



Sovini

Value For Money Statement 2015



Introduction Message from the Chief Executive - Sovini

At sovini our vision is to create an environment for success, and that means providing services that help our partners effectively deliver customer service. By adopting this vision and our corporate principles we aim to achieve steady, profitable growth and diversification in our businesses and services. We are committed to establishing a reputation as a credible market leader within the business sector, a slick and innovative group who are attractive to work for and work with.

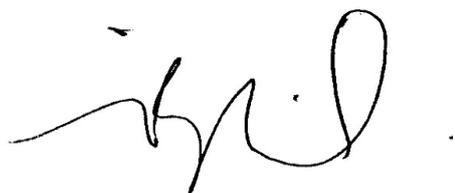
Our innovative business model creates value for the Group partners by:

- Fostering partnerships through shared services and expertise, creating new financial capacity under the protective umbrella of the group to establish and enable successful social housing provision
- Supporting and enhancing the businesses within the group through excellence in governance, financial viability and service provision.

To date we have developed and deployed a robust and challenging approach to the pursuit of value for money. We have made £64.2m of efficiency savings as well as delivering high quality services that meet our customers' expectations.

VFM is embedded as a key cross cutting theme within our organisational culture. We have always recognised its importance and necessity, as it enables us to achieve our strategic aims and objectives. We continue to develop a rigorous and transparent approach to our value for money activities. Our proactive approach to VFM means the sovini group is well equipped for the risks, challenges and opportunities that lie ahead of us.

We are clear that the sovini group offers services that support both OVH and PCHA to be fully compliant, and will continue to support them to be compliant with the HCA's economic standards relating to VFM.

A handwritten signature in black ink, appearing to read 'Roy Williams', with a small dot at the end.

Roy Williams – chief executive

What is Value for Money (VFM) at Sovini?

We are clear that for sovini value for money is about:

- An excellent customer experience.
- Clear outcomes directly linked to the way we spend our money, and
- Using the innovative sovini group business model to drive efficiency, ensure that public subsidy is protected and that our commercial activities have no recourse to social housing assets.

Sovini, is a parent organisation that is not regulated by the HCA, however two sovini Partners; One Vision Housing (OVH) and Pine Court Housing Association (PCHA) are registered providers of social housing, so are regulated by the HCA's consumer and economic standards. Sovini therefore has a role in supporting these partners to exceed their regulatory requirements and operate effectively.

We are clear that the sovini group offers services that support both OVH and PCHA to be fully compliant, and will continue to support them to be compliant with the HCA's economic standards relating to VFM.

What is our Vision?

At sovini our vision is 'create capacity for social housing'. The **sovini group corporate strategy 2015-2020** is conscious that a central element to any successful partnership working is the cultural fit of the partners and ensuring that they share the same values and aspirations in relation to performance, value for money, employee relations and customer service.

Therefore, underpinning this vision the group has an agreed set of corporate principles:

- **Collaboration:** We work in true partnership to share knowledge and skills aimed at improving efficiency, effectiveness and value for money.
- **Innovation:** Our aim is to create an environment that encourages shared innovation and aspiration, and where employees thrive and realise their potential.
- **Motivation:** We do the right things for the reasons – based on ethical and honest approach to business. We are motivated by excellence and the ambition to continuously improve what we do and how we do it.

We are clear that value and excellent customer experience are closely entwined. We always aim to excel in the way we deliver services which runs alongside our **performance management framework** (PMF) which details the mechanisms for monitoring and reporting performance, costs and outcomes for our customers. We use our **risk management framework** (RMF) to assess and calculate our risks and stress test our business plan.

The **sovini VFM strategy** sets out how the activities of the wider sovini group partners who will drive efficiency, VAT and other productivity savings through the provision of 'shared' and 'self-delivered' services and in doing so part fulfil their social, economic and environmental responsibilities. The VFM strategy also outlines how group partners will strive to seek and secure new, profitable external contracts.

The VFM strategy was reviewed in 2014/15 and the VFM objectives as set out in our strategy are:

1. Maximising our social value
2. Best use of our assets and resources
3. Regulatory compliance and customer involvement
4. Cooperation and collaboration through self delivery

5. Maximising opportunities through procurement
6. Excellent performance and customer service

Planning Our Future

Our funders and business model are geared towards future business development. We have an agreed 30 year business plan with our funder which is delivered through our five year Strategic Plans with key milestones outlined in our annual Service Delivery Plans.

We are an evolving business, achieving sustainable growth through an innovative business model which incorporates a group structure of both commercial and not-for-profit organisations. This model allows profits to be gift aided to the not-for-profit partners for reinvestment in social businesses.

A further aspect of sustainability planning is our goal of creating safe and secure communities. Our impact in our neighbourhoods and communities is assessed through neighbourhood plans and we work with local intelligence, including direct feedback from customers. This intelligence helps to define future plans.

There is a defined process for allocating financial, physical and technological resources in support of strategy. These are identified and assessed as part of the strategic planning process and on a more regular basis through service reviews.

Our business plan, which details our income and expenditure forecasts, is approved by board. This has more prudent assumptions and reflects our strategic risk mitigation.

Our annual base budget sets more stretching financial performance targets than the approved business plan. This is produced using zero based budgeting to ensure that our core operating costs are affordable and to determine what additional resources are available for growth and service improvement priorities as identified in our strategic and service delivery plans.

Managing Our Risks

Our **risk management framework** is fully automated in covalent our performance management system. Both strategic and operational risks are logged, impact assessed and prioritised for action. Risk owners are assigned and accountable for risk improvement actions and the outputs and progress of their actions is used to provide assurance to our board through the business assurance committee. This enables us to identify, assess and monitor risks on a continuous basis. Strategic risks are reviewed monthly with action taken to control and minimise risk.

Through regular reviews, we have made improvements to our approach (for example, reviewing our framework annually to ensure that our approach to risk and appetite for it remains aligned to business priorities). Our risk register is updated upon identification of new or developing risk.

Stress testing is undertaken as an integral part of our strategic planning to identify the potential impact of critical changes to the external environment, this is reflected in our strategic planning and risk management processes.

Managing Our Services

A **performance management framework** has been devised to enable us to deliver our vision, mission and strategic aims by linking the key objectives to performance measures and targets that are regularly evaluated and reviewed.

The PMF ensures that the arrangement and monitoring of service delivery is undertaken consistently, in a measured way and that our operational objectives and the board's strategic priorities are aligned. Targets are set with key stakeholders and are reviewed annually to ensure that they continue to support the aims and objectives of our organisation and vision to be the best.

Further evidence of successful service delivery and efficient business processes are the accreditations we currently hold which include:

- Customer service excellence
- Investors in people gold standard
- Quality management system ISO 9001:2008
- Environmental management system ISO 14001:2004
- TPAS quality assured scrutiny, landlord reaccreditation and contractor reaccreditation
- Housemark complaints accreditation

Our Board

The sovini board have a strong focus on joint understanding of VFM and through the business planning process they establish a budget and through regular review and scrutiny throughout the year they assess the quality of service and the performance against budget. The board regularly make business decisions with VFM in mind alongside the strategic aims of the organisation.

Working with Our Stakeholders

The main stakeholder group for sovini are our group partners who use our services. However, we operate in a complex environment that means the wider list of stakeholders include:

- Customers of all the group partners
- Our regulator the homes and communities agency
- The government - both nationally and locally
- Public health providers
- Police, fire and ambulance services
- Education and training providers that operate in our neighbourhoods
- Third sector organisations that deliver services in our neighbourhoods
- Our funders, royal bank of scotland, M&G, THFC and orchardbrook

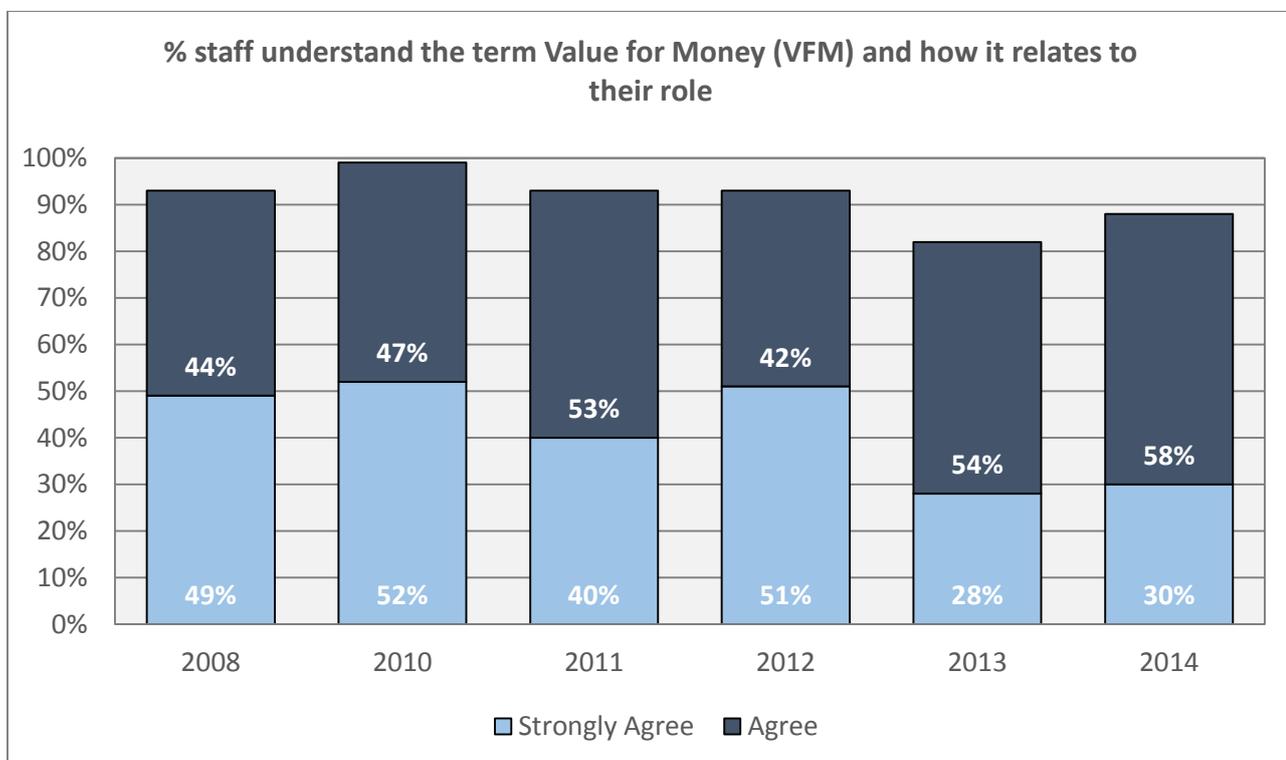
We engage with stakeholders through formal and informal mechanisms to understand their needs and deliver services to meet those needs. We think that sovini offers value to each of our stakeholders by operating in a professional and transparent way in line with our corporate Values. We manage our wider stakeholder relationships, actively promoting a no surprise culture and ensuring that our communication remains effective.

Valuing Our People

The recruitment and management of our staff is aligned to the organisational values to ensure we invest where it matters most. Our values are integrated into the recruitment process from identification of a resource requirement (to support the delivery of our strategic plan), through to advertisement of the vacancy and selection of the successful candidate. We assess candidates against the values of the organisation throughout the recruitment process and understand the importance of getting the 'right fit' with our culture. An innovative assessment centre has been designed to test potential candidates using psychometric exercises and team building activities. Our process now ensures the best possible opportunity for candidates to show their suitability for us and their commitment to our values.

We have annual performance appraisals and personal improvement plans for all staff which link to our values, strategic aims and objectives through the employee appraisal process. The appraisal process focuses on personal and professional competencies, delivery of targets, and identification of development needs aligned to the Strategic Plan.

Our staff survey results demonstrate our high staff engagement.



How We Perform and Compare

We complete annual VFM assessments against all service areas using benchmarking information, we do this to identify areas for improvement and for implementing change. At sovini we use the Baker Tilly benchmarking club for back office costs, and the results are given below:



Back office costs (per property)	2011/12		2012/13		2013/14	
Back Office total costs	£284.01	1	£320.10	1	£354.16	1
% of rental income spent on back office costs	7.4%		8.3%		9.0%	

A number of the back office services are provided to OVH and PCHA via a service level agreement (SLA) with sovini corporate services. Each year a review of the services provided via the SLA is undertaken by the RPs to ensure that they continue to support services as required. Monthly performance meetings take place between RP management and corporate services management to ensure that the SLA services continue to meet their needs and offer VFM.

We further breakdown this information by function to help us understand our benchmarking costs and make sure we are delivering value in our back office as well as in our service delivery.

We use our benchmarking information with managers and teams, to identify good practice and to learn from our peers. Benchmarking information informs our strategic and business planning processes. Our benchmarking results are used by our executive management team and board to prompt service reviews and deliver continuous improvement. We think benchmarking is a crucial part of being an organisation that delivers customer excellence.

What's Next?

We have worked with our board members, business assurance committee, customers, sovini partners, HCA and our funders to progress the following priorities for VFM. These priorities are:

- Completion of the VFM assessment using Baker Tilly back office benchmark data due to be completed by autumn 2015.
- Identify further opportunities for the self delivery of services, including environmental services.
- Further Implementation of Year two projects of the groups IT strategy (FLOW) including the implementation of mobile working and customer self-service.
- Deliver Year Two of the commissioning strategy.
- Deliver our RP development programme and maximise our resources including eligible grant income.

Further efficiency savings are forecast to be achieved across sovini group during 2015/16, as follows:

Annual Efficiency Savings Forecast for 2015/16			
	'Non Cash Releasing' allocated efficiencies £000	'Cash Releasing' unallocated efficiencies £000	Total AES £000
OVH	£1,500	£1,200	£2,700
PCHA	£100	£532	£632
SPS	£0	£500	£500
STS	£180	£0	£180
Total	£1,780	£2,232	£4,012

Following the July 2015 budget announcements – Sovini Board will be reviewing its plans for 2015/16 and beyond to ensure it continues to prioritise the services that matter most to our customers, whilst ensuring that as an organisation we continue to manage our income and investment to ensure we remain a viable and successful organisation.

The content of VFM self-assessment for the RP partners within the group (OVH and PCHA) is aligned and assessed against the HCA's VFM standard and therefore their respective boards have certified compliance with the VFM standard at the June 2015 Board meetings.