



MARYHILL HOUSING

Value for Money Strategy

2021-2024

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1. 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 aims of:

- **implementing CPI only rent increases for each of the three rent years April 2022, April 2023 and April 2024, supported by a viable business plan position which assumes CPI only rent increases for the remainder of our 30-year financial plans**
- **ensuring that a VFM approach is embedded across all staff teams by the end of the three-year strategy period**

Our VFM Strategy is integral to delivering on our vision, mission, values and long-term strategic objectives.

Our vision is: Great homes in strong and thriving communities

Our mission is: Providing great housing and services for our customers; supporting strong, inclusive communities in North West Glasgow.

Our values are to:

- Think customer first
- Deliver on our promises
- Celebrate diversity
- Keep improving

Our long-term strategic objectives are to:

- Improve customer experience and increase customer satisfaction
- Address poverty and enable customers to make their lives better
- Provide better homes and developing neighbourhoods to feel proud of

Our activities are funded through the rents paid by our tenants and the factoring fees paid by our factored customers. There is a direct link between the VFM we achieve and the level of rents or factoring fees we charge.

As a registered social landlord (RSL) we have a duty under the Scottish Social Housing Charter to continuously strive for VFM, this is set out in Outcome 13: Value for Money: ***“tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay”***

This VFM duty is also reflected in the Scottish Housing Regulator’s Regulatory Framework Standard 3: ***“The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.”***

2. Purpose of this strategy

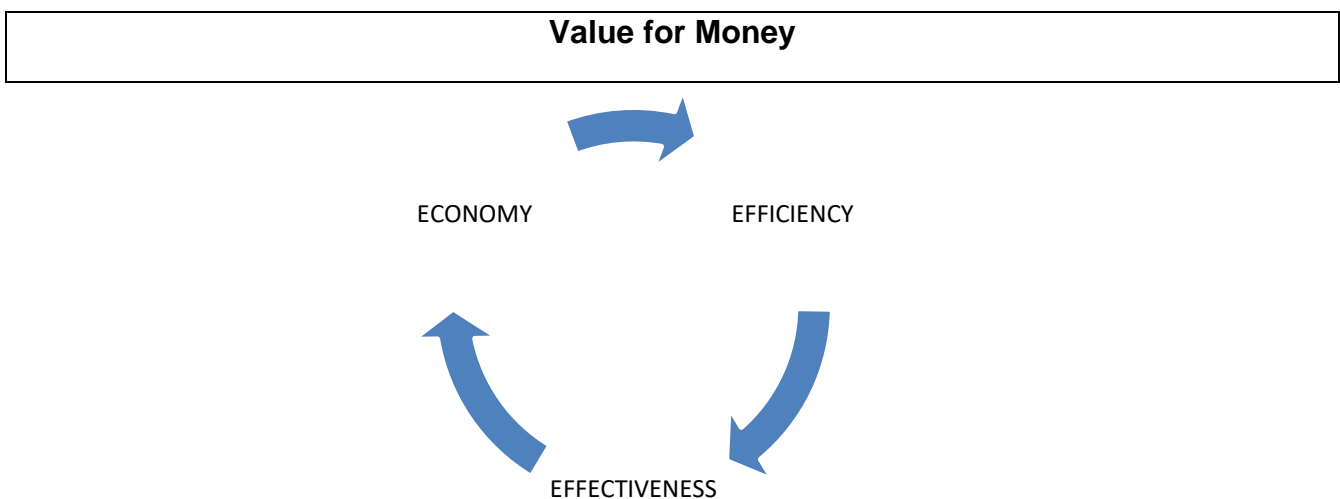
The purpose of the strategy is to:

- Provide a clear definition of what VFM is
- Provide a summary of the progress made towards achieving our VFM aims to date
- Identify key objectives for achieving our VFM aims in the 3 years of this strategy, and
- Set out an action plan for 2021/22 for the first steps in achieving these objectives

3. What is VFM?

VFM is about making **optimal** use of **resources** to **achieve intended outcomes**.

Achieving VFM is often defined as achieving the optimal balance in terms of Economy, Efficiency and Effectiveness. The diagram below illustrates this:



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 Economy, Efficiency, Effectiveness model can however be interpreted as just about financial control of spending. Controlling spending is part of VFM, but VFM is much wider than just the cost of things.

Resources is much wider than just money, it also includes time, staff costs, use of assets and community benefits. The vast majority of the resources we have are funded by tenants' rents. Therefore, making optimal use of resources is about using tenants' rent money well. This links to the first of our VFM aims:

- **implementing CPI only rent increases for each of the three rent years April 2022, April 2023 and April 2024, supported by a viable business plan position which assumes CPI only rent increases for the remainder of our 30-year financial plans**

Achieving the **optimal use** of resources is also far wider than just spending the right amount of cash on something, it is also fundamentally about the way we do things and the processes we follow in doing these things. When considering if we are achieving VFM in everything we do, we should strive to develop a culture where we continually ask ourselves:

“does this activity use the right amount (*optimal*) of tenants rent money (*resources*) to do the right things (*intended outcomes*)”

This links to the second of our VFM aims:

- **ensuring that a VFM approach is embedded across all staff teams by the end of the three-year strategy period**

Another crucial element in achieving VFM is understanding our customers' needs and aspirations and involving customers in investment decisions. This is critical if we are to ensure that customers see that we are investing in the right things.

Whether someone views an activity as achieving VFM is very much about people's perceptions and therefore is intrinsically linked to customer satisfaction. Listening and responding to customer feedback in all forms of consultation is therefore also part of a VFM approach.

4. VFM Progress to Date

The first VFM strategy covered the period 2017-2020. In 2017 the 30-year financial business plan was still based on projected rent increases of RPI+. Over the period of the first VFM strategy the business plan has moved progressively towards achieving CPI only rent increases.

In order to move towards these lower projected rent increases, a VFM savings targets was identified of £750K savings being achieved over a 7-year period:

- £250k by 2018/19,
- £250k by 2019/20, and
- final £250k by 2024/25

By the end of 2019/20 a total of £850k of VFM savings had been achieved, and the 2020 Corporate Plan set a target of a further £500k of VFM savings by 2024/25:

- £250k by 2021/22, and
- £250k by 2024/25

In the 2021/22 Budget savings of £373k were identified.

Therefore, since the implementation of the first VFM strategy in 2017 the Association has achieved a total of £1.223m of VFM savings.

Achieving the VFM savings has been assisted by the development and implementation of:

- Improved budgeting and budgetary control
- Improved business planning
- Improved asset management and life cycle costing data
- Improved procurement and contract management processes
- Restructuring of customer facing teams
- Identification of areas for savings by the VFM Working Group
- Benchmarking and best practice information via Housemark and linking in with other RSLs

5. VFM objectives

Our VFM aims are:

- **implementing CPI only rent increases for each of the three rent years April 2022, April 2023 and April 2024, supported by a viable business plan position which assumes CPI only rent increases for the remainder of our 30-year financial plans**
- **ensuring that a VFM approach is embedded across all staff teams by the end of the three-year strategy period**

To deliver these aims, the following objectives have been identified for the 3-year strategy period:

- Ensure customer needs and views are central to our VFM approach
- Review and improve operational efficiency and internal processes to achieve VFM and obtain efficiencies
- Optimise the use of our assets to achieve VFM for our customers and the Association
- Ensure that we procure goods, services and works in the most sustainable economic way possible
- Develop leadership skills and an empowered, professional staff team
- Deliver social and environmental value

The Action Plan set out at Appendix 1 details the actions which will be taken over the course of 2021/22 under each of these objectives.

The actions have purposefully for the main part been taken directly from the Team Delivery Plans of the various functions within the Association. This linking of VFM to the actions across all staff teams is an essential element in achieving the aim of embedding the VFM approach.

The Association will also continue with quarterly meetings of the VFM Working Group, which will be lead by the Head of Finance and have representatives from across the staff teams and Board. The purpose of the VFM Working Group will be to identify any new areas of VFM focus that can then be taken forward by relevant staff teams in future Team Delivery Plans. The VFM Working Group will also monitor the effectiveness of the VFM efforts being made by assessing financial savings achieved annually.

For the coming three-year strategy period, a new VFM savings target will be applied:

- £100,000 to be saved each year for the next three years, with these savings feeding into the annual budgets for 2022/23, 2023/24 & 2024/25.

6. Strategy Review

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