

From: John Murray
To: [Louise Chase](#)
Subject: Speed Read: your weekly social housing law update
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SPEED READ

19 March 2018



Louise,

Speed Read: your weekly social housing law update

Welcome to Ward Hadaway's weekly social housing law Speed Read. The aim of our bite-sized bulletins is to keep you abreast of the 'hot' topics and key legal issues facing the sector.

Our [social housing experts](#) are on hand to discuss in further detail what effects they could have for you and your organisation.

How will the new VfM standard work

In 2012, the current value for money (VfM) regime was introduced for housing organisations to achieve the maximum 'value for money' across the full range of services they deliver. Previously, this was done by registered providers publishing a "self-assessment statement", showing the performance of all their assets and resources (including financial, social and environmental returns) as illustration of how they managed their resources economically, efficiently and

effectively to provide quality services and homes. This existing standard had a positive impact, allowing a greater level of transparency and accountability across the sector.

On 1 April 2018, the Regulator of Social Housing (RSH) will put into effect a new 'sharper' standard, amplified by a code of practice and seven VfM metrics applying to all private registered providers. While so far being met with open arms, how will this work in practice?

The new regime

The new VfM standard requires providers to publish performance evidence in their annual accounts against their own metrics and those defined by RSH, and report how that performance compares to their peers. It aims to better communicate regulatory expectations, having providers clearly articulate their strategic objectives, demonstrating their approach to achieving VfM within these objectives and setting measurable targets. The old standard may have been successful, but RSH has concluded that the new regime needs to be put in place to meet the needs of a rapidly changing sector, continuing to drive improvements in VfM in the sector. RSH seeks to ensure a strategic approach to VfM is embedded within businesses to encourage future investment in housing and enhance the consistency, comparability and transparency of VfM reporting.

The metrics

While the old standard was primarily narrative, the RSH have now set in place seven VfM metrics that providers will be expected to report against. These are:

- reinvestment
- new supply delivered
- gearing
- earnings before interest, tax, depreciation, amortisation, major repairs included interest cover
- headline social housing cost per unit
- operating margin
- return on capital employed.

These metrics are based on information already collected through providers' existing annual accounts regulatory return, and drawn from the pilot launched by the Sector Scorecard working group. This 'working group' consisted of 5 registered providers that came up with a set of metrics to measure how registered providers are performing. According to Inside Housing, as the government puts pressure on the sector to increase its housing development, the metrics should allow registered providers to work out how exposed they are as they seek funding for new homes.

The feedback

Julian Ashby, former Chair of the RSH Regulation Committee agrees with the need for tighter control as he states "there is an increasing level of interest on how providers' VfM performance influences their ability to deliver new homes, support tenants and ensure existing stock is well maintained." Providers will no longer be able to just narrate a self-assessment but will now have to prove the action and activity they have taken to deliver these required outcomes.

When considering the metrics, Mark Henderson, the chief executive of Home Group who led on the Sector Scorecard work, said the metrics "together create a fairly broad picture that represents both efficiency and effectiveness" and that a continuous improvement across the sector will become visible as "VfM transparency becomes more easily comparable."

The effect

Going forward, providers will need to ensure they are well prepared for the changes coming into force this April. The need to 'bring boards up to speed' will be absolutely essential for them to

maintain a clear focus on delivering value for money.

The new Standard is intended to encourage providers to achieve their objectives by making the best use of every pound and every property to deliver more new homes, making improvements to the existing housing stock, and providing better services to tenants without placing additional burden on the taxpayer, placing VfM at the heart of the business.

If you have any questions on the above and how it will affect social housing providers, or any other questions as a social housing provider, please do not hesitate to [contact me](#) or a member of our expert [Social Housing Team](#).



Our expertise

We work with Registered Providers across the country day-in, day-out so we know what kind of issues you face and the pressures under which you work. Our Social Housing Team brings together substantial experience and expertise to provide a full service tailored to meet your needs.

[Click here](#) to see the full range of services we can provide and further information on how we can partner with you to support your organisation in achieving its objectives.

Kind regards

John



Contact

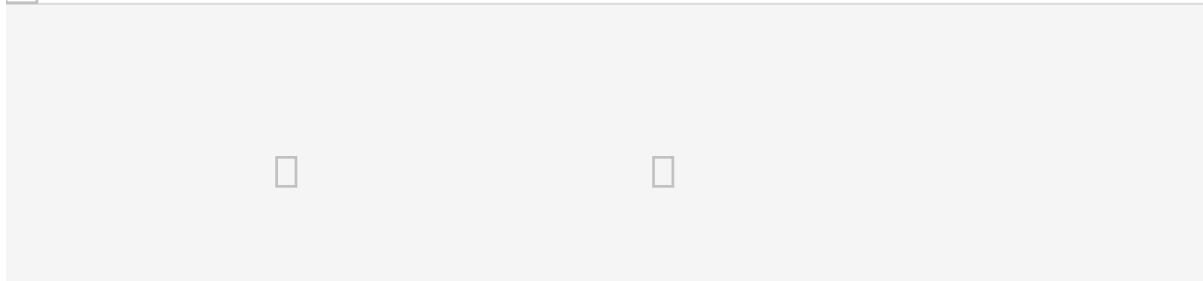
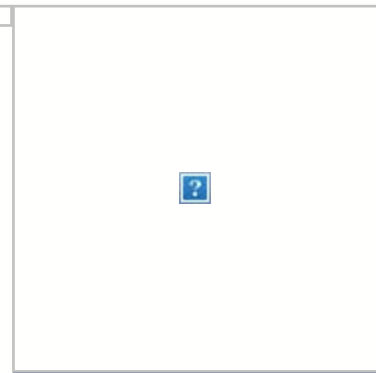


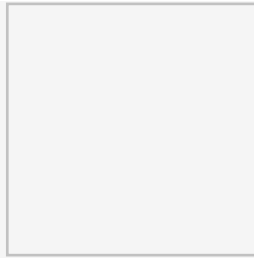
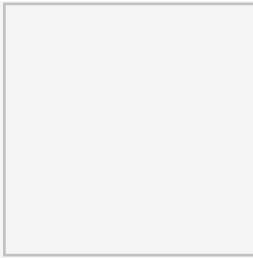
John Murray
Partner | Head of Social Housing



E: john.murray@wardhadaway.com

T: 0113 205 6670





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