

## Value for Money Strategy and Position Statement

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### 1. Introduction

- 1.1 Flint Housing and all associated legal entities, has been established to bring additional capital and capacity to the English housing market and, in particular, help meet the demand for affordable housing by acquiring, developing, owning and managing affordable rent and shared ownership homes. Flint Housing is committed to providing a range of high-quality affordable homes and excellent service to residents, whilst meeting local housing requirements and therefore assisting local authorities in the delivery of their housing strategies.
- 1.2 Efficiency, effectiveness and economy support delivery of these objectives, and our Value for Money (VFM) goals are oriented towards this. We also recognise the Regulator for Social Housing's expectation that we will prioritise, deliver and be accountable for value for money.
- 1.3 For us, VFM relates to the number of affordable homes added to our portfolio over time and the quality of service offered to customers.

### 2. Objectives

- 2.1 This strategy will ensure Flint Housing:
  - Maintains a robust and rigorous focus on Value for Money
  - Takes a consistent approach to delivery and reporting of VFM
  - Can explain its approach to driving VFM.
- 2.2 Our board agrees this strategy and receives reports on performance against it. They are the ultimate decision makers for all actions that will deliver value in our business.
- 2.3 Actions to deliver the strategy are in our Business Plan and Housing Management Agreement(s).

### 3. Value across our business streams

- 3.1 To drive value for money our board will:
  - Review and refresh as required our strategic objectives annually as part of our business planning cycle
  - Receive reports of performance against financial targets (quarterly) and operational targets (quarterly)

- Benchmark performance of our core functions annually
  - Formally review and (if appropriate) re-commission contracts for service provision annually
  - Regularly consider customer feedback on our properties and services.
- 3.2 Our staffing and board appointments give us sufficient experience of housing management, development, and contracting services to know what good looks like and to strive for improvements in value delivered. Our governance policies will ensure these capabilities are sustained over time.
- 3.3 Approaches to be taken across our different business streams are set out below.

#### **4. Value in housing management**

##### **Procurement**

- 4.1 Flint Housing has procured third-party housing management services. This enables Flint Housing to lower housing management costs by benefitting from the third-party provider's economies of scale and experience, as compared to developing in-house capabilities at the outset, whilst also ensuring that tenants receive good service from experienced professionals. The proposed approach has been considered with a focus on the company's need to comply with the Regulatory Standards, and to deliver against robust performance criteria.
- 4.2 In appointing any third-party housing management services we have:
- specified headline expectations that a manager would need to meet;
  - benchmarked the provision of housing management services and considered submissions across a number of factors, including experience of managing social housing for registered providers, customer service delivery, service offering and price;
  - assessed feedback against sector benchmark data, which has helped us to agree a price and performance levels that will keep operating costs within the budget indicated by our business plan, and deliver an effective and local service offer that is aligned with our commitment to quality of service to residents; and
  - built working relationships before considering taking services back in-house.
- 4.3 Our approach to monitoring and reviewing housing management arrangements will ensure value for money is maintained over time. Performance reporting and minimum performance thresholds for the providers have been set out in the housing management agreement, and the contract for provision will be reviewed at least annually.
- 4.4 Flint Housing will remain compliant with the RSH's Regulatory Standards notwithstanding any outsourcing arrangements and may, in future, consider developing efficient, digital-led in-house management operations over time as the Company grows if this was deemed to

- (i) ensure compliance with the Regulatory Standards,
- (ii) ensure continued value for money for Flint Housing and
- (iii) improve tenant satisfaction and service levels to ensure tenants receive required support.

4.5 The decision to contract out housing management will be reviewed annually.

#### **Asset management**

4.6 All of Flint Housing's residential assets will be newly built at the point of acquisition. We will measure the return on our housing assets by making an annual assessment of performance to assess projected financial return and social performance. This will initially be reported at individual property level, and reporting will evolve to cover type and location as the number of properties in ownership grows. Where performance does not meet target expectations, we will take action to improve the return (including by reference to our housing management contract) or consider disposal of the asset.

### **5. Value in property acquisition and financial management**

#### **Procurement of properties**

5.1 Our strategy is to procure newly built affordable housing assets in London and the regions, initially through competitive bidding from a variety of third party land owners and housebuilders. Properties will be s106 provision, or conversions from market sale where this is financially viable.

5.2 All decisions will be informed by independent valuation, with acquisition negotiations conducted by the CEO. The Board will assess the viability of any acquisitions within the context of the overall business plan and activities. Acquisition of new homes will be assessed on the basis of how the properties complement existing stock, fit with existing or potential management arrangements, and that the acquisition would not present a risk to existing tenants or assets. The Board will also assess the terms of acquiring any new stock including the lease / sale terms, s106 agreements, or other relevant covenants that may impact our ability to manage the homes effectively.

5.3 Every year we will review the cost and effectiveness of this approach and will make informed decisions about our future approach to property procurement.

#### **Business planning**

5.4 Our business planning process will enable us to capture the capacity arising from management of a stable portfolio, surpluses generated, rising property values and (after re-financing) decreasing debt, as we pursue our longer term strategic objective to increase our affordable housing provision. We will work within the parameters set by our Risk Management Policy and our obligations to existing tenants and properties (e.g. health and safety compliance) at all times.

### **6. Value in governance**

#### **Recruitment and refreshment**

- 6.1 Our board comprises independent, shareholder and executive members. Independent members are remunerated; and rates of remuneration will be reviewed every two years with reference to responsibilities and comparable rates. All members are recruited and appointed on the basis of the skills and experience they can bring to bear on the running of Flint Housing.
- 6.2 Our board member contracts of employment, code of conduct and role descriptions cover behaviours, contribution and attendance, and members are expected to meet these expectations. The board periodically identifies the skills and behaviours it requires, and will assess the individual and collective contribution of board members in line with the BPF For Profit Code of Governance. Membership of the board will be refreshed in light of these exercises, as well as in the normal course of retirements from the board.

## **7. Value in corporate services**

### **Staffing**

- 7.1 Flint Housing will handle most back-office functions internally, including finance, IT, HR, communications, insurance, and administration. Specialist third-party support (such as legal, accounting, tax, governance, and insurance broking) will be contracted as needed.
- 7.2 Book-keeping, accounting & reporting support is being provided by an external accountancy firm. Certain company secretarial, payroll and other services may be outsourced by Flint Housing. The Flint Senior Management Team will manage these functions and intends to include additional members of the Flint Housing team as the company expands. This approach will help Flint Housing, a small, emerging company, to limit fixed costs but retain access to skilled professionals and quality support services from the outset if and when they are required. Flint Housing will also benefit from the internal ability to drive and operate our business, with direct accountability to the board, without heavy reliance on external advisors.
- 7.3 Every year we will appraise the CEO's and other executive hires' performance so that we are aware of the comparative cost and effectiveness of this approach. By doing this we will be able to test that this approach continues to represent good value for money as its business matures.

### **Decision making**

- 7.4 Our business plan, financial policies, risk strategy, annual board cycle and contractual agreements create a robust framework for decision making around value for money.
- 7.5 The Flint Housing board will receive an annual report on value for money as part of our financial reporting cycle. This report will include a current, backward and forward look at corporate performance metrics as well as, in time, the outputs from reviews undertaken in different business streams. This will give a thorough picture of the approach taken to value for money. This report will inform our business planning, as well as a review of the strategic approach to value for money and outputs that will be captured in a refresh of this strategy.

## 8. Monitoring and reporting

### Benchmarking

- 8.1 Benchmarking will be used where possible to understand the comparative performance of our activity. It will be used in particular around housing management costs and performance, staffing, financial performance and the regulator's financial metrics. Benchmarking will be against other registered providers initially and then also against our own historic performance after the first year of operation. Where possible suitable peer benchmarks will be selected based on business model and area of operation.

### Reporting

- 8.2 Our performance against the Regulator's metrics, along with a comparison to peers and plans for future improvements, will be published annually in our statutory accounts as required by the Value for Money Standard. The following RSH metrics will be utilised to assess value for money.

RSH metric
Reinvestment %
New supply delivered (social housing) %
New supply delivered (non-social housing) %
Gearing %
EBITDA MRI interest cover %
Headline social housing cost per unit
Operating margin (social) %
Operating margin (overall) %
Return on Capital Employed %

- 8.3 At this time, Flint Housing has not adopted any bespoke metrics. The role and value of such metrics will be reviewed on an ongoing basis.

## 9. Review

- 9.1 This value for money strategy and statement shall be reviewed at least annually by the Board, and will be revised to take account of monitoring and comparisons as set out above.