



Shire *Housing*

Policy on:	Value for Money Strategy Policy and Practices
Compliant with Charter Outcomes and Standards:	13- Value for Money
Compliant with Tenant Participation Strategy:	Consult with our registered tenant organisations, promote our aims and objectives, and receive feedback
Compliant with Equal Opportunities:	Yes
Compliant with Business Plan:	<ul style="list-style-type: none">• The strategic Business Plan and 30-year cash flows inform all our financial decisions• Changing legislation• Scottish Housing Regulator guidance• Demands of our tenants• Performance information collected by the Association.
Compliant with Risk	Risk 4 Governance, Customer engagement, Demonstrate VFM.
Date for Approval:	August 2017
Date for Review:	2018
Responsible Officers:	Barbara Spittal, Head of Finance

Contents

1. Policy Statement	3
2. Value for Money Practices.....	3
Governance.....	4
<i>Shire Practice</i>	<i>4</i>
<i>Management Board.....</i>	<i>4</i>
<i>Business Plan</i>	<i>4</i>
<i>Board/Staff Induction.....</i>	<i>4</i>
<i>Board Reports</i>	<i>4</i>
<i>Training</i>	<i>5</i>
2.1 Tenant/Customer Engagement	5
<i>Shire Practice</i>	<i>5</i>
<i>Regulatory Compliance.....</i>	<i>5</i>
<i>Rent Restructure</i>	<i>6</i>
<i>Satisfaction Survey</i>	<i>6</i>
<i>Rent & Programme Consultation.....</i>	<i>6</i>
<i>Annual General Meeting.....</i>	<i>6</i>
<i>Newsletter</i>	<i>6</i>
<i>Tenants Panel.....</i>	<i>6</i>
<i>Keeping Tenants/Customers Updated</i>	<i>6</i>
2.2 Repairs & Maintenance.....	7
<i>Shire Practice</i>	<i>7</i>
<i>Regulatory Compliance.....</i>	<i>7</i>
<i>Procurement Policy</i>	<i>7</i>
<i>Access to Service.....</i>	<i>7</i>
<i>Customer Satisfaction</i>	<i>7</i>
2.3 Asset Management	7
<i>Shire Practice</i>	<i>7</i>
<i>Stock Condition Surveys</i>	<i>7</i>
<i>Improving Performance Management</i>	<i>7</i>
<i>Demand Analysis</i>	<i>8</i>
<i>Planned Maintenance</i>	<i>8</i>
2.4 Tenancy Sustainment	8
<i>Shire Practice</i>	<i>8</i>
<i>Regulatory Compliance.....</i>	<i>8</i>
<i>Officer Assistance</i>	<i>8</i>
<i>Tenancy Incentives</i>	<i>8</i>
2.5 Services Provided	8
<i>Shire Practice</i>	<i>8</i>
<i>Services</i>	<i>8</i>
<i>External Agencies</i>	<i>9</i>
<i>Common Housing Register</i>	<i>9</i>
<i>Care and Repair Service.....</i>	<i>9</i>
2.6 Rent Affordability	9
<i>Shire Practice</i>	<i>9</i>
<i>Value for Money</i>	<i>9</i>
<i>Tenant Survey.....</i>	<i>10</i>
<i>Consultation Events</i>	<i>10</i>
2.7 Future Viability	10
<i>Shire Practice</i>	<i>11</i>
<i>Business Plan/Budget Review</i>	<i>11</i>
<i>Business Analysis</i>	<i>11</i>

2.8 Wider Role.....	12
<i>Shire Practice</i>	<i>12</i>
<i>Working Party.....</i>	<i>12</i>
<i>Partnership Working.....</i>	<i>12</i>
<i>Return on Social Investment</i>	<i>13</i>
<i>Customer Engagement</i>	<i>13</i>
<i>Scottish Housing Network (SHN)</i>	<i>13</i>

1. Policy Statement

Shire Housing Association Ltd following consultation with tenants, defines Value for Money as:-

- Value for money is achieved by doing the right things and doing those things right.
- Services planned around Tenant/Customer feedback to know what services are important to them.
- Delivering maximum value while minimising cost.
- Providing high quality services that meet the needs and expectations of our Tenants/Customers as efficiently and cost effectively as possible.
- Making the best use of available or limited resources.
- Ensure transparent and well understood costs, detailing the quality and level of service provided.
- Ensure future viability of the Business Plan. Income generated must support expenditure.

The Scottish Housing Regulator has published its 4th Year Report from its National Panel of Tenants and Service Users; this theme considered views on what value for money means for users of social landlord services. It included a range of factors that contribute to value for money judgements and to what extent service users see these factors as potentially justifying higher rents.

Feedback suggests that value for money judgements are influenced by a broad range of factors. The main driver of views on value for money appear to be:

- Rent Levels and Affordability
- Comparability of Rents
- Quality of Services such as Repairs/Maintenance
- Capital Investment in Homes
- The Size of Annual Rent Increases.

Feedback from respondents did not express a clear preference for a single value for money performance indicator, but saw value in a range of measures around rent comparability, income remaining after tenants have paid housing costs and tenant satisfaction with rents.

The following sections within this Value for Money Strategy aims to clearly set out our approach to VfM and how we demonstrate this.

2. Value for Money Practices

Governance

The ethos of Value for Money is integral to the success of Shire Housing. To ensure Value for Money is at the core of all our activities the Association will through the following measures aim to demonstrate this:

Shire Practice

Management Board

The Management Board is responsible for agreeing and overseeing the Associations strategic and financial plans to achieve the best possible outcomes. The board acts for and in the name of the Association. It must retain ultimate control over all aspects of the Association's work and ensure that its financial and legal responsibilities are properly fulfilled.

Business Plan

The strategic Business Plan vision of Great Homes, Great People and Vibrant Communities will feed through all our activities supported by our core values of [Integrity, Partnership, Excellence, Innovation, Investing and Listening](#).

The strategic objectives within the Business Plan will be further supported by this Value for Money Strategy detailing our Policy statement and Practices.

The Management Board has full responsibility of this Value for Money Strategy with its direct links to the strategic Business Plan and the future viability of the Association. The business plan annual review will identify potential efficiencies through clear and transparent value for money targets.

Board/Staff Induction

As part of the induction of new Board and Staff members the ethos and culture of Shire Housing Association will be to demonstrate "value for money" in all our activities.

To successfully deliver and embed value for money, it needs to be an integral part of our day-to-day activities.

It is important all staff understand value for money and assess their role in delivering VfM by asking themselves three key questions:

1. Are we doing the right things?
2. Are we doing them the right way?
3. Are we delivering the right results?

Board Reports

We aim for the ethos of value for money to be embedded in all activities and essentially in Board reports, to enable Board to query/challenge costs, has the

work/service been completed to a high standard, does it demonstrate value for money?

- Board reports will contain value for money assessments demonstrating options, cash flow/business impact, customer feedback and the reason for recommendation to show there has been full consideration of the relevant issues to assist Board in coming to a decision.
- Board reports where appropriate will contain information on key performance indicators (KPIs) and will be benchmarked against comparable organisations.

SHR National Panel of Tenants and Service Users

Feedback from the panel of more than 9/10 said VfM should feature in landlord reporting. In relation to reporting value for money, panel members views of potential measures that would be most useful focused around the following:-

- Rent comparability
- Income remaining after tenants have paid housing costs
- Tenant satisfaction with rents.

Training

Training activities for Board/staff will ensure value for money is achieved in the overall “benefit” assessment for both the person and the Association.

Board training will include how to assess and query/challenge performance monitoring reports. Does the information demonstrate optimal performance on efficiency and service delivery?

2.1 Tenant/Customer Engagement

- Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.
- Tenants get clear information on how rent and other money is spent, including any details of individual items of expenditure above thresholds agreed between landlords and tenants.
- A balance is struck between the level of services provided, the cost of the services and how far current and prospective tenants and other customers can afford them.
- Tenant/customer feedback is very important to us and influences our services.
- Raise awareness of the importance of value for money to our staff, contractors, tenants and other stakeholders.
- To provide opportunities within our organisation for generating new ideas and initiatives to achieve successful value for money outcomes.

Shire Practice

Regulatory Compliance

Scottish Housing Regulator Annual Return on the Charter, percentage of tenants who feel their landlord is good at keeping them informed about their services and decisions (Indicator 3) 98.27%.

Percentage of tenants satisfied with the opportunities given to them to participate in their landlord's decision making processes (Indicator 6) 93.81%.

Rent Restructure

2015/16 we asked tenants their views on streamlining the rent charge. Feedback supported introducing a baseline rent charge linked to the property size and type. Board considered all feedback via external consultant Arneil Johnson. (Implemented April 2016)

Satisfaction Survey

2017 Tenant satisfaction survey completed by Research Resource to seek views and obtain feedback on the services we provide, and satisfaction rates with Shire Housing Association as landlord.

Board received and considered feedback from Research Resource.

Rent & Programme Consultation

Shire Housing Association annually holds a Consultation event with Tenants in January.

Board receive and considered feedback from tenants January 2017.

Annual General Meeting

AGM in August where the accounts are published and the cost of services communicated.

Tenants consulted on the level of individual items of expenditure – Feedback supported values over £6,000.

Newsletter

Quarterly newsletter issued to all tenants.

Tenants Panel

The panel review and provide feedback on specific items; for example the Repairs and Maintenance (R&M) procurement contract, a small group to review R&M policy.

Another panel has been formed to take part in satisfaction survey questionnaire and receive feedback, pick up on suggestions to improve service further and action plan.

Keeping Tenants/Customers Updated

- Website
- Facebook
- Email
- Text Messaging
- Newsletter
- Newspaper/Media Articles
- Consultation Event – January. (Transport provided to event).

2.2 Repairs & Maintenance

The Association aims to provide a high quality repairs and maintenance service with the opportunity for tenants to provide feedback on their experience of the service and quality of workmanship. We aim to target and invest our resources efficiently and responsibly for the well-being of our customers, our communities and the environment. We will use our partnership working to support improved value for money in areas such as procurement and asset management.

Shire Practice

Regulatory Compliance

Scottish Housing Regulator Annual Return on the Charter Percentage of reactive repairs carried out in the last year completed right first time (Indicator 13) 84.12%.

Procurement Policy

- Shire Housing tenders all contracts frequently.
- Assessment of how contracts are delivered.
- Partnership working.
- Develop new innovative approaches.

Access to Service

- 24 Hour Repair Service.
- Three Hour Emergency Call Out. (New policy following feedback from tenants' panel increased from two hours).
- Dedicated Repairs Freephone Line.

Customer Satisfaction

All tenants following a repair have the opportunity to complete a satisfaction survey of their experience.

2.3 Asset Management

A clear understanding of the Associations assets is fundamental in ensuring long term viability. It is crucial for long term planning to have a good understanding of what individual properties are contributing to the overall business and their future funding requirements, to ensure that resources are used effectively and reduce the risk of longer term inefficiencies occurring.

Shire Practice

Stock Condition Surveys

- Independent stock condition survey every five years.
- Surveys continually undertaken to inform major repair component replacement timetable, eg contracts for renewing windows/doors, central heating, kitchens etc.

Improving Performance Management

- Reducing number of empty properties.

Demand Analysis

- Low demand for three bed flats – Internal reconfiguration to a two bed. (Six flats reconfigured which were long term empty from 2013, successfully let 2015/16.)
- Independent options appraisal Westgate House – 19 flats following structural repairs and low demand.

Planned Maintenance

- Tenants Choice – eg kitchen programme, tenants have the opportunity to select from a range of units, flooring, worktops, handles and colours.

2.4 Tenancy Sustainment

Shire Housing provides a dedicated Lettings and Housing Officer/Financial Inclusion Officer service. Every help and assistance is provided to prospective, new and current tenants to be able to sustain and enjoy their home.

Shire Practice

Regulatory Compliance

Scottish Housing Regulator Annual Return on the Charter Percentage of tenants satisfied with the standard of their home when moving in (Indicator 9) 100.00%.

Officer Assistance

- New tenancy settling-in visits.
- Debt Management – Financial Inclusion officer assists tenants to ensure income maximisation.
- Review reasons for tenancy terminations and work with customer and partners to sustain tenancies.

Tenancy Incentives

- New tenant decoration allowance
- Choice of flooring (identified cases) to assist prospective tenants to take up tenancy.

2.5 Services Provided

All services have a cost, paid from rental income, it is therefore important to consider what it actually costs to deliver a service. The Association carries out an annual review of the budget.

Shire Practice

Services

- Home visits
- Dedicated staff team
- Dedicated Welfare/Financial Inclusion Officer, free welfare benefits and income maximisation advice service for customers.

- Complaints handling
- Anti-social behaviour resolution.
- Property Factor – upkeep of estates and communal areas.
- Local office in Cumnock
- Various methods/options of rent payment, eg standing order, direct debit, post office, pay point, telephone via debit/credit card.
- Dedicated voluntary Management Board.
- Freephone Line – dedicated repairs Line.

External Agencies

As well as landlord services Shire Housing Association has close working relations with links to other external agencies and able to support tenants/customers, for example East Ayrshire Council, DWP, Universal Credit, Energy Efficiency, CAB, etc

Common Housing Register

Shire Housing Association participates in the Common Housing Register (CHR) with East Ayrshire Council, with a dedicated lettings officer.

Care and Repair Service

Shire Housing administers the Care and Repair service on behalf of East Ayrshire Council to owner occupiers.

2.6 Rent Affordability

The Association aims to ensure its customers receive value for money from the rent they pay. That the rent charge is easily understood and transparent, (refer Rent Policy) is comparable with other local landlords for the quality of services provided, whilst minimising future increases.

Percentage of tenants who feel the rent for their property represents good value for money (Indicator 29) 84.42%.

SHR National Panel of Tenants and Service Users

Feedback from the Panel indicates "Future Rent Affordability" as a concern. The SHR advises "landlords should consider tenants' ability to keep paying rent in the longer term when setting rents".

Key Findings from survey

Rents

1 in 3 had problems paying their rent in the past.

2/3rds had concerns about future affordability due to potential future rent increases, benefit changes, or changes to their income.

1 in 10 have had problems paying their rent in the past year.

Shire Practice

Value for Money

- Monitor value for money information from new and existing tenants, (surveys).

- Compare rents with other local providers.

Tenant Survey

- Undertake a survey with existing tenants to gauge if tenants feel their rent represents value for money as part of our tri-annual tenant satisfaction survey.
- Use exit surveys which lists high rent as a reason for termination of the tenancy.

Consultation Events

- Discuss with tenants the level of service they want.
- Provide options for different rent levels with clear information on what they mean for services and investment in homes.
- Provide feedback on the consultation process and show tenants how their views were taken into consideration.

The table below shows the average weekly rent for Shire Housing in 2016/17.

	Bedrooms			
	2 apt	3 apt	4 apt	5 apt
<u>Average Weekly Rent</u>	£65.94	£76.24	£86.39	£92.29

Table to be updated for 2017/18 average rent

Appendix 1 Comparable Rents with other Housing Association/LA

2.7 Future Viability

The link between Business Planning and Customer Service is crucial. The SHR published recommended practice in Business Planning December 2015; standard 3 “*RSL manages its resources to ensure its financial well-being and economic effectiveness*” is a key element of this strategy.

Organisations must assess that they can deliver their commitments to tenants based on future affordable rents and remain financially viable. Our key priority in respect of value for money is to;

‘Sustain financial strength and improve efficiency’

The table below shows the percentage of total spend for the year ending March 2017 compared to March 2016. This shows an improved performance in most categories together with higher investment in Major Repairs.

EXPENDITURE 2017 and 2016	2017	2016
MANAGEMENT & MAINTENANCE ADMIN COSTS	21.2	24.2
REACTIVE MAINTENANCE	18.8	21.2
MAJOR REPAIRS AND CYCLICAL MAINTENANCE	12.1	10.8
MAJOR COMPONENT REPLACEMENT	15.8	7.2
CARE & REPAIR	7.6	9.4
LOAN INTEREST	24.5	27.2
	100%	100%

The annual budget is reviewed in line with the strategic business objectives. This is further supported by the following key business considerations:-

Key considerations are:

- Financial Viability - is the organisation sustainable in the medium to long term.
- Rent Affordability - can the level of income generated support expenditure.
- Debt Affordability is the debt sustainable and affordable.
- Investment in Housing Properties – Is there adequate future investment in the stock.
- Service Delivery - can the service be maintained at required levels in the future?
- Performance & Efficiency - what areas of performance are working well, and what can be improved.

Shire Practice

Business Plan/Budget Review

- Annually the Board consider proposed budget assumptions, risk/sensitivity analysis and feedback from tenant consultation.
- Refer Appendix 2 – SHR Five Year Financial Projections

Business Analysis

Cost and performance analysis/benchmarking.

- Charter Returns to Scottish Housing Regulator.

Understanding cost and service delivery in detail.

- Members of Scotland Housing Network benchmarking group, analysis of performance against cost.

- Board reports contain key performance indicators and monitored by Board/Management Team.
- Performance Management strategy will link the Value for Money Strategy to the Business Plan objectives.

Spend analysis (procurement)

- All contracts re-tendered within specific timescales.

Understanding housing properties performance

- Knowing what properties are costing the business more than others, Stock condition surveys carried out.
- Westgate House – Ark consultants engaged options appraisal.
- Dalmellington – Three bed flats reconfigured.

Automating processes

- Investment in IT, Text messaging.
- Capita system health check and implementation plan.

Better partnership working

- Contract documentation clarifies responsibilities.
- Good working relations with external agencies, eg EAC.

Rationalising/streamlining the operating structure

- Office/staff restructure.

Treasury Management

- Making best use of resources.
- External appraisal of loan facility/treasury management policy.

Staff Engagement in Business Success

- Customer Service Excellence and Investors in People accreditation.

2.8 Wider Role

The Association will maximise income and resources available for both current and future planned activities. In doing so a review will be undertaken to ensure that the wider role activities align with the needs and wishes of tenants/customers and the Business Plan.

Shire Practice

Working Party

- Board and staff working party to identify wider role activities/projects that would benefit customers and their communities.

Partnership Working

- Work closely with the Local Authority to identify areas of business development they may be able to support, eg Website, Digital be Ready programme.

Return on Social Investment

The method of measuring and communicating a cost-benefit analysis that incorporates **social**, environmental and economic impacts. It is a way of accounting for the value created by our activities and the contributions that made that activity possible.

Customer Engagement

- The Association will consult and encourage participation in any wider role projects.

Scottish Housing Network (SHN)

- The Association will through the SHN benchmarking group aim to demonstrate the link between performance and cost through their VFM model.
- The Association will work to develop ways of measuring the achievement of VFM and return on social investment in delivering our services.