



## Value for Money Statement

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## **1. Introduction**

At Ardenglen Housing Association we take an approach to improving value for money that is integrated into the way we run the Association. We invest in our people and optimise financial resources and our processes to achieve our strategic objectives.

We know there are sound business reasons for delivering excellent value for money. Better efficiency, economy and effectiveness help us to increase our quality of service and financial resources, meaning we can maintain affordable rents, do more to meet the needs of our customers and invest in the future.

## **2. Value for Money Context**

### **Scottish Housing Regulator**

The Scottish Housing Regulator's Standards of Governance and Financial Management for RSLs (Regulatory Standard 3) requires that:

*"The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay"*

The guidance documented in Regulatory Standard 3 includes the following in respect of financial and treasury management and balancing costs and outcomes:

Regulatory Standard 3, Guidance Note 3.1

*"The RSL has effective financial and treasury management controls and procedures, to achieve the right balance between costs and outcomes, and control costs effectively. The RSL ensures security of assets, the proper use of public and private funds, and access to sufficient liquidity at all times"*

Under the Regulatory Framework, the Association is required to assess compliance with the Regulatory Standard on an annual basis, as part of the Annual Assurance Statement process.

The Scottish Federation of Housing Association's (SFHA) has produced, in association with the Scottish Housing Regulator, a Social Landlord Self Assurance Toolkit which provides detailed suggestions for evidence that can be used by landlords in order to assure themselves that they comply with the Regulatory Standards. In terms of Regulatory Standard 3 and, in particular Guidance Note 3.1 noted above, the Toolkit suggests that RSLs should consider documenting a statement on value for money and affordability.

### **Scottish Social Housing Charter**

The Scottish Social Housing Charter sets outcomes and standards that social landlords should aim to achieve. The Charter covers "Getting good value from rents and service charges" which is expanded upon via:

- Standard 13: Value for money
  - tenants, owners and other customers receive services that provide continually improving value for their rent and other charges they pay.
- Standard 14 and 15: Rents and service charges
  - A balance is struck between the level of services provided, the cost of the services, and how far current and prospective tenants and service users can afford them

- Tenants get clear information on how rent and other money is spent, including details of any individual items of expenditure above thresholds agreed between landlords and tenants

### **Ardenglen Strategic Map**

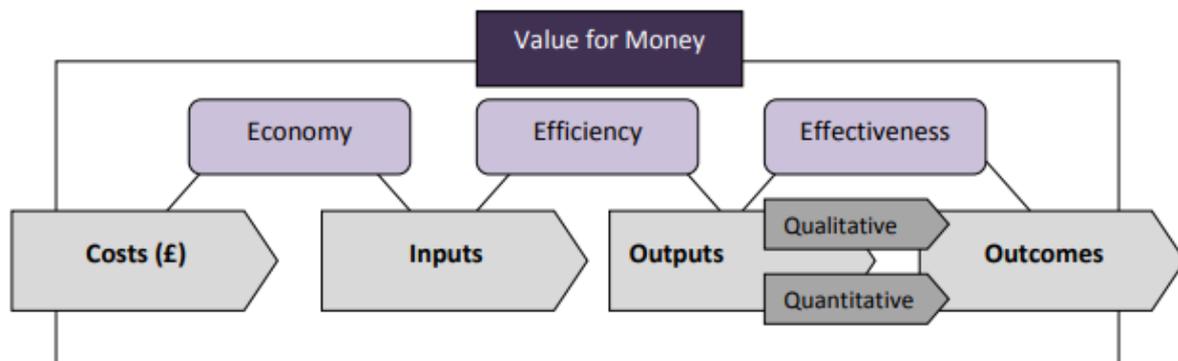
The Association’s Strategic Map embeds an approach to value for money that seeks to encapsulate the regulatory and legislative approach through its strategic objective “Financial and Leadership: achieve robust financial management and governance excellence”. This is supported by a defined outcome “we are financially strong and demonstrably efficient with exceptional leadership”.

Operational objectives set out to support the overall Financial and Leadership objective are as follows:

- We will generate maximum value from procurement
- We will maintain our strong track record of collecting rental income and reducing the income lost from empty properties
- We will invest in governance to maintain strong leadership and fully comply with the Scottish Housing Regulators Framework of Regulation of Social Housing in Scotland.

### **3. What is Value for Money**

Value for money is the relationship between economy, efficiency and effectiveness, sometimes known as the ‘value chain’. It can be illustrated by the following diagram:-



Economy is the price paid for what goes into providing a service, for example, the salary cost of employees, material costs of a repair, payments made to contractors and consultants.

Efficiency is a measure of productivity, i.e. how much you get out in relation to what is put in. Efficiency is primarily associated with the process and delivery of procurement.

Effectiveness is a measure of the impact achieved and can be quantitative or qualitative. Effectiveness is primarily associated with the outcomes for customers.

Value for money is high when there is an optimum balance between all three; relatively low costs, high productivity and successful outcomes. Best value for money has been defined as the ‘optimum combination of whole-life costs and benefits to meet the customer’s requirement’. To maximise value for money, the needs of customers must be met by ‘doing the right thing, in the right place, at the right time and at the right price’.

### **4. Governance & Financial Planning**

Good governance is crucial to achieving value for money, and the Association's arrangements including standing orders, financial regulations, codes of conduct, counter-fraud policies, risk management processes, etc all contribute to securing value for money, not least by helping to minimise loss and waste.

The Association's risk register has included the risk that value for money is not achieved. The progress made in improving value for money to date has contributed to a moderate net likelihood of the risk occurring but with a high net impact, resulting in a total residual risk score of 6 which places the risk in the Moderate area of the Association's risk appetite for this risk area.

The business strategy has been expressed in financial terms through five year and thirty year financial forecasts. The thirty year financial forecast provides a long-term view of the association's financial position which indicates that there are no viability concerns.

All RSLs are required to submit five year financial projections to the Scottish Housing Regulator on an annual basis to demonstrate financial viability.

## **5. Partners and contractors**

The Association is committed to developing partnerships with other registered social landlords, local authorities, registered charities and other registered providers where the partnership will achieve value for money and deliver services that the Association could not deliver on its own.

Partnerships will only be entered into where the aims and objectives are clear and can be linked to the strategic objectives of the Association, and the Association is satisfied that joining the partnership is the best way of meeting its objectives.

Contractors, as important providers of services to our residents, have a role to play in delivering value for money and improving results for our residents. It is therefore necessary that the contractors role in its delivery of the Associations approach to value for money is appropriately performance managed through contract management meetings at an agreed frequency, random quality inspections, customer feedback and robust key performance indicators.

## **6. Performance**

Our performance outcomes ensure that customers feel confident that we are providing value for money services. The key organisational measures that demonstrate we are delivering value for money are:

- Internal monitoring and external benchmarking
- A data-driven approach to understanding, comparing and interrogating costs to improve our current value for money position
- Effective treasury management
- Transparency in our reporting that will demonstrate to residents how the money has been spent
- A comprehensive approach to risk assessment
- Showing the social value of what we do
- A housing management service that is comprehensive and responsive to the needs of our tenants

- A maintenance service that ensures repairs are dealt with promptly, effectively and efficiently
- Promote a value for money culture whereby responsibility and accountability rests with all colleagues
- An asset management strategy that aligns with the Business Plan and ensures the most effective use of property assets and maintain our homes to the highest standards
- Regular comprehensive reviews of our services
- A commitment to facilitating the involvement of residents in influencing how we deliver services to them to ensure value for money and affordability
- Statements and comments on value for money and financial considerations are detailed in every Board report

The information used to populate the tables below is drawn from a combination of internal performance data, the Annual Return on the Charter and Annual Financial Statements returns both of which are published by the Scottish Housing Regulator.

Measure	2020	2021	Scottish Avg
Avg time to relet homes	8.6 days	21.89 days	31.8 days
Rent collected as % of rent due	97.8%	100.52%	99.3%
Customer Satisfaction	94.5%	94.5%	89.2%
SHQS Compliance	100%	100%	94.4%

Measure	2020	2021
Regeneration in communities (both grant/AHA)	£147,716	£212,201
Management cost per unit	£1,758	£1,639
Maintenance cost per unit	£703	£578
Major repairs cost per unit	£871	£256
Overheads as % of turnover	%11.1	%11.7

## **7. Asset & Investment**

The Associations strategic approach to Asset Management ensures management, maintenance and investment in property assets to ensure that properties provide attractive, good quality homes for our tenants and future customers, at an affordable cost to them and us.

Various asset management procedures and processes are in place to achieve value for money, including the following

- A Planned Maintenance programme achieving economies by replacing components on an 'Anticipated Lifespan' basis i.e. before they would otherwise require extensive responsive repairs, anticipating changes in housing standards and reducing future requirements for cyclical maintenance
- Cyclical maintenance to elements of a property including heating appliance servicing, electrical upgrades and external painting
- Continual programme of compliance works to meet Health and Safety requirements e.g. Asbestos management, fire risk assessments etc
- A reactive maintenance service to maintain properties and to prevent deterioration in their condition which is underpinned by a robust approach to contract management to provide the service customers require

- An efficient and effective voids repair service, helping to speed the repairs process to let void properties promptly and efficiently thereby minimising rent loss and maximising housing availability
- Effective tenancy management to ensure a safe environment
- A programme of environmental estate works aimed at maintaining the Association's estates
- Stock condition surveys to assess property condition, use and required reinvestment over the next 30 years

The strategic approach to asset management is designed to give a five year plan of investment, and to optimise the financial resources allocated to investment by achieving value for money through effective procurement. The five year investment plan will be subject to effective customer consultation utilising our website, newsletter and other communication channels to ensure awareness of the commitment to maintain assets.

The purpose of the strategic approach to our asset base is to agree a set of principles and projections based on independently verified stock condition data that underpins the annual budget process and ensures that the Association can achieve its ambitions for service delivery and performance within the Business Plan financial resources available and minimise spend on more expensive responsive repairs by having effective planned preventative maintenance programmes in place.

## **7. Innovation**

We will continue to embed innovation and creativity throughout the Association, including continuing to find more ways for our customers and colleagues to co-design change with us to ensure Value for Money. We want to ensure that customers have access to faster, more convenient services and put our customers in control so that they can reach us and access our services in a way that suits their time and needs.

## **8. Conclusion**

Value for money is a constant for the Association. VFM is about doing more with our resources so that we can achieve our strategic objectives. By optimising VFM throughout the Association, we release additional resources to invest in services to tenants and maintain our existing homes. Strong resource management is the engine that drives forward our vision and the delivery of our strategic objectives.