

LSHA VALUE FOR MONEY

STRATEGY 2025-2028

1 INTRODUCTION

1.1 This document sets out Lambeth and Southwark Housing Association (LSHA)'s strategy in relation to Value for Money (VFM). The delivery of this strategy helps us fulfil our mission of *'working together to provide homes and services we can all feel proud of and where people feel safe and happy to live'*.

2 WHAT IS VALUE FOR MONEY?

2.1 VFM has been defined by the LSHA as the relationship between economy, efficiency, effectiveness and equity. The Regulator of Social Housing (RSH) defines these first three terms 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.

2.2 To this, LSHA has added **Equity**, which looks at who benefits and how fairly these are distributed.

2.3 VFM at LSHA is not necessarily aiming to achieve the lowest cost for our operations but to deliver quality services and homes that meet our Tenants' needs, are affordable and deliver satisfaction for Tenants whilst protecting our viability. This approach helps make the best use of our resources.

We are transparent about how we meet our targets and manage our finances; this is shared in our annual report and financial statements.



ADDING VALUE

3 VALUE FOR MONEY STANDARD

- 3.1 The RSH published a revised VFM Standard to take effect from April 2018. The Regulator requires registered providers to
- clearly articulate their strategic objectives
 - have an approach agreed by their Board to achieving VFM in meeting these objectives and demonstrate their delivery of VFM to stakeholders
 - through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs
 - ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency, and effectiveness in the delivery of their strategic objectives.
- 3.2 The Regulator also specifically requires that registered providers must demonstrate
- a robust approach to achieving VFM. This must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance
 - regular and appropriate consideration by the Board of potential VFM gains -this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures
 - consideration of VFM across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case
 - that they have appropriate targets in place for measuring performance in achieving VFM in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets.
- 3.3 Finally, registered providers are required to publish evidence in their statutory accounts on performance against its own value for money targets and any metrics set out by the Regulator and comparing that performance against its peers. RPs must have plans to address any areas of under-performance and where improvements are not appropriate explaining the rationale for this.



4 LSHA'S OPERATING CONTEXT

4.1 LSHA is a registered provider, with a housing portfolio that consists of 352 general needs units contained primarily within 33 schemes, in the London Boroughs of Lambeth, Southwark and Lewisham. The Association was originally founded in 1927 and has evolved over the years to expand its services and reach.

5 LSHA'S STRATEGIC APPROACH

5.1 A key objective of LSHA's Business Plan is to deliver affordable quality in homes and services. Through VFM LSHA aims to ensure

- resources are available to achieve the Association's Business Plan objectives and key priorities.
- a balance between cost, quality and performance.
- a good level of customer satisfaction.

5.2 The operating environment for registered providers' especially smaller providers is challenging. The ongoing impact of the Grenfell fire has led to increased investment in building safety, the introduction of Awaab's Law on 27th October 2025 may lead to increased repairs and maintenance costs, decarbonisation and Tenant support services are also costly for smaller RPs. The rent settlement introduced by the Government from 2026 is not completely guaranteed in the event of a change in government, which might affect our main income stream.

5.3 We recently upgraded our IT infrastructure to improve our processes and are committed to training our Staff and empowering them to provide quality services and respond to the changing requirements of Tenants.

5.4 We are keen to play our part in meeting local housing need and are investigating the possibility of investing our resources in acquiring new homes to meet social needs.

6 LSHA'S VFM AIMS

6.1 LSHA's VFM aims are integral to achieving our strategic objectives and reflect our operating context. These are to:

- Embed VFM and innovation within LSHA's culture by ensuring that our business decisions are driven by our procurement framework which in turn is driven by an understanding of costs, quality and comparison against other RPs.
- Ensure the investment of our resources creates a positive social impact on the lives of Tenants, Staff, our local environment and community.
- Achieve efficiencies in major areas of spend and reduce overhead costs
- Maximise or diversify our income and the return on our assets.

6.2 A VFM action plan based on these four aims has been devised and progress will be reported annually to Board.





7 VFM METHODS AND TOOLS

7.1 In order to meet the aims of the VFM Strategy, we will use the following methods and tools:

- Financial data which includes a 30-year business plan, annual budget, management accounts, key performance indicators, Tenant and Staff satisfaction and benchmarking information
- Procurement policy and financial regulations
- Maintenance and Repairs policy and procedures to ensure VFM (assessed through contract management and pre and post inspections of work)
- Board, Senior Management, and team feedback.

8 REVIEW AND MONITORING

8.1 The Board monitors compliance with the VFM standard. An annual report will be provided to the Board on performance against the VFM action plan including any gains.

8.2 The Association is also required to include in its financial statements and annual report the VFM metrics set by the RSH. The metrics are

- Re-investment%
- New supply delivered%
- Gearing%
- Earnings Before interest, tax, depreciation, amortisation, major repairs included (EBITDA MRI) interest cover%
- Headline social housing cost per unit
- Operating Margin
- Return on capital employed

8.3 This is a three-year strategy which will be reviewed annually and next updated in 2028.

