of refinancing the Barclay's loan.



How will we know we are succeeding? *continued*

SECTOR SCORECARD	2022/23 ACTUAL	2024/25 STRATEGIC OBJECTIVES & KPIs	HOUSEMARK DATA		
			TOP QUARTILE	MEDIAN	BOTTOM QUARTILE
Social housing units - new supply delivered (absolute)	124	We monitor this metric through the strategic objectives to deliver new homes	185	135	93
Non-social housing units - new supply delivered (absolute)	23	Crocus performance is monitored through the subsidiary report to Board.	0	0	0
% of respondents very or fairly satisfied with overall service (GN & HfOP)	75.9%	We monitor this metric long term through our 2030 target to be over 90% customer satisfaction and short term through our customer satisfaction KPIs.	84%	82%	79%
Occupancy	99.33%	This is monitored through the PIs that are reported to Exec. We monitor re let times and terminations.	99.8%	99.7%	99.6%
Ratio of responsive repairs to planned maintenance	0.32	We want to move more spend to planned to improve the efficiency and effectiveness of our spend. The increase in major repairs is monitored through the strategic objective to increase investment in improving homes to 25p in the rent pound.	0.49	0.67	0.76



How will we know we are succeeding? *continued*

SECTOR SCORECARD	2022/23 ACTUAL	2024/25 STRATEGIC OBJECTIVES & KPIs	HOUSEMARK DATA		
			TOP QUARTILE	MEDIAN	BOTTOM QUARTILE
Management cost per unit	£824	Cost allocation in the accounts can make these metrics difficult to compare across the sector. We plan to increase some metrics, such as major repairs and decrease others, such as how we run Saffron. The increase in major repairs is monitored through the strategic objective to increase investment in improving homes to 25p in the rent pound. The decrease in how we run Saffron is monitored through the strategic objective to deliver a work smarter programme, along with progress against the Business plan that has £1.5m savings embedded.	£835.5	£1,277	£1,439
Service charge cost per unit	£241		£256.5	£416	£544
Maintenance cost per unit	£1,206		£1,227.5	£1,431	£1,931
Major repairs cost per unit	£1,052		£950.5	£1,032	£1,312.5
Other social housing costs cost per unit	£743		£42.25	£164.5	£262.5
Rent collected current & former tenants as % rent due (inc arrears b/f)	98.8%	We monitor this metric through our arrears KPI.	97.8% 95.7%?	97.38% 95.3%?	97.86% 94.6%?
Overheads as a percentage of adjusted Turnover	9.9%	The decrease in how we run Saffron is monitored through the strategic objective to deliver a work smarter programme, along with progress against the Business plan that has £1.5m savings embedded.	11.97%	13.12%	14.22%

We publish the sector scorecard and RSH metrics in our accounts and report on the KPIs and strategic objectives to Board and Committees. In the annual accounts we report on areas of under performance and this informs the subsequent year strategic objectives and KPI setting.

Appendix A provides all strategic objectives and Board KPIs. The items highlighted in green are the proposed VfM strategic objectives and KPIs.

Roles and responsibilities

Board

Setting strategy, owning, approving and delegating delivery.

Executive Team

Responsible for delivery, recommend annual update to Board, monitoring progress, intervening if not on track.

All colleagues

Add to 1-1s, have training or education sessions, embed VfM as part of decision making. This approach and the actions on the next page will enable colleagues to act in a way that generates VfM.

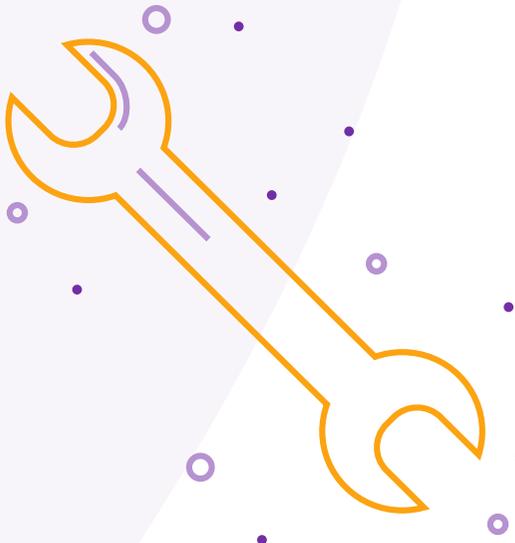
Through our Service Improvement Framework, we are developing a VfM sub group. The outputs of these groups report in to Service Quality Committee for scrutiny and on to Board. This ensures focused operational visibility for our Executive, with regard to the delivery of tenant centric service VfM improvements. The vital golden thread throughout will be improvements to our tenant satisfaction.



Delivery action plan

The following actions will be completed in 2024/25 to strengthen VfM across Saffron. This action plan complements actions already embedded into the Inspiring Saffron Strategy and KPIs at **Appendix A**.

ACTION	DUE DATE
VfM strategy to be reviewed by Tenant Communications and Support Group, with actions to be recorded within the Service Improvement Framework and reported on to the Service Quality Committee.	May 2024
Set out an agile roadmap on how we see VfM activities enabling the delivery of our 2030 strategic goals and the Business Plan savings profile.	May 2024
Review our approach to Active Asset Management to ensure we capture VfM outcomes through effective strategic partnerships	December 2024
Embed VfM gains into departmental updates to the Executive and ensure that all new business case projects include VfM considerations with business case payback.	May 2024
Champion cross organisation focus on VfM with Independent East colleagues, including in procurement	March 2025
Training sessions for staff	September 2024





Appendix A

Objectives 2024/25

Green boxes highlight VfM Strategic Objectives and Board KPIs.

OBJECTIVE	WHY IS IT IMPORTANT	VfM OBJECTIVE
 Maintain 100% property safety	Our tenant safety is our first priority.	
 Champion Tenant Inclusion	Tenant insight helps to inform and deliver our gold standard in tenant experience. Listening to feedback and convert insights into recommendations is a critical part of our delivery.	These are all VfM objectives. These objectives will improve our customer satisfaction and ensure that we direct our resources in the most efficient and effective way, spending money where it is most needed.
 Develop and embed a Service Improvement Framework (SIF)	With the collective purpose to Inspire Trust as we deliver to our Inspiring Saffron Strategy, our focus to improve tenant satisfaction, reduce effort of use and manage our resources effectively remains a priority	
 Effective Complaint Handling	Complaints provide a first-hand account of the customers' views and experience and can highlight problems we may otherwise miss. Handled well, complaints can give our customers a form of redress when things go wrong and can also help us continuously improve our services.	
 Tenant journey mapping	Understanding who our tenants are, their needs and wants is critical, as is working with other agencies, to contribute to the wellbeing of neighbourhoods in which our tenants live. To identify where tenants and communities need the most support and where we need to invest our resources to investment in customer service improvements	





Appendix A

Objectives 2024/25

Green boxes highlight VfM Strategic Objectives and Board KPIs.

OBJECTIVE	WHY IS IT IMPORTANT	VfM OBJECTIVE
 Increase our investment in improving homes to 25p of every rent pound	<p>We need to ensure that as much of the rent we collect is spent on existing properties so that they are safe and warm homes for tenants.</p>	<p>This will move our spend from responsive to planned to improve the efficiency and effectiveness of our spend.</p>
 67% of tenant's homes rated EPC C or above	<p>This helps address the issues of fuel poverty. It can reduce the cost of heating a tenants home and also helps us reduce or environmental impact.</p>	<p>This is about ensuring our tenants have quality affordable energy efficient homes with lower bills. This will be achieved by investing in our homes, developing new homes and disposing of unviable homes. The VfM target is to provide 116 new homes, invest net spend of £2.7m in decarbonising our existing homes and disposing of 28 homes. We will utilise grant to maximise our spend on investing in homes.</p>
 Increase the average SAP rating of tenant's homes to 73.5		
 Complete 116 new, safe, quality and affordable homes including at least 35 new homes in Harleston and Wymondham	<p>Providing more affordable homes is an important contribution to sustainable communities., by doing this efficiently we can also maximise the income to reinvest well.</p>	
 Have clarity on how we focus on our core areas of operation through stock rationalisation	<p>If we can generate income from properties outside our core geography, areas of activity or with lower 'green' credentials we can use that money to invest in our core services.</p>	<p>This is about ensuring we can deliver the best service to our tenants. By ensuring we consolidate the tenure type and geography we can ensure the economy, efficiency and effectiveness of our services.</p>





Appendix A

Objectives 2024/25

Green boxes highlight Vfm Strategic Objectives and Board KPIs.

OBJECTIVE	WHY IS IT IMPORTANT	Vfm OBJECTIVE
 Implement a fair reward model	So that our reward offer is fair and competitive so we can attract and retain talent	This is about attracting and retaining the best talent to deliver an exceptional service to our tenants in the most efficient way.
 Increase our employee engagement to 1 star	So that our people are engaged in our vision and deliver excellent services to internal and external customers	
 Introduce a performance management system	To provide clarity on expectations, support performance and spot rising stars	
 Have a clear approach to professionalisation & learning	To ensure we support our staff to develop the skills required to do their roles to the best of their ability	
 Create and deliver a new 'work smarter' programme	Ensure there is clarity and alignment within our services so that we can deliver our core strategy	This is about saving £1.5m from how we run Saffron to enable us to invest more in improving homes
 Agree and deliver our EDI (Belonging) actions as promised	So, we understand our gaps or barriers and take action to address them.	



Appendix A

KPIs to Board

 Green boxes highlight VfM Strategic Objectives and Board KPIs.

KEY PERFORMANCE INDICATOR	TARGET
 1. Complaints responded to within Complaint Handling Code timescales	100%
 2. Reduction of stage 1 complaints escalated	15%
 3. Reduction of stage 2 complaints escalated	20%
 4. Overall satisfaction	80%
 5. Homes that do not meet the Decent Homes Standard	0
 6. Gas safety checks	100%
 7. Fire safety checks - FRA's	100%
 8. Fire Safety Checks – Fire Doors	100%
 9. Asbestos safety checks	100%
 10. Water safety checks	100%
 11. Lift safety checks	100%
 12. Arrears	3%
 13. Electrical testing (5-year policy limit)	100%



Appendix A

KPIs to Board

 Green boxes highlight VfM Strategic Objectives and Board KPIs.

KEY PERFORMANCE INDICATOR	TARGET
● 14. HHSRS Category 1 Failures	0
● 15. Repairs Right First Time	TBC
● 16. Reports of Category 1 damp and mould outside target at end of Period	0
● 17. All reports of damp and mould outside target at end of Period	0
● 18. Complaints Escalation to Board	0
● 19. No. of New affordable Homes completed during year	116
● 20. No. of homes re-purposed via disposal during year	28
● 21. Number of Total Property Management Surveys older than 6 years	0
● 22. Average SAP rating	73.5
● 23. Existing Stock: Increase 'C' rated	67%
● 24. Staff Turnover	15%
● 25. Short Term Sickness Absence (Days per EE)	8
● 26. Long Term Sickness Absence (EE's)	5

