

**Self-assessment against the value for money (VfM) Standard  
July 2020.**

Wording from the standard	Code of Practice extracts	Comments
<b>REQUIRED OUTCOMES</b>		
<p><b>Registered Providers (RPs) must:</b></p> <ul style="list-style-type: none"> <li>(a) clearly articulate their strategic objectives</li> <li>(b) have an approach agreed by their Board to achieving VfM in meeting these objectives and demonstrate their delivery of VfM to stakeholders</li> <li>(c) through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs</li> <li>(d) ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives.</li> </ul>	<p>Registered providers must ensure that clear, up-to-date strategic objectives are in place. These objectives must:</p> <ul style="list-style-type: none"> <li>• deal with the medium to long-term future of the organisation</li> <li>• include measurable targets based on outcomes, and</li> <li>• be demonstrably linked to the aims and purpose of the organisation.</li> </ul> <p>Providers' objectives must articulate their strategy for delivering homes that meet a range of needs. This might, for example, include their plans for new development to meet unmet housing need in particular localities, or investment in the existing stock to sustain its quality and/or better meet the needs of particular client groups.</p> <p>Registered providers must also be able to demonstrate that they have a full understanding of the return they generate from their assets compared to the costs of maintaining those assets. Registered providers should be able to demonstrate how this return varies across their asset base, e.g. according to stock type or geographical location.</p>	<p>BCT Board approved a Value for Money strategy in 2019 which sets out the strategic approach to achieving value for money. In 2020, the Board approved a new strategy for 2025 based on an extensive consultation with tenants.</p> <p>The Customer Scutiny Committee (CSC) and the BCT Tenant Engagement Framework have played a full part in this process.</p> <p>The Board approved in 2020 a budget and investment programme which will have a positive impact on the VfM metrics and address BCT's strategic objectives.</p> <p>BCT has undertaken a review of assets including an NPV analysis of BCT's properties and service charge performance. This was reported to the Audit and Risk Committee in July 2020.</p>
<b>SPECIFIC OUTCOMES</b>		
<p>2.1 RPs must demonstrate:</p> <ul style="list-style-type: none"> <li>(a) a robust approach to achieving VfM – this must include a robust approach to decision making and a rigorous appraisal of potential</li> </ul>	<p>Registered providers must ensure that they have an understanding of absolute costs, how these costs compare to other organisations, and how they have changed over time. Registered providers should understand what is driving their costs and make sure that they are getting the desired quality at the lowest price.</p>	<p>BCT's absolute costs are reported to the Board, and the value for money statement shows a comparison of BCT costs to its peers. The drivers are well understood. The VfM statement highlights the large proportion of BCT costs that are attributable to major essential repairs. This</p>

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<p>options for improving performance</p> <p>(b) regular and appropriate consideration by the board of potential value for money gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures</p> <p>(c) consideration of VfM across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case</p> <p>(d) that they have appropriate targets in place for measuring performance in achieving VfM in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets.</p>	<p>Robust decision making must include a ‘rigorous appraisal’ of all potential options for improving performance and may include (but is not limited to):</p> <ul style="list-style-type: none"> <li>• cost inputs versus outputs achieved</li> <li>• opportunity cost of using assets and resources in their current function</li> <li>• comparison against potential alternatives</li> <li>• evaluation of implications for delivery of objectives.</li> </ul> <p>It is incumbent on boards to actively consider the opportunity costs of their current structures compared to a range of alternatives, and the implications for delivery of objectives and maximising value for money.</p> <p>This could include the potential benefits and limitations of considerations such as (but is not limited to):</p> <ul style="list-style-type: none"> <li>• corporate structure</li> <li>• procurement</li> <li>• diversification / divestment of business streams</li> <li>• investment in non-social housing activity including that undertaken in any unregistered subsidiary</li> <li>• partnership arrangements</li> <li>• standalone business versus merging with another provider, and</li> <li>• geographic areas of operation.</li> </ul>	<p>is indicative of BCT’s delivery of the stock transfer promises.</p> <p>The performance of services, satisfaction and complaints are reviewed by the CSC, a formal committee of the Board.</p> <p>The Board receives regular updates on financial and operational performance, and the Board has begun consideration of a new partnership which would best deliver the Board’s strategy for 2025.</p> <p>An NPV analysis carried out in the year updates BCT’s understanding of its assets and the relative costs and income. The options for BCT to dispose/demolish or adapt properties are limited given that the Estate is Grade II* listed.</p> <p>The VfM targets are built into budgets and capex programmes, and these are reported to Board quarterly. The strategic objectives run as a golden thread through the budgets and operational objectives of the organisation.</p>

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<p>2.2 RPs must annually publish evidence in the statutory accounts to enable stakeholders to understand the provider's:</p> <ul style="list-style-type: none"> <li>(a) performance against its own VfM targets and any metrics set out by the regulator, and how that performance compares to peers</li> <li>(b) measurable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this.</li> </ul>	<p>Transparency and accountability help drive improvement in value for money. Transparency requires appropriate performance monitoring and reporting systems, encompassing all elements of the value chain and the economy, efficiency and effectiveness of boards' actions and decisions. Where boards find that expected levels of delivery are not being achieved, they should ensure that they have the systems and skills in place to be able to challenge executives. They should also ensure that robust plans are in place for improvement, or where it would not be appropriate to undertake improvements this should be clearly stated and the rationale for the decision set out.</p> <p>Registered providers must ensure that the reporting undertaken meets the requirements of the Standard, including the requirement to report against the metrics defined by the regulator. Registered providers should also report on different activities and types of assets that are appropriate to their business priorities.</p> <p>They should also consider their actual performance, previous year's performance, future forecasts and targets against forecasts in relation to strategic objectives.</p> <p>Registered providers are also free to report any additional measurements that they consider would aid understanding of their performance. Explanation of underlying factors influencing performance must be factual and concise and easily identifiable.</p> <p>Registered providers are required to publish reporting on the above in their statutory accounts in a way that is clear, concise and appropriate to their stakeholders.</p>	<p>The key messages from the VFM analysis are:</p> <ul style="list-style-type: none"> <li>• Investment has been very high this year and BCT is on track to achieve its new strategic objectives for 2025. Operating costs have been lower than budgeted.</li> <li>• Investment and performance over the year ahead will be affected by COVID-19 restrictions.</li> <li>• BCT's cost per unit is higher than peers, but this can be explained sufficiently by the major repairs spend, the district heating costs and the Listed Estate. Therefore no direct plans to address these items.</li> </ul> <p>The Board assessed low demand and "making Byker an estate of choice" a prime risk for the organisation.</p> <p>Turnover, rent arrears, voids loss and repairs metrics are all showing continuous improvement.</p> <p>VFM reporting includes performance against targets, comparison to previous years and peers.</p> <p>BCT has also reported on the KPIs that the Board receives quarterly and the results explained.</p> <p>The reporting is clear and concise and suitable for an organisation of BCT's size.</p>