

***"Offering our community more than a home"***

**DRAFT**  
**Value for Money Strategy**

Management Committee submission: [25 February 2020](#)  
Last Approved: [18 December 2018](#)  
Date Approved:  
Next Review date: [December 2023](#)

**CHA Objectives:**

- To manage the houses provided, in a professional and cost effective manner, for the benefit of our local community and the environment
- To provide a first class maintenance service which offers value for money and ensures the comfort and safety of our residents while achieving high levels of satisfaction
- To ensure that our resources are adequate to deliver our objectives by investing in our people, demonstrating value for money and through robust procurement practices.
- To promote social inclusion by applying principles of equality and diversity to everything we do.

**Regulatory Standards:**

- The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.
- The RSL manages its resources to ensure its financial well-being and economic effectiveness while maintaining rents at a level that tenants can afford to pay.

***This document can be made available on request in a variety of different formats, such as on tape, in large print and translated into other languages.***

## Introduction

One of the most important considerations for Clydebank Housing Association (CHA) and our customers is that we provide services that offer Value for Money. CHA aims to deliver the best possible outcomes from the resources available by ensuring that rental income is recovered and all other income is spent in the best way. Value for money is embedded in our [Rent Setting mechanisms](#), Business Plan, Financial projections and objectives. We aim to ensure that value for money is applied throughout all we do.

One of our strategic objectives states that we should ‘ensure that our resources are adequate to deliver our objectives by investing in our people, demonstrating value for money and through robust procurement practices’.

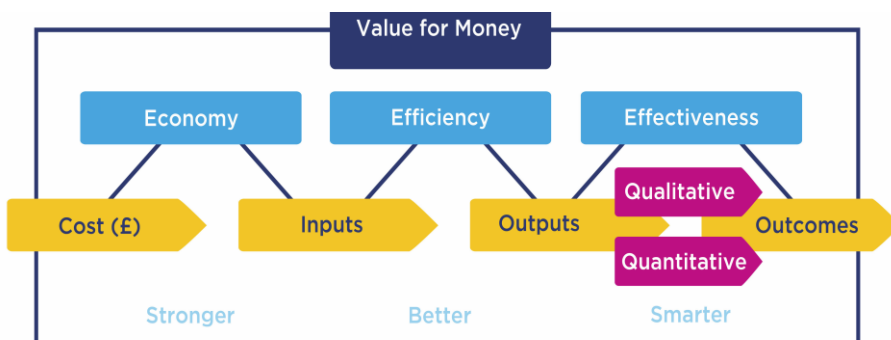
### 1.0 Objectives of our Value for Money Strategy

Our Value for Money Strategy will help us:

- Develop and refine other strategies which have value for money implications
- Explain our approach to value for money to our residents, customers, staff and stakeholders
- Deliver value for money in a consistent and effective way
- Monitor and record efficiencies on an ongoing basis to demonstrate VFM

### 1.1 What is Value for Money?

Value for money is when an organisation achieves a balance between what is commonly referred to as the three E’s: economy, efficiency and effectiveness.



CHA’s approach to value for money is driven by our Business Plan and the priorities that are included. In addition, we have a number of other strategies that complement our Business Plan and these include strategies for Procurement, Asset Management and Development.

CHA aims to be a high performing organisation; we will always ask ourselves whether we can deliver a better service more cost effectively.

**CHA believes that Value for Money is:**

- Managing our resources to provide quality services and homes to meet the needs of customers and the local community.
- Delivering the right service at the right time at the right cost.
- Planning for and delivering year on year improvements on our services based on customer priorities.
- Getting the most out of our assets and staff by operating efficiently and effectively.

◆ Consultation on this definition was carried out at the Tenant Conference in November 2019 and as part of the rent consultation with one of the Association's Registered Tenant Groups.

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**1.2 Responsibilities and Governance**

Value for money is a guiding principle that runs throughout CHA and is achieved by ensuring everyone responsible for the delivery of services, from the Management Committee and Chief Executive through to front-line staff, are aware of the concept and how to make it a reality and incorporate it into their everyday work. Whilst a number of CHA staff have specific roles in monitoring and recording Value for Money, it is an integral part of everyone's role (committee and staff) to work towards achieving Value for Money.

**Management Committee**

Overall responsibility for ensuring Value for Money is integral to the strategic principles, objectives and culture of the organisation. All Management Committee decisions will be made with value for money in mind.

**Finance and Corporate Services Sub-committee**

Responsible for monitoring the Value for Money strategy and reviewing and reporting on the annual savings through the creation of an Efficiency Register.

**Housing Services Sub-committee**

Responsible for scrutinising rent affordability and welfare reform reports, monitoring spend on maintenance contracts and updating the information to be provided for the Efficiency Register.

**Senior Management Team**

Responsible for implementing the Value for Money strategic aims and integrating Value for Money into the culture and processes of the organisation

**Front Line Staff (All staff)**

Empowering front line staff to build Value for Money into their day-to-day work that allows them to identify new ways of working to deliver better outcomes for less cost.

### Customers and our Tenant Panel

Selecting areas of service and reviewing them in fine detail. Proposing resident/customer focused recommendations for improving quality and value for money of the service under review.

### 1.3 Embedding VFM within CHA

To achieve value for money across the organisation, we have in place measures and practical working arrangements to embed the concept within our culture:

Alongside consultation with Management Committee and Staff, a sustainable 30-year Business Plan (including financial projections) has been devised and reviewed annually.
Business Plan Performance is reviewed on a regular basis and reported back to Management Committee on a 6 monthly basis.
Rents and service charges are broken down to tenants and explained to ensure our customer can hold us to account for the quality of those services.
CHA consults with tenants about rent increases in ways that enable them to express informed views on options for different rent levels with clear information on what they mean for services and investment in homes.
Tenants are given clear information on how their rent is spent and this information is available in different formats.
Regular customer satisfaction surveys are conducted to identify customer priorities and focus on areas where spend is to be focussed.
To ensure income maximisation, <u>a part-time Welfare Rights Officer will be in post by May/June 2020 which will allow customers to receive tailored welfare and debt advice and will work alongside Housing Services staff to reduce rent and housing arrears. signpost customers to Clydebank Independent Resource Centre to allow access to free, impartial welfare and debt advice.</u>
When contracting and procuring work, we assess tenders against the wider market price and conditions for those services or goods being considered to ensure value for money. All procured works and services will be advertised through Public Contracts Scotland website where appropriate.
Partnership working with other RSLs and creating framework contracts where possible.
Procurement and Asset Management Strategies have been developed.
Commitment to investing in our stock and having a robust 30-year major repairs plan in place to ensure their long term future.
Commitment to ensuring all our properties meets the Energy Efficiency Standard for Social Housing by the target of 2020 <u>and compliance with EESSH2 thereafter.</u>

<p>Commitment to maximising our return on assets and ensuring their long life. This involves instructing a physical stock condition survey of its stock on a 5-year cycle (last carried out in <del>2018</del>2019).</p>
<p>CHA has recently undergone a successful assessment of its procurement activities with the support of Scotland Excel. This assessment allowed CHA to benchmark their procurement capability, understand current performance and develop an action plan for improvement which will ensure benefits for communities and promote fair work practices and sustainability.</p>
<p>Clear levels of approved spend amounts are outlined in the Scheme of Financial Delegation to ensure control of spending.</p>
<p>Annual review of budgets, management fees, rental income, and update of financial plans. Quarterly assessment of approved budgets against actual costs to identify over/under spends and ensure efficient monitoring.</p>
<p>Assessment of Scottish Housing Regulator annual statistical information against peer group average for management &amp; maintenance costs per unit and financial ratios (Interest cover %, Staff costs against turnover, Gearing % etc.)</p>
<p><u>Assessment of Scottish Housing Regulator annual statistical information against peer group average, district average and national average for key Charter reporting outcomes.</u></p>
<p>Consistent and regular management and scrutiny of running costs and staff resources.</p>
<p>Submission of quarterly and annual information to Scottish Housing Network (SHN) for benchmarking statistics against our peers.</p>
<p>The Finance &amp; Corporate Services team provides updates to budget holders on a monthly and quarterly basis.</p>
<p>Value for Money is a standard item on the Senior Management Team meetings agenda.</p>
<p>Procurement and Value for Money is included in all staff and Management Committee inductions.</p>
<p>Funded Aspiring Communities Fund Project <u>was</u> delivered through our Centre81 facility which increased partnership working, enhanced local and online services and increased opportunities for recreation and education. The project also focused on the long-term sustainability of the Centre.</p>
<p>Funded Climate Challenge Fund Project <u>(up to 2022)</u> is being delivered through our Centre81 facility which aims to ensure residents are able to address carbon emissions across all aspects of their lives and other wider benefits including improved fitness, increase in social skills, reduced levels of isolation, and financial gains.</p>
<p>CHA plans to achieve their 5-year carbon reduction target of 15% (based on 2016 consumption) and cumulative saving of over £18,000 by implementing carbon reduction projects</p>
<p>CHA Power Limited is a wholly owned subsidiary company set up by Clydebank Housing Association in 2005 to provide energy-efficient and affordable heat and hot water to the residents of Radnor Park. From 1st April <u>2020</u>, it marks the <u>fourth</u> year that CHA Power residential customers have not had their prices increased.</p>

Committed to investment in technology including the servicing of Management Committee meetings which is done paperless and the creation of a Tenant online portal.

Communal whiteboard is available for staff suggestions and implementation of new ideas in regards to generating efficiencies and saving costs

#### 1.4 How we achieve Value for Money

- Maximise choice and value for money for all customers;
- Aim to achieve year on year efficiencies;
- Benchmark against our peers;
- Identify opportunities for income through new business/growth opportunities;
- Maximise income from existing resources;
- Achieve savings through smart and efficient procurement;
- Raise organisational focus on VFM;
- Engage in joint procurement with other RSL's wherever possible to realise cost savings and VFM;
- Work with partners to provide best value and continuous improvement across all services.

#### 1.5 Accountability and Service Reviews

CHA recognises that effective monitoring and reporting is needed to ensure that the main aims and objectives of this strategy are met, and that we continue to adhere to the principles of value for money in service delivery. CHA regards undertaking regular service reviews as vital for ensuring that we achieve efficiency savings across the organisation. To achieve this we have in place a number of mechanisms:

##### **Performance Reporting**

Value for money is monitored through the reporting of financial reports (budgets, management accounts, treasury management) and non-financial reports (level of void properties, risk management and asset management) to the Management Committee and Sub-Committees. Where the performance reports indicate changes in service delivery or approved budget levels, this is acted on quickly to identify the causes and what action is needed to address this.

##### **Tenant Panel**

Our Tenant Panel is a strategic, resident-led scrutiny group that meet regularly to discuss and monitor CHA's performance, policies and planned activities. Full training is provided to panel members to explain the importance of the aims/purposes of The Scottish Social Housing Charter and allows members to scrutinise and improve the quality and value of services provided and ensuring good value from rents and service charges.

##### **Internal and External Auditors**

CHA has a comprehensive, robust Internal Audit programme which includes reviewing areas such as Governance, Arrears Management, Procurement and Value for Money. Our Internal Auditors are responsible for investigating whether CHA achieves what is

outlined in the organisation's Policies, Processes and Procedures and producing reports to the Management Committee with their findings and any recommendations for improvement. These are then acted upon as part of a specific action plan for that area.

CHA also has external auditors that audit the annual accounts and financial statements and they have access to all Internal Audit reports produced by the Internal Auditors.

### **Scottish Housing Regulator**

All registered social landlords (RSLs) must provide certain standard information on a regular basis each year to the regulator. CHA must complete 4 returns - the Annual Return on the Charter (ARC), Annual Accounts, Loan Portfolio Return and Five Year Financial Projections.

#### **Additional External Validation checks**

CHA carry out regular external validation reviews which test the integrity and accuracy of the business plan model. This involves reviewing the business plan cash flow outputs on a sample basis; following postings to the cash flow, Statement of Financial Position and Statement of comprehensive Income and ascertain if the assumptions applied are reasonable.

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Regular pre-submission audits of the Annual Return on the Charter (ARC) return are carried out to ensure that data is in line with the regulator's technical guidance and can be fully evidenced.

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## **1.6 Benchmarking**

Comparative assessment with other similar organisations allows CHA to demonstrate and assess where our on-going performance can be improved.

CHA are members of the Scottish Housing Network's (SHN) benchmarking group and the collective data allows us to compare our costs and outputs with other organisations and CHA remains one of the highest performing landlords in terms of cost efficiency.

SHN data also shows that CHA has comparatively higher costs in relation to capital works and this demonstrates well our commitment to investing in our assets. Furthermore, value for money is being achieved as higher spending in this area has contributed to our year on year savings through competitive procurement and in the long-term, we aim to reduce responsive repair costs. This longer-term vision, along with our commitment to increase quality through capital spending means that we can achieve our objective "to provide a first class maintenance service which offers value for money and ensures the comfort and safety of our residents while achieving high levels of satisfaction."

The results of our benchmarking activities are reported to the Management Committee on an annual basis and peer group performance and internal targets are reported at least quarterly to Sub-Committees. This helps us to ensure that all stakeholders are clear on how we are performing and shows clearly areas of the business where further

improvement and value for money can be achieved; it also allows us to identify early, any slippage in performance and enables us to target service reviews in the most appropriate areas.

## 1.7 Financial Performance

The Chief Executive, Head of Finance and Corporate Services and approved Budget Holders take the lead on implementing and monitoring value for money across the organisation to ensure spending is kept within budget and savings are being made wherever possible.

In line with the principles of value for money, CHA will continue with short, medium and long term financial planning.

## 1.8 Maximising Income and Financial Inclusion

Effective rent recovery is important for all registered social landlords as it is their lifeblood. To ensure this revenue stream is maximised, CHA closely monitor rent accounts and ensure early intervention to prevent arrears accumulating. CHA's Rent Arrears Policy aims to minimise rent arrears and allow tenants to sustain their tenancy, prevent homelessness wherever possible and assist them in this by providing direct or indirect support via assessment. Regular campaigns to encourage tenants to pay by Direct Debit are carried out and methods of payment are advertised through the website and publications.

By using a strategy of early intervention and being proactive towards welfare reform changes, CHA hopes to ensure as far as possible, that associated arrears issues can be addressed. New tenant visits are conducted to address any difficulties and alleviate early concerns.

CHA aims to keep rents affordable while still delivering excellent customer services and managing and maintaining homes and estates to an excellent standard. To ensure affordability, rents are compared to other landlords in the area and surveys are conducted with new tenants who move in. Measurement of rents via a Scottish Federation of Housing Associations affordability measure/rent comparison tool is also completed.

CHA provides a free and impartial welfare rights service, in partnership with the Clydebank Independent Resource Centre (CIRC) at CHA main office and our Centre81 location. This service provides budgeting, debt and welfare advice to assist people meet their financial obligations. CHA works in partnership with a number of local agencies to provide assistance to customers with support needs. [Alongside these services, a part-time Welfare Rights Officer will commence in May/June 2020 which will allow customers to receive tailored welfare and debt advice and will work alongside Housing Services staff to reduce rent and housing arrears](#)



## 1.9 Links with the Procurement Policy and Social Value

Procurement is recognised as one of the most effective ways to deliver value for money and excellent services and our Value for Money Strategy has been developed to complement our Procurement Policy and to support the delivery of CHA's Business Plan and Asset Management Strategy.

CHA procures a wide range of works, goods and services on behalf of tenants and customers and we are committed to ensuring that this activity is delivered efficiently and effectively in line with value for money objectives.

CHA's Procurement Policy recognises an on-going commitment to value for money and realising year on year efficiency savings. In order to achieve the key aims and objectives we have put in place extensive training and guidance for staff to enhance procurement expertise across the organisation, thereby improving opportunities for efficiency savings and value for money to be realised.

Where applicable, procurement of works should have a community benefit and social value element whether it is in relation to community sustainability, local training and employment.

## 2.0 Plans for the Future

The overall Value for Money process is ongoing and CHA recognise that the quest to improve is never complete. We are committed to improving our performance and will continue to improve our efficiency.

Areas that we will focus on are:

- Improving resident satisfaction levels across the full range of areas measured
- Minimising the level of housing arrears (rents, rechargeable repairs, factoring and CHA Power charges), bad debts and void losses.
- Continuing to plan and prepare for welfare reforms/universal credit by learning from other RSLs and applying good practice. Prioritising resources to ensure we are able to make the transition smooth for CHA and its customers.
- Working with customers, staff and Management Committee members to review the costs of the services we provide and how the services are valued by customers (i.e. what customers want at the right price).
- Creating an Efficiencies Register to record all aspects of value for money achieved (financial and non-financial benefits realised).
- Improving returns from our assets through the implementation of our Asset Management Strategy.
- Continuing to review all operational expenditure, including overheads and maintenance contracts, to ensure efficiencies are realised.
- Continuing to review procurement methods including the completion of the small works contractors renewal through the Public Contracts Scotland website.

- Review internal processes and procedures and considering new ways of working (late night opening hours, remote working etc.) to drive efficiencies and deliver excellent service to our customers.
- Review our Former Tenants Arrears Policy to ensure the effective and efficient collection of all housing debt left by former tenants. This will help us to maximise our income and deliver our business objectives.
- Procure, through a full tendering exercise, the Association Insurance policies for a 3 year term.
- Engage in joint procurement with other RSL's in the areas of legal services and development consultancy to realise cost savings.
- Explore development and growth opportunities.
- Explore introduction of a new Document Management System to potentially deliver efficiency savings.

The above points, along with any other considerations as they arise, will be incorporated into a working action plan document and regularly updated and reported back to the Management Committee and included in our Business Planning process.

### 3.0 Equality and Diversity

*“Clydebank Housing Association is committed to promoting social inclusion by applying principles of equality and diversity to everything we do.”*

We are committed to promoting and encouraging diversity and eliminating discrimination by providing access, equality and opportunity for all. Excellent customer intelligence is vital to ensuring that we are meeting our obligations as well as understanding who our customers are, identifying their needs and aspirations to inform our investment plans and asset management now and into the future.

### 4.0 Review

The Value for Money Strategy will be reviewed on an annual basis alongside the Business Plan.

#### For Office Use Only – Required Actions

Customer Consultation Required/Arranged	No
Intranet Update	Yes
F Drive Update	Yes
Website Update	No
Leaflet change required?	No
Newsletter Promotion?	No
Other information updated, e.g. posters, automatic email responses, post cards, answering machine messages, etc.	No
Equality Impact Assessment completed	Yes