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# A Regulation Perspective



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# What We'll Cover

- Carol - RBW Review of Value for Money - report
  - A collaborative approach
  - progress to date
  - Next steps
- Steve – role of the Board – some practical questions

# VFM Review Progress Report



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- Collaborative approach
  - Steering Group – sector, regulator, RBW, researchers, experts – scoped and shaped the development of the review
  - Focussed on improvement
  - Supportive approach – no big stick, no league tables

# A Good Start



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- Scoping to three key elements highlighted by sector
  - Money, Tenants, Social Value
- More positive perspectives on VFM
- Money – measures agreed and now part of Global Accounts
- More work in pipeline
  - Social Value – CHC led
  - Tenant perspectives – TPAS Cymru led

# Lots more to do – and high expectations of sector delivery



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- Deepen and broaden understanding of VFM across the sector
- Clarity on Board responsibility – clearly locating VFM in the Board Room
  - Good Governance
  - Good decisionmaking and consideration of options and opportunity costs
  - Strategic thinking

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- Using the Measures – sector and regulator
- Developing the Measures – to cover outcomes as well as money
- Addressing the Big Ticket items
- Making a Difference because VFM means you achieve MORE!

# VFM & the Board CHC Governance Conference

Steve Smedley, HouseMark Associate

March 2017



# VFM basics

- VFM is about maximising whatever it is you exist to do
- regulatory position - a reflection of your social ethos
- a PLC maximises (£) value for shareholders
- you maximise (social) value for stakeholders
- simples
- both pursue economy, efficiency & effectiveness to achieve value maximisation
  - be clear about objectives
  - do the right things
  - do things right
  - govern it
- arguably you have added 'e' – equity (social ethos again)

Ask yourself.....



# Do you do *the right things* to maximise value?

- are you clear about your purpose and objectives?
  - who are your key stakeholders and what do they value?
  - what is your role in the various neighbourhoods you operate?
- do you have effective channels of communication with tenants, and other stakeholders, to discuss VFM?
- does resource allocation reflect objectives, including tenant priorities?
- are you prepared to fundamentally challenge what you do, how much you spend, where and for whom?
- is your current organisational form the right way to deliver your objectives?
- do you have the right mix of skills and service delivery structure to deliver your objectives?
- have you an evidence-based strategic approach to VFM?

# Do you do *things right*?

- do you understand key cost drivers and what you can do about them?
- how do costs relate to performance? Do performance levels justify the cost?
- how do you compare to:
  - peers – what kind of cost and performance is possible?
  - yourself over time – are you getting better or worse?
- do you understand the cost, investment needs and performance of assets? Does this understanding drive decisions to improve VFM of stock?
- how good are key business processes, eg procurement, treasury, repairs?
- do you get the best out of staff? How good is performance management?
- how good is financial management and cost control? How are you bearing down on costs?
- what are your strengths & weaknesses? What are you doing about them?

# Governing/managing VFM

- How do you know the organisation is any good?
  - Do you understand how you are doing? Is the strategy being delivered?
  - Any gaps in your measurement of VFM? What are you doing about them?
  - How transparent is your VFM reporting to stakeholders?
- How good are the reporting arrangements?
  - Do I understand the VFM implications (trade offs, etc) of decisions I make?
  - Do I have the info I need to make intelligent/informed resource decisions?
    - business case
    - intel on tenants & stock
    - relevant market intel for biz development
  - Do the reporting structures drive VFM?
    - clear roles between board/staff/tenants?

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