

	Required Outcomes (what we must provide)	Current evidence (high level)	Specific expectations (What we must demonstrate)	Current evidence (high level)
a)	clearly articulate our strategic objectives	2019 -2023 Business Strategy clearly articulates our strategic objectives and projects	a robust approach to achieving value for money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance	KPI Targets are aligned to our Business Strategy objectives and forecasting is used to model impacts and how performance can be improved. KPI target setting is closely aligned to the budget setting process.
b)	have an approach agreed by our board to achieving value for money in meeting these objectives and demonstrate our delivery of value for money to stakeholders	Key activities/principles signed off by board which are published on website	regular and appropriate consideration by the board of potential VfM gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures	All Board reports require consideration of the implication for VfM. Proposals for investment, disposal of assets or changes to the way that we work are supported by detailed business cases, which include financial appraisals.
c)	through our strategic objectives, articulate our strategy for delivering homes that meet a range of needs	Our business strategy entitled ‘home is the foundation for life’ has a key objective to support the growth of homes (affordable and other) in the region. In addition, we have clear projects for improving units for specialist support in our business strategy. There is also a separate Development Strategy	consideration of VfM across their whole business and where we invest in non-social housing activity, we should consider whether this generates returns commensurate to the risk involved and justification where this is not the case	Development Risk Register is reviewed and assessed quarterly and reported to Development Board in addition to being reported to Audit & Risk bi-annually  Separate Development Board in place with skills to review and make decisions on non-social housing activity.  Clear reporting on non-social housing activity is an integral part of our monthly management accounts.
d)	ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives	Asset Management Strategy and ROI model in place	We have appropriate targets in place for measuring performance in achieving value for money in delivering their strategic objectives, and that we regularly monitor and report our performance against these targets.	Monthly/Quarterly Performance Reporting against Business Strategy objectives with annual targets set. VfM metrics reported quarterly in management accounts and as part of the Performance Management Framework.

## **Our Value for Money Approach (VfM)** *(evidence for required outcome b)*

### **Overview**

In April 2018 the Regulator of Social Housing (RSH) introduced a new Value for Money (VfM) Standard and accompanying Code of Practice.

The specific requirements of the Standard require social housing providers to clearly set out their strategic objectives, which are aligned to the purpose of the organisation. Transparency with our performance is also key and must be understood by our boards and stakeholders with targets set accordingly.

In addition to our own performance measures the Standard introduced a set of standard metrics (VfM metrics), which we are required to publish annually, together with our comparable performance against our peers. The metrics are intended to enhance the consistency, comparability and transparency of VfM reporting in the sector.

We first published our first set of VfM metrics in the 2017/18 financial statements and have continued to do so in all subsequent financial statements. Citizen's approach to reporting VfM was commended in the 2020 Beaver & Struthers annual review of the top 100 RP's audited financial statements. The forecast VfM metrics for the year are reviewed and reported monthly as an integral part of the group consolidated management accounts.

This updated approach to VfM has been adopted at Citizen and was approved by the Board on 25 March 2019, and reconfirmed annual thereafter. Within our approach, we have committed to achieve a set of key activities that take account of the specific expectations of the Standard and code of Practice.

### **Principles of VfM**

At Citizen we are committed to demonstrate the three principles of VfM; **Economy, Efficiency and Effectiveness**. We believe that VfM is achieved by balancing these key principles when delivering our business objectives. VfM is not an exercise in cost cutting or limiting resources; it is about ensuring as a business we can create an efficient, effective, and economical business.

**Economy** – we will ensure that the price we pay for services and contracts deliver the best outputs, we therefore procure our services based on quality not just price.

**Efficiency** – we will maximise our productivity through the outputs (results) we get from our inputs (resources), ensuring we spend money well.

**Effectiveness** – we will ensure that our spend achieves the desired outcomes and to the standard we expect, demonstrating we spend our money wisely.

## Embedding VfM at Citizen

### Business Strategy *(evidence for required outcomes a & c)*

VfM is not a standalone project or reliant on lots of new projects to achieve it, rather it is a fundamental guiding principle that is integrated into all ways of working, and into our strategic planning. Our Business Strategy objectives will provide measurable outputs for the Board to track progress.

Our success measures seek to optimise VfM across all our activities, whilst meeting our purpose as a social housing provider and delivering against our vision of **home is our foundation for life**.

In our 2020-2023 Business Strategy we have set out the following:

- **Improve our offer to our customer**

Our services and products should make our customer's lives easier not harder and they should have an experience that meets that aspiration. We want our homes and communities to be environments where our current and future customers feel happy and proud of, which why we are committing to major regeneration projects to make a difference.

- **Increase the supply of affordable new homes in the Midlands**

We are passionate about our role in increasing the supply of quality, new social and affordable housing in the Midlands.

We aim to be an organisation that is significantly increasing the number of social and affordable homes in the region, to ensure our product remains high quality and cost effective.

- **Make our services more efficient**

We want as much of our income to be targeted at providing homes and services that improve people's lives.

We can only achieve this through sustainable and effective delivery of our core business services which are the foundation of supporting delivery of our strategic objectives and purpose.

- **Maximise the performance of our homes**

We want our assets to deliver as much value for us as possible. This includes not only our assets financial performance but also their impact on customer satisfaction, safety and environmental sustainability.

It is also fundamental that our assets remain viable for the current and future customers we house.

- **Improve our support services and tackle homelessness**

We believe that one of our central roles is to help people who are most excluded from the housing market.

Helping people into sustainable housing means we need to provide a model which supports the individual to thrive, meaning our services need to focus on giving people a foundation for life.

- **To be an employer of choice in the sector**

To deliver the best services for our customers, we want to retain and attract the brightest and best housing professionals. We are committed to support our employees to meet their professional capabilities as well as rewarding and recognising them to improve the wellbeing of our workforce.

We aspire to become an aspirational employer for current and future employees in the Midlands and beyond.

- **To be thought leaders in our region and sector**

We believe that every social housing tenant in the UK deserves the best quality provision possible. We have a role to play in influencing and partnering with other organisations to drive up standards and provide more innovative solutions to key housing challenges.

To do this we need to promote our ideas, learn from others and influence debate on our tenant's behalf.

Each objective has an accountable executive together with defined key performance measures that are measured and monitored in line with our Performance Management Framework.

### **Decision Making** *(evidence for specific expectation a)*

Citizen adopts a robust decision-making process. All decisions that commit to significant growth in expenditure are approved by the Board and are supported by a cost benefit appraisal.

We operate a clear scheme of delegation within our financial regulations and standing orders. Our governance framework sets out the accountabilities and responsibilities for the Board and executive directors and our governance documents are aligned to our Business Strategy, mission and operating principles.

We have a robust schedule for reporting financial decisions to the boards and the Audit & Risk Committee is responsible for in-depth examination of financial performance alongside risk management and internal and external audit findings.

All reports presented to Board and Committees must set out the financial and VfM implications for each decision and these are supported as appropriate by option appraisals.

We are looking to improve the transparency of identifying the benefits from any initiative by expanding the VfM section on the Board cover report itself to explicitly include benefits realised. This means that VfM is specifically considered in each decision made by our Board and Committees.

### **Key activities which are core to our VfM approach and ensure it is embedded across our organisation;** *(evidence for required outcomes b-d)*

- Annually benchmark against our peers through range of mechanisms including Global Accounts and Sector Scorecard reporting, this is to ensure we understand our relative performance and drivers for costs. We also have stepped targets to improve our performance year on year to reach our Business Strategy aspirations and these are part of

our annual plan which tracks our Business Strategy measures.

- We have a net present value assessment refreshed on a cyclical basis to understand the return on our housing stock and identify any that need a full options appraisal. There are also individual appraisals carried out for any schemes requiring regeneration, as well as individual voids to identify the best use of that stock, including whether disposal and reinvestment would represent the best value and use of resources.
- Through our Matrix partnership with other housebuilders and housing associations to unlock the potential of grant sharing and using our various expertise to maximise our development programme and deliver our development strategy and aspirations to deliver 2600 new homes over 4 years.
- Maximise our partnership with local authorities to use our assets for community gains including large cost saving for Local Authority on temporary accommodation using our out of management stock. This will save money for the council and generate income, using stock that is ready for regeneration/redevelopment.
- To remain transparent with our activities and demonstrate to our Boards and stakeholders how we achieve VfM we will, where possible, publish outcomes and evidence that supports our approach on our website.

### **VfM Metrics** (*evidence for specific expectation d*)

We report our latest performance against the VfM metrics in our quarterly management accounts which are reported to Board. The year end metrics, along with the following year's targets are published in our statutory accounts.

On the VfM section of the Group's website, we will publish VfM metric information at least annually. We will also report how we have achieved savings or improved our services.

### **How we compare to others**

We have used the Sector Scorecard and Global accounts datasets to complete a thorough review of Citizen's relative position in the market to understand performance and market influence relative to other social housing providers in the region. Citizen's approach to reporting VfM was commended in the 2020 Beever & Struthers annual review of the top 100 RP's audited financial statements.

Page 12 within the Beever & Struthers report starts with this introduction:

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#### **VALUE FOR MONEY**

There were good examples of peer group analysis. WM Housing Group (now Citizen) included prior year data for seven named providers, all selected due to being specific Midland based, similar sized providers:

### **Costs Benchmarking**

Understanding our costs and how we compare to others is a key aspect of our VfM approach and underpins an evidence-based approach to resource allocation, cost reduction and target setting.

We benchmark our costs through the Sector Scorecard and Global Accounts in order to gain the widest possible comparator group.

### **Plans for 2021-22**

We will continue to benchmark ourselves against peers of a similar size or with similar activities and services using a variety of different benchmarking groups that Citizen is part of. We will participate in the Sector Scorecard which allows us to compare against a range of metrics and demonstrates our commitment to transparency with our stakeholders and customers. We will publish relevant benchmarking information on the VfM section of our website. In our published financial statements, we also set out our plans for improvements in the forthcoming year and achievements in the current year to achieve VfM.

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