

Strategy	Value For Money (VFM) Strategy 2024-29
Effective Date:	December 2024
Date Last Reviewed:	November 2024 Board
Supersedes:	All previous policies and/or statements
Approved by:	Board

1.0 Executive summary

- 1.1 Achieving VFM is important to Tuntum and, is integrated into our corporate and operational plans – see section 3.
- 1.2 Achieving VFM is not just about saving money but also about delivering our objectives effectively – see section 4.
- 1.3 We successfully raise grant monies from charitable grant sources to enhance services to our customers.
- 1.4 Our costs are comparable with other social registered providers – see section 7.
- 1.5 We continue to assess our homes' values and maximise returns – see section 9.
- 1.6 We are planning to make further efficiencies – see section 10.
- 1.7 Throughout the year, the board and executive team will monitor our performance against the VFM metrics and KPIs – see section 11 and Appendix 3.
- 1.8 The strategy will be presented to the tenant's that we have on our database and the staff for comments.

2.0 Introduction and background

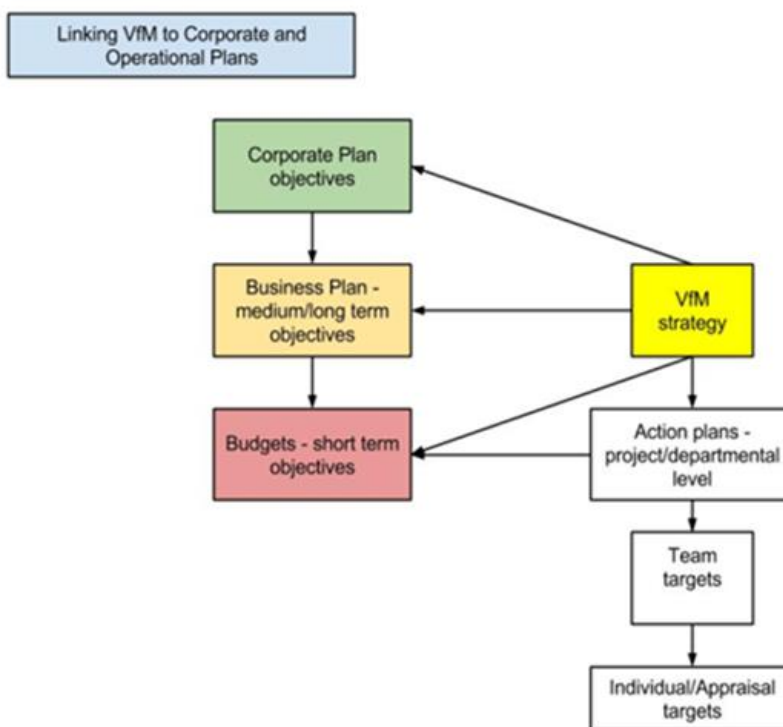
- 2.1 We are a Black and Minority Ethnic (BME) led social housing business registered with the Housing Corporation in 1988. We are the only independent housing association of our kind in the East Midlands. Our principal activities aim to benefit the community by developing and managing housing for people in need and by providing specialist facilities, services and amenities.
- 2.2 Our mission is to be a dynamic, community-based housing association, passionate about building brighter futures and empowering people in sustainable multi-cultural neighbourhoods.
- 2.3 We serve a range of different population groups and provide homes and services for families and single people; we have our Erewash scheme for young mothers and our three sheltered schemes for older people. In addition, we provide homes and services for families, refugees, homeless and vulnerable young women, homeless young people, ex-offenders and women fleeing domestic violence. We also provide mental health services in a residential scheme.

3.0 Integrating VFM into Tuntum's strategic objectives

3.1 Achieving VFM is integral to Tuntum's six corporate priorities, which are:

- Our Customers
- Our People & Culture
- Our Homes
- Our Data and Digital Infrastructure
- Our Communities
- Our Financial Viability and Governance

3.2 As outlined in the diagram below, VFM is directly linked to Tuntum's strategic objectives. It allows us to maximise our available resources and to achieve our vision of being a strong, forward-thinking regional housing association with our heart in the community.



3.3 Our VFM strategy underpins our Corporate Strategy and Business Plan. The VFM strategy is supported by a delivery plan with clear VFM metrics as targets, which are scrutinised quarterly by the Audit and Risk Committee and reviewed by the Board.

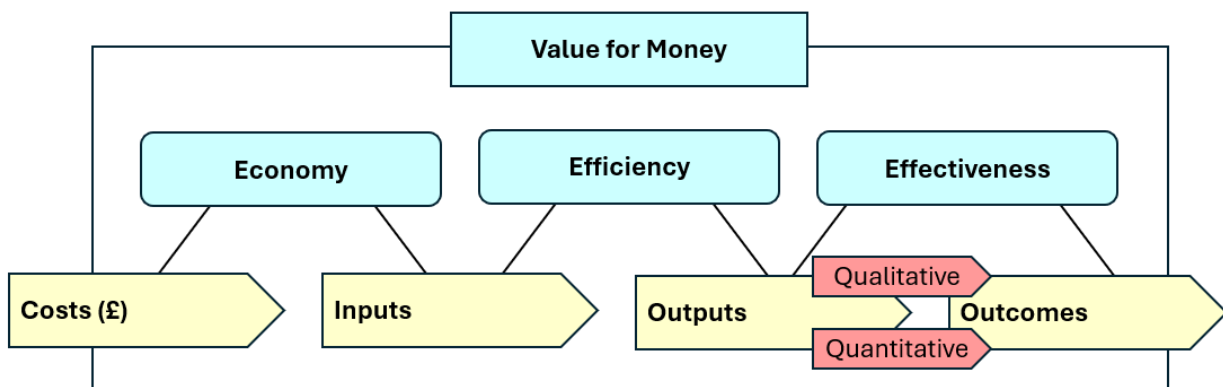
3.4 A key factor in delivering our VFM strategy is effective control and discipline around financial planning, budgetary control and our investment and contracting decision-making process. Tuntum has a set of key controls, and appraisal and reporting mechanisms. This enables effective planning, management and reporting on Tuntum's financial position so that we can robustly appraise new development projects and initiatives, ensuring that they meet the organisation's objectives and ensure that optimal benefit is derived from our resources and assets.

4.0 What does VFM mean to Tuntum?

4.1 VFM is achieved when there is a balance between low costs, high productivity, performance and successful outcomes – traditionally it is expressed as the relationship between:

- **Economy:** minimising cost and resources (cost) – this is the price paid for what goes into providing a service, for example, the salary cost of employees, material costs, office rent, vehicle costs, etc.
- **Efficiency:** doing things in the most economical way (performance) – this is a measure of productivity, primarily associated with the process and delivery of procurement
- **Effectiveness:** doing the "right" things for the service being provided (quality) – this is a measure of the impact achieved, primarily associated with the outcomes for customers.

The traditional definition of VFM is demonstrated in the diagram below:



4.2 Our primary focus is simple – to support and empower our customers to improve their lives. Tuntum is strongly committed to delivering VFM across every part of the business. We firmly believe it is about much more than just saving money; it is about ensuring we get the most from our resources, looking for creative and innovative ways of becoming more efficient and generating new value from our assets. By accomplishing this, we can rest assured that we are providing the best possible services in an open and transparent manner. It also means we can continue to develop innovative additional services, specifically tailored for our customers with specific needs.

4.3 However, cost and efficiency are not the only drivers in the social housing sector. For Tuntum, VFM is important as it means ensuring that we operate efficiently and effectively, maximising the services we offer to our current and future residents and communities, and achieving our **social objectives**. For example,

- August 2024 marks the 25th year that Tuntum Housing Association have been a lead sponsor and contributor to the Nottingham carnival. A highlight in the community calendar and aligned with our social purpose, it provides the community with a unique opportunity to celebrate the Caribbean culture and fosters inclusivity. Typically, the event attracts around 8000 visitors. In June 2024 the Nottingham Carnival Community Interest Company (CIC) was established and Tuntum continues to provide support to the event.

- We are proud that we continue to retain the services of local/ community based predominately BME led contractors to deliver our repairs and maintenance service; thereby boosting the local economy.
- In 2020 from Comic Relief: £418,410 over three years for our mental health support project, Headwize. This work concluded in July 2024.
- We are currently undertaking a review of our specialist housing services, a percentage of which have support services delivered by Tuntum Housing staff and funded through intensive housing management. We are currently reviewing our offer in this area and looking to ensure that we capture more effectively our qualitative outcomes from these essential services.

4.4 VFM is the key to us achieving our objectives.

4.5 It is the Board's role to ensure that the organisation optimises economic efficiency and effectiveness in the delivery of the strategic objectives and the executive's role is to implement it. Achieving VFM is vital to ensure that during economic pressure for our customers, the organisation continues to spend its money in the best way to deliver the best outcomes.

5.0 How VFM is monitored by the Board

5.1 We have a governance and operational structure that ensures VFM savings are successfully delivered. The structure in place is outlined below:

- The Tuntum Board has the ultimate responsibility to ensure delivery of VFM
 - The Audit and Risk Committee monitors the VFM metrics on behalf of the Board. These are reported quarterly to the committee
 - Value for Money is a standing item on the Senior Management Teams (SMT) agenda. SMT members will also have VFM as an agenda item to discuss as part of their respective team meetings. Any ideas from there will be brought to the SMT meetings and will be discussed/taken forward as appropriate. The lead officer for VFM is the Director of Resources & Risk. Our main aim is to embed VFM in our day-to-day processes, with the SMT leading on the delivery of our value for money agenda which is supported by our Corporate Strategy and plan.
- 5.2 All staff at Tuntum have a role to play in seeking and achieving VFM for the organisation, and we actively encourage suggestions for further VFM measures from all members of staff to their departmental head at their team meetings as well as from customers. In September 2024 we are launching our new Brighter Ideas VFM suggestions channel.

6.0 The Value for Money Standard

6.1 The Regulator of Social Housing has outlined what it expects Registered Providers to deliver in relation to VFM in its 'VFM Standard 2018'. The Regulator also publishes a Code of Practice, which is designed to amplify the requirements in the Value for Money Standard. It aims to help registered providers understand what the regulator is looking for when seeking assurance on compliance with the Standard.

6.2 In summary, the key points in the regulators VFM Code of Practice and VFM metrics and examples of how they are implemented are as follows:

- Strategic objectives that have VFM embedded or a standalone VFM strategy

- We operate a standalone VFM strategy but also all reports to the Board require reference to the VFM strategy.
- Registered Providers (RPs) objectives for delivering new homes
 - Regularly reviewed development strategy.
 - Corporate and business plans.
- Achieving "optimum" economy, efficiency and effectiveness
 - Financial and other KPIs.
 - Business Plan projections.
 - VFM metrics.
 - Key financial tolerances.
- Optimise the financial returns from assets and understanding the returns from all the assets owned
 - Annual budget and financial reports.
 - Repairs and planned maintenance programme.
 - Operational KPIs.
 - Return on capital employed.
 - Property disposal strategy.
- Does the RP's approach to remuneration and employment costs represent the optimal use of resources?
 - HR Strategy.
 - Reviewing staffing structures.
 - Benchmarking of salaries against similar employers before jobs are advertised.
 - Independent consultant on Board remuneration.
 - VFM needs to be considered at both the strategic and operational levels.
 - VFM is reviewed by SMT and Board.
- That you understand your costs and peer group costs
 - VFM metrics compared with other housing associations in peer group.
- You have robust decision-making based upon rigorous appraisals
 - Rigorous budget setting process.
 - Scheme development approval process.
 - Role of Risk Assessment Panel (RAP) in assessing financial and other risks.
- The following should be reviewed regularly:
 - Corporate structure (partnerships/merger).
 - Strategy on approach to mergers (2023).

- Development partnerships.
- Procurement
 - Participation with Efficiency East Midlands (EEM).
 - Diverse business streams.
 - Corporate objectives.
 - Partnership arrangements.
 - Financial regulations and procedures.
- Development partnerships – NCHA
 - We have defined our geographic areas of operation as being no further than 60 minutes drive from our offices in Old Basford.
- Corporate Plan
 - Corporate Action Plan for the year

6.3 Annually, we must publish financial statements that enable stakeholders to understand our:

Performance against our VFM targets plus those metrics set out by the regulator, and how that performance compares to peers. The VFM metrics defined by the regulator cover the following:

- 1) Re-investment
- 2a) New supply of social housing
- 2b) New supply of non-social housing
- 3) Gearing
- 4) Earnings before interest, tax, depreciation and amortisation (EBITDA)
- 5) Headline Cost Per unit (CPU)
- 6a) Operating margin (social lettings)
- 6b) Operating margin (all)
- 7) Return on capital
- 8) Any plans to improve performance

7.0 Cost comparisons

See Appendix 1 for details of our peer group and Appendix 3 for our VFM metrics for 2024/25 and beyond.

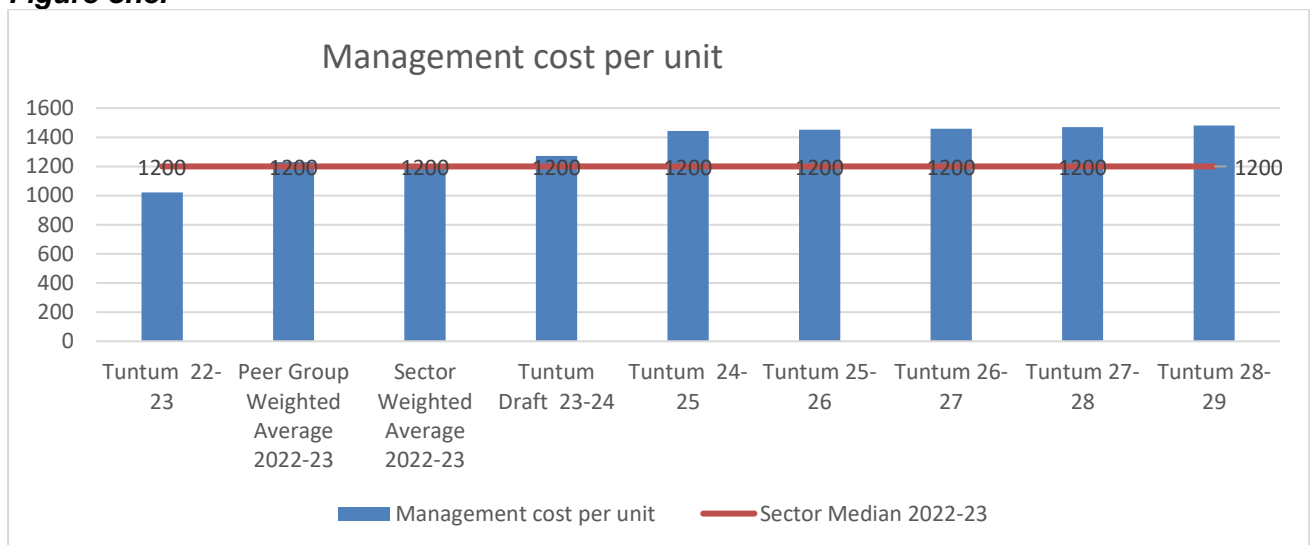
- 7.1 A key requirement of the VFM Standard is that an organisation understands the costs and outcomes of delivering specific services, which underlying factors influence these costs, and how they do so.
- 7.2 Our budgets are produced annually to a tight timetable, and all budget headings are examined in detail with reference to the available external cost comparators.
- 7.3 The diagrams below show our unit costs for 2022/23 plus a comparison of our 2022/23 costs with a selected peer group, all housing association costs and the sector median. The charts

also show our draft costs for 23-24 together with the costs projected over the next five years as part of Business Plan projections (see appendix one for details of the peer group). The peer group has been selected using most of the following criteria:

- Member of BME National
- Operating outside of London
- Mix of specialist and general needs housing
- Similar size

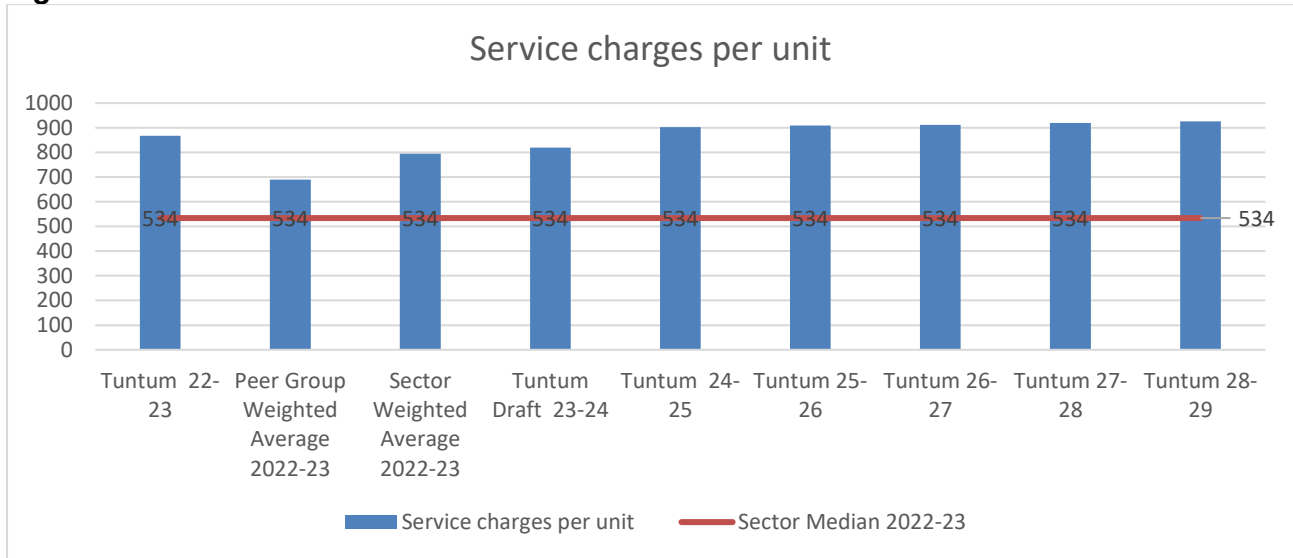
7.4 Overall, the bar charts detailed over the next few pages show that our costs are comparable with other social housing providers. The factors affecting Tuntum's cost base are explained beneath the bar charts. The forecasted costs also indicate that we are very close to our target of aligning with the sector median costs which are currently shown at 2022/23 levels due to lack of available up to date data

Figure one:



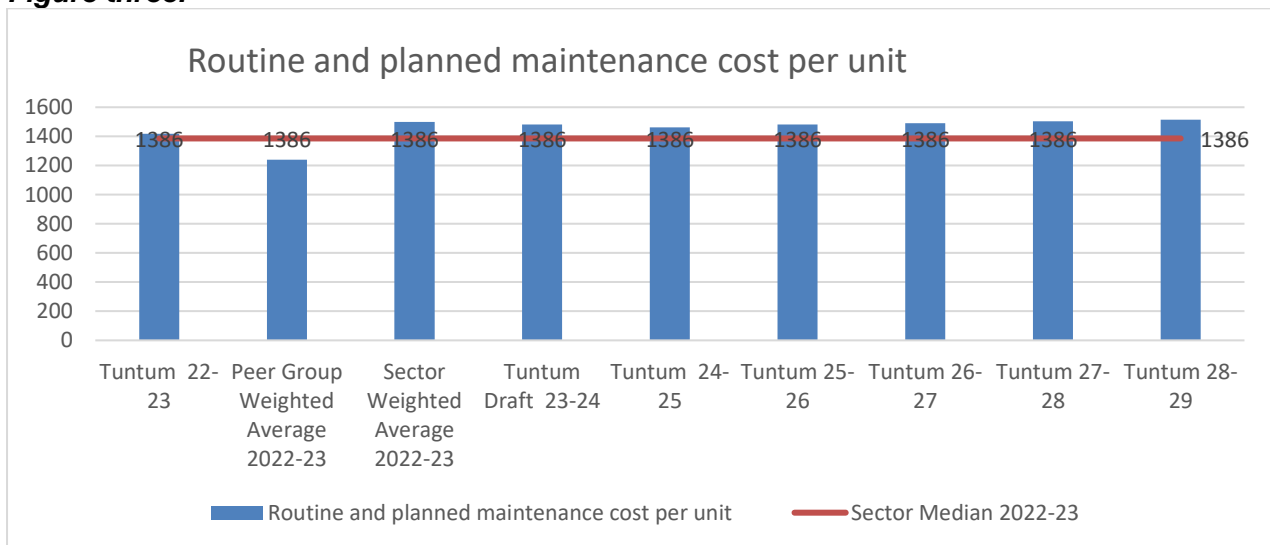
Tuntum's management costs are lower than the peer group and the sectors median benchmark rate for 2022-23. In 2023-24 our increased costs were higher as all the posts of the association were filled during the whole of the financial year 2023-24. The association is forecasting an increase in management costs going forward. This was because of the downgrade in its governance rating where additional capacity was required within the organisation and the additional cost impact to meet the requirements of the new Consumer Standards have been incorporated from 2024-25 and onwards. Over time we are hoping to achieve VFM through increasing units and review of our services.

Figure two:



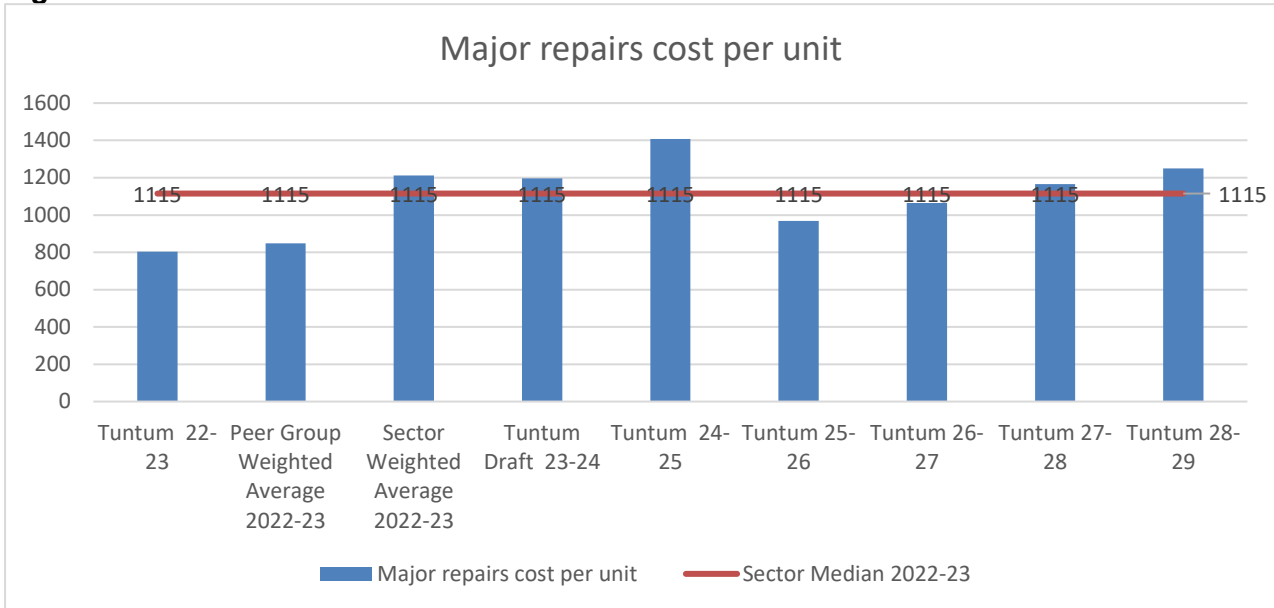
Our service charges are higher than our peer group and the sector median because of the associations stock portfolio which is 13% supported housing where the schemes provide highly intensive housing management and the service charges are typically higher, the general needs service charge per unit is £218 per annum, per unit or £4.20 per week

Figure three:



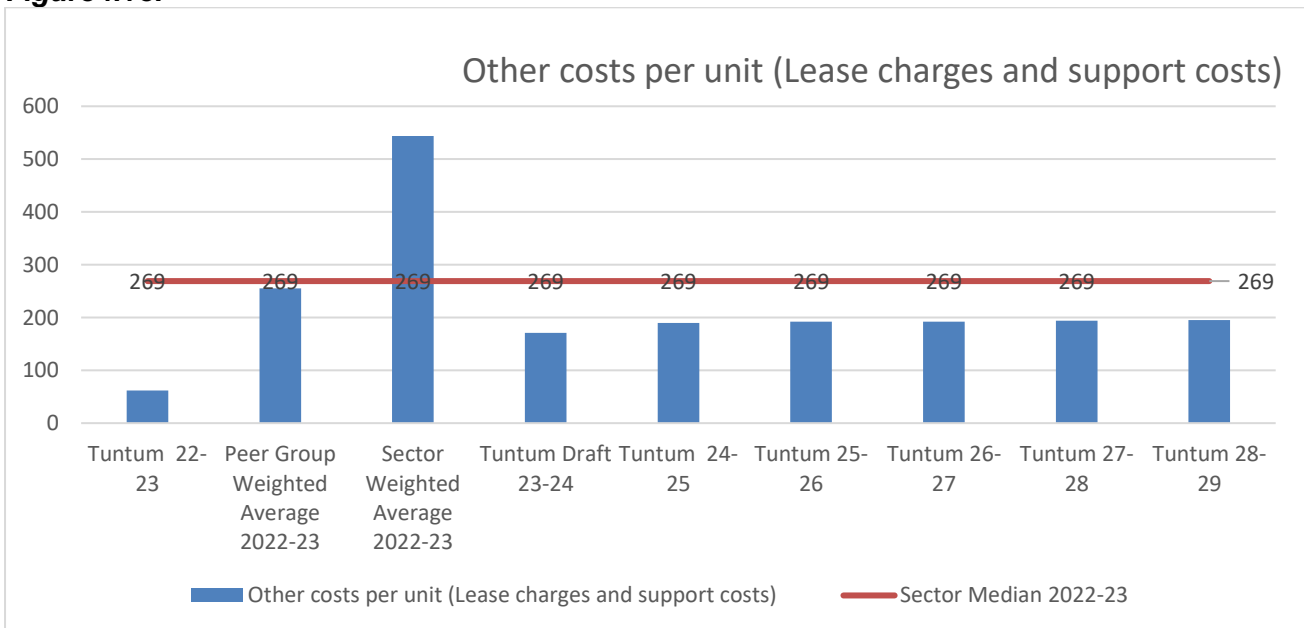
Our maintenance costs for 2022-23 are higher than our peer group's average and in line with the sectors median benchmark cost figure of 2022-23. The costs for 2023-24 are higher, which reflects higher inflationary pressures on costs and extra pressure on our budgets due to carrying out damp and mould works. We plan to see an increase in costs per unit to reflect the ageing of our properties as time goes by, especially due to the older stock the association holds.

Figure four:



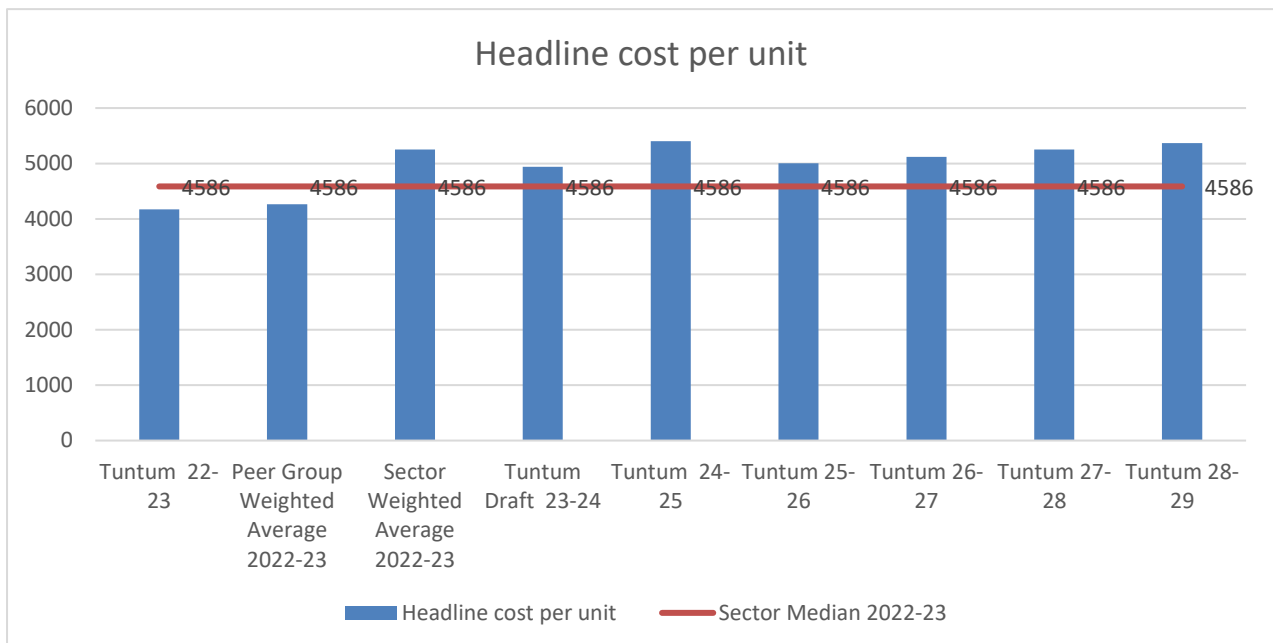
Our stock condition database is constantly updated, and we use this information to program our major works. This is reflective of our age profile of the properties. We also see an increase in our cost per unit to reflect the ageing and the cost of EPC upgrades to our properties that fall below EPC band C rating.

Figure five:



We do not have many other housing-related costs that are not included in our management costs and service charges. These relate to payments that we make to other landlords on whose behalf we manage some properties and support charges that we incur on a scheme that provides support to people with mental health challenges.

Figure six:



Overall Tantum's 2022/23 Cost per Unit (CPU) is below the peer group average and below the median for 2022-23 for the sector. The costs in comparison to our peers would be about the same as they are other housing costs include in our peer's costs, which skew their figures. The plan to invest over the next 5 years on EPC and de-carbonisation works is reflected in our costs and thus, we are above the median overall housing cost per unit. Higher management and Maintenance costs plus the costs of De-carbonisation has increased our costs in 2023-24

8.0 Our Social Value Strategy

8.1 We are committed to delivering social value through our housing and our non-housing activities. We have a target to achieve up to 10% of our turnover in 'added' social value for non-housing activities using the HACT Social Value Calculator. The social value as calculated by the HACT calculator was 39% or £4,328k for the year to March 2024. This high figure reflects our work with some of the most marginalised sections of the community, including those with enduring and significant mental health issues, refugees and our continued lead role with the Nottingham Carnival.

9.0 Returns from our assets

- 9.1 We believe that understanding our asset performance is vital to assessing the viability of our properties and Business Plan. Overall, the Association is generating a return on capital employed of 2.6% (a surplus of 2.6% based on the values of our net housing costs) for the year to March 2023. This indicates a positive Net Present Value (NPV) return on our assets.
- 9.2 Based upon our work in 2017/18, all our stock showed a positive NPV. As expected, the Supported Housing management costs are higher due to the more intensive support provided. However, this service provides greater social value. As part of the voids process, we are reviewing the potential return on these properties that are becoming vacant and available for letting using the criteria of financial investment required, the amount of annual spend on the properties, the demand for the property historically and going forward.

- 9.3 We have increased the number of major works for kitchen, bathroom and window and door replacements as per our Asset Management Strategy. This will improve the overall condition of our assets. During the year 2023/24 we re-invested £1,930k in our assets. During the next five years, we intend to invest £7,700k in our assets, on planned replacement works and £2,166k on improving the EPC rating of our properties that are below the C banding. We have an annual program of carrying out rolling stock condition surveys on 20% of our properties. We believe that the better the intelligence we have about our assets, the better the investment decisions that can be made.
- 9.4 We are setting a target to achieve a spend profile of planned maintenance to responsive maintenance of 70:30 by the end of 25/26. We will achieve this by gathering better intelligence on our properties through our planned inspection of properties via the stock condition surveys and also analysing the spend per property to enable us to pick out the properties that require more planned works.

10.0 Our future action plans

VFM Actions	24-25	25-26	26-27	27-28	28-29
BUSINESS PLAN TARGETS					
Develop 105 new properties	0	37	28	20	20
Invest £2,166k over the next five years on works to improve the EPC to at least C of 300 of our properties that fall below the C rating	£900k	£229k	£240k	£326k	£471k
Invest £7.7M towards investments in our existing properties over the next five years.	£1.4m	£1,4M	£1.5M	£1.7m	£1.7M
STOCK RATIONALISATION AND ASSET MANAGEMENT					
Look to explore infill/ stock-swap opportunities with other RPs within the Nottingham area.	£10k	£10k	£10k	£10k	£10k
As part of the Voids process, we will review the potential return on these properties that are becoming vacant and available for letting using the criteria of financial investment required, the amount of annual spend on the properties, the demand for the property historically and going forward.	*	*	*	*	*
Implement the recommendations from the Value for Money Asset Management review	£15k	£15k	£15k	£15k	£15k
SERVICE REVIEWS					
Review the structure of our Housing Services department	£15K	£15K	£15K	£15K	£15K
Review our management agreements with Riverside and Nottingham City Council	£5k	£5k	£5k	£5k	£5k
PERFORMANCE IMPROVEMENTS					
Increase customer satisfaction on repairs to 90% over the next five years	75	78	81	85	90
Create a Brighter Ideas channel for staff to report potential efficiencies	*	£10k	£10k	£10k	£10k
Improve void loss budget annually	£20k	£25k	£30k	£35k	£40k
Improve bad debts budget set by 20% annually	£21k	£22k	£25k	£25k	£26k

OTHER VFM INITIATIVES					
Rollout mobile tablets by 31 st March 2025	*	£10k	£10k	£10k	£10k
More efficient cost of staff recruitment	*	£5k	£5k	£5k	£5k
Tender all contracts that fall for renewal	*	£20k	£20k	£20k	£20k
Provide more community-related services, in areas that we have expertise and where external funding makes the service financially viable and sustainable	*	*	*	*	*

11.0 Tuntum's tailored VFM performance indicators

11.1 In addition to monitoring the Regulator of Social Housing (RSH) VFM metrics, the Board and the committees also monitor the key performance indicator targets that are set annually to ensure that we are operating within agreed plans and targets set.

11.2 The measures will be monitored quarterly by the Board, committees and the Audit and Risk Committee. Any significant variances will be highlighted to the Board and corrective action will be outlined.

12.0 Consultation

To implement this strategy, we will be consulting with the:

- Board
- Tenant Scrutiny Panel, and the results will be published on the Association's website for everyone to read
- Staff

13.0 Related policies and references

- Asset Management Strategy
- Financial Regulations
- Social Value Strategy
- Performance Framework
- Global Accounts 2023
- Risk Management Framework

14.0 Conclusion

14.1 We aim to deliver our objectives in a cost-effective and quality-focused way. We do this by:

- Having clear strategic objectives which are understood by our staff
- Having robust business planning processes with organisational priorities that are cascaded to teams and individuals

- Performance management and scrutiny processes which drive VFM and continuous improvement
 - Understanding the relationships between costs and the quality of our products and services
 - Having VFM embedded in all areas of the business via staff training, induction, appraisal and performance management, budgeting, procurement, governance, business planning and customer engagement and scrutiny.
- 14.2 The adoption of this VFM strategy and the implementation of the action plans outlined in this document will allow Tuntum to meet both its business needs and the regulatory requirements.
- 14.3 Because of the importance of VFM to Tuntum this strategy will be reviewed annually.

**Appendix one:
Tuntum Peer Group Comparison – 2022/23**

RP Name	FYE	Metric 1 - Reinvestment	Metric 2 (a) - New Supply (Social)	Metric 3 -Gearing	Metric 4 - EBITDA MRI Interest Rate Cover	Metric 5 - Headline Social Housing Cost per unit	Metric 6 (a) - Operating Margin (SHL)	Metric 6 (b) - Operating Margin (Overall)	Metric 7 - ROCE
Arawak Walton Housing Association	31/03/2023	3.10%	0.10%	42.00%	184%	£4,179.00	21.20%	21.10%	3.30%
Manningham Housing Association Limited	31/03/2023	1.50%	0.40%	44.10%	178%	£3,780.00	27.90%	27.10%	2.30%
Nehemiah United Churches Housing	31/03/2023	5.90%	1.70%	37.90%	120%	£4,655.00	21.70%	22.10%	2.10%
Tuntum Housing Association Limited	31/03/2023	3.90%	2.30%	57.20%	118%	£4,174.00	27.00%	26.30%	2.60%
Unity Housing Association Limited	31/03/2023	1.80%	1.10%	21.30%	266%	£3,968.00	16.80%	15.50%	1.90%
Warrington Housing Association Limited	31/03/2023	7.80%	2.20%	12.30%	310%	£4,901.00	25.80%	18.60%	3.90%

RP Name	FYE	Management CPU	Service charge CPU	Maintenance CPU	Major repairs CPU	Other CPU	Headline CPU
Arawak Walton Housing Association	31/03/2023	£ 1,231	£ 538	£ 1,169	£ 1,178	£ 64	£ 4,179
Manningham Housing Association Limited	31/03/2023	£ 1,737	£ 216	£ 1,270	£ 436	£ 121	£ 3,780
Nehemiah United Churches Housing	31/03/2023	£ 877	£ 1,326	£ 1,565	£ 689	£ 198	£ 4,655
Tuntum Housing Association Limited	31/03/2023	£ 1,022	£ 867	£ 1,419	£ 803	£ 62	£ 4,174
Unity Housing Association Limited	31/03/2023	£ 1,750	£ 302	£ 1,053	£ 694	£ 170	£ 3,968
Warrington Housing Association Limited	31/03/2023	£ 727	£ 911	£ 937	£ 1,381	£ 945	£ 4,901

Appendix two: VFM metrics

RSH SCORECARD METRIC	Sector Median 2022-23	Peer Group Weighted Average 2022-23	Tuntum 23-24	Tuntum Business Plan Projections 2024-2029				
				24-25	25-26	26-27	27-28	28-29
Forecasted new units			10	0	37	28	20	20
Cost per unit	£	£	£	£	£	£	£	£
Management cost per unit	1,200	1,220	1271	1443	1,453	1,458	1,469	1,481
Routine and planned maintenance cost per unit	1,386	1,244	1482	1,461	1,482	1,491	1,503	1,515
Major repairs cost per unit	1115	977	1197	1407	969	1,065	1,166	1,250
Service charges per unit	534	525	820	903	909	912	919	926
Other costs per unit (Lease charges and support costs)	269	286	171	190	192	192	194	195
Total cost per unit	4,586	4,252	4,941	5,404	5,005	5,118	5,251	5,367
	%	%	%	%	%	%	%	%
Re-investment (calculated using all development costs during the year, works to existing properties and capitalised interest)	6.7	5.9	3.8	4.8	5.2	4.1	4.1	4.1
New supply delivered (social housing)	1.3	1.5	0.6	0	2.2	1.7	1.2	1.2
Gearing RSH - net housing properties cost	45.3	34.6	57.7	57.5	58.7	57.9	57.7	57.4
EBITDA MRI interest cover	128	179.1	96	88	124.9	136.4	136.2	139.2
Operating margin housing	19.8	21.6	26.1	26.9	28	29.3	30.3	30.9
Operating margin overall	18.2	21.7	25	26	27.1	27.1	29.8	30.5
Return on capital employed	2.8	2.6	2.6	2.7	2.9	3.1	3.2	3.2