Salvation Army Homes

Safe homes. Transforming lives.

Value for Money Strategy

#OneTeam

Salvation Army Homes
July 2024

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1. Purpose

This Value for Money (VfM) Strategy is to explain Salvation Army Homes' underlying approach to VfM.

It outlines key aspects of the VfM process and identifies the main reporting procedures.

Specific objectives from this strategy are to:

- Integrate VfM into business streams and associated strategies,
- Ensure the principles of VfM are understood and that it is the responsibility of all staff to pursue VfM within Salvation Army Homes's activities,
- State how VfM performance will be measured.

2. Introduction

Salvation Army Homes offers value adding services over and above that of affordable housing.

Salvation Army Homes also operates in an economic environment where funds and resources are limited and liable to change

Through embedding VfM into our services we assure maximum financial headroom and in turn maximising delivery of service (and ultimately delivery of our mission).

3. Scope

This strategy will influence the allocation of resources across Salvation Army Homes and its subsidiaries.

The strategy covers all operations within Salvation Army Homes and its subsidiaries.

4. Objectives

Specific objectives from this strategy are to:

- Provide contextual background to our approach,
- Integrate VfM into decision making, planning, and reporting,
- Monitor performance of VfM through reporting and benchmarking,
- Ensure the principles of VfM are understood by Salvation Army Homes' stakeholders,
- Provide a clear description of the linkages between Salvation Army Homes Corporate Strategy, Objectives and VfM.

4.1 Definitions

Value for Money - the efficient application of resources, including money and expertise, to deliver the maximum value as defined by our Mission, Vision and Values.

Economy, efficiency and effectiveness are defined as follows.

- Economy: minimising the cost of resources used while having regard to quality.
- Efficiency: the relationship between the output from goods or services and the resources to produce them.
- Effectiveness: the extent to which objectives are achieved and the relationship between intended and actual impacts.

5. Background

Salvation Army Homes operates proportionately more supported housing schemes, foyers and homeless shelters than many RP's. Value derived from these schemes is often defined by more than the *simple* provision of housing but also typically is a low margin operation reducing the ability to absorb financial risk within the scheme and/or business.

It is therefore key that Salvation Army Homes measures value in terms of delivery of mission whilst balancing financial and operating risks.

6. How we embed VfM into decision making:

We will look to embed VfM through our different processes:

Process	Embedding VfM
Procurement	Procurement will support the organisation in acquiring goods and services that meet our requirements, are in line with our vision and at the best possible price. Procurement will work in partnership with our parent The Salvation Army to gain economies of scale. Continual contract management will ensure that optimal value is extracted from our business relationships and will aid us in delivering the best possible service. The business will seek advice from procurement at the earliest convenience when making all material purchase decisions in line with Delegation of Authority and standing orders. A procurement tracker, noting genuine savings, will be kept up to date and made available to management.
Asset	We will monitor the condition, suitability and lifecycle of the properties we own

management	and manage. We will use this information to guide spend decisions in terms of magnitude and timing to deliver housing as cost efficiently as possible. Appropriate housing will in turn enable excellent support services to be offered. Spend will be recorded to sufficient detail so as to make accurate service charge(s) feasible.
Continuous improvement	A culture of continuous improvement within Salvation Army Homes is championed. As part of improvement **all** processes are encouraged to be streamlined. Salvation Army Homes encourages empowerment, accountability and a can-do attitude. This culture in itself is a cost-effective way of facilitating continuous improvement. Larger scale change initiatives are to be reviewed by Senior Management on a timely basis and VfM is to be a key consideration. Innovation is key to ensure our success. Recruitment and training will focus on increasing innovative behaviours within our teams. The concept of VfM and this strategy will be communicated to teams. Management will celebrate areas of successful implementation of innovation leading to VfM.
Investing in services and people	Salvation Army Homes aims to invest in high quality service provision to all residents. We achieve this through ensuring our assets are well maintained and our employees are equipped to deliver excellent services. All investments, whether this is an investment in new housing accommodation, or a new service being deployed, are carried out using investment appraisal methodology. Investments in new services incorporate the costs of delivering the service both safely and to the extent that the service continues to ensure Salvation Army Homes's reputation is not adversely affected. Typically, the largest cost of delivering new services is through staffing costs. Staffing costs, including cost of living increases are reviewed on an annual basis, leading up to the setting of the forthcoming annual budget cycle. Salary benchmarking is conducted every three years. The People and Organisational Development Committee has responsibility for recommending any increases in salaries to Board.

7. Monitoring ourselves

Salvation Army Homes will monitor VfM performance through comparison and analysis of the seven key VfM metrics as prescribed by the regulator.

- Salvation Army Homes will measure itself against an appropriate peer group of similar size, locations, and stock profile (as best as possible).

Salvation Army Homes will add appropriate KPIs to the prescribed (above) and report monthly to The Leadership team and quarterly to Board.

- The Board will guide management upon the appropriateness and effectiveness of the KPI’s.

8. Making sure we all know what VfM is

The importance of VfM will be embedded into each business objective.

It is the responsibility of management to identify skill gaps around understanding of VfM and meet the needs of the organisation by filling those gaps.

9. Ensuring strategic alignment

Resource allocation and investment decisions are to be made in the context of combining efficiency in delivery and alignment with ‘Safe homes. Transforming lives.’ as an outcome.

The Corporate Strategy ‘Pathway to Excellence 2030’ is clear in stating that our Vision will be delivered through five key objectives setting out our commitment and what success will look like:

- Deliver excellent customer service
- Invest in our existing homes
- Deliver more homes to help residents achieve independent living
- Be a great employer
- Maintain our financial strength

Regulatory Compliance

The Regulator of Social Housing clearly sets out its VfM requirements for registered providers in its Value for Money Standard and Value for Money Code of Practice. Mandatory compliance is measured against the VfM Standard.

Salvation Army Homes will define, embed, monitor and measure VfM outcomes across the business.

The Board will appoint auditors with the skill to assess the VfM statement.

The Board will assess and guide on the internal VfM reporting for adequacy in line with their roles and responsibilities and against the VfM Standard and this strategy.

Salvation Army Homes Together for residents (T4R) resident engagement group are consulted and invited to comment on:

- Monitoring delivery of Salvation Army Homes’ key service standards and promises.
- Developing and providing feedback on service charges and management costs.
- Providing informal feedback to guide our approach on service delivery.

10. Monitoring and Reporting

This strategy will be monitored by the Executive Director of Finance and ICT and reviewed every three years by EMT.

Salvation Army Homes will produce an annual VfM statement in our financial report.

Salvation Army Homes will also monitor VfM through Board and Executive reports, reviews of operational plans, long term financial forecasting and procurement performance reports.

This strategy is subject to earlier review in the event of significant regulatory or legislative change.

11. Implementation

This strategy will be communicated to all Heads of Service post approval with a view to its core messages of innovation and responsibility being cascaded.

Gap analysis and discussion of this strategy is to be set as an agenda item with the senior management team post approval.

- Monthly monitoring of performance and feedback will be delivered through management account analysis, procurement contract tracker analysis, and management business partnering.

12. Roles and Responsibilities

Responsibility for VfM lies with all colleagues at Salvation Army Homes and is not restricted to those with resource of financial responsibilities. All colleagues should endeavor to seek and achieve VfM in all activities and to bring to management attention any opportunities for improvement.

Board will review and approve the annual VfM self-assessment in the context of financial, social and environmental performance.

EMT are responsible for securing efficiency and incorporating VfM into operations.

SMT are responsible for monitoring and reporting VfM as stipulated within their Terms of Reference.

13. Strategy Review

This Strategy has been reviewed in accordance with the latest VfM Code of Practice with a focus on compliance and making our VfM strategy a succinct statement of what we will do with respect to VfM.