



**PLACESHAPERS RESPONSE TO HCA CONSULTATION ON  
PROPOSED CHANGES TO THE VALUE FOR MONEY STANDARD  
NOVEMBER 2017**

**1. INTRODUCTION**

- 1.1 PlaceShapers is a national network of community-based housing associations formed in 2008. Currently comprising 118 members of varying types and sizes, between us we own or manage nearly 900,000 homes, with another 88,000 in the pipeline by 2022. Details of our members and more about what we do can be found on our website: [www.placeshapers.org](http://www.placeshapers.org)
- 1.2 We welcome the opportunity to respond to the HCA's consultation on a revised 'Value for Money' regulatory standard. We have regular engagement with senior members of the HCA's regulation team and have been active contributors to the piloting of the new sector scorecard to more effectively measure performance outcomes. In this context, there was nothing of major surprise to us in the consultation and we would be happy to discuss further the few comments made below if that would be of help.
- 1.3 This response is limited to general comments on the consultation questions of most interest to us. No doubt some of our members will respond individually and in so doing may go into more detail.

**2. RESPONSE TO CONSULTATION QUESTIONS**

1. Do you agree with the objectives for the proposed Value for Money standard?

In general terms yes, we do agree with proposed objectives, with two caveats:

Firstly, we wonder whether required outcome 1.1c for providers to "articulate their strategy for delivering homes that meet a range of needs" could be seen as implying that all providers are expected to deliver a full range of homes. This will patently not be the case for specialist providers and those working in localities where housing markets give rise to varying needs for new provision.

And secondly, the current wording of 1.1c could also be seen to imply an expectation that housing associations should be focussed only on the supply of new homes. Whilst it is crucial that the sector contributes as much as possible to new building targets in order to help solve the housing crisis, and our members are responding effectively in this respect, our role in providing a wide range of services to tenants and our local communities should be acknowledged here too.

2. Do you agree that the focus on boards ensuring that delivering value for money is an integral part of running their business would support a more strategic outcome-focused approach?

Yes, and in our experience the need for this focus at board level is already well understood.

3. Do you agree that registered providers should seek to maximise the financial return from their resources and assets in so far as that is consistent with the achievement of the organisation's wider organisational purposes?

Yes, so long as it is acknowledged that in order to operate in line with housing associations' charitable purposes, objectives will necessarily include investment to achieve social purpose too. This may, for example, include ensuring that rents are set at levels that will still be affordable to those being housed, that the organisation is contributing to a local authority's efforts to reduce homelessness and that investment in wider community support such as pathways into employment is maintained. The social value resulting from such activities involves a balancing of objectives and it would be helpful for there to be acknowledgment that the new standard is not just aimed at ensuring financial metrics are optimised as would be the case in the for-profit sector.

4. Do you agree that boards should consider the full range of operational and strategic issues in delivering value for money?

Yes.

5. Do you think the Code helps registered providers understand how compliance with the requirement to 'undertake a rigorous appraisal of potential options for improving performance' could be achieved?

In general, yes. The need to be open to alternative operating structures to improve performance and deliver strategic objectives is already understood and our members continue to assess the benefits or otherwise of structural change in partnership with their tenants and local stakeholders.

6. Do you agree with the move away from wide-ranging self-assessments in the current Standard towards a specific metrics-and-targets based approach?

We agree wholeheartedly with the move away from narrative self-assessment returns to the sharper outcome-focussed approach of consistent reporting against a defined set of metrics. As always, the metrics reported will require comment and context to ensure full understanding but, so long as the results are not used in the form of crude league tables, the outcome should facilitate healthy debate and greater understanding of sector performance.

7. Do you agree that a targets-based approach in measuring performance will help to deliver value for money?

A consistent set of reported metrics will assist understanding of relative performance within the sector and year-on-year improvement. However, whilst this may assist with more accurate global conclusions, actual delivery of value for money will link back to individual providers' strategic objectives and improvement plans. These will vary depending on an organisation's purpose, context and local needs and as well as financial targets will often include measures to achieve social objectives agreed in partnership with tenants and other local stakeholders.

8. Do you agree that the requirement to report on value for money in the accounts would increase board focus on value for money as well as drive transparency, consistency and comparability for stakeholders?

Having everyone put this information in the same place is helpful. Many already use the annual accounts for this purpose and a requirement to do so will help drive transparency, consistency and comparability for stakeholders.

9. Do you think the proposed Code achieves its aim of amplifying the requirements in the Standard, helping registered providers understand how the requirements in the Standard could be met?

Yes, so long as the Code is genuinely additional guidance and clarification rather than a set of prescriptive requirements.

The proposed code could include additional reference to social and community investment being recognised operating activities. Whilst there is reference to reporting requirements being appropriate for stakeholders, an omission is the lack of any mention of tenants or other local stakeholders with whom all providers should be engaging when setting objectives and reviewing performance.

We will be interested to see how the use of the code plays out in practice in terms of regulatory engagement and will welcome the ability to discuss any emerging issues as part of our regular liaison meetings with senior regulatory staff.

10. Do you have any comments on our business engagement assessment including in relation to equality and diversity?

No.