



VFM Framework

September 2025

Owner: Procurement & VFM Manager

<u>Version</u>	<u>Purpose/Changes</u>	<u>Approval Date</u>	<u>Approved By</u>	<u>Suggested Review Date</u>
V5.0	Annual review and update. KPI metrics updated inline with 24/25 VFM Statement	10 th September 2025	Ongo Homes Board	2028/2029
V4.0	Annual update and review. Includes new corporate plan and revised metric KPIs	November 2024	Ongo Homes Board	November 2025
V3.0	Annual update – to include group simplification	July 2023	Group Common Board	July 2024
V2.0	Annual check	25/01/2022	Group Common Board	January 2023
V1.0	New framework	02/07/2019	Group Common Board	April 2020

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1. Introduction

The purpose of this framework is....

To set out our strategic approach to Value for Money (VFM) and provide guidance on how we identify, deliver, manage, and embed VFM across all aspects of our business at Ongo.

and....

To ensure compliance with the VFM regulatory standard and Code of Practice.

Value for Money (VFM) is....

Embedded into everything we do here at Ongo. VFM is optimising the outcomes from expenditure and means we aspire to achieve the biggest benefit possible from everything we do, everything we deliver, and all expenditure we undertake. We recognise that this benefit can be in a number of different areas and for different stakeholders (e.g., our customers, our business operating margin etc.).

To provide good value, we always seek to understand our assets, know our customers, track our markets, monitor our performance, and manage risk.

VFM applies to...

All Ongo companies, functional areas, projects, employees, and contracted service providers. VFM should be considered in everything we do.

The activities of Ongo Homes are regulated on VFM and all employees are expected to consider VFM in all their work-related actions and to comply with the requirements set out in this Framework document.

We must always demonstrate that we consider VFM across our whole business. Wherever we invest in non-social housing activity (such as through our commercial and subsidiary businesses etc.), we must still ensure that the returns generated are proportionate to the risk involved and that VFM is still always considered.

Because we want to...

- Ensure we successfully achieve our Corporate Objectives
- Ensure that we optimise the value of every pound spent
- Ensure that we improve our levels of efficiency
- Ensure our approach is consistent and effective across the Ongo Group

- Ensure all our decisions help us comply with any relevant requirements set out by regulatory bodies or legislation.

We will use...

Our customer engagement structures to interact and engage with our tenants and customers to ensure that they are involved in our decision making when and where appropriate, to inform our VFM choices and to ensure their views are listened to and acted upon. Our Board will always consider customer voice and the impact on customers in their decision-making, especially when considering strategic choices and investment in services to customers.

2. Company Structure

Ongo is a partnership of companies with one shared vision: to create and sustain truly vibrant communities.

Our purpose is to provide people with quality homes in safe communities and support them to live well.

Ongo Homes is the regulated group parent and other companies in the group are Ongo Communities, Ongo Developments, Ongo Recruitment, Crosby Brokerage, Ongo Roofing Ltd (trading as Ashbridge Roofing Solutions) and Ongo Heating & Plumbing Ltd (trading as Hales & Coultas Heating and Plumbing).

Ongo Homes is the Registered Provider of Social Housing within the group and as such, is regulated by the Regulator of Social Housing. In accordance with the VFM Standard 2018, we are required to apply the VFM principles across the entirety of Ongo Homes Ltd., and to all organisations within our group structure.

3. Our Corporate Objectives

Underpinning everything we do at Ongo are our values. These guide the way we work:

- **Partnership**
- **Drive**
- **Responsibility**

Being a landlord who provides quality homes for people is our core organisational purpose and is the reason we all come to work each day; to provide a good quality service for our tenants and customers, to make sure their homes and communities are places to be proud of, and that we make sure there are opportunities that enable and support our tenants and customers to thrive.

We believe in providing opportunities, as well as homes, and working in true partnership with our tenants, customers, and business partners to make lasting change.

Our Corporate Plan was created in partnership with tenants, customers, and our employees, through feedback sessions and focus groups which took place in April 2023. This helped to shape what our corporate plan should look like and what we should set out to achieve and prioritise as an organisation.

The plan sets out our priorities for the next five years (2024 - 2029), and focuses on three simple objectives:

- **Being a great landlord**

This objective focuses on our homes being in a good state of repair, having well-maintained neighbourhoods, and sets expectations on communication and keeping people informed.

Under this objective, Ongo will commit that:

- All our homes will be in good repair, safe and secure in clean, well-maintained neighbourhoods that are thriving with community spirit
- Our communication with our tenants and customers will be clear, and we will listen and act on what they tell us. We will keep our tenants and customers informed and they will know what they can expect from us
- All repairs to our homes will be completed in a timely manner and tenants and customers will be able to track the progress of their repair and know what will happen next.

- **Being customer focused**

This objective involves maintaining and enhancing the skills of colleagues, so we deliver an excellent service. We will make large investments in our local communities and support including employment, training, financial and mental health is also a key area of focus, so that tenants and customers feel empowered and thrive.

Under this objective, Ongo will commit that:

- Our workforce will be professional, competent, and suitably qualified with access to the appropriate systems to deliver excellent services

- Everyone who works for Ongo will be customer focused and totally committed to our values and the work we do
- Through investment in local communities, employment support and training, our tenants and customers will be supported and empowered to thrive in their homes and communities
- **To grow and be sustainable**

This objective will be achieved by investing in homes, along with building and acquiring new ones, ensuring they are fit for purpose and cost effective. It means improving local environments, reducing carbon footprint, and improving financial stability and the governance of the organisation.

Under this objective, Ongo will commit that:

- To meet the need for more affordable homes, we will invest in our existing homes and build and acquire homes, ensuring they are fit for purpose and cost effective
- We will improve our local environments and reduce our carbon footprint
- We will continuously improve the financial stability and governance of the organisation

4. What exactly is Value for Money?

VFM can be summarised as “more for the same or the same for less”¹. This means that EITHER:

- you get a better level of service, a greater output, or a greater quantity of goods for the same money, OR
- the same level of service, the same input, or the same quantity of goods for less money

VFM is ultimately a judgement, and often a compromise between:

- economy - the price we pay for the provision of a service, or purchasing goods (also known as input)
- efficiency - how much we get for what we pay (also known as productivity or output)

¹ Sir Peter Gershon. The Gershon Report 2009

- effectiveness - the impact of the service or purchase, how successful it is (also known as outcome)

In addition, a fourth element is increasingly considered an important part of an effective approach to VFM:

- sustainability – the impact on the environment, the local economy, equality and diversity, ethical and other socially responsible issues

VFM is a judgement, is often a compromise between cost and performance, and is an outcome of our activity and not a process in its own right. It should not be seen in isolation from our day-to-day work. Equally it should not be seen as something which is only the responsibility of those working in finance or procurement. It is everyone's responsibility to be mindful of achieving VFM in all that we do.

Ongo's VFM philosophy has been developed around six key principles:

- Optimising our return and protecting and understanding our assets
- Understanding and embedding VFM across the group
- Considering value for money in everything we do and setting targets to achieve it
- Understanding what customers want and delivering objectives that meet this
- Being transparent and inclusive
- Having legal and governance structures which deliver VFM.

5. Ongo's approach to achieving VFM

Ongo's approach is to consider VFM in everything we do. We need to understand our costs and ensure we make best use of all our assets.

VFM is at the heart of everything Ongo does. VFM is about how we spend money, our 'use of resources' decisions - how we choose to allocate a finite pot of resources into the areas of expenditure which will best deliver our corporate objectives. VFM is not all about making financial 'savings' but is about making 'gains' above and beyond the basic or required 'norm' or gains over what we had previously. These gains can be both financial and non-financial; indeed, as a social business we would expect to make VFM gains above and beyond 'hard cash.'

We want to ensure that every penny spent, and every project undertaken is delivered in the most economical, efficient, and effective way. We will continue to learn from best practice from across our sector and from others.

VFM gains include service improvements, operational efficiencies (e.g., using technology to speed up processes thus freeing staff time to be put into other activities), added value, and greater levels of commitment from suppliers and service providers with whom we 'contract' with as a group, as well as the traditional monetary savings.

Ongo ensures that all staff are well trained and developed in line with the skills and experience required to achieve our corporate plan and supported with a robust recruitment process.

Every member of staff within Ongo has a responsibility to consider VFM and to ensure it is delivered through everything we do:

Role	VFM Responsibility
The Boards / Committees	<p>As a Registered Provider of social housing, Ongo Homes is the regulated parent company of the group.</p> <p>The responsibility lies with Ongo Homes to ensure its compliance with the Regulator of Social Housing's VFM Standard; this includes leading on and driving forward VFM across the whole group.</p> <p>Ensuring corporate strategy directs and drives focus on VFM across all operations.</p> <p>Setting targets for VFM metrics, monitoring outcomes and impacts achieved.</p> <p>Ensuring any underperformance against target is addressed.</p>
Executive Leadership Team	<p>Responsibility to ensure VFM is embedded throughout the business and being achieved and recorded across all activities.</p> <p>Ensuring that VFM work is embedded and appropriate in scope. Providing visible leadership to drive appropriate focus on VFM. Monitoring outcomes and impacts achieved.</p> <p>Providing appropriate reporting to Board(s) on VFM.</p>

Role	VFM Responsibility
Procurement & VFM Manager	Responsibility to ensure all VFM outcomes and impacts are correctly recorded in line with any savings targets, and reported to ELT, Committees, and Boards on a regular basis.
Senior Leadership Team	Ensuring that planned operational VFM activity within service plans is appropriate in scope and quality. Monitoring that activity is timely and as planned. Assessing and recording impacts and outcomes. Responsibility to confirm and record all VFM savings made within their service areas, on the VFM Savings Register monthly, and report to the Procurement & VFM Manager.
Managers	Ensuring appropriate VFM activity as per service plans. Responsibility to ensure that all staff are identifying VFM within their teams, and that all opportunities are presented with evidence for consideration. Responsibility to identify potential savings and/or efficiencies whilst carrying out service, process, or policy reviews, and when considering performance information.
All staff	Responsibility to ensure VFM is identified whilst carrying out their duties. VFM must be considered in everything we do across Ongo.

We want to ensure VFM is rigorously scrutinised, reported upon and transparent to all and works in line with our Transparency Policy.

We have Financial Regulations and a Delegations Framework for the group which are approved by the Board and which set out how the financial side of the business will work and be governed. This is an important factor in VFM and ensures sound governance and controls in our financial structures.

We have Procurement and Tendering Procedures which are also approved by the Board, and provide details of the process, instructions, thresholds, and rules for carrying out our procurement activity across the business.

We have a dedicated Procurement & VFM Manager who is responsible for VFM and manages a Procurement Department which operates robust procurement practices to ensure VFM is obtained for the Group when purchasing goods and services, and when contracting with partners or service providers. Our procurement methods ensure consideration of value in terms of service specification, working practices and delivery mechanisms prior to going to market.

We want to make sure we exploit all opportunities to grow and expand as a group so that we can achieve VFM and invest back into our assets and services.

In all strategic and operational decision-making there are choices to be made about what is acceptable in terms of cost and performance. Assessing, understanding, and making decisions about what constitutes good VFM is relevant at several different points in our work:

- Understanding the choices available in terms of service specification and service delivery mechanisms
- Understanding what our services cost to deliver – unit costs and comparison across services and with services in other organisations, to see what gives good VFM. This may need to focus more on benchmarking our methods of service delivery with those of others, as direct cost comparisons have become more difficult
- Using VFM analysis to drive decision-making and to decide on a minimum level of delivery and agreed performance for specific services
- Using VFM as part of the evidence for how decisions have been arrived at
- Using the appropriate VFM analysis methodology when commissioning services, goods, or works (see appendices 1.1 – 1.5)
- Providing good quality VFM information to help decision-makers
- Managing performance by utilising VFM data to help build a picture of the progress being made or of difficulties being encountered
- Making plans to undertake VFM projects when setting operational plans for the year

Some techniques we use to make decisions and provide proof on VFM are:

- Cost benefit analysis
- Benchmarking against others delivering a similar service

- Using appropriate tools to identify where our processes don't add value and how we can redesign services to ensure efficiency and effectiveness
- Considering social value and how that plays into our calculations
- Identifying unit costs before a change in service/budget and then afterwards at intervals

6. Social Value

At Ongo, we typically regard Value for Money (VFM) as being 'inwardly' facing, in respect that any financial or efficiency gains which we record, are logged against Ongo's internal financial budgets, allowing this money or time to be better spent elsewhere.

In contrast, Social Value is generally regarded as being 'outwardly' facing as it's benefits and impacts are predominantly felt by our customers and communities.

However, Social value is deemed to be a critical element of VFM compliance because it enables Ongo to demonstrate that the investments we make are also generating broader community benefits beyond just financial returns. Social Value enables us to demonstrate that we are adhering to our Social Value Framework's Code of Practice's with emphasis on community-focused outcomes, addressing not just the financial bottom line but also the social and environmental dimensions of housing provision.


Our Social Value initiatives should provide VFM by maximising the impact of every pound spent, with the objective of generating sustainable benefits and delivering tangible long-term value in our communities, for our communities.






We track and measure the impact of our social value initiatives using the Housing Associations Charitable Trust's (HACT) Social Return on Investment (SROI) model. This allows us to quantify benefits and demonstrate VFM not just in economic terms but in improved community well-being as well.

7. How to Calculate a Value for Money 'Gain'

The way in which a VFM 'gain' is calculated is dependent upon the scenario in which the 'gain' has been identified.

To ensure consistency across the organisation in how VFM is calculated and determined, the following definitions have been created:

Appendix 1.1	New Contract Offer –v– Old Contract Offer	 VFM Framework - Appendix 1.1.docx
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Appendix 1.2	No Previous Spend History	 VFM Framework - Appendix 1.2.docx
Appendix 1.3	Capital Expenditure Projects	 VFM Framework - Appendix 1.3.docx
Appendix 1.4	Efficiency Gains	 VFM Framework - Appendix 1.4.docx
Appendix 1.5	Social Value Gains	 VFM Framework - Appendix 1.5.docx
Appendix 1.6	Cost Avoidance	 VFM Framework - Appendix 1.6.docx

There may be other ‘gains’ which do not neatly fit into one of these categories, and which are difficult to quantify (e.g. process or digital improvement freeing up staff resource to be deployed elsewhere). In such cases, you should seek advice from the Procurement & VFM Manager as to how best to capture and record these.

8. How we measure Value for Money

VFM gains, financial savings, and efficiencies will be reported annually to our boards.

The RSH VFM Metrics and our own complimentary VFM Metrics will have targets set annually by the Board, which will then monitor performance against those targets twice a year. We also undertake an annual self-assessment against all regulatory standards, including the VFM Standard, which are reported to board.

We also present information to the appropriate Boards/Committees and report on how we are delivering on key performance indicators linked to our Corporate Objectives. Progress can then be challenged following review and consideration. This is captured in board minutes.

Satisfaction surveys of tenants and customers are conducted monthly and on an annual basis to ensure we actively listen to their views and act on these accordingly. Along with an annual report on complaints, and learning from complaints, these results are reported to board annually.

Annually, we benchmark our costs and performance to determine how we are positioned against other similar social housing providers and where there is scope for further

efficiencies. We use the Regulator of Social Housing (RSH)'s Global Accounts to do this. Benchmarking results are used to inform our VFM reporting (metrics) and can be used to help us improve our VFM by considering how others perform.

9. Regulatory Compliance

As a Registered Provider (RP) of social housing, Ongo Homes is regulated by the RSH, and as such we need to demonstrate that we comply with all regulatory requirements. When it comes to VFM, these regulatory requirements are centred on the VFM Standard.

The Value for Money Standard & Code of Practice

A revised VFM Standard together with an accompanying Code of Practice came into effect on 1st April 2018. The Standard is intended to give a clear understanding of how the RSH interprets VFM and its resulting expectations of the sector.

The VFM Standard continues to focus on Registered Providers (RPs) delivering their objectives and functions efficiently, effectively, and economically whilst ensuring that optimal benefit is derived from resources and assets.

The objectives of the VFM Standard are to ensure that all RPs:

- Clearly articulate their strategic objectives and maintain a strong focus on how VFM is to be achieved in meeting them
- Optimise economy, efficiency, and effectiveness in the delivery of their operational and strategic objectives
- Articulate their strategy for delivering homes that meet a range of needs, through their strategic objectives
- Have an agreed approach to achieving VFM in meeting these objectives and demonstrate their delivery of VFM to stakeholders
- Have an outcome-based approach to measuring and reporting VFM gains
- Ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency, and effectiveness in the delivery of their strategic objectives.

For us to comply with the VFM Standard, we must demonstrate:

- A robust approach to achieving VFM

- That we have regular and appropriate consideration of potential VFM gains including full consideration of costs and benefits of alternative commercial, organisational and delivery structures
- Consideration of VFM across our whole business, including our approach to investment in non-social housing activity
- That we have appropriate targets in place for measuring performance in achieving VFM which are regularly monitored

The Regulator has seven measurable VFM metrics which are compulsory for all registered providers. We are also expected to define our own complimentary suite of VFM metrics which, combined with the regulatory ones, paint a picture of VFM across our corporate objectives. The Board must set annual targets for all metrics. To comply with the VFM Standard, we must annually publish evidence of our performance against all metrics (regulatory and our own) in our statutory accounts, including explanations of any underperformance against targets. This will enable stakeholders to understand our performance against our own targets and our performance against our peers.

The Code of Practice (CoP) is designed to amplify the requirements in the VFM Standard, and to help providers understand what the Regulator is looking for when seeking assurance on compliance with the Standard. The CoP clarifies the Standard by explaining and elaborating on the content, with illustrative examples where necessary. Registered providers must have regard to the CoP when assessing their compliance against the Standard, and in addition, the regulator will have regard to the Code in considering whether or not the Standard has been met. However, it is the Standard rather than the Code that the regulator will enforce against.

The Seven Regulatory VFM metrics

The seven measurable metrics which we are required to report against to comply with the VFM Regulatory Standard (to address areas of underperformance) are:

	Core Metric	Description
1	Reinvestment %	Scale of investment in development and capital expenditure on current assets.
2	New Supply Delivered (SHL and non SHL) %	Units acquired or developed in the year – showing our commitment to development.
3	Gearing %	Proportion of borrowing in relation to size of asset base. This metric assesses how much of the adjusted assets are made up of debt and the

	Core Metric	Description
		degree of dependence on debt finance. It is often a key indicator of a registered provider's appetite for growth.
4	EBITDA MRI (Earnings Before Interest, Tax, Depreciation, and Amortisation, Major Repairs Included. Interest Cover %	The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates against interest payments
5	Headline social housing cost/unit	The unit cost metric assesses the headline social housing cost per unit as defined by the regulator.
6	Operating Margin (SHL and overall 'Group') %	The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business. In assessing this ratio, it is important that consideration is given to registered providers' purpose and objectives (including their social objectives).
7	ROCE (Return on Capital Employed) %	This metric compares operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources. The ROCE metric would support registered providers with a wide range of capital investment programmes.

Ongo's Complimentary VFM Metrics

Ongo's own complimentary suite of VFM metrics all centre around our three main Corporate Objectives. All data used to complete the metrics is taken from Ongo's Tenant Satisfaction Measures (TSM) survey, and benchmarked against Housemark, the leading data and insight company for the UK housing sector which is jointly owned by the National Housing Federation and the Chartered Institute for Housing.

1. Be a great landlord

	Description
1.1	Percentage of tenants satisfied with their overall landlord services
1.2	Percentage of tenants satisfied their views are listened to and acted upon
1.3	Percentage of tenants who received a repair in the last 12 months who report they are satisfied with the overall repairs service
1.4	Percentage of tenants satisfied that Ongo provides a home which is well maintained
1.5	Percentage of tenants satisfied that Ongo makes a positive contribution to neighbourhoods

2. Being customer focussed

	Description
2.1	Number of people accessing employment support via Ongo Journey to Work
2.2	Number of people gaining sustainable employment
2.3	Number of young people engaged in one-to-one mentoring
2.4	Number of new apprenticeships

3. To grow and be sustainable

	Description
3.1	Current tenant arrears as % of debit (exc. housing benefit)
3.2	% of rent lost from lettable empty homes
3.3	Number of new build homes delivered
3.4	Investment into existing housing stock
3.5	Total invested by Ongo Homes into community/creating opportunities projects

10. Embedding VFM

We recognise the importance of embedding consideration of VFM into the way that the business operates. This is achieved in the following ways:

Method	Reporting	Monitoring
Board Our governance report template includes a section on the VFM issues arising from the subject matter of the report.	Our VFM reporting within our accounts sets out and reflects upon our corporate level VFM approach and performance. Regular reporting to board on performance against VFM metrics.	The Head of Governance and Corporate Services monitors the content of the VFM section in governance reports to ensure the quality of contributions is appropriate.
Executive Team Our Corporate Plan ensures consideration of VFM by the presence of a column entitled VFM. This means that the VFM implications of every item in the corporate plan are specified and considered.	The Executive Team receives VFM draft Board reports on a six-monthly basis which provide updates on progress on the key VFM issues across the business.	The VFM steering group monitors the VFM aspects of the corporate plan.
Business Units Our Operational Plan template ensures consideration of VFM by the presence of a column entitled VFM. This means that the VFM implications of every item in each plan are specified and considered.	The management group of each business unit are required to consider VFM gains relating to their own business areas every 6 months on a cycle aligned to the production of the VFM reporting in the annual accounts. All gains are to be recorded on the VFM Savings Register.	The VFM steering group randomly selects VFM savings recorded on the savings register to identify good practice and learning.

11. Formal Reporting

The following reporting cycle is in place, the aims of which are:

- To provide focus on VFM issues by collating and measuring activity and outcomes/impacts and by publicising these across the business.
- To support the timely production of the VFM reporting in the annual accounts.
- To meet regulatory requirements in relation to VFM metric agreement, target setting and performance monitoring.

Frequency	What
6 monthly	VFM Update Report to Board
Annually	RSH Regulatory VFM Standard Self-Assessment to Board for challenge
Annually	RSH Regulatory VFM Standard Self-Assessment to Board for sign off
Annually	VFM Statement to Board
Annually	VFM Targets to Board for approval

Monitoring and Review

This Framework will be reviewed every 3 years to ensure it reflects the objectives of the organisation and the operational process. It may be reviewed earlier or more frequently if required, e.g., changes to the Regulatory Standard or Code of Practice occur.