

## Value for Money Strategy 2025-2028

### 1. Introduction

This Value for Money (VFM) Strategy outlines how Railway Housing Association will optimise the use of our resources to deliver our strategic objectives, enhance services for residents, and improve financial performance. It is aligned with our long term vision 'to be the country's best small housing provider', which will be achieved when we score highest for resident satisfaction when compared to similar housing associations with between 1,000 and 2,000 homes. Value for money underpins all four of our foundation themes:

- Our Resident Experience – to provide an outstanding resident experience, reflecting our residents' needs and aspirations
- Our Homes – to provide safe, affordable and energy efficient properties that residents are proud to call home
- Our Organisation – to be a well governed, financially strong and digitally enabled organisation
- Our People – to create a high performing, resident focused culture that attracts and retains talented colleagues

A core objective of this strategy is to improve our operating margin, moving the association into the second quartile in comparison to similar housing associations with between 1,000 and 2,000 homes.

### 2. Operating environment

Railway Housing Association operates in a challenging environment characterised by:

- Increased regulatory scrutiny, particularly regarding the standard of services received by residents, tenant satisfaction measures, and keeping residents safe
- The need to balance affordability for residents, many of whom are on low incomes, with the financial sustainability of the organisation
- Rising costs, including inflation (particularly in relation to building and energy costs), supply chain pressures, and increased interest rates
- The need to invest in existing homes to continue to meet the Decent Homes Standard, improve energy efficiency to meet EPC C and net zero targets, and address building safety issues, while also aspiring to develop new homes to meet housing need in the long-term
- An ageing population with increasingly diverse needs, requiring tailored housing and support services
- The increasing importance of environmental, social, and governance (ESG) factors.

This strategy recognises these challenges and sets out a framework for delivering VFM improvements across all areas of our operations.

### 3. Definition of value for money

Railway Housing Association defines value for money as:

- **Economy:** minimising the cost of resources used
- **Efficiency:** optimising the relationship between inputs and outputs
- **Effectiveness:** achieving desired outcomes and objectives
- **Equity:** ensuring fair access to services for all residents

## **4. Strategic context**

This strategy is underpinned by the following strategic objectives, aligned with our four foundation themes:

### **4.1 Our resident experience**

**Objective:**

Enhance resident satisfaction and engagement while optimising service delivery costs

**VFM actions:**

- Implement digital solutions to streamline resident interactions and reduce administrative overhead
- Conduct regular resident feedback surveys to identify areas for service improvement and cost reduction
- Empower residents through self-service options, reducing the need for costly manual interventions
- Consider responsive repairs and empty homes delivery models to determine the optimal solution that will improve resident satisfaction
- Benchmark customer service costs against comparable organisations and identify areas for efficiency gains

### **4.2 Our homes**

**Objective:**

Maximise the long-term value of our housing stock while minimising lifecycle costs

**VFM actions:**

- Optimise procurement processes for repairs and maintenance to secure competitive pricing and improve contractor performance
- Complete stock condition surveys of the 15% of homes not yet accessed in 2025/26 and conduct a rolling programme of 25% of homes per annum thereafter to inform investment decisions and prevent costly repairs
- Implement our new asset management system using stock condition data to enable a comprehensive planned programme to be developed
- Survey homes without energy data to enable energy efficiency improvements to be effectively planned and to minimise energy costs for residents
- Update the Net Present Values (NPVs) of all homes to assess the performance of each individual unit and scheme
- Develop a decision-making framework for future investment and divestment

### **4.3 Our organisation**

**Objective:**

Improve value for money throughout our organisation to maximise the impact of our resources

**VFM actions:**

- Develop and deliver a data strategy that improves how we collect and analyse data, increasing efficiency and optimising performance

- Complete the remaining actions from our housing management system health check to address performance issues and standardise processes
- Implement a robust performance management framework to monitor and improve performance and efficiency across organisation
- Explore shared services arrangements with other housing associations to achieve economies of scale
- Benchmark costs against our sector peer group to identify and implement cost reduction measures

#### **4.4 Our People**

##### **Objective:**

Empower our colleagues to deliver high-quality services efficiently and effectively

##### **VFM actions:**

- Invest in training and development to enhance colleague skills and improve productivity
- Promote a culture of continuous improvement and innovation, encouraging colleagues to identify and implement VFM initiatives
- Review our performance, 1-2-1 and competency framework to ensure it aligns with our VFM objectives and defines performance expectations
- Improve colleague retention through personal development opportunities

#### **5. Operating margin**

The operating margin is a key indicator of business health and financial efficiency, demonstrating the profitability of operating assets excluding any exceptional items. To achieve our target of quartile two for operating margin, we will:

- Establish a baseline for our current operating margin and benchmark against sector data to understand the improvement required
- Set annual targets for improving the operating margin, with clear milestones and accountability
- Monitor progress against these targets regularly and report progress to the board
- Identify and implement specific initiatives that reduce costs and increase income, including:
  - Rent optimisation strategies (within regulatory limits)
  - Improved management of empty homes to minimise rent loss
  - Exploring opportunities to generate additional revenue
  - Aggressive cost control
- Conduct regular financial performance reviews.

#### **6. Implementation and Monitoring**

This strategy underpins all four of our foundation themes in our strategic delivery plan with many of the actions essential to both, and the implementation will be tracked through the On the Right Track action plan. Progress against the action plan will be monitored regularly by the executive team and reported to the board.

The board will receive quarterly updates on progress towards improving the operating margin to quartile two through the performance scorecard.

The strategy will be reviewed annually to ensure its continued relevance and effectiveness.

## **7. Communication**

This VFM strategy will be communicated to all stakeholders, including residents, colleagues, and partners.

We will ensure transparency in our VFM performance and report our achievements regularly. The association publishes a robust VFM statement in the annual accounts that demonstrates to stakeholders how the association is performing against its own VFM targets and the metrics required by the regulator and how this performance compares to the association's peer group of similar providers, and provides explanations for any underperformance and plans to improve performance.