MARYHILL HOUSING

Value for Money Strategy

2017 - 2020

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Introduction

This Value for Money (VFM) Strategy links to our Corporate Plan and sets out the key actions required over the next three years to deliver on our VFM agenda.

For 40 years Maryhill Housing has provided a variety of housing and associated services to meet the needs of people in our community. This experience will serve us well in responding to the challenges we face with current economic and welfare pressures and to our commitment to providing quality affordable housing and services.

Our vision is inspiring passion in people, for our homes and for our community.

Our strategic objectives are to:

- create a real sense of community and help people thrive
- provide the best homes and create places where people love to live, work and play.
- build a reputation for excellence and being ahead of the game.

Value for Money has been defined as the relationship between economy, efficiency and effectiveness (the 3 E's) or alternatively the relationship between cost, quality and outcomes.

For Maryhill Housing, Value for Money is ensuring the optimal use of resources to deliver the intended outcomes

The Scottish Housing Regulator (SHR) has set out its expectations in relation to value for money within its Regulatory Framework, most notably in relation to rent affordability and transparency over costs and the services landlords provide.

The Association recognises the importance of Value for Money and the need to embed a culture of Value for Money within the organisation. It also recognises that Value for Money is not only about cost savings and efficiencies and that value can be defined in different ways.

We aim to use our resources as efficiently and effectively as possible to deliver the best services we can and to invest in our homes and the wider community. We intend to increase our focus on Value for Money in order to reduce costs, improve efficiencies, obtain the maximum benefit for goods and services, generate income and increase our operating margin.

Purpose of this strategy

The purpose of the strategy is to:

- Promote and embed a Value for Money culture across the organisation
- Ensure compliance with relevant legislation, regulatory requirements and best practice
- Set out corporate VFM objectives which contribute to our overall vision

- Provide a framework and action plan to achieve VFM with clear links to key policies and strategies including new build development, asset management and procurement
- Define how progress will be measured and monitored, taking into account lessons learned through the delivery of annual targets.

Outcomes of the strategy

The strategy has been developed as one of the mechanisms for delivering excellent services. The strategy will therefore be used to deliver:

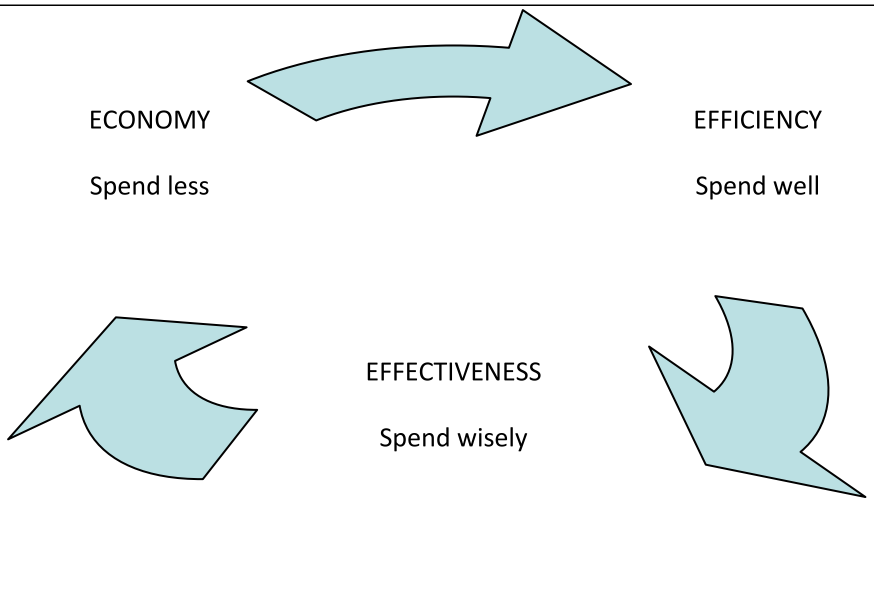
- Improved efficiencies resulting in more streamlined services, outcomes and facilities for residents and the wider community
- Financial savings to restrict future rent increases
- Assurance and evidence that VFM gains have been identified and how these have or will be realised over time
- Continuous improvement through engagement with staff and services users to identify where savings and efficiencies can be made
- An understanding of our costs and performance and transparency in how we report these and benchmark against other social landlords

Defining VFM

Value for Money is about achieving the best possible outcomes with the best use of resources. VFM can be delivered using a range of tools including cost control, forecasting and benchmarking to drive cost reduction and increase available resources to reinvest in our housing and services.

VFM is concerned with the relationship between Economy, Efficiency and Effectiveness and seeks to maximise resources to provide maximum benefit.   It can be a complex balance which may not save costs but produce greater efficiencies. Ultimately the success of VFM is measured by the quality of services, the resources required to deliver those services and customer satisfaction with the services received. The diagram below illustrates this:

Value for Money



Economy – demonstrates whether services were delivered on budget, on time and within resource constraints. We need to be able to show that resources and services have been procured at the lowest possible costs without loss of quality

Efficiency – demonstrates that we have achieved a good return on our investment.   We need to be able to show the value of the output we have obtained against what we have invested

Effectiveness – demonstrates the extent to which we have delivered against what we set out to do. We need to show that we have achieved everything we set out to do in relation to the total cost attributed to these outputs.

The Homes and Communities Agency (HCA) is currently consulting on its Value for Money Standard. Whilst this does not apply in Scotland, consideration of the Regulator's expectations is useful in planning our approach to VFM.

The proposed new standard places a strong emphasis on Board leadership and transparency. The Regulator expects to see a strategic approach that includes reappraisal of the optimal use of your assets. It also proposes a review on how you organise and focus your operations to achieve your objectives, including how you are balancing the competing pressures you face.

It will expect to see explicit targets and reporting against them. The HCA will not prescribe how social landlords should manage resources or assets but will expect them to be able to demonstrate how they are making the best use of them in relation to their objectives. Similarly, it will not prescribe operational structures or the level of investment in non-social housing activities. But it will expect to see evidence of rigor in appraisals of different operating models and a clear match of rewards and risks in relation to non-social housing activities.

Current Position

Maryhill Housing recognises that there are many external influences that affect organisations in managing their resources. Some examples of these include:

- The general economic climate, austerity measures and the potential impact of Brexit
- The impact of Welfare Reform on both the Association and our customers
- Availability of funding in terms of grants, other subsidies and private finance
- The Scottish Housing Regulator's increasing focus on VFM and the expectations for social landlords set out in the Scottish Social Housing Charter
- The affordability of rents when compared to local incomes

These pressures mean that social landlords have to manage their business in a more commercial and innovative way with greater emphasis on using capital, assets and revenue more effectively. Understanding performance and having a robust approach to decision making on the use of resources will be key to achieving our objectives. Scrutiny and performance management functions need to be effective in driving and delivering improvements to our services and VFM.

In the local context, Maryhill has identified a number of drivers which could affect our operations including the following:

- Our diverse asset base and the longer term viability of some housing stock
- Local demographic and Scottish Index of Multiple Deprivation (SIMD) indicators which highlight the poor economic and health issues prevalent in our area of operation
- Rent affordability and reliance on above inflation increases in medium term financial projections
- Customer satisfaction with the services we provide
- Higher than average management costs
- Technology and access to digital services

Our VFM Statement issued in April 2017 highlighted the need to look at reducing costs, ensuring rents are affordable, reviewing the services we provide and assessing the impact of these on our customers. The statement also highlighted that operational expenditure is higher than our overall income and this is borne out in the business plan financial projections which forecast cash outflows and operating deficits in several years.

Maryhill Housing rents are currently around 7% lower than other Glasgow Associations. Over 82% of our tenants view their rents as providing value for money and the SFHA affordability check confirms that our rents are affordable when compared with local incomes with the exception of one apartment properties (which are rated as amber on a green to red scale). Our 2017/18 rent increase was amongst the highest in Glasgow (GWSF survey), and our current business plan assumes that rents will increase at the level of RPI plus 1% for 5 years from 2017/18 to 2021/22 at RPI plus 0.75% for 3 years from 2022/23 to 2024/25 and at RPI only for the remainder of the plan. We have modelled the impact of increasing our rents at 1% above inflation and estimate convergence with other Glasgow social landlords in around 6-8 years.

We have modelled the impact of moving to a rent increase of CPI only from year 2018/19 which reduces rental income by £88m over the 30 year period. This is not affordable for the Association based on current costs. Even with £500K savings built into the plans this would result in negative cash balances in year 11 and operating deficits from year 7 which would mean the Association would not be financially viable in the long term.

Business planning and financial projections are updated annually to take account of changes in circumstances, outturn results, continuous improvement and changes to assumptions. VFM targets and proposed efficiencies will therefore be reassessed each year. If targets are exceeded the Association will consider options to reinvest in services and improvements or further reductions in future rent increases.

VFM objectives

It is proposed that the Association sets a value for money target of moving to CPI only rent increases from year 2023/24. This will be achieved through savings of £250k in 2018/19 and a further £250k in the following year.

In this first year we have identified a number of savings which will contribute to our overall VFM objectives. These are listed in Appendix 2 and have been quantified where information is currently available. The VFM Project Group, comprising Board and senior staff, has reviewed and agreed that these savings, totalling approximately £200k are relevant and should be pursued. We will update these estimated savings as we move through the year, using half year results and tender returns to revise assumptions for business planning purposes. The remaining £50k to achieve our year 1 target will be confirmed during the business planning process.

The impact of the proposed target over the medium term is shown in the table below.

Year	Operating surplus/(deficit) £	Cash balances £	Reserves £
2018/19	3.9m	7.9m	33.7m
2019/20	2.4m	6.5m	35.3m
2020/21	2.4m	7.5m	36.8m
2021/22	1.8m	7.6m	37.8m
2022/23	0.8m	7.7m	37.7m
2023/24	0.5m	7.6m	37.5m
2024/25	0.6m	7.8m	37.3m
2025/26	0.2m	7.5m	36.8m
2026/27	(0.1)m	6.9m	36.1m
2027/28	(0.4)m	5.9m	35.0m

Future savings are likely to come from the following sources:

The most significant impact is likely to come from a re-evaluation of life cycle costings and in turn the projected expenditure required for planned maintenance and investment. We will utilise Insight to further understand our stock profile, focusing on demand, future costs and income generated at a block or scheme level in order to assess the longer term viability of specific stock and the overall contribution made to the business.

The recently developed Procurement Strategy and Procurement Toolkit provide clear guidelines for staff responsible for procurement across the organisation including robust assessment measures and access to frameworks. As contracts are re-procured we will aim to achieve a financial saving.

Another key area for review is to look in detail at our management costs. In 2015/16 our staff cost to turnover ratio was high at 34% compared to the benchmark of 20%. Some of this variance is likely to be attributable to our stock profile and the provision of 24-7 on site staff.

Maryhill Housing has recently joined Housemark and we will utilise our membership to scrutinise and understand our costs and performance compared to our peers and social landlords in general. This will provide us with detailed information to inform where we need to take action to improve efficiencies and reduce costs. Benchmarking will focus our thinking on areas where we can see we are out of step with other organisations or where we need to carry out more analysis to understand the results. We place great value in benchmarking and see it as a means of providing opportunity to learn from others as well as being able to share our experiences and achievements.

We will work together to understand where value added and non-value added exist within our business and use this information to identify where improvements can be made without compromising our customers and the services they receive.

Our approach to treasury management will be reviewed in 2017/18, in the light of our financial capacity, new covenant arrangements (following FRS102) and the potential to restructure our loans given that hedging was put in place in 2011 and interest rates have moved considerably in that time. The review will further assess the need for future borrowing linked to overall strategic objectives and ambitions for growth through new build development.

We have identified the need for comprehensive process reviews in areas such as maintenance, investment and factoring to improve efficiency in our day to day operations.

Our digital agenda will contribute to VFM by providing our customers and staff with the tools and connectivity to streamline processes, improve accessibility and reduce the reliance on manual systems, printed materials and the costs associated with producing these. Intelligent use of data and processes is central to achieving operational excellence. The IT Strategy identifies a number of projects to be delivered over the next 3 years.

We will continue to explore opportunities for partnership working, shared services and in-house service provision where these clearly contribute to our VFM agenda.

Implementing Value for Money

Our VFM journey has already begun and we aim to build on this by embedding the VFM strategy across the organisation.

We will monitor delivery of identified savings throughout the year and ensure new savings and efficiencies are identified to offset any growth items (increased costs).

We will implement initiatives which can be actioned immediately without affecting services. Those which still require to be fully assessed will be put forward as savings for future years.

We will consult with our customers and stakeholders to align their needs with our objectives. We recognise that to effectively improve we need our customers onside. We will provide clear information on expenditure, offering transparency about what it costs to deliver services, employ staff and resource support functions such as IT, finance, HR and other office costs.

An example of this will be to consult on the 2019/20 rent increase by providing customers with options on different levels of services for different levels of rent increase.

Annually as part of the business planning cycle, we will review our achievements and performance and identify further targets for the following year.

VFM will be monitored and reported to Board to highlight progress, achievements and overall performance against target.

Strategy Review

This strategy will be reviewed annually to ensure it remains relevant to the business and contributes to the overall strategic objectives.

Value for Money Statement **Appendix 1**

Purpose:

Delivering value for money is about the optimal use of resources to achieve the intended outcomes – or spending the right amount of money on the right things.

The vast majority of our income at Maryhill Housing comes from tenants' rents. Therefore delivering value for money is about delivering maximum impact from these rents to achieve our strategic objectives of:

- Creating a real sense of community and help people thrive
- Providing the best homes and create places where people love to live, work and play
- Building a reputation for excellence and being ahead of the game

This is the first time Maryhill Housing has produced a value for money statement, which will be followed by a full value for money strategy later in 2017.

Over the past few years we have made significant improvements in key areas of our performance, such as achieving the Scottish Housing Quality Standard and significantly reducing rent arrears. Over the next five years we will be increasingly focusing on value for money as we aim to reduce costs and generate income to increase our operating margin. These surpluses will be used to:

- Grow the business – providing more good quality housing for Maryhill's growing community
- Deliver inward investment where it matters most to customers, such as investment projects to improve energy efficiency
- Keep rents affordable for current and future tenants.

Current position:

The sections below assess our current approach to value for money in terms of:

- reducing costs
- affordable rents
- the services we provide and the impact we have

Costs and turnover:

In cash terms, we are currently spending more on managing and maintaining our homes than the income we bring in from rents. This deficit position is expected to continue for the next seven years. In 2015/16 we were one of only 17 (of 162 social housing providers) with a net operating deficit.

We know that our management costs are high: Our staff cost to turnover ratio in 2015/16 was 34% against a benchmark of 20%. This may be because of the type and profile of the stock we own, for example we provide twenty four hour on site staff at our high rise properties; this would not be required if we owned only houses and four-in-a-block type properties. However, this may be because we could get much more efficient in the way we deliver our services.

Benchmarking (comparing with other housing associations) is key to identifying areas where we may be able to be more efficient and reduce costs. We recognise that we have limited information about how our costs compare to other housing associations. Carrying out this benchmarking will be a key value for money project for 2017/18.

We compare well with other housing associations in terms of minimising lost income through strong collection of rent and reducing the amount of income lost when properties are empty between tenancies. The table below shows our 2016/17 performance in these areas:

	Maryhill Housing	Scottish Average (2015/16)
Average days to relet a property	17	31
Gross rent arrears	4%	4.39%

In 2016/17, Maryhill Housing set efficiency targets of 2% across all controllable budgets. As a result savings were made across the business. Examples include:

- £10k per annum from re-tendering our gas servicing contract
- £60k per annum from renegotiating our communal lighting arrangements
- £60k per annum in overtime savings following a review of our concierge service
- £17k from stationary and copier procurement

In 2017 we also reviewed our approach to our non-rent charges, as a result factoring fees will increase by 23 percent over two years and charges for leased properties were set a commercial level where possible, increasing income by over £50k each year.

No specific efficiency targets have been set for 2017/18 as our focus for the coming year is to take a more strategic approach to value for money driven by the needs of the business, rather than by trying to reduce costs right across our operation.

Affordable rents:

Our rents in 2017/18 will be approximately 7% lower than in other Glasgow Associations. The percentage of Maryhill tenants viewing rent as value for money increased from 77.9% to 82.5% from 2013 to 2015. However, our 2017/18 rent increase level was amongst the highest in the region (source GWSF). Our current medium and long term financial plans assume that rents will increase at above inflation for the next eight years (RPI plus 1% for the next 5 years, RPI plus 0.5% for years 5 to 8). This level of rent increase is currently necessary to ensure we have sufficient funds to meet the cost of managing and maintaining our homes. If we can reduce these costs we may also reduce rent increases.

We introduced a new rent structure in April 2016. This rent structure aims to be fair, simple and easy to understand. The new structure is being phased in over three years to protect tenants from exceptionally high rent increases in a single year. The new rent structure will be in place by April 2018 and the Association is working towards consulting tenants on options for rent increases from April 2019 linked to different levels of service.

The services we provide and the impact we have:

Maryhill Housing performs well in key performance indicators, such as the proportion of anti-social behaviour cases that are resolved within target (MH result 95% against 87% benchmark), and the time taken to complete emergency repairs (2.1 hours against a benchmark of 3.4 hours).

Overall satisfaction with the services we provide increased from 79% in 2012 to 83% in 2015. However, we still lag significantly behind the benchmark of 89%.

Satisfaction with the quality of the repairs service (73% against a benchmark of 90%) is an area of particular concern.

Driving up overall satisfaction is a key priority during 2017 and projects include:

- Customer service training for all frontline staff
- New repairs contracts offering more flexible appointments and faster response times
- Improving our approach to planned investment by ensuring we deliver projects to time and budget and developing communication around our investment plans over the next five years
- Developing customer insight to understand customers better and design services around their needs and aspirations

Satisfaction with opportunities to participate in decision making improved significantly from 68% in 2012 to 86% in 2015. A new Customer Engagement Strategy was developed in 2016 and key priorities include improving our approach to tenant scrutiny and moving into more web-based involvement mechanisms.

We continue to invest significantly in wider-role activities. Key achievements from 2016/17 and key projects for 2017/18 include:

- The development of a Community Benefits policy to be applied to all procurement – since 2016 this has ensured the creation of six apprenticeship places and community benefits contributions of over £100k over the next three years.
- The provision of a free, accessible financial support service
- The launch of the Anti-poverty Charter in partnership with Queens Cross and North Glasgow Housing Associations

- The provision of free broadband internet to customers in our high rise flats at Glenavon Road
- An increased budget allocation to the Community Fund and experimentation with different ways to allocate the fund which fully involve the community
- Development of a new Community Regeneration and Anti-Poverty Strategy

In 2017/18 Maryhill Housing will re-launch its development programme through a joint delivery model with Queens Cross Housing Association. We will deliver approximately 130 new, high quality homes for the growing community of Maryhill over the next five years.

Value for money objectives

Key value for money projects for 2017 and target completion dates are set out below. New objectives will emerge from the Value for Money strategy produced later in 2017.

Item	**Objectives**	**Target completion**	
Overall approach			
1	Development of a value for money strategy including setting targets for cost reduction, income generation, overall profitability and establishing principles such as shared services and joint procurement	August 2017	To be approved by Board in Sep 17
2	Systematically review key business processes to identify opportunities for more efficient operation	June 2017	First process: planning and monitoring progress on the investment programme. Due Dec 17
3	Benchmark key costs with other housing associations to identify opportunities for efficiencies, either through the Scottish Housing Network or Housemark	July 2017	All benchmarking information provided to Housemark. Awaiting results, due in Oct 17
4	Improve our approach to business planning. Ensure efficiencies are an integral part of business planning, and that options are presented to the Board for discussion much earlier in the business planning cycle	November 2017	Majority of 2018/19 efficiencies identified. Remaining efficiencies to be quantified as part of 2018/19 business planning cycle.
5	Review our medium term and long term financial plans in light of the targets set for cost reduction and if possible reduce rent increases in future years	November 2017	Forms part of the VFM strategy going to Board for approval Sep 17.

6	Ensure staff are fully involved in generating ideas and appraising options for improved efficiency of operation	July 2017	All staff involved in generating ideas for financial savings. Working group of staff and Board members formed. Update to be provided to all staff following approval of the strategy.
Specific projects			
1	Procure new utilities suppliers	December 2017	On track to deliver.
2	Make changes to pensions to reduce pension liability and future risk	March 2018	Paper going to Board in Oct 17 to approve changes.
3	Jointly procure legal services with Queens Cross, North Glasgow and New Gorbals Housing Associations	July 2017	Due to complete Nov 17 but may slip due to delays working with other Associations.
4	Carry out a structural review and present options to the Board	August 2017	Draft senior management team structure approved by Board in Aug 17 subject to consultation with staff. Housing services review proposals due to Board in Oct 17
5	Assess the business case for in-house services including the potential to offer improved value for money	December 2017	Consultant has been commissioned and outcome will be reported to Board at strategy away weekend.

6	Deliver year on year 2% savings on voids and reactive repair budgets for the next five years	Ongoing	Savings on voids and reactive contracts will be proposed once data on first six month's performance is available. Due Oct 2017.

APPENDIX 2

Areas with the potential to deliver significant savings (£30k plus per annum)						
Area	**Saving or efficiency**	**Target saving 2018/19**	**Target saving 2019/20**	**Lead**	**Date**	**Delivery RAG rating**
Utilities	Reprocure generating efficiencies through one supplier, reduction in invoices and cost	£ 48,000.00		KG	2018/19	
Community Safety Glasgow contract	Stop using Community Safety Glasgow for support in the management of ASB	£ 32,500.00		JS	2018/19	
Reactive repairs and voids	Reduction in reactive repairs and voids spend			KMcG	Insufficient data to estimate potential savings from budget. Will be able to set proposed savings target in September '17. 2% savings already assumed.	
Cyclical maintenance	Reduction in cyclical maintenance spend through reprocurement of contracts			KMcG	Tenders not yet returned or assessed. Once tenders returned assessments of savings can be made. Savings already assumed in gutter cleaning contract.	
Life-cycle costs	Review current assumptions in line with other RSLs and assess impact on long term business plan			DB	Awaiting information from brown and wallace on impact of propsed changes	

Areas with the potential to deliver medium savings (£10 - £30k plus per annum)

Area	Saving or efficiency	Target saving 2018/19	Target saving 2019/20	Lead	Date	Delivery RAG rating
Community fund	Reduce annual budget	£ 20,000.00		DB	2018/19	
Landscape maintenance	Reduce annual budget due to savings from procurement	£ 30,000.00		KMcG	2018/19	
Services	Savings through joint working: -legal services, joint training, selling IT servcies, selling development services			SMT	Legal procurement ongoing. Savings won't be known until complete. Other ideas still in development phase.	
Reduce use of consultants	cost saving through reduced use of consultants and more upskilling of in-house staff			Directors	Need to develop 2018/19 delivery plan to fully assess need for external consultants	
iMail	Franking machine not required reducing rental and postage	£ 13,700.00		KG	2018/19	
Training budget	Reduction in training budget in line with CIPD suggestions	£ 20,000.00		CB	2018/19	
Maryhill Locks commercial unit	Granting a lease for commercial unit at Maryhill Locks		£ 20,000.00	DB	2019/20	
Void loss	Reduction in void loss through improved void turnaround performance			JS	Need six month's performance to assess if a reduction in target is possible.	
Bad debt write off (rents)	Reduction in bad debt write off through improved rent arrears performance			JS	Need six month's performance to assess if a reduction in target is possible.	
Bad debt write off (factoring)	Reduction in bad debt write off through improved factoring arrears performance			DB	New factoring arrears processes being introduced - need time to bed in before we can assess impact	
Essential car users allowance	removal of essential car users allowance - benefit	£ 14,500.00		BW	2018/19	
SMT structure review	Savings generated through review of SMT structure			BW	Report to August Board	
Housing management, FST and Wider Role/Customer Engagement review	Savings generated through new structure in housing management			BW	Report to September Board. Already assumed number of staff in FST will reduce by 2 posts.	

Areas with the potential to deliver small savings (up to £10k per annum)

Area	Saving or efficiency	Target saving 2018/19	Target saving 2019/20	Lead	Date	Delivery RAG rating
Recharges	Reduce bad debt write off			BW	New process launches 1st August 2017. Need two months data to estimate cost savings	
Transfer factoring from Your Place	Increasing management fee income from factoring service			DB	Need to assess number of units with potential to transfer over	
Cash balances on overnight deposits	Generate additional income	£ 5,000.00		EB	2018/19	
Taxis	Reduce use of taxis			KG	Project group to assess being established	
Individual printers	Reduce number of printers	£ 3,000.00		KG	2018/19	
Online services	Increase online services - moving away from printed	£ 330.00		KG	2018/19 postage savings may be further savings in future years	
Fax machine	Remove fax machine	£ 400.00		KG		
Mobile phones	Use mobile phones more efficiently			BS	Project ongoing to review use of mobile phones - will be able to assess savings later in 2018/19	
Equipment	Auto shut down of PCs, monitors etc.			BS	No system at the moment to facilitate this. Unlikely to achieve savings in 2018/19	
Catering	Reduce cost of catering for meetings	£ 2,000.00		KG	2018/19	
Lyndale and Glenavon offices	Closing offices and Lyndale and Glenavon to the public	£ 4,000.00		EB	Costs of running offices at Lyndale and Glenavon to be assessed. May be staffing savings if office closed to the public.	
Bin replacement budget	Bin replacement budget	£ 3,000.00		JS	2018/19	
Hand driers	Replacement of paper towels with hand driers			KG	Need to carry out cost/benefit analysis	
Sponsorship budget	remove sponsorship budget - absorbed into community fund	£ 2,500.00		KG	2018/19	
Court actions	reduce number of court actions - taking a more preventative approach to arrears management			JS	Need six month performance figures to assess whether reduction possible in 2018/19	
Title deeds	Hold title deeds at MH rather than at solicitors - reduce storage costs			DB	Need to carry out cost/benefit analysis	
Disturbance payment following investment works	Review and assess if more cost effective way to deliver - e.g. decoration vouchers			KMcG	Need to carry out benchmarking exercise with other associations	
Lock up rents	Review lock up rents to assess if charges could be increased			JS	Project due to complete by September '17	
Your Place Blocks	Remove Your Place blocks from cyclical painting programme	£ 5,000.00		KMcG	2018/19	
Overtime	Increase use of sessional staff to reduce overtime in Neighbourhood Team			JS	Would require consultation with team because current commitment 50% of cover will be offered as overtime	
Pollock credit union	remove support for Pollock credit union	£ 5,000.00		JS	2018/19	
TOTAL		**£ 208,930.00**	**£ 20,000.00**			

Areas where we could be more efficient - not delivering cash savings						
Area	**Saving or efficiency**	**Target saving 2018/19**	**Target saving 2019/20**	**Lead**	**Date**	**Delivery RAG rating**
Electronic records system	Create electronic file management system			KG		
Factoring charges	Ensure factored owners are correctly consulted with so owners' shares can be recovered			KMcG/DB		
External grant	Increase applications for external grant - bringing more income into the Association			DB		
More services in-house	Move more services in-house. Unlikely to deliver a cash savings in the short term but may deliver a better quality of service			BW		
Multi-skilled staff	Training to multi-skill staff to reduce reliance on agency.			BW		

IMPLICATIONS OF THE REPORT	
FINANCIAL RESOURCE AND VALUE FOR MONEY:	A target of £250k has been set for 2017/18 in this strategy to deliver better value for money for our customers.
LEGAL/REGULATORY:	The strategy complies with legal and regulatory requirements and takes account of the Scottish Housing Regulator's recommendations to consider the sustainability of above inflation rent increases and Charter outcomes including 13: value for money, 14: rents and 15: service charges.
CORPORATE PLAN/STRATEGIC OBJECTIVES:	The Association's Corporate Plan has a clear focus on value for money and includes a range of service improvements and projects to help deliver this key objective. Development of a VFM Strategy is a delivery plan objective for 2017/18.
CUSTOMER/TENANT PARTICIPATION:	We will engage with customers in relation to VFM where this will have an impact on them and in 2018 propose to provide customers with options around their rent increases.
COMMUNICATIONS:	Staff, Board and customers will be briefed on this strategy and will receive annual reports on the impact of this strategy and the outcomes achieved
HEALTH AND SAFETY:	There are no health and safety implications arising from this strategy
ENVIRONMENTAL:	There are no environmental implications arising from this strategy
EQUALITY IMPACT ASSESSMENT:	There are no equality issues arising from this strategy.
RISK ANALYSIS:	The Association's Risk Register 2017/18 identifies two corporate risks around affordability: failure to deliver VFM and our customers are unable to afford to live in our homes. Delivery of this strategy will help to mitigate these risks.