

TO:	Management Committee
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SUBJECT:	VALUE FOR MONEY STRATEGY 2024/25
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APPROVED BY:	Paul Martin (CEO)

# VALUE FOR MONEY STRATEGY

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## **1. INTRODUCTION**

- 1.1 The application of Value for Money (VFM) is fundamental to Milnbank Housing Association (MHA) operation and underpins the achievement of the Association's vision and values. MHA's commitment to achieving VFM is relevant to the following strategic objectives stated in the Business Plan 2023/26:

*1) To do what matters most for tenants, other customers, and the community.*

*2) To manage our assets and resources well, maximising investment in our housing and providing new housing at a time of rising costs and other challenges*

*3) To enhance the growth and development of MHA staff, while maximising the deployment of available technology as an integral part of our commitment to providing VFM and the highest standard of customer*

## **2. DEFINING VALUE FOR MONEY (VFM)**

- 2.1 VFM is about achieving the right balance between Economy, Efficiency and Effectiveness.

*Economy - the price paid for what goes into providing a service. It is also about minimising the cost of resources of an activity, whilst not losing sight of quality.*

*Efficiency - a measure of productivity considering how much you get out in relation to what is put in.*

*Effectiveness - a measure of the impact achieved or a measure of outcomes.*

- 2.2 This essentially means that MHA needs to assess the impact of all its costs to best meet all its stakeholder's needs by spending efficiently. VFM needs to be achieved economic, social impact and environmental sustainability benefits. This approach incorporates economic, efficiency, and effectiveness and the SHR's VFM standard, but also captures the vision and values of MHA.

## **3. REGULATORY & LEGISLATION COMPLIANCE**

- 3.1 The Scottish Housing Regulator (SHR) Regulatory Framework (2019) provides clear guidance on VFM and linking to rent affordability, to ensure our approach is both robust and appropriate. The SHR expects

housing associations to have a VFM Strategy and systems in place to ensure the strategy is being delivered.

- 3.2 SHR Standard 3.1 states "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".
- 3.3 The Scottish Government's Social Housing Charter, (2012) sets out standards and outcomes which RSLs should achieve. 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".
- 3.4 Section 4 below demonstrates how MHA achieve the above regulatory and legislative requirements.

#### **4. AIMS & OBJECTIVES OF THE VFM STRATEGY**

- 4.1 As the governing body, the Management Committee set the strategic priorities for MHA achieving VFM. The Management Committee will subsequently, on a regular basis, review these aims and objectives to ensure that MHA is achieving VFM. The is will be done as follows:

<b><u>MHA Customers</u></b>	<i>Tenants and factored owners express high levels of satisfaction with our services in all out main services areas.</i>
	<i>Tenants find our rents affordable and good VFM</i>
	<i>Customers receive a consistently high level of service from MHA.</i>
	<i>MHA has good knowledge about customers' expressed needs and priorities</i>
	<i>MHA deals promptly and fairly with customer complaints and seeks to learn from complaints.</i>
	<i>MHA makes increasing use of technology in our customer services.</i>
<b><u>MHA's Services</u></b>	<i>We continually seek ways to improve and make changes to our services.</i>
	<i>MHA's services and use of resources are responsive to tenants' priorities.</i>
	<i>VFM Indicators show that MHA is a high-performing organisation in comparison with our peers.</i>
	<i>MHA applies asset management good practice when making decisions about investment and work to our housing. This includes rigorous appraisal of all</i>

	<i>potential options for improving VFM and the potential benefits in alternative delivery models measure against MHA's purposes and objectives. Our rents are competitive and affordable and raise sufficient income to deliver high quality services and investment in tenants' homes.</i>
<b><u>MHA's people and organisation</u></b>	<i>Our staff work in an efficient and effective way and receive training and support to achieve this.</i>
	<i>Have performance management and scrutiny functions which are effective at driving and delivering improved VFM performance</i>
	<i>We make increasing use of modern technology to help us to work smarter and more efficiently, using tools such as automation and workflows.</i>
	<i>We make changes to our organisational structures to improve outcomes.</i>
<b><u>MHA's Resources</u></b>	<i>MHA remains a financially viable and sustainable business.</i>
	<i>We set budgets and control expenditure to achieve VFM.</i>
	<i>Our business processes avoid waste and are designed to facilitate efficiency and simplification where possible.</i>
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	<i>We get the best value when we are procuring works, goods, and services.</i>
	<i>We work in partnership with like-minded organisations to achieve better VFM.</i>
	<i>We seek to make efficiencies without compromising the overall quality of our services, to help keep rents affordable and support investment in tenants' homes.</i>

## **5. SUMMARY**

5.1 MHA's strategic framework is designed to ensure that all activity is considered, developed, and delivered through a VFM approach. This means that VFM will be woven into all supporting strategies and policies, committee reports, business plans, work plans and MHA's business strategic objectives, thus ensuring that VFM is considered at every level of the organisation.

5.2 MHA business strategic objectives are set out the high level principles and strategic direction for the Association. Customer and stakeholder engagement forms a key part MHA's VFM approach. This includes engagement with tenants, owners and other customers, funders, lenders, boards, local authorities, strategic partnerships, and regulatory bodies to ensure our strategies are delivering against VFM principles.

5.3 MHA business strategic approach to VFM during 2024/25 is as follows:

<i>We will hold conversations with our tenants to understand what their needs and priorities are, to inform decisions about where we should provide better VFM.</i>
<i>Improved performance achieved on VFM indicators where MHA's results are significantly poorer than our peer group (as stated in MHA key performance indicators).</i>
<i>Keep firm control over MHA's running costs and reduce non-essential expenditure, to maximise the resources available for investment in tenants' homes.</i>
<i>Seek opportunities for efficiencies in procurement costs through partnership working with other CCHAs.</i>
<i>Continue to implement the new MHA rent structure, which seeks to make our rents fairer and more consistent.</i>
<i>Develop a financial plan for covering MHA's operating costs and funding required investment in the housing stock. This will include a plan for future rent increases to bring MHA's current exceptionally low rents to a level that will bring MHA's income and costs into a more sustainable balance and continue to offer tenants good VFM.</i>
<i>Test rent affordability against the MHA benchmark which is that a working household (one full-time earner on the NLW) should not spend more than 30% of their net earnings on rent. In 2023/24, all MHA rents pass this test comfortably, which provides some headroom for the future increases that will be needed.</i>

(Appendix A provides details of areas where VFM will be examined during 2024/25).

## **6. EQUALITIES & HUMAN RIGHTS**

- 6.1 MHA aims to ensure that all services, including the delivery of the VFM Strategy, provide equality of opportunity. MHA will respond to the different needs and service requirements of individuals, and we will not discriminate against any individual for any reason outlined in Equality & Human Rights Legislation.

## **7. DATA COLLECTION**

- 7.1 MHA will manage all personal data in accordance with our obligations under the GDPR regulations and the Association's Policy.

## **8. MONITORING & REVIEW OF STRATEGY**

- 8.1 The VFM Strategy will be reviewed by the Management Committee annually in line with the Business Plan updates, or as otherwise deemed necessary.

**APPENDIX A**

**VFM FOCUS 2024/25**

VFM ACTIVITY	DETAILS	REPORT TO	COMPLETION DATE
<b>Tenant Satisfaction</b> with MHA services	MHA conduct a comprehensive face to face and/or telephone TSS to at least 40% of tenants across the community.	Management Committee	Feb. 2025
<b>Benchmark MHA's performance</b> against other housing providers	Using the ARC information from the SHR's website, benchmark MHA's performance against peer groups and against East End peer groups. These covers: <ul style="list-style-type: none"> <li>●Efficiency (repair service, voids, tenancy offers, staff absence).</li> <li>●Financial (staff costs, rent collected, arrears due, void loss).</li> <li>●Value to the customer (Tenant overall satisfaction, rent is VFM, SHS, EESSH, satisfaction quality home, tenancies sustained)</li> </ul>	Management Committee MHA residents (website & annual report)	Aug. 2025 From Sept. 2025
<b>Benchmark MHA's costs</b> against other housing providers	Using the ARC information from the SHR's website, benchmark MHA's costs against peer group. These covers: Turnover & debt cost per unit, staff costs, surplus/deficit, and management & maintenance costs.	Audit & Risk Sub-Committee.  MHA residents (website & annual report)	March 2025 June 2025 Nov. 2025  From Sept. 2025
<b>Benchmark MHA's rent levels and rental comparisons</b>	MHA's rent levels are one of the lowest in Scotland when compared against other housing providers peers and national averages. The MC will continue to monitor rent	Management Committee	February 2025

	levels and comparisons as part of the Rent Strategy 2025/26.		
<b>Organisational Re-structure</b> & on-going monitoring	As highlighted in the Business Plan and supporting Work Plans, key areas will be examined during the financial year to ensure that VFM is demonstrated. Reports will be presented to the relevant committee meeting to provide supporting details of any proposed changes.	Governance Sub-Ctmm. Management Committee	On-going until Dec. 2025
<b>Partnership Working</b>	The financial pressures facing MHA mean that we will continue to be identifying further suitable opportunities for partnership working as a possible route for achieving efficiencies that can be re-invested in achieving our core landlord objectives. (Examples include joint gas servicing procurement with 2 local HA's)	Maintenance/Dev. Sub- Committee  Management Committee  MHA residents	On-going until Dec. 2025
<b>Annual rent increases</b>	<p>Whilst keeping to our guiding principles for applying annual rent increases and being mindful of the cost-of-living pressures, MHA's future cashflows will need to be strengthened with rental income sufficient to cover operating costs.</p> <ul style="list-style-type: none"> <li>●As with the last financial rent increase, the 2025/26 rent increase will need to take the above into consideration.</li> <li>●Work on seeking efficiencies in our costs will continue for the foreseeable future with the MC reviewing reports monthly.</li> <li>●Any agreed changes to the above will be incorporated into Year 3 of MHA Business Plan review (2025/26)</li> </ul>	<p>Management Committee MHA tenants</p> <p>Budget Briefing Session</p> <p>Management Committee</p> <p>Management Committee</p>	<p>Feb. 2025 Feb. 2025</p> <p>Dec. 2025</p> <p>Dec. 2025</p> <p>April 2025</p>



<p><b>Rent Restructuring</b> exercise</p>	<p>The above did not alter global income, it rationalised rent charges so that rent levels for individual properties of the same size and sharing the same characteristics were set in a fair and consistent way.</p> <p>As part of the Rent Strategy 2025/26, a report will be provided to show the results of the first year of implementation.</p>	<p>Management Committee</p>	<p>October 2025</p>
<p><b>Rent Affordability</b></p>	<p>As part of the Rent Strategy 2025/26, an exercise will be undertaken to ensure that MHA tenants pass the 30% rent to income test as this affordability measure provides better VFM.</p>	<p>Management Committee</p>	<p>February 2025</p>