

Saffron

Value for money strategy
January 2019



Introduction

In April, 2018, the Regulator of Social Housing (RSH) introduced a revised, specific, Value For Money Standard. This forms part of the Economic Standards. The requirements of the Standard are:

Registered providers must:

- clearly articulate their strategic objectives
- have an approach agreed by their board to achieving value for money in meeting these objectives and demonstrate their delivery of value for money to stakeholders
- through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs
- ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives.

This Strategy sets out Saffron's approach to meeting these requirements, and the specific and detailed requirements of the Standard, over the next three years.

The aim of the Strategy is to ensure that Saffron manages its resources efficiently and effectively to meet the goals set out in the Corporate Strategy. This includes reflecting the needs and aspirations of our customers and stakeholders.

Saffron's mission is:

To develop and manage homes across Norfolk and Suffolk for people in need and, through our services, enhance their life chances.

To achieve this Saffron will work to achieve value for money in all of its services and activities to maximise its capacity to invest in new and existing homes and quality services.

In particular this strategy sets out how Saffron will have:

- clear approaches to decision making based upon the costs, opportunities and trade-offs for key decisions.
- clarity about the performance of all its assets and be clear about how it will improve value for money for assets which do not offer a satisfactory return.
- arrangements to evaluate and scrutinise decisions and service performance to evaluate their value for money
- systems to understand costs for each service and the return achieved.

Saffron will publish how it is achieving value for money in its annual accounts and through a summary report to our customers and stakeholders.

What we mean by Value for Money and why we think it is important

Value for money means delivering on our priorities while:

- moving our operating margin above 35% to meet our internal targets, have a financial performance in line with our peers and enable us to meet the objectives set out in our corporate plan
- achieving a better social housing cost per unit and management costs per unit than the median over the next three years.
- creating a culture of effective budget management and challenge on cost.

By doing this we are able to make the best use of all of the resources we have at our disposal which enables us to invest in meeting our mission. This protects the funds we receive and helps us enhance the quality of life for our customers either in their homes or through additional services.

There are three facets of value for money:

- Economy represents value for money and delivering the required service on budget, on time and within other resource constraints.
- Efficiency is concerned with getting an acceptable return on the money and resources invested in a service. Efficiency is defined as work output divided by work input and it is all about getting as much out as possible from the amount we put into a service.
- Effectiveness describes the extent to which we deliver what we intended to deliver.

By following these principles we can help ensure Saffron remains a sustainable business and that we can continue to invest in developing new homes and in providing improved and new services.



Aims, Objectives, Approach and Measures of the Strategy

Aims

In October 2018 Saffron introduced its new Corporate Strategy 2018-2021. The priorities it identifies are:



Customer Service

Our customers need to be at the centre of everything we do. We will shape the delivery of our services to meet different customer needs and make doing business with us easy.



Money

We will remain financially strong, invest in our own infrastructure, particularly our IT systems and continue to invest in new and existing homes. We will strive to generate savings to enable this investment.



People and Culture

We will invest in our people and our systems to maximise efficiency and ensure we realise our full potential.



Governance

We will operate in a culture where strong governance, compliance and risk management is business as usual



Homes

We will actively manage our existing homes, and deliver new affordable housing to provide quality homes for current and future customers.

Our value for money objectives run through all of these themes so that we can achieve a 35 per cent operating margin, have social housing costs in line with or better than the sector average and ensure we have a culture of continually challenging our costs.

Objectives

Our specific value for money objectives are:

- Ensuring that for every key decision the Board and Executive are clear on the costs of services, including opportunity costs, and the return we can expect for the resources we invest. This will be achieved through the financial impact assessment on reports and through scheme appraisals.
- Making use of technology to enable our costs of service provision to reduce whilst enhancing the opportunities for customers to receive services in a form that meets their needs at a time that suits them.
- Delivering our procurement strategy such that we can demonstrate clear value for money in all of our contractual relationships
- Exploring shared service and other working arrangements which enable us to reduce our costs for a range of support services.
- Demonstrating that our approach and objectives enable us to provide a range of housing options based upon need and demand.

We will specifically report on a range of specific measures in our Annual Report, including those specified by the RSH as described below to show how we are achieving these objectives.



Approach

We will be clear on the ways we deliver value for money. To make sure we do that we will:

- Report on the costs of our services, the factors that may affect these costs and how our performance compares with others in our annual reports.
- Explain areas in which we have achieved greater efficiencies in our annual reports.
- Use our Positive Future transformation programme to introduce service improvements that deliver efficiencies and processes which support our customers. We will monitor this through the Senior Management Team's savings and efficiency programme.
- Understand the 'trade-offs' we need to make when investing in homes and services.
- Identify areas in which we can deliver our services more effectively by working in partnership with other providers.
- Follow our active management strategy so that we understand the return we can expect from our assets and replace them where there is opportunity to enhance this. Saffron has established a disposals target and clear criteria for disposals which is monitored by the Board.
- Clearly report on our services and encourage effective scrutiny of these through our customer involvement processes.
- Identify how we can invest in local businesses and social enterprises to support the local economy and support our community objectives.
- Report on our savings targets through our annual report.



Measures



The RSH requires us to report on a range of value for money indicators as part of the Regulatory Standards. We will enhance these by reporting to our Board and, where appropriate, customers to explain:

- Our costs, how they compare with others and what reasons there may be for our performance through our annual reports and on our website.
- What barriers we face in achieving these aspirations
- What the costs to us and consequences for us may be if we do not improve

Our senior management team will take responsibility for monitoring these measures and reporting on them. It will use our savings and business transformation programmes to develop and embed a culture of continual improvement in performance and value for money.



Accountability

Our Board is accountable for delivering this strategy. It will achieve this through the work of our executive and senior management teams who will be responsible for identifying value for money and performance targets annually for Board approval and monitoring and reporting on these throughout the year.

All of our staff will be expected to support this work and we will encourage them to participate in workshops and project groups which deliver value for money. Achieving value for money will also feature in team and individual objectives where it is appropriate.

Communication and Implementation

We will publish this strategy on our website and share it with our staff.

Each year, alongside our transformation programme, we will ask the Board to approve our value for money plan to set out our targets and work for the year ahead.



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