



Value for Money Strategy

2025-2028



Introduction

Value for Money (VfM) is the foundation of our approach to delivering the best results for our customers. All of our shared values, behaviours and ambitions stem from achieving VfM, and this will drive everything that we do at Housing Plus Group. We aim to be relentless in our search for value and efficiency whilst continuing to drive improvement in our excellent levels of service and safety for our customers.

The strategy is being renewed now to set out our approach following the merger with Wrekin Housing Group, and to sit alongside our new corporate strategic aims. The Board is the ultimate owner of our VfM strategy to be delivered by the Executive team and colleagues, but oversight will also be offered through a number of committees focussing on finance, TSMs, efficiencies and customer voice.

Key to our VfM approach are our new shared behaviours: Own it, Improve it, Live it.



**We create places people
are proud to call home**



In 2018 the Regulator for Social Housing published its Value for Money Standard and accompanying Code of Practice. The standard requires social housing providers to clearly set out our strategic objectives, have a Board-approved VfM approach in delivering our strategic objectives, and ensure optimal benefit is delivered from our resources within reason, and balanced with our other priorities and responsibilities. We are committed to publishing an annual VfM assessment in our finance statements and on our website to keep stakeholders updated on our progress and achievements.

Principles of VfM – why it matters to us

Our definition of VfM is to manage our resources to provide the best services and homes we can, and to deliver a focus on improvements to our customers' experience. As a result, our VfM approach is based on the three core principles identified by the VfM Standard for registered providers:

- **Economy** – we will aim to be prudent in how we spend our money and resources, while still delivering first class quality in our services and the new homes needed by our communities. We need to be mindful of trade-offs between the quality we deliver and the resources we have to do that, especially in an environment of high inflation and cost of living pressures. All our decision reports to Board include a simple VfM trade-off test to ensure efficiency is not pursued to the detriment of service quality.
- **Efficiency** – we will relentlessly aim to spend our money well, reducing waste within the business wherever possible and making the best use of our resources.
- **Effectiveness** – we will be driven by our results, ensuring we are delivering for our customers on their priorities and to the best standard we can achieve. We aim to ensure there are real returns for our customers whenever we spend money or resources, and will try to ensure the gaps between intended and actual impacts are as small as possible.

We are a socially-minded business that exists to produce social value in a broad sense across all our customers and communities. The creation of social value by HPG is not limited to our housing assets. We aim to deliver services and value to our customers that goes beyond the bricks and mortar, to create places that our customers are proud to call home. We are committed to offering services to all customers, from income support to employment training; from first homes to retirement communities; and from low-cost home ownership to extra care schemes. We need to focus on decarbonising our homes by 2050, starting with a fabric-first approach over the next 5 years.

In addition, we need to operate with a commercial mindset. This can be exhibited in how we procure our resources, how we manage our contracts with providers and suppliers, how we get the best value out of our assets that we own, how we set our risk appetites across the Group, how we potentially sell our services to other businesses, and how we approach new challenges and opportunities. Achieving value without compromising on quality of delivery is a central part of these considerations.

Delivering VfM

Housing Plus Group will deliver our VfM targets by focusing on the four key pillars from our merger plans:

- **Delivering More for our Customers** – By aiming to build more new homes, invest more in our existing homes, ensure our homes are warmer and safer for our customers, and by providing more care and support options will all help to

ensure we are using our resources well, and targeting what our customers want.

- **Creating a Resilient Organisation** – Financial resilience and capacity is a fundamental part of our aims and ambition going forwards. Only by maximising our income and reducing our spend can we create the room in our budgets to deliver more for our customers.
- **A Stronger Regional Voice** – Our services are focused on a tight regional area for Staffordshire, Shropshire and Telford & Wrekin. By having a concentrated presence means that we are the main provider of our services for our customers and stakeholders, giving us greater control in how we operate.
- **A Great Place to Work** – Our greatest resources are our colleagues and through good training, benchmarking of salary costs and excellent recruitment we will ensure they have an innate sense of VfM in our services to customers. Limiting staff sickness and monitoring other people-related measures will ensure we get value for money from our staff costs.

This strategy affects our relationships with all our stakeholders in the following ways:

- **Customers** – central to our VfM philosophy and the main benefactor when we get it right. By delivering efficiency, economy and effective services we will create the best outcomes for our customers, based on services they have told us they want, when they want them. Our primary aim remains to keep our homes safe and warm for our customers.
- **Colleagues** – as above, our colleagues will deliver VfM for the Group with the daily actions they take and the behaviours they exhibit. Our staff costs are also one of the highest areas of spend in the Group, and therefore concentrating on people metrics and making HPG a great place to work will automatically lead to efficiencies with our people.
- **Funders** – delivering efficient services helps us to use our resources effectively, delivering a resilient organisation with capacity to withstand financial pressures.
- **Regulators** – our regulatory bodies want us to focus on customer service and voice, delivering the services they need and require in the most efficient ways. We are required to make sure our homes are safe and warm, that our homes meet high standards of regulatory compliance, and that we treat our customers with respect and dignity. We also have care homes where the regulator demands the highest levels of service provision and support.
- **Board Members** – The Board is the ultimate owner of the responsibility to deliver VfM across the Group. We will report performance regularly to them and ask them to own this Strategy. Their risk appetite sets the ultimate deciding factor when we consider the balance between service quality and efficiency of delivery.

There are a number of key steps we will take to deliver our VfM strategy and embed it in our Group's activities. This will include: staff training; colleague behaviours; performance monitoring; benchmarking our performance with peers; and, learning from best practice (in-sector and out-of-sector).

Value for Money principles are embedded in all our teams and activities, but there are other strategies and plans from the wider business that will be key in delivering value for money. Therefore, this strategy has close links with the following ongoing strategies and activities:

Procurement Policy & Strategy

- We will build VfM principles into the core foundations of our procurement procedures and strategy to make sure that when we buy services or goods we are doing so with the best results in mind.

Asset Management Strategy

- Choosing which homes we invest in and when, and which homes we sell is a key decision in delivering value for money.

Performance Management & Monitoring

- Reporting on our progress against key metrics is how the Executive, Board and our customers will know we are delivering value for them. Key to this is how well we collect income and manage our resources, and also benchmark our performance against peers and our business case for merger.

Development Strategy

- Building more new homes for our customers is a key way to ensure we are delivering value from our resources. Our long-term aim is to build 1,000 new homes each year.
- We aim to spend at least 30% of all project spend with suppliers from the local authority postcode where new developments are based for all Group-led schemes.

Treasury Strategy

- We need to ensure our funding is appropriate and the cost of our debt is efficient, reflects market conditions and our risk appetite.

Budget Setting

- Using a zero-based approach each year will help us to drive efficient management of resources.

Customer Voice & TSMs

- By having involved customers reviewing performance and offering scrutiny of projects this will help to ensure VfM is reviewed in all key areas.
- We will consult with customers on our current and future services and projects to ensure value is baked into our service design.

Risk Management Framework

- Our approach to risk management is a fundamental part of all the strategies and policies we have, and is therefore closely aligned to value for money. By managing our risks and delivering our services in line with the Board's risk appetite, will mean that we are meeting our obligations to our customers as efficiently as possible.

Procuring Value

Procurement plays a vital role in achieving VfM across the Group. Following HPG's new behaviours, all staff are expected to do the following as part of procuring goods and services:

- **Own It** – Keeping economy in mind when procuring to ensure we are getting the most for our money. Using economies of scale, the new Group should ensure that customers are getting the very best goods and services for our money.
- **Improve It** - Procurement must take advantage of the flexibilities and be compliant with the new Procurement Act 2023. All buyers should look to tender goods and services in innovative ways to ensure we get the best deals, balancing excellent quality with appropriate spend. Contracts should deliver social value and efficiencies through system-thinking which will ultimately improve the customer experience and drive out waste.
- **Live It** – Build relationships with suppliers and stakeholders to collaborate and develop honest, open contractual alliances which demand and deliver more for our customers. Give SME's and local suppliers opportunities to be involved in a bid for contracts to ensure that HPG develop a real presence in the area we operate. We want to be a Group that local and national suppliers want to work with. Spending money and developing skills in our areas is an important part of delivering VfM and social value.

This strategy is intrinsically linked with the Procurement Strategy and procedures, and working on these together will set a clear approach to value-driven procurement for the Group

Measuring VfM

The Regulator for Social Housing has set out a series of VfM metrics in the Standard and annually publishes benchmarking data for housing providers. We have identified a suitable peer group, comprising 16 housing associations with between 25,000 and 40,000 homes outside of London, with a maximum of 20% of the stock listed as supported housing and less than 5% of the stock in high-rise blocks.

Measuring how we perform against the Regulator VfM metrics is a key method for us to understand how we are performing compared with other RPs, and for our customers it is a useful set of comparatives to use in their assessment of our delivery. In addition, given these are set by the Regulator, they provide us with assurance that we are looking at the metrics that the regulator believes are important in how we deliver value to our customers.

We want to go further, and have identified key performance metrics that look at how we create value in our services. These include rent collection rates, how many of our homes are currently empty, and how quickly we get those homes back into use. Our

Tenant Satisfaction Measures set by the Regulator are another key element in measuring how well we are meeting our customers' expectations and standards.

Included in the Appendix is a current list from our 2024/25 financial statements, but we will continue to review these to make sure they consistently measure our performance against VfM as we grow and develop. This may include the level of external grants received, colleague sickness rates and other people-related metrics.

We will measure our performance against the global median levels (where available) and the identified peer group average, and aim to outperform both measures. The relative performances of those parties and the Group are listed as follows, with the most up to date information.

	Global Median	Peer Group Average	HPG Actual Performance	
	2023/24	2023/24	2023/24	2024/25
Reinvestment	7.7%	10.0%	7.2%	7.6%
New Supply (non-social housing)	1.7%	2.2%	1.4%	1.4%
New Supply (Social Housing)	0.2%	0.1%	0.1%	0.2%
Gearing	46%	44%	63%	62%
EBITDA MRI Interest Cover	122%	122%	123%	118%
Headline Social Housing Cost per Unit	£5,136	£4,800	£4,370	£5,166
Operating Margin – Social Housing Lettings	20.4%	22.5%	24.4%	18.3%
Operating Margin - Overall	18.5%	19.0%	20.9%	18.1%
Return on Capital Employed	2.8%	2.8%	4.0%	3.8%

The business plan projects future performance as follows:

	HPG Projection	
	2025/26	2026/27
Reinvestment	10.0%	7.4%
New Supply (non-social housing)	2.2%	1.6%
New Supply (Social Housing)	0.2%	0.2%
Gearing	62%	61%
EBITDA MRI Interest Cover	95%	103%
Headline Social Housing Cost per Unit	£5,081	£5,108
Operating Margin – Social Housing Lettings	18.9%	20.9%
Operating Margin - Overall	19.0%	19.8%
Return on Capital Employed	3.9%	4.3%

We will report our performance on these metrics regularly to the Executive, Committee and Board, and publish the results annually in our Financial Statements.

A number of these targets will be tough to achieve given where we are starting from and the economic environment, particularly gearing. Historically our gearing ratio has been high as a result of our LSVT background, meaning that the value of our assets is low compared with traditional associations, making the ratio of debt to that number relatively high. On the whole though our 2023/24 performance compares favourably with the global median and peer group average, and although our projections show a declining picture in some areas such as operating margin, we expect this to be in line with the wider sector.

Efficiency Targets

The 2025 merger of Housing Plus Group and Wrekin Housing Group was agreed partly on the basis of delivering efficiencies to drive an improved offer to our customers. This was backed up by financial forecasts that projected sustainable savings to be achieved within 3 years of merger. Those plans form the fundamental bedrock of HPG's VfM efficiency targets between 2025 and 2028. The Final Business Case (FBC) for the merger between Housing Plus Group and Wrekin Housing Group identified £6m annual efficiencies on a high-level assumption. There was a presumption that it would take 3 years to achieve the efficiencies, which would be sustainable and baked into the underlying budgets from that point on.

	One-off Merger Costs	Efficiencies
Year 1 – 2025/26	(£2.05m)	£0.5m
Year 2 – 2026/27	(£2.05m)	£3.0m
Year 3 – 2027/28	-	£6.0m

In addition, the operating surplus and operating margin from social housing lettings in the FBC will be the target out of our budgeting and business planning over the coming years.

	Operating Surplus	Operating Margin
Year 1 – 2025/26	£45.6m	21.3%
Year 2 – 2026/27	£52.7m	23.3%
Year 3 – 2027/28	£56.4m	24.1%

Following initial work and reviews, the primary areas where these gains are currently forecast to be made by 2027/28 are as follows:

- Rationalisation of back-office services, corporate governance and restructuring of teams - **£2.5m**
- Single operating models including removal of duplicated management structures, including maintenance services and housing services - **£1.5m**
- Move to a single ICT infrastructure including hardware, software, service and support teams - **£2m**

- Operational procurement savings - **£0.5m**
- Rationalisation of corporate office infrastructure - **£0.2m**

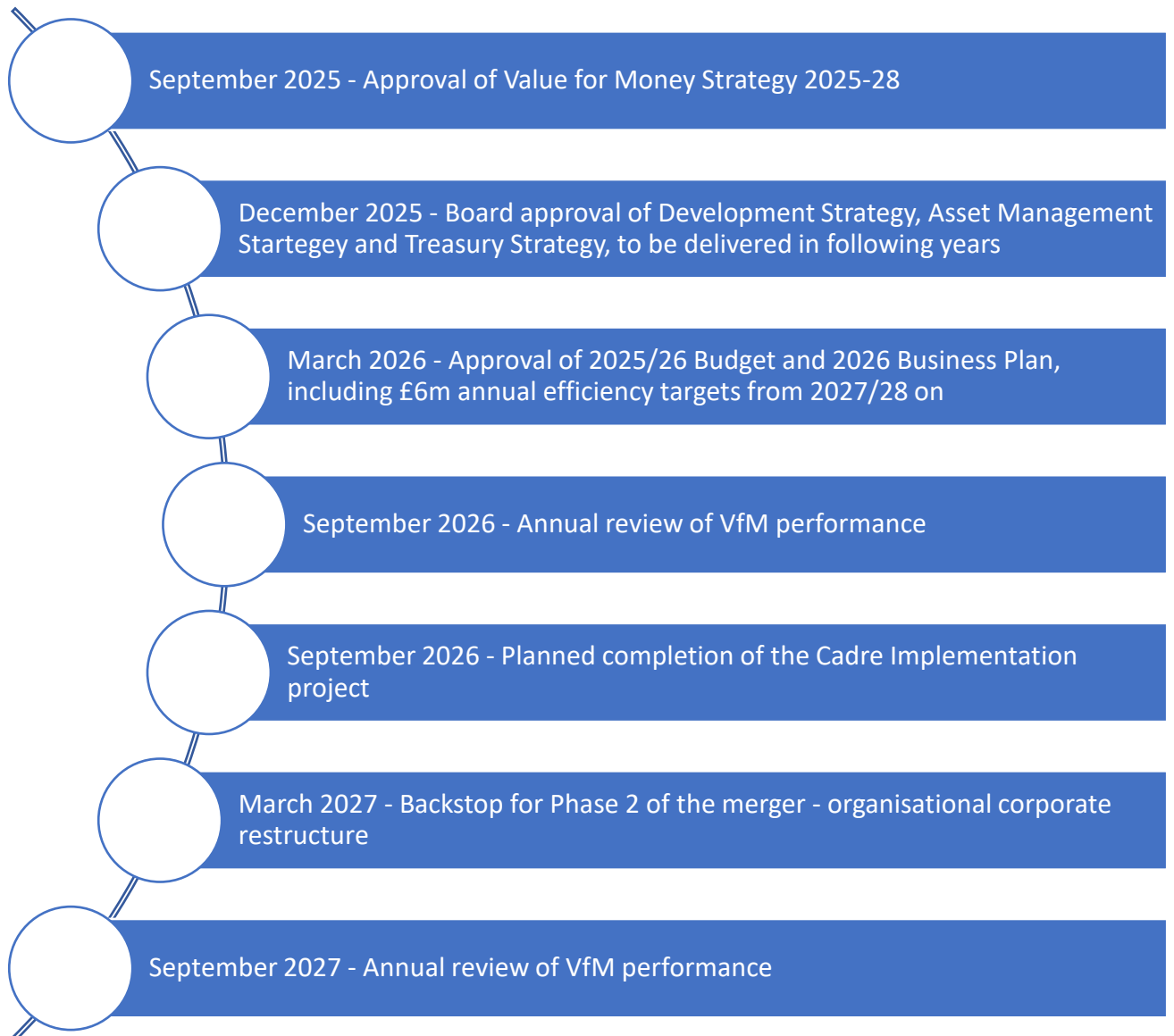
Reporting VfM

We will report on our VfM achievements and progress through a number of different routes. Although Board has the ultimate responsibility for delivering and monitoring VfM in the Group, due to the ubiquitous nature of our VfM culture, other teams and committees will be reported to for oversight. This will include but not be restricted to:

- The annual VfM Statement that will be reviewed by the Audit & Risk Committee and approved by Board;
- Quarterly reports on efficiency target progress to the Integration Committee and Finance & Treasury Committee, including RAG status of projected efficiencies;
- Quarterly reports on the regulator VfM projections included in the Management Accounts; and
- The VfM report in the annual financial statements.

Delivery Timeline

The Group is undergoing significant change post-merger, with various service designs and reviews, team restructures and the delivery of efficiency plans. Delivering this strategy is one of the key elements in our plans, and Board can expect the following events and key milestones in the coming 3 years:





Appendix One – Value for Money Performance Metrics

	2024/25 Actual	2025/26 Target
Development – Delivery of new homes	561 homes	<i>769 homes</i>
Development – Total income from sales	£19.6m	<i>£25.1m</i>
Asset Management – Rent loss from voids		
Wrekin	0.68%	<i>1.0%</i>
Housing Plus	1.77%	<i>1.0%</i>
Asset Management – Average relet times	76 days	<i>50 days</i>
Asset Management – Gas servicing	99.83%	<i>100%</i>
Customers – Rent Collection	101.6%	<i>100%</i>
Customers – Arrears levels	1.01%	<i>1.0%</i>
Customers – Repairs completed same day*	81.4%	<i>80%</i>

*Wrekin-only for 2024/25 but aiming to deliver for HPG homes too once Cadre fully implemented.

Tenant Satisfaction Measures	2024/25 Actual	Upper Quartile	Median	Lower Quartile
Overall satisfaction with services	80%	78.4%	71.3%	63.7%
Satisfaction with Repairs	82%	78.7%	72.3%	65.7%
Satisfaction with time taken to complete repairs	81%	75.1%	67.4%	61.1%
Satisfaction that the home is well-maintained	80%	77.6%	70.8%	64.4%
Satisfaction that the home is safe	85%	82.5%	76.7%	70.5%
Satisfaction that the landlord listens to tenant views and acts upon them	70%	67.9%	60.4%	62.3%
Satisfaction that the landlord keeps tenants informed about things that matter to them	81%	75.9%	70.3%	63.8%
Agreement that the landlord treats tenants fairly and with respect	82%	82.8%	76.8%	70.8%
Satisfaction with the landlord's approach to handling complaints	40%	41.1%	34.5%	27.5%
Satisfaction that the landlord keeps communal areas clean and well-maintained	71%	61.7%	65.1%	58.2%
Satisfaction that the landlord makes a positive contribution to neighbourhoods	72%	70.4%	63.1%	55.1%
Satisfaction with the landlord's approach to handling anti-social behaviour	66%	64.8%	57.8%	51.3%