

Our strategic approach to Value for Money

Staff roles listed in the **Competency Standards section** must be acquainted with contents of this document and have had documented instructions and training on its use. Authority to amend can only be undertaken by the **Process owner** with the relevant **Delegated approvals**.

For information on interpretations and instructions staff should contact the **Subject Matter expert** or **Process owner** and under no circumstances should any deviation be permitted without prior approval as above.

Document Controls			
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<i>The 3 lines of defence have been checked within the framework and are valid</i>			<input checked="" type="checkbox"/>
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Competency Standards			
Roles using this document	<ul style="list-style-type: none"> Group Director of Resources Head of Governance 	Mandatory training frequency	Update on any changes to the VfM standard or guidance
Associated legislation	N/A	Vocational training frequency	N/A
Consumer Standards	N/A	Other	<ul style="list-style-type: none"> Governance and Viability Standard VfM standard

Lines of Defence	
Evidence	
Lines of defence 1	<ol style="list-style-type: none"> 1. Policy approved, with relevant cover sheet. 2. Review period within Governance Regulations
Lines of defence 2	<ol style="list-style-type: none"> 3. Review of policy scrutinised by Board 4. Advice taken from specialist advisors (e.g. HQN) on compliance with standard
Lines of defence 3	<ol style="list-style-type: none"> 5. Audit programme – audits will identify any housekeeping or recommended actions relating to non-compliance with all policies.

Introduction

Red Kite was established as the result of a housing stock transfer from Wycombe District Council at the end of 2011. Initially the organisations Corporate Objectives focussed on delivering the stock improvement promises made to its residents at the time of the transfer ballot before embarking upon development activity. The next stage of our Corporate Journey involved establishing our development programme of a minimum of 375 new homes, but this has significantly been increased (latest figures following decision not to proceed with Castlefield to 900 homes by March 2030 Red Kite currently owns and manages 5,519 homes with a further 286 in Twenty11 (Homes) Ltd (2022-23 Financial Statements).

This document outlines our approach to achieving Value for Money. Red Kite regularly compares its performance to peer organisations and the sector medians and our performance compares favourably – see Appendix 2. This year’s strategy also reflects the new Corporate Journey which was launched on 1st April 2021. Therefore, going forward, we have a new set of Board set targets (see Appendix 1) which reflect the eight key focus areas defined within that Journey.

Our corporate vision

Our Corporate Strategy (outlined in the document “Our Corporate Journey”) is underpinned by our purpose

To realise the potential in our communities

To achieve our purpose, we have focussed on eight key areas against which targets and measures are set. These effectively define our corporate objectives and our approach to Value for Money is underpinned by these objectives

1. Tenant Engagement; the Tenant Voice
2. Delivering better services in the way our tenants want
3. New Homes
4. Better Homes
5. The Green Agenda
6. Twenty11
7. Realising Potential
8. Equality and Diversity

Our approach to Value for Money

Value for Money (VfM) is traditionally defined as a mix of economy (investing at the right price), efficiency (doing things the right way) and effectiveness (doing the right things), known as the 3 Es. We have translated this into our VfM strategic approach.

For us VfM is about *increasing our investment by doing the right things in the right way using the right investment*

We are a financially strong business with a robust 30-year Business Plan that demonstrates we can deliver our objectives within our current investment capabilities. However, we are committed to transforming our business to create

efficiencies that will better enable us to target and deliver our objectives whilst continuing to build financial strength for the next stage of our journey.

VfM makes business sense to us, to our customers and to our stakeholders, including the government and the Regulator of Social Housing (the Regulator).

Our three key criteria in achieving VfM are:



Diagram one – What VfM means to us

These criteria need to be looked at as a whole. For example, before knowing the right way of doing something we need to understand the cost of it. We want the best result but it needs to be affordable. So, let's look at each criterion.

What are the *right things*?

We are a social landlord with the community at our heart. We have outlined what the *right things* are for us in our Corporate Strategy (diagram one). Our key objectives cascade down into our more detailed and focused strategies (diagram three). When setting our strategies we will challenge the way we do things and ensure a clear understanding of our costs and how these impact delivery.



Diagram two – How VfM is delivered through our corporate strategies

We will know we are doing the *Right Things* when

- We are involving our residents, relevant partners and stakeholders in shaping and designing our strategies
- Our strategies are relevant, aligned and targeted to deliver our corporate objectives
- Our strategies embed our VfM approach
- We have clear action plans to deliver our strategies
- We are recruiting the right people and skills and are investing in our staff to deliver the right cultural environment to deliver transformation in our business

What we need to do

- Ensure our strategies are regularly reviewed
- Ensure strategies are clearly linked to our Corporate Objectives (key focus areas)
- Ensure where relevant that our strategies are clear on how they will achieve VfM
- Challenge everything we are doing that does not help us to meet our objectives and be clear on why we are doing it
- Select metrics which are aligned to the delivery of our objectives and regularly measure and review our performance against those metrics

What is the Right Way?

When doing the *Right Things* we need to make sure we do them in the *Right Way*. This could be through better use of IT, eliminating waste through better processes or ensuring that we have the most effective delivery vehicle for achieving our purpose. We need to be clear on what is the right and best way for us, as Red Kite. This was reviewed by the Board in 2017 and again at its meeting in January 2021 and will continue to be reviewed on at least a three year basis. A further consideration will be to consider this again at the end of the Twenty11 pilot. Our community focus will be a key aspect of doing things the right way and will be a driver in how we deliver.

We make sure we are doing things the *Right Way* by having a transformative management culture and structure to encourage and enable innovation, challenge and creativity, focused on meeting our Corporate Objectives. We have experts across the organisation in roles designed to enable and support teams to deliver services to our customers. Most importantly we have developed a group structure to better deliver against our corporate objectives in the way in which we meet housing need across the communities we serve.

We will know we are doing things the right way when:

- We have high customer satisfaction levels
- We meet our performance forecasts
- Our performance is amongst best in class (and when not we have a reason or plan to correct this)
- Our processes are in line with and enable us to meet our key objectives
- We are meeting our regulatory requirements
- We can demonstrate we are a learning organisation delivering a performance and compliance culture that is people focused, picking up on the issues emerging from the white paper on social housing
- We have positive Internal Audit reports
- We are attracting and retaining highly skilled and motivated staff
- Our governance structure is aligned with our approach

What we need to do:

- Actively engage with our residents to understand how they feel about us in terms of quality and cost and the balance between the two
- Benchmark performance – comparing results and learning from others
- Drive value from a focus on people i.e. tenants and home safety.
- Test our processes to ensure they meet their objectives
- Eliminate waste from our processes
- Set clear performance measurements linked to our objectives
- Create a learning organisation – individually and corporately
- Explore innovative solutions
- Carry out regular self-assessments and 'lessons learned' exercises
- Create a working environment that enables staff to work innovatively and effectively
- Further embed VfM into our culture
- Have clear service plans that link into our strategic aims
- Create clear development plans for staff

What is the Right Investment?

Investment is the third key element of our VfM approach. We need to make sure that our financial investment is the best it can be, to allow us to operate in the *Right Way*.

To achieve this, we are committed to working efficiently. We will do this by having a clear understanding of our costs and cut out unnecessary spend through adopting better ways of working. However, we understand the optimal cost is sometimes not the lowest, so in some cases costs may increase to meet our objectives.

We will know we are making the *right investment* when we can demonstrate:

- We are forecasting investment in line with our Corporate Objectives
- We balance investment between existing and new residents
- We are optimising the use of our assets to best meet our Corporate Objectives
- Our costs are comparable to best in class (and when we are not we have a reason or plan to correct this)
- We have identified our delivery method is the most cost effective (e.g. in-house, outsource, shared service)
- Effective competitive procurement that balances quality and cost
- We use benchmarking, customer insight and performance information to understand and review our costs and investments

What we need to do:

- Demonstrate we have a clear knowledge of our costs and an understanding of an acceptable balance of quality and cost
- Have a clear business case that shows a clear understanding of the cost of different solutions before major projects are launched
- Investigate the different cost options of service delivery (e.g., in-house, outsource and shared service)
- Review from time to time (at least every three years) whether our delivery structures still are a good fit to the delivery of our objectives

Delivering, measuring, monitoring and reviewing VfM

We need to demonstrate that we are achieving VfM and we will do this through:

Delivering our strategic plans by:

- Challenging ourselves to identify where we can do things better
- Being clear on the value of change when we review the way we work

Monitoring our progress against our strategic delivery plans:

- All major projects and investment will identify how they will achieve VfM
- Through targeting and benchmarking our performance against our peers using the standard VfM metrics selected by the regulator (see Appendix 1)
- Through reporting on a regular basis to the Board on our progress against the metrics set
- Through understanding where our performance is different and ensuring it is aligned to our objectives or putting in place remedial plans where it is not
- Through selecting additional measures that are related to the achievement of our objectives (targeted and benchmarked where practical)

Measuring the impact of our activities through the metrics selected above and reporting on that within our annual accounts and making available an accessible report separately to our key stakeholders (our tenants and leaseholders) on at least an annual basis. (In addition we publish monthly performance data on our website agreed by our Residents Representative Team, who will be invited to the Board 6 monthly performance review meeting and their comments will be fed into the annual review).

Reviewing our approach by learning from our own experiences and from good practice externally. Our Board will review our approach annually.

Roles

Our approach to achieving VfM reinforces our key values of Partnership, Respect, Pride. Everyone has a role in achieving VfM as we aspire to be a business that innovates through sharing ideas and creating solutions at every level.

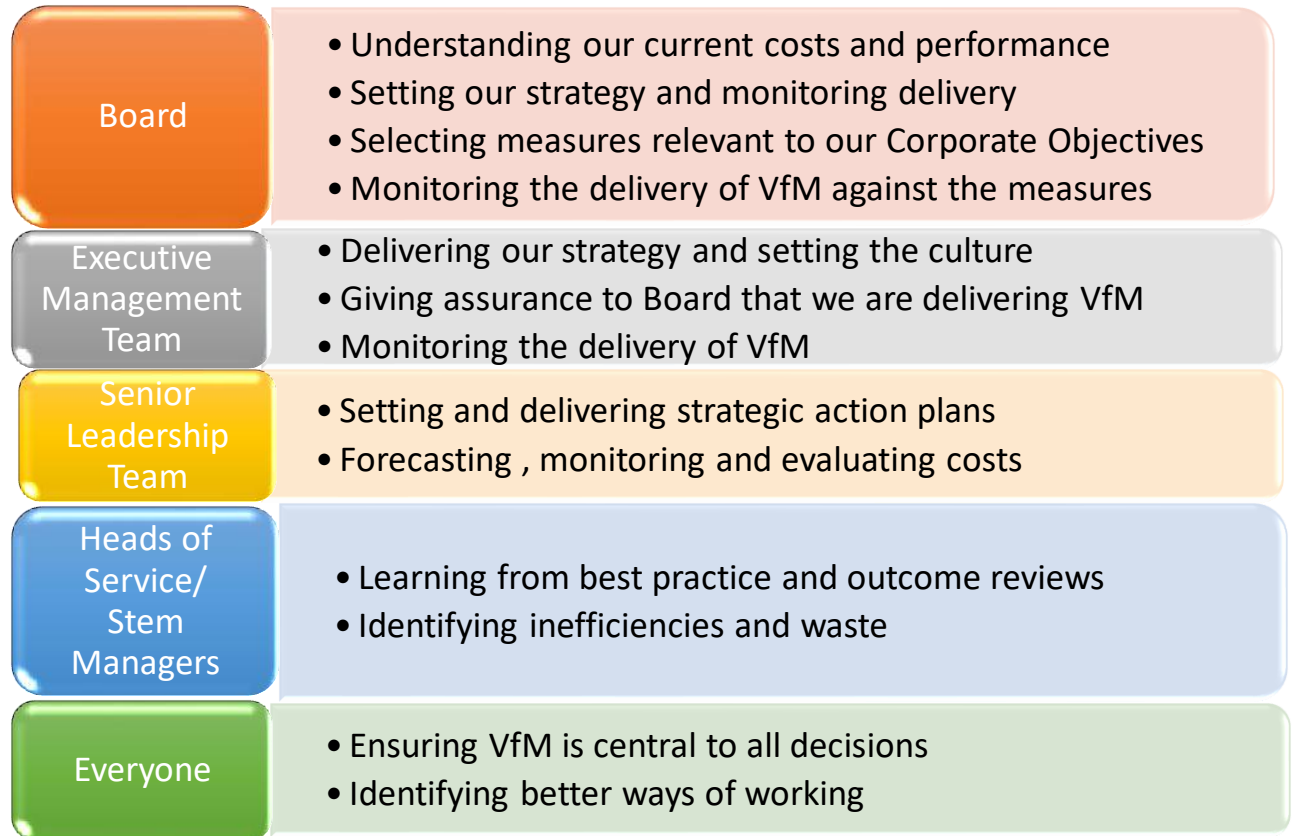


Diagram three – Key roles in achieving VfM

Legal and regulatory framework

Whilst there is no specific legislation on VfM, the Localism Act 2011:

- gives the Regulator powers to set an “economic standard”
- states VfM is a key feature of local involvement in services and service delivery.

The Public Services (Social Value) Act 2012 requires us to consider the wider social impact when procuring goods and services.

The Regulator’s standards include a [VfM standard](#) (effective from 1st April 2018) as part of the Economic Standards.

This requires us to:

- clearly articulate our strategic objectives
- have an approach agreed by our board to achieving value for money in meeting these objectives and demonstrate our delivery of value for money to stakeholders
- through our strategic objectives, articulate our 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 our strategic objectives

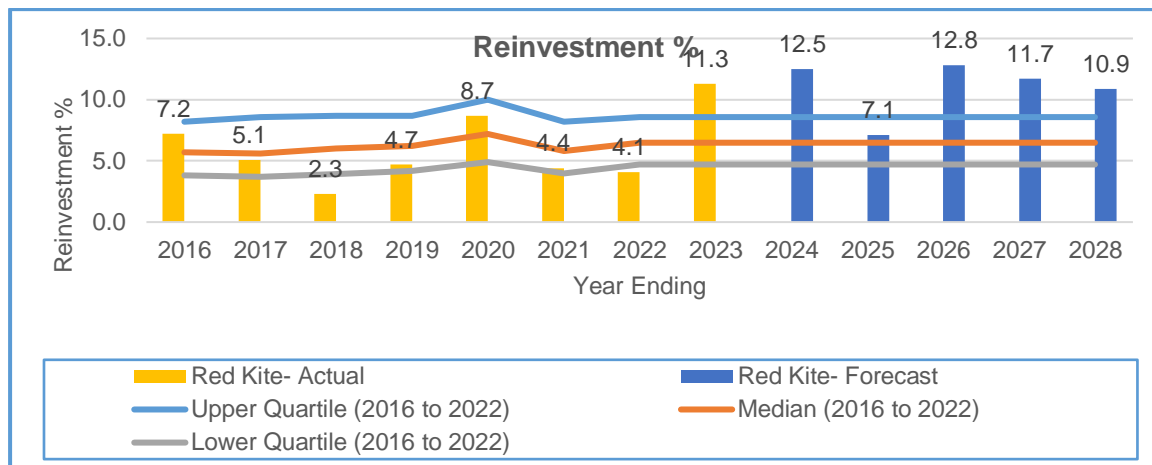
The VfM standard is supported by a VfM Code of Practice that was published at the same time.

As noted above it is the responsibility of the Senior Leadership Team to set and deliver strategic action plans. With this in view Heads of Service have been asked to consider where they could make VfM savings and meet with their Directors to agree the plan. The Assistant Director Finance will then collate the plans into an overall plan to be shared with EMT. This will form the first part of a mitigation strategy (savings we can make through Value for Money efficiencies; at the same point Heads of Service will consider what costed savings they could make if called to do so with a consideration of impact on the Corporate Plan, the delivery of our services to tenants and these will be considered by EMT to prepare a “just in case” mitigation plan). The mitigation plan overall will consider the required savings in the case of a stress test scenario, but these secondary actions will only be made if circumstances require it in the case of impact on the plan.

Where are we now and where do we want to be?

The information detailed below is a summary of the VfM report contained in Red Kite’s 2023 financial statements. The tables and graphs below show Red Kite’s actual performance up to 2022/23 – as measured against the 7 VfM metrics defined by the RSH - and the projected targets as per the Corporate Journey 2021-26. These targets were approved by the Board on July 21st 2021.

Metric 1: Reinvestment percentage



(Investment in existing and new Homes/Value of Homes at period end)

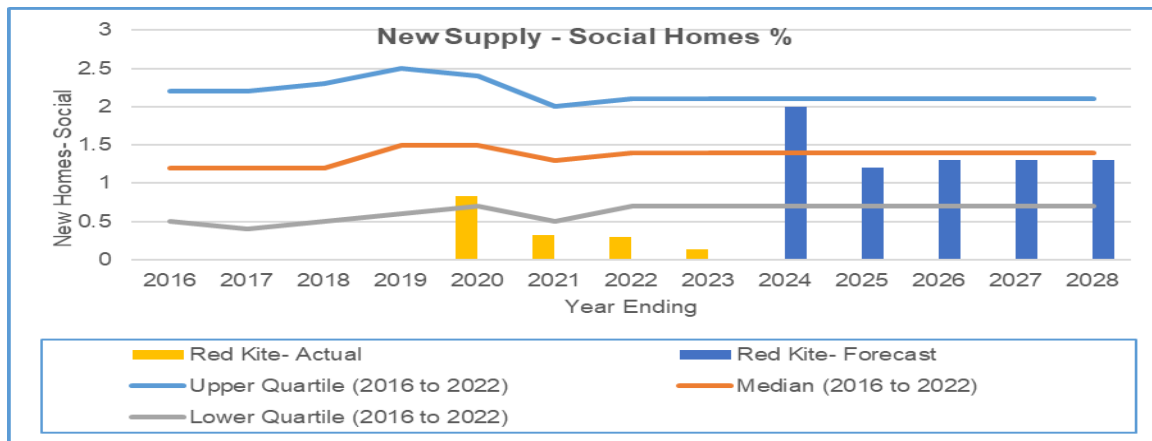
Budget for y.e. 31 Mar 2024 is 12.5%, Lower guide rail 11.2%, Upper guide rail 13.1%

The benchmark quartile figures are taken from the sector scorecard figures for the year to March 2022 (the latest figures available) with actual comparatives for the years ending 31st March 2016 to 2023. This figure includes both investment in development on new homes (with currently significantly high levels of Development wip) and also capitalised investment in our tenants homes... this figure is only calculated at the year end so will increase the figure from the provisional result previously reported.

The metric, which is on a group basis, reflects delays in our development programme which has been due to difficulties in obtaining planning permission; the impact of which is to push the plan out to March 2025 and includes the plan to build 120 homes per year for the following 5 years. Nevertheless, the increase this year shows some development activity has been possible. The revised plan approved by the Board for 300 homes in the first instance is reflected in the large increase in reinvestment in 2023 to 2028. It takes into account both capital investment in our existing homes and investment in new homes. Investment has been above upper quartile this year and is forecast to be upper quartile and above for the next few years.

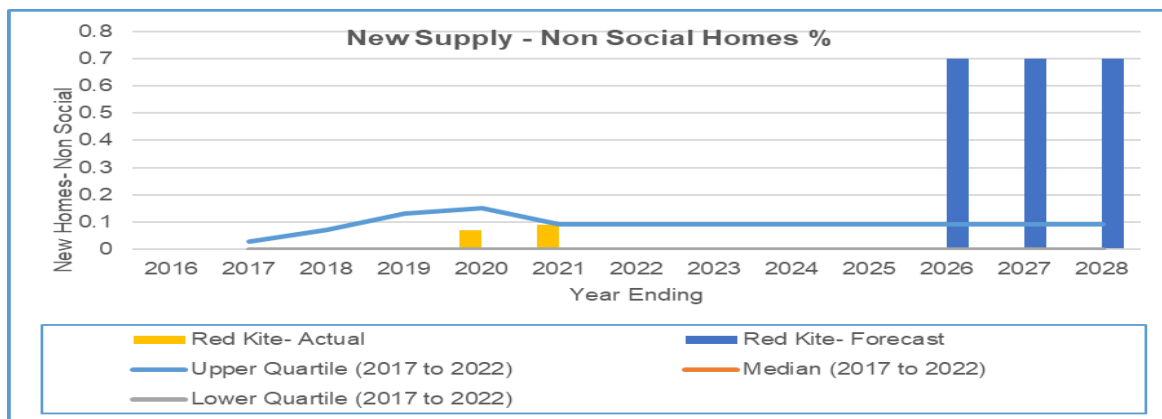
The business plan reflects the approved development strategy to develop initially a maximum of 300 (revised downwards due to the decision on Castlefield) and thereafter a further 120 homes per year for the following 5 years and the metric shows this in the forecast.

Metric 2: New supply delivered



(Total homes acquired or developed in the period/Total homes held at the end of the Period)

Budget for y.e. 31 Mar 2024 is 2%, Lower guide rail 1.6%, Upper guide rail 1.95%

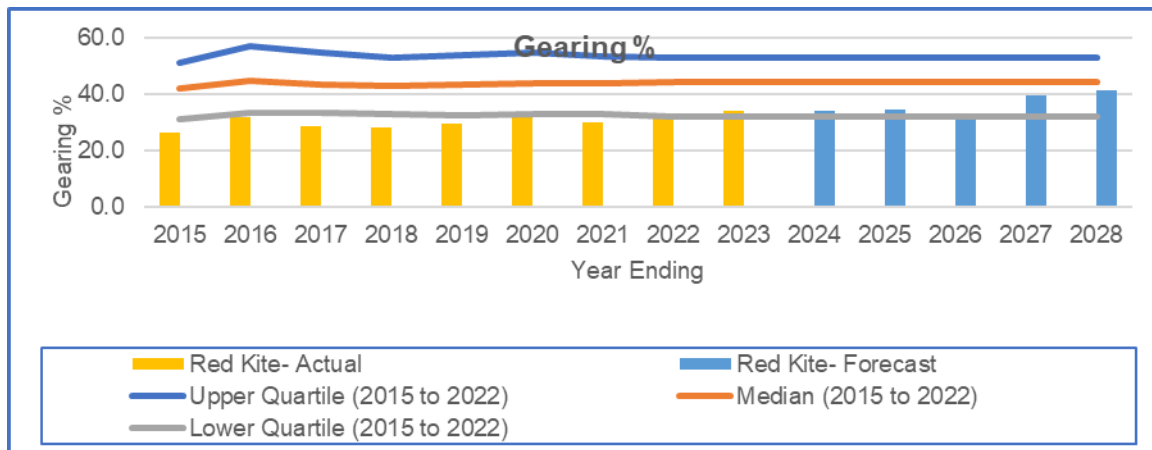


(Total homes acquired or developed in the period/Total homes held at the end of the Period)

Budget for y.e. 31 Mar 2024 is 0.0%, Lower guide rail 0.0%, Upper guide rail 0.0%

This metric is on a group basis but there is a requirement to distinguish between social and non-social homes. On a strict interpretation of the definition of social homes, development homes transferred to Twenty11 are not included within this definition even though they will be discounted below 80% of market value and qualify as meeting Twenty11's charitable purpose. For this reason, the new supply of social homes has been relatively small; a significant part of the development programme being included in the second graph. However, going forward there is less of a strong investment market and homes in the development programme are largely social homes.

Metric 3: Gearing percentage



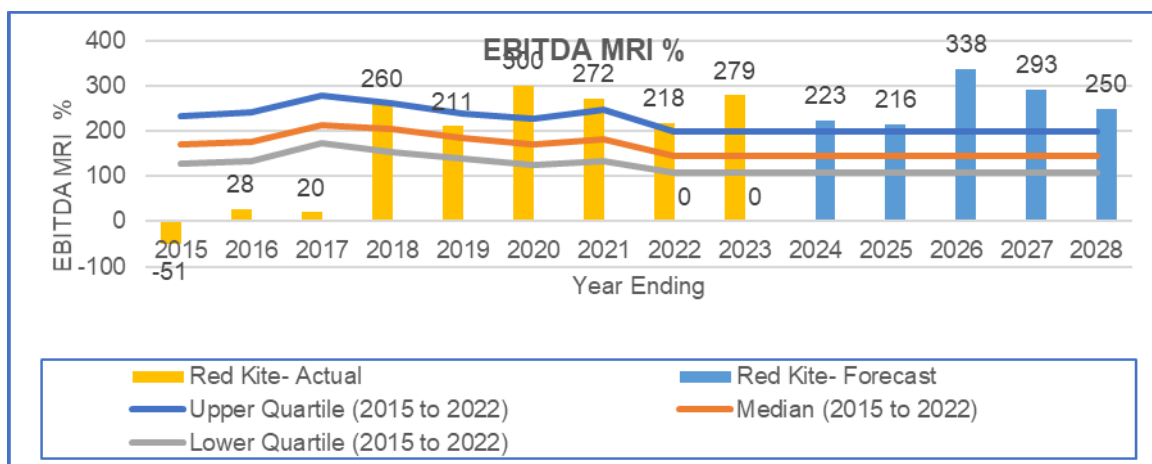
(Net debt/Value of Homes at period end)

Budget for y.e. 31 Mar 2024 is 34.2%, Lower guide rail 32.5%, Upper guide rail 39.3%

Gearing shows the extent to which our investment depends upon debt, measured on a group basis. It has traditionally been quite low due to delays in the development programme but increases towards benchmark median as our development programme gets built. Per our financial covenant gearing should not exceed 60% and our golden rule sets a maximum level of 55% before intervention is required.

We are a young organisation, being a stock transfer from Wycombe District Council at the end of 2011. The Board took a strategic decision for Red Kite to concentrate in its early years on fulfilling the stock improvement promises made to its tenants (investing in our existing homes) before embarking upon development activity. The next stage of our Corporate Journey involved establishing our development programme of a minimum of 375 new homes, but this has been revised to 900 homes by March 2030. Our relatively low gearing and significant amounts of unencumbered stock give us capacity to support sustained development in future.

Metric 4: EBITDA (MRI)



Operating surplus adjusted for depreciation and grant and capital investment in properties/interest cost)

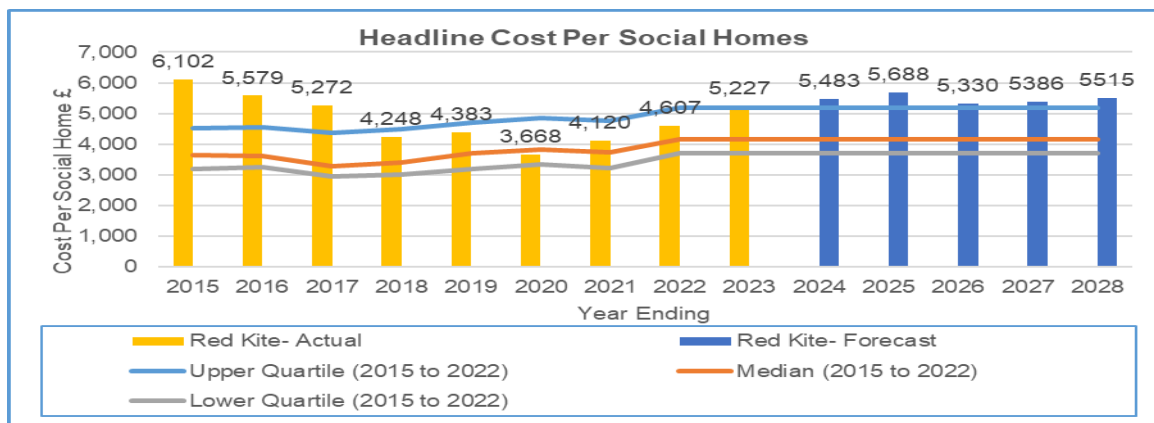
Budget for y. e. 31 Mar 2024 is 223%, Lower guide rail 212%, Upper guide rail 256%

A key performance measure for funding, EBITDA (MRI) achieved and forecasted, is comfortably above our covenant ratio of 110% and indeed our more challenging golden rule of 130%.

The significant improvement since 2018 reflects the very significant spend made in Red Kite in the first five years of its existence on improvements to its existing homes (see Metric 1 above) and the reduction in interest cost occasioned by our re-financing in 2017. Red Kite delivered its promised investment in existing homes by December 2016 at a cost of £34m less than originally budgeted.

Although Red Kite still has a significant programme of investment in its homes, (see Metric 5 below) our EBITDA (MRI) shows a strengthening financial position and strong interest cover going forward. Our plans are stress tested and whilst extreme financial conditions may require some mitigations (covered in our mitigation strategy) the strength of our financial position gives strong assurance here.

Metric 5: Headline social housing cost per home



Budget for y.e. 31 Mar 2022 is £5,483 Lower guide rail £4,935 Upper guide rail £5,57

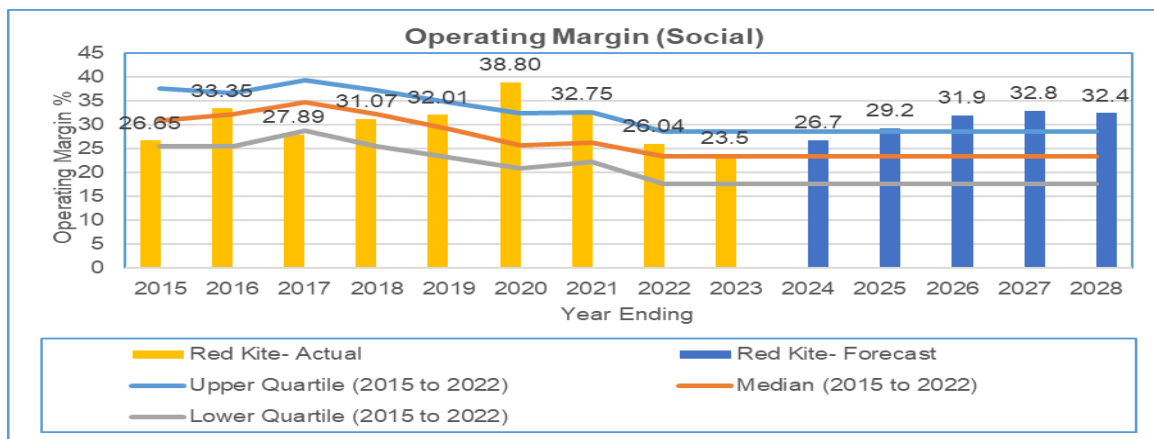
Note that “upper quartile” here means high (so a worse performance).

Historically Red Kite had very high costs per home, due to a high level of capital investment in our homes during the early years as we completed the promises made to our tenants at stock transfer. Since then cost per home has decreased to a low level of £3.67K in 2020 before increasing again to its current level of £5.23K as at 31st March 2023. It should be noted however that this figure includes cost related to a late impairment adjustment to the accounts following the decision not to continue with Castlefield, without which the figure would be £4.73K. Even accounting for this our overall cost per home is above sector median levels but below upper quartile levels. The Board continues to invest based upon stock condition information. Our major repair costs continue to be higher than the sector norms, we engaged with HQN to assess our costs across a number of component renewal areas. This outcome of this work showed that for Bathrooms and Kitchens our cost were high but when the specifications and basket rates were assessed further these are considered to be in line with sector norms. Given this we consider that the higher costs are possibly due to the type of works that are included in the calculation examples being disabled adaptations captured that may not be included by others. Also it includes the costs

associated with playgrounds and the large open spaces that we manage and we have had a large replacement programme for boilers due to a failure of a high number of boilers prior to their expected life, and additionally high expenditure has been encountered for the installation of smoke detectors as a result of a change in legislation within the period which will also be a contributing factor.

Looking forward, using comparative data from the Sector Scorecard (see below), we are forecasting cost per home to increase in 2023-24 as inflationary pressures on building and other costs (already factored into the budget) will impact upon cost per home. Note that our comparative data is historical, and it is likely that other organisations will see their cost per home data affected by inflation as we are predicting ours will be. We had predicted this increase this year though it was not forthcoming. Whilst our plan sustains this increase we are already considering the potential impact of further inflationary pressures next year and if necessary will look to mitigate the impact of this.

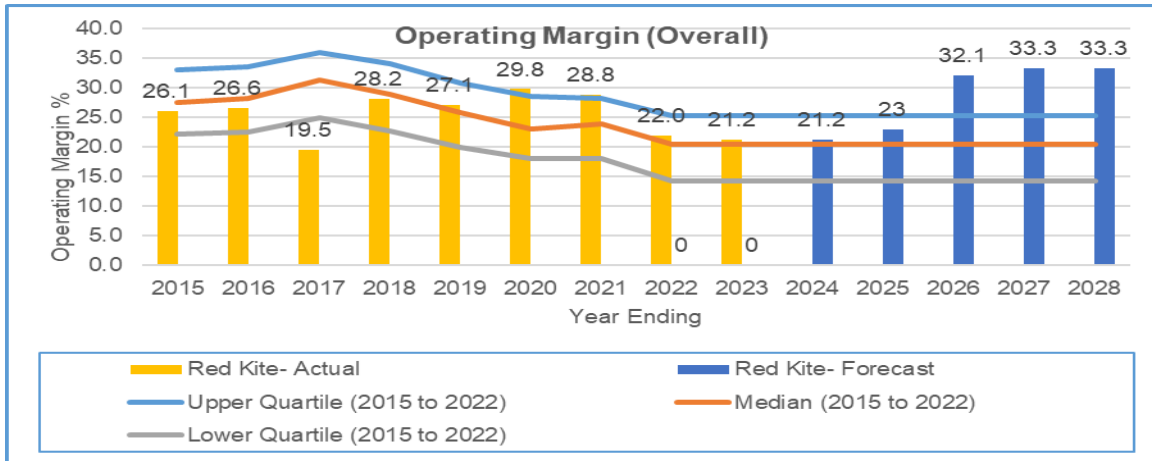
Metric 6: Operating margin (measured for social housing lettings and overall)



Budget for y.e. 31 Mar 2024 is 26.7%, Lower guide rail 24.7%%, Upper guide rail 29.9%

Our operating margin – social housing this year would have been well above the median level but with the impact of Castlefield impairment is close to median. It is expected to increase thereafter and eventually exceed upper quartile.

However, as noted above although inflation is factored into our plan for 2023-24 we are putting in place a mitigation strategy should we face pressures on our costs due to inflation sustained throughout the next financial year.



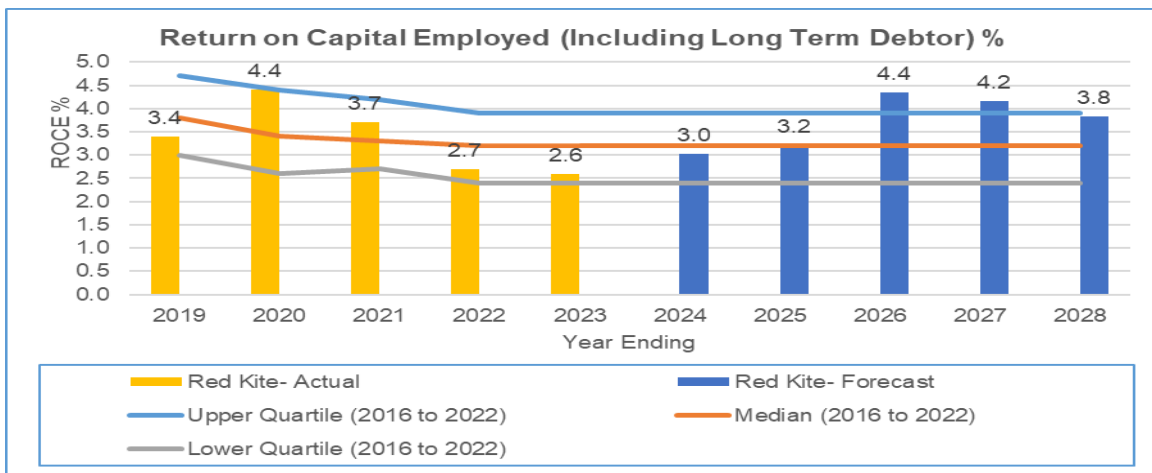
Budget for y.e. 31 Mar 2024 is 21.2%, Lower guide rail 20.1%, Upper guide rail 24.8%

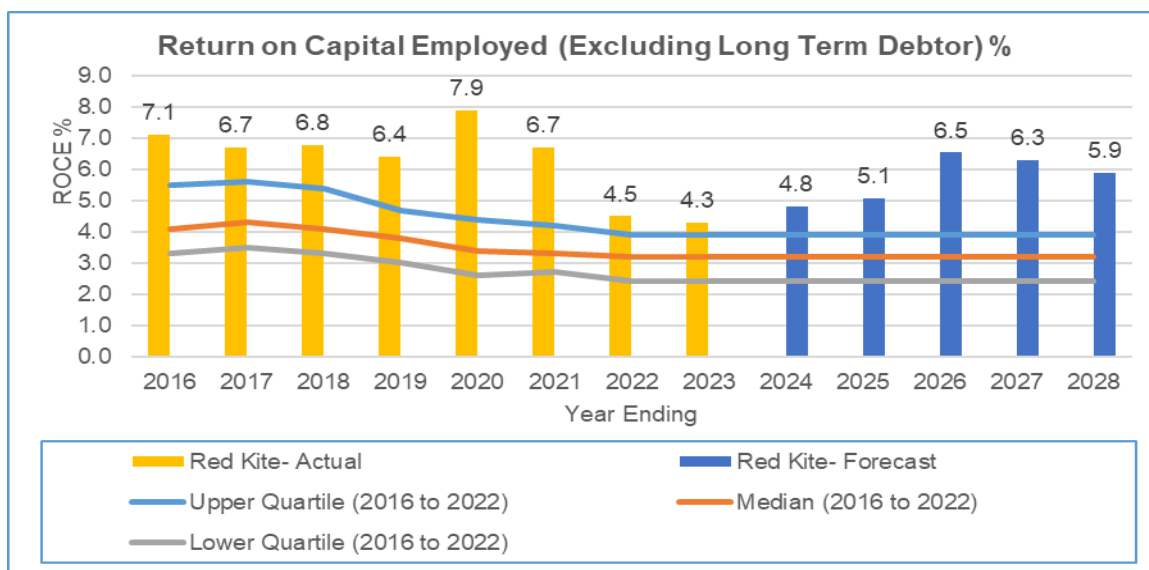
Overall operating margin follows a similar pattern to operating margin - social housing.

The decrease in the level of operating margin in 2017 is due to the investment in our homes, some of which is taken through the Income and Expenditure account; efficiencies made in the business enabled us to manage the change in government rental policy and this can be seen in the recovery from 2018 onwards.

The rent cap this year has an impact upon forecast margins for 2023-24 and if this policy were to continue we have in place a mitigation strategy to reduce cost so that our covenants and golden rules are not threatened.

Metric 7: Return on Capital Employed (ROCE)





Budget for y.e. 31 Mar 2024 is 3.03%, Lower guide rail 2.88%, Upper guide rail 3.48%

This has historically been reported within our VfM report excluding a long term development VAT shelter debtor (which in our accounts is balanced by a provision). For reporting purposes to the RSH this is included however and so we have included it in the first graph above (it also shows in the comparatives in the chart comparing our results to the global accounts). The targets are set with respect to this measure. We also show in the second graph the result excluding this debtor. Our ROCE result without this continues to demonstrate a strong performance against budget this year. When the debtor is included it would put us close to the median mark against 2021-22 global accounts apart from the impact of the Castlefield impairment reducing it from 3.7% to 2.6% and a dip against our previous year result.

We are forecasting it to return to or exceed the sector median figure and thereafter the top quartile figure. However we will need to ensure in the potentially challenging circumstances facing all organisations that expenditure is targeted to protect our services and that we utilise our financial strength to maximise our ability to achieve our corporate “why?” – namely “To realise the potential in our communities.”

Red Kite Group Metrics (based on Corporate Objectives)

The Standard allows for RPs to select additional metrics which demonstrate performance against Corporate Objectives and the range of activities that the Group undertakes. The metrics set in the last fiscal year relate to the Corporate Journey set by the Board in 2020 for the 5-year period starting April 2021. Each metric is referenced to relevant themes. To distinguish the Red Kite Metrics from the standard Metrics they are numbered alphanumerically. Whilst this builds upon the previous journey it also looks to the new direction which the Social Housing White Paper (which will be enacted once the Social Housing Regulation Bill has passed through parliament) has given in terms of resident engagement and also to Government initiatives which will become increasingly important such as Zero Carbon and the indication that the Decent Homes Standard will be enhanced in the future.

These measures considered by the Board in its meeting of 12th May 2021 and confirmed by the Finance Committee in its meeting of 23rd June 2021 are included in the revised Strategic Approach to Value for Money approved by the Board at its meeting of 15th July 2021 and are summarised below.

A. Resident Engagement: The Tenant Voice

Metric A1: The Proportion of complaints solved at Stage 1

VfM measure	Lower guiderail	Upper guiderail	Target for 2022-23	Result
The Proportion of complaints solved at Stage 1	83%	100%	> 83%	94.6%

A strong result and clearly within the guiderails; there has been a focus on resolving tenant complaints at an early stage and this has generally been successful. This is reinforced by the fact that for the second year, whilst we have had a small number of complaints referred to the Housing Ombudsman this year, none have found against Red Kite.

Metric A2: Satisfaction with complaints handling service

VfM measure	Lower guiderail	Upper guiderail	Target for 2022-23	Result
Satisfaction with complaints handling service	75%	90%	> 75%	62%

In contrast to Metric A2 our data on satisfaction with the complaints handling service shows a poor result (although an improved one on last year (41%)). Our Operational Performance and Tenants Services committee has investigated this, and it shows a strong correlation between outcome and satisfaction. As a result this metric is more a reflection of satisfaction with the outcome than the process.

Metric A3: Number of active volunteers increased by 5 during year

VfM measure	Lower guiderail	Upper guiderail	Target for 2022-23	Result
Number of active volunteers increased by 5 during year	+4	+6	+5	+12

This year has seen a further strengthening of active tenant involvement with 12 additional tenant volunteers (64 by the end of March, 52 a year previously). The tenant relationship is a key plank in our corporate culture and approach and the number of volunteers is a reflection upon the dynamic of the key tenants committee (Resident Representative Team (RRT)).

B. Better services

Metric B1 Satisfaction with the quality of the home

VfM measure	Lower guiderail	Upper guiderail	Target for 2022-23	Result
Satisfaction with the quality of the home	75%	95%	> 85%	N/A no surveys completed

Up until this point we have only measured this for new homes. It should be noted that we did not carry out any surveys this last year against the satisfaction of tenants with the quality of their homes. Typically, these surveys are completed with tenants by the Development team after 6 to 8 months of handover. We have recently made the decision to move these surveys from the Development team to our independent surveying partner Arena. Moving forward, these will be completed as standard alongside our other satisfaction surveys and we are looking to extend this to surveys made to the wider group of all tenants. There is some opportunity to backdate surveys, and this is under consideration on a scheme by scheme basis to ensure the feedback we get is useful and up-to-date.

Metric B2: Maintaining Building Safety – compliance with FLLAGE standards(Fire, Lifts, Legionnaires, Asbestos, Gas, Electricity)

VfM measure	Lower guiderail	Upper guiderail	Target for 2022-23	Result
Maintaining Building Safety – compliance with FLLAGE standards	100%	100%	100%	100%*

*This is reported as 100% compliant although at the year end there were a few homes which we had been denied access to perform legal safety checks. These are subject to a court process. If these were reported as non-compliant the %age compliance would still be higher than 99.95%

C. New Homes

Metric C1: Cumulative new homes delivered

VfM measure	Lower guiderail	Upper guiderail	Target for 2022-23	Result
Cumulative new homes delivered	141	176	176	112

This result has been affected by delays in planning and getting acceptable build tenders for new homes. No target has as yet been set for this VfM Metric for 2023-24 yet, as we are going to review the medium term development plan during the year and the target should reflect the outcome of this review.

Metric C2: Ratio of homes affordable

VfM measure	Lower guiderail	Upper guiderail	Target for 2022-23	Result
Ratio of homes affordable	75% including 15% Shared Ownership	85% including 17% Shared Ownership	80% including 16% Shared Ownership	84% inc 26% Shared Ownership

Both the overall result and ratio are above target and the overall within guiderails whilst the percentage of shared ownership homes is above the upper guide rail. Whilst this will need to be monitored given the small number of homes delivered this is still a reasonable result.

D. Better Homes

Metric D1: Decent Homes Standard Compliance

VfM measure	Lower guiderail	Upper guiderail	Target for 2022-23	Result
Decent Homes Standard Compliance	100%	100%	100%	100%

We continue to meet the Decent Homes Standard with all our homes.

Metric D2: Achieve annual investment programme against budget

VfM measure	Lower guiderail	Upper guiderail	Target for 2022-23	Result
Achieve annual investment programme against budget	90% v budget	105% v budget	100% v budget	115%

This metric has also been achieved, and over achieved, demonstrating our commitment to keep our tenants' homes in a good standard of repair. Whilst we will have a further metric to consider once the government has enacted its heralded new decent homes standard this is not yet measurable.

E. Green Agenda

As per above we do not yet have a measurable metric here as we have yet to develop our sustainability strategy which we should do over the coming year. In preparation for this and for the proposed metric D3 above we will use the data following further analysis of the results of the stock condition survey which achieved entry into 82% of our homes.

F. Twenty11 (Homes) Ltd

In March 2022 the Board of Red Kite met together with support from Sheffield Hallam University and the then Chair of Twenty11 (Homes) Ltd to consider the impact of Twenty11 and whether it was showing significant enough progress to proceed beyond the trial period. The conclusion was that it was both in terms of

making a difference in the lives and communities of its tenants and in terms of its overall financial viability. Consequently Twenty11 has now moved beyond the original trial stage and has been confirmed as a housing charity in its own right, contributing to the Red Kite Group but distinct from Red Kite with its own distinctive offer and brand. The KPIs below are indicators of the success of Twenty11.

Metric F1: TSL points score

VfM measure	Lower guiderail	Upper guiderail	Target for 2022-23	Result
TSL satisfaction score	102	106	104	105.9

The Tenancy Sustainment Licence is something given to each Twenty11 (Homes) Ltd tenant at the start of the tenancy. Tenants start with a score of 100 and gain points for positive actions which contribute to their community or to their own personal journey. Points can be deducted too for Anti-Social Behaviour or arrears patterns for example. The target for this year has again been achieved and over achieved.

Metric F2: Average yield as %age of market rental

VfM measure	Lower guiderail	Upper guiderail	Target for 2022-23	Result
Average yield as %age of market rental	61.8%	68.3%	64%	70%

This metric has been key to the financial viability of Twenty11; the 64% yield being the original yield envisaged in the business plan. The higher yield achieved is an indication of the relatively short life of the company but has been particularly important in view of a slower build-up of homes within Twenty11 than originally expected.

G. Realising Potential

Metric G1: Projects funded as %age of budget (%age of Springboard and Starting Blocks budget spent)

VfM measure	Lower guiderail	Upper guiderail	Target for 2022-23	Result
Projects funded as %age of budget (%age of Springboard and Starting Blocks budget spent)	90%	105%	100%	99.9%

Our “Why” or our purpose as an organisation is to realise the potential within our communities. This part of our Corporate Journey focuses on this. Springboard and Starting Blocks are funds made available to tenants and to others in their community to support people in those communities in realising that potential. Decisions on bids are made by a panel including tenants’ representatives but supported by our Head of Resident and Community Engagement and her team. Having a budget is one thing, spending it is another; our achievement this year was to utilise 99.9% of the budget

(2022: 97%) in supporting projects within the community which have made a real difference to people's lives.

H. Equality and Diversity

Metric H1:

VfM measure	Lower guiderail	Upper guiderail	Target for 2022-23	Result
%age of justified or partially justified complaints relating to lawful or unlawful discrimination in our services	0%	0%	0%	0%

We are committed as an organisation to equality and diversity and have appointed an Equality and Diversity lead this year to help us shape the agenda here and ensure that we grow as an organisation here. A measure of where we are however is whether we have had and justified or partially justified complaints relating to discrimination in our services. The target and guiderails here are 0% as any such complaint whilst being an opportunity to learn and grow would to an extent be also a failure. We are happy to note that we did not have any such complaints this year (nor in the previous year).

Board set measures for 2023-24

Appendix 1 defines the measures as set for 2023-24 following the Board meeting of 17th May 2023.

Comparison of our costs with global accounts and other local providers

As part of the VfM report included within the Financial Statements 2022-23 we included a table showing how our costs compared with other local providers (that is included as Appendix 2 to this strategy).

VfM targets within the Business Plan

The measures that are standard within the VfM standard are considered within the Business plan and are monitored as such.

Appendix 1: VFM Targets (for the year ended 31st March 2024)

These were agreed by the Board at their meeting on 17th May 2023.

For standard measures (defined by the regulator)

Required Vfm measures				
KPI No.	Description	Lower Guiderail	Upper Guiderail	Comment
1	Reinvestment percentage	90%	105%	Based on 2023-24 budgeted figure
2 (i)	New supply (social)	80%	97%	Based on 2023-24 budgeted figure
2 (ii)	New supply (non-social)	80%	97%	Based on 2023-24 budgeted figure
3	Gearing	95%	115%	Based on 2023-24 budgeted figure
4	EBITDA (MRI)	95%	115%	Based on 2023-24 budgeted figure
5	Cost per home	90%	105%	Based on 2023-24 budgeted figure
6 (i)	Operating margin (social)	95%	115%	Based on 2023-24 budgeted figure
6 (ii)	Operating margin (overall)	95%	115%	Based on 2023-24 budgeted figure
7	Return on Capital Employed	95%	115%	Based on 2023-24 budgeted figure

For Board defined measures

Board Measures for VfM based on New Corporate Journey					
Key issue	VfM measure	Target for 2022-23	Lower Guide rail	Upper Guide rail	Source
Resident Engagement: The Tenant Voice	The Proportion of complaints solved at Stage 1	> 84%	84%	100%	New Corporate Journey Appendix
	Satisfaction with complaints handling service	> 75%	75%	90%	New Corporate Journey Appendix
	Number of active volunteers increased by 5 during year	+5	+4	+6	Agreed targets for CJ (March Board)
Better services	Satisfaction with the quality of the home	> 85%	75%	95%	New Corporate Journey Appendix
	Maintaining Building Safety – compliance with FLAGE standards (Fire, Legionnaires, Asbestos, Gas, Electricity)	100%	100%	100%	New Corporate Journey Appendix
New Homes	Cumulative new homes delivered	tbc	tbc	tbc	New Corporate Journey Appendix
	Ratio of homes affordable	80% including 20% Shared Ownership	75% including 18% Shared Ownership	85% including 22% Shared Ownership	New Corporate Journey Appendix
Better Homes	Decent Homes Standard Compliance	100%	100%	100%	New Corporate Journey Appendix
	Achieve annual investment programme against budget	100% v budget	90% v budget	105% v budget	New Corporate Journey Appendix
	New Decent Homes Standard Compliance – Fully funded in Business Plan	No target – awaiting new standard			New Corporate Journey Appendix
Green Agenda	Sustainability Strategy - Fully funded in Business Plan	No target – awaiting sustainability strategy			New Corporate Journey Appendix
Twenty11	TSL score	105	104	107	Existing Board defined VfM KPI

Board Measures for VfM based on New Corporate Journey					
Key issue	VfM measure	Target for 2022-23	Lower Guide rail	Upper Guide rail	Source
	Average yield as %age of market rental	64%	61%	67%	Existing Board defined VfM KPI
Realising Potential	Projects funded as %age of budget	100%	90%	105%	New Corporate Journey Appendix
Equality and Diversity	%age of justified or partially justified complaints relating to unlawful discrimination in our services (staff and residents)*	0%	0%	0%	New Corporate Journey Appendix

*Any complaint that relates to unlawful discrimination in our services will be treated as a formal complaint; whether it is justifiable will depend upon the outcome of the review of the complaint

Shaded measures will only apply once we have the required missing information so are expected to be measures for 2023-24 onwards.

Appendix 2

How Red Kites performance compares with its peer group and sector medians

RP's selected -->	Red Kite Community Housing Limited	Red Kite Community Housing Limited	Red Kite Community Housing Limited	Red Kite Community Housing Limited	Peer Group
CPU Year	2019/20	2020/21	2021/22	2022/23	2021/22
Total social housing units owned and/or managed at period end	5,685	5,610	5,588	5,519	94,921
Metric 1 - Reinvestment	7.86%	4.1%	4.2%	11.3%	6.8%
Metric 2a - New supply delivered (social)	0.80%	0.29%	0.29%	0.14%	2.39%
Metric 2b - New supply delivered non-social housing units	0.00%	0.08%	0.00%	0.00%	0.02%
Metric 3 - Gearing %	32.8%	29.6%	32.1%	34.0%	51.4%
Metric 4 - EBITDA (MRI)	300.0%	290.5%	218.2%	279.0%	143.4%
Metric 5 - Headline social housing costs per unit	£ 3,668	£ 4,407	£ 4,937	£ 5,227	£ 4,194
Median social housing cost per unit 2021	£ 3,835	£ 3,730	£ 4,150		£ 4,150
Variance	-£ 167	£ 677	£ 787		£ 44
Variance %age	-4.36%	18.14%	18.96%		1.07%
Weighted average cost per unit by category					
Management CPU	£ 1,207	£ 1,291	£ 1,360	£ 1,461	£ 1,239
Service charge CPU	£ 342	£ 382	£ 373	£ 416	£ 410
Maintenance CPU	£ 862	£ 1,051	£ 1,215	£ 1,281	£ 1,448
Major repairs CPU	£ 1,694	£ 1,821	£ 2,052	£ 1,999	£ 606
Other social housing CPU	-£ 437	-£ 138	-£ 63	£ 70	£ 55
Total	£ 3,668	£ 4,407	£ 4,937	£ 5,227	£ 3,758
Metric 6a - Operating margin (SHL) %	38.8%	32.6%	26.0%	23.5%	32.5%
Metric 6b - Operating margin (Overall) %	29.8%	27.5%	22.0%	21.2%	30.0%
Metric 7 - Return on capital employed (ROCE)	4.4%	3.7%	2.7%	2.6%	3.3%

Table A: Sector and peer group comparisons

(Peer group consists of B3 Living, Housing Solutions, Paradigm, Hightown, Silva and Sovereign)

We measure ourselves in the following table both against overall consolidated accounts for the sector (published by the RSH and against a bundle of local housing associations (peer group). Current RSH comparative available information is from 2021/22. From this we can see the following.

The reinvestment metric has increased this year and is above the sector median. This is a consequence of a large amount of Development WIP and an investment in our current homes above budget.

New supply however remains low. There is a significant amount of Development WIP in the pipeline (£22M) and as a consequence this indicator is forecast to increase in the coming year.

Gearing and EBITDA(MRI) continue to be both better than global accounts and our peer group median for 2021/22. The overall social housing cost per home in Red Kite in 2020/21 is £5,227 (£4,727 if the Castlefield impairment is excluded) significantly higher than the median cost for global accounts for 2021/22 and that of our peer group. It should be noted however that inflation has been a significant factor this year and this is not shown yet in the comparators which refer only to 2021/22. Whilst this shows a significantly higher cost per home the area in which this is most significantly affected is in major repairs. This reflects the comment made against Metric 5 above as well as some investment being brought forward from 2023-24 towards the end of the year.

The other area where our cost per home exceeds both our peer group and overall median significantly is management cost. However we do have a mitigation strategy which aims to reduce this where possible and we engage with the Senior Leadership team to identify Vfm savings.

Both Operating Margin and Return on Capital Employed would have increased this year but are reduced as a result of the Castlefield impairment; and would have been reasonably close to the median for the local peer group and as noted above have inflationary impacts factored in which are not factored into the comparatives. There is a significant difference between the overall operating margin and that which relates to social lettings as the overall margin includes other items; but this is true also for other organisations.