



Value for Money Statement 2023

1.0 BACKGROUND

1.1 Regulatory Framework

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 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.

1.2 Purpose

This Value for Money Statement has been developed in order to document how value for money is assessed. The Statement will be reviewed on an annual basis.

2.0 WHAT WE MEAN BY THE TERM “VALUE FOR MONEY”

'Value for money' (VFM) is a term used to assess whether or not an organisation has obtained the maximum benefit from the goods and services it both acquires and provides, within the resources available to it.

Delivering VFM is synonymous with running an effective social business.

The Association embraces a value for money culture. We work hard to ensure that we achieve this. Through the careful use of resources, we continually strive to deliver efficiencies and improve the quality of our accommodation and services.

The Board of Management sets objectives and allocates resources appropriately to achieve the best possible outcomes. This includes effective asset management, developing the skills of the staff by appropriate staff training and valuing their contribution, having efficient business practices, including robust risk management and identifying potential chances to improve value for money.

The Association aims to ensure that we are delivering competitive, high-quality services that represent value for money for our residents. Our approach is:

- ✓ Achieving our aims in the most efficient manner, at the best possible price and being able to demonstrate it i.e. the optimal use of resources to achieve the intended outcomes.

Achieving VFM is also often described in terms of the 'three E's' - economy, efficiency and effectiveness. The definition of the three E's is as follows:

- ✓ **Economy** - careful use of resources to save expense, time or effort.
- ✓ **Efficiency** - delivering the same level of service for less cost, time or effort.
- ✓ **Effectiveness** - delivering a better service or getting a better return for the same amount of expense, time or effort.

Through VFM we seek to achieve:

- ✓ Resources directed towards the organisation's key priorities and objectives
- ✓ A balance between cost and performance
- ✓ Tenant satisfaction

3.0 HOW WILL WE KNOW IF WE ARE DELIVERING VALUE FOR MONEY?

Our performance outcomes will be good. This will ensure that tenants and staff 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
- ✓ Financial performance monitoring
- ✓ Effective treasury management
- ✓ Transparency in our reporting that will demonstrate to residents how the money has been spent
- ✓ 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
- ✓ An asset management strategy that 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 the services to them
- ✓ Statements and comments on value for money, financial considerations and impact assessments for service users are detailed in every Board report and therefore considered as part of every decision-making process

4.0 VALUE FOR MONEY GAINS

Value for money gains are achieved by:

- ✓ Regularly reviewing contracts with suppliers and re-tendering services in line with the Association's Corporate Procurement Policy to ensure the optimum balance between quality and price is achieved
- ✓ Using external benchmarking data to determine how we are performing against our peers both locally and nationally and to identify areas and action plans for improvement
- ✓ Commitment to facilitating the involvement of residents in influencing how we deliver the services to them
- ✓ Regular review and internal audit of our processes, services and systems - and development and implementation of new ones where appropriate
- ✓ Accessing local authority or government grants where appropriate to deliver development or services
- ✓ Ensuring rent reviews are performed annually and that they prioritise affordability whilst ensuring the Association is financially viable in the short, medium and long term
- ✓ Regular review of treasury management strategy to ensure best value achieved
- ✓ Participating in activities that provide social value for the local area

5.0 SOCIAL VALUE

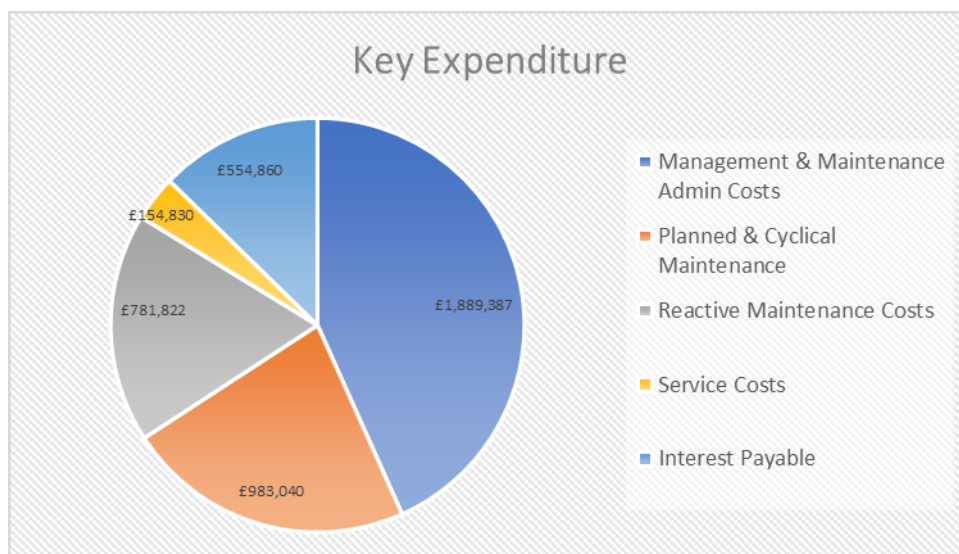
The Association demonstrates social value in a number of areas:

- ✓ Inclusion of community benefit clauses in major contracts, such as apprenticeships
- ✓ Encouraging community engagement through newsletters, social media etc
- ✓ Participating in mentoring arrangements for pupils at local schools
- ✓ Commitment to being a Living Wage employer
- ✓ Volunteering by staff at local events or charities
- ✓ Partnership working with other organisations to help secure and distribute financial and other assistance for residents
- ✓ Funding of non-essential services, such as garden waste or bulk uplift collections in order to improve the local environment
- ✓ Administration of grant-funded medical adaptations to properties

6.0 FINANCIAL POSITION, COST AND PERFORMANCE

The Association updates long term financial projections annually to ensure that viability is secured in the short, medium and long term. Current projections show that, whilst the Association currently has cash reserves amounting to c.£10m, these cash reserves are required to fund maintenance obligations over the next few years. Therefore, the Association is not unnecessarily accumulating large cash balances.

During the financial year 2021-22 key expenditure amounted to £4.4m, the breakdown of which is as follows:



In terms of looking at cost and performance, the Association has identified a number of benchmarking indicators with which the Association’s performance is compared.

Appendix 1 to this statement details these performance indicators, which are a mix of financial performance, tenant satisfaction and operational performance indicators.

The Association’s performance is compared to the RSL average and also to an identified Peer Group average and performance is assessed on this basis. The information used for this benchmarking exercise is available from the Annual Return on the Charter and Annual Financial Statements returns which are published by the Scottish Housing Regulator.

The Peer Group chosen includes RSLs identified as being of similar size and structure to the Association. It also includes RSLs which operate in the area local to the Association. The Peer Group performance is deemed to be a better benchmark to compare against, rather than the RSL average. The Peer group previously identified for Scottish Housing Network performance comparison purposes is as follows:

- Angus Housing Association*
- Ayrshire Housing*
- Castlehill Housing Association*
- Clydebank Housing Association*
- Fife Housing Association*
- Forth Housing Association*
- Govan Housing Association*
- Kingdom Housing Association*
- Linthouse Housing Association*
- Ochil View Housing Association*
- Paragon Housing Association*
- Parkhead Housing Association*
- Partick Housing Association*

The benchmarking analysis in **Appendix 1** demonstrates the following:

- ✓ When comparing to other RSLs, the Association is in the top half of performers in 15 of the 23 indicators (65% of the time) (2022 – 14 of 23 indicators or 61%)
- ✓ When comparing to the Peer Group, which is a better comparison as the Peer Group solely contains RSLs with similar size and structure or location, the Association is in the top half of performers in 18 of the 23 indicators (78% of the time) (2022 – 18 of 23 indicators or 78%)

This shows good performance and improvement in terms of comparison with other RSLs and maintenance of the good performance in 2020-21 against our peer group.

7.0 CONCLUSION

Value for money is something that the Association always tries to embrace. We have a duty to our residents, partners and stakeholders to provide services as cost effectively as possible but without sacrificing quality or resident satisfaction.

We are also able to demonstrate our ongoing commitment to providing Social Value as highlighted by our activities above. Clearly there is no room for complacency, and we must continue to challenge ourselves in what services we deliver and how we deliver those services not only on terms of cost but in what added value we can provide.

In recent years the Association has already achieved considerable savings by working more efficiently and effectively and reviewing the way in which we deliver services, using alternative suppliers of goods and services and working in partnerships.

We have achieved VFM and will continue to do so by:

- ✓ Closely monitoring our performance, results and forecasts to ensure we continue to provide a cost effective and efficient service
- ✓ Forming partnerships with local agencies, other associations and the local authority that will help us to do things better, more effectively or with added value.
- ✓ Reviewing contracts and monitoring their performance to ensure they continue to offer value for money.
- ✓ Asking tenants for their feedback to ensure that the services we provide meet Tenants' aspirations and are of a high standard.
- ✓ Carrying out regular service reviews to ensure that we continue to deliver services that our tenants want and at a cost that represents value for money for them.
- ✓ Regularly reviewing our management processes to increase efficiency and costs.
- ✓ Benchmarking performance against others in the sector

All of this will ensure that the Association delivers excellent services, is financially sound and remains a well-managed organisation both now and in the future.

This statement has been designed to demonstrate and highlight the Association's approach to achieving value for money.

It should not be assumed that this is our only document where we demonstrate our commitment to this topic.

From our Board Reports and Annual Report and Financial Statements through to our regular newsletter to residents, we continually highlight the different ways in which we achieve VFM.

8.0 REVIEW

As indicated earlier the statement will be reviewed and reported to the Board annually.

Stephen Wilson
Director of Finance & Corporate Services

24 March 2023

POLICY REVIEW & CONSULTATION PROCESS

Reviewed by Senior Management Team:	24 March 2023
APPROVED BY THE BOARD OF MANAGEMENT ON	30th March 2023
Date of Next Review	March 2024