

Value for Money (VfM) Strategy

Document Control

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| Reviewed by | Board | | | |
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| Associated Documents Considered | Yes | <input checked="" type="checkbox"/> | No | <input type="checkbox"/> |

Associated Documents

This document should be read in conjunction with:

- Business Plan
- Asset Management Strategy

1. Introduction

- 1.1. Waverley Housing (WH) aims to provide high quality and affordable housing whilst contributing to the broader regeneration of sustainable communities.

WH do this through engaging with the tenants and working in partnership with key stakeholders to create neighbourhoods where people want to live today and in the future.

Value for money is key to delivering this aim. This Value for Money (VfM) Strategy supports the Business Plan, and guides the approach to asset management. As such, the strategy is not an isolated document but part of a wider aim to continually improve, and enhance, what WH does by embracing innovation and new technologies, whilst managing external influences.

2. Scope of the VfM Strategy

- 2.1. This strategy sets out Waverley Housing's approach, and its key commitments to delivering a comprehensive, and transparent approach to the achievement of value for money.

3. VfM – The Standard

- 3.1. It is recognised that achieving value for money, means that the company must maintain a robust assessment of the performance of all our assets, and resources. In practice, this means that resources must be managed **economically** - minimising the cost of resources used or required (inputs), **efficiently** - the relationship between the output from goods or services, and the resources to produce them, and **effectively** - the relationship between the intended, and actual results of spending (outcomes), and to provide homes and services of quality in line with business objectives. It also means that WH must plan its activities, and continually assess its performance, so that it can deliver on-going improvements in everything it does. To achieve this Waverley Housing will:

- 1) Have a robust approach to making decisions;
- 2) Have performance management, and scrutiny functions, which are effective;
- 3) Understand the resource requirements of delivering specific services;
- 4) Adopt a differentiated Risk Management Strategy;
- 5) Pursue efficient and effective procurement;
- 6) Measure performance against Key Performance Indicators.

On an annual basis, WH will show how it is are achieving value for money within the Annual Report on the Charter.

4. VfM – Our Commitment

- 4.1. Waverley Housing is committed to ensuring that there is a comprehensive, and strategic approach, to achieving VfM and that all activities, are undertaken in support of the company's business plan objectives.

The Waverley Housing approach to VfM will be based upon:

- 1) Clear analysis of the work, and tasks, to be undertaken, and costs involved;
- 2) Presenting Options Appraisals where necessary;
- 3) A properly resourced implementation plan;
- 4) A proportionate attitude to risk;
- 5) The task based establishment of an appraisal, monitoring and evaluation framework;
- 6) Quality assurance achieved through tenant satisfaction surveys and other feedback from customers and staff; and
- 7) Meeting agreed deadlines and timescales.

5. VfM – Making it Happen

5.1. To enable the achievement of VfM Waverley Housing will:

- 1) Make careful decisions about how it allocates resources;
- 2) Do things right first time;
- 3) Undertake targeted service reviews and internal audits;
- 4) Ensure consistency in all procurement activities;
- 5) Set ambitious, and realistic, targets;
- 6) Provide clear accountability for performance in all of its activities;
- 7) Undertake regular scrutiny of performance and timely corrective action;
- 8) Explore the sector, and beyond, for good practice;
- 9) Monitor outcomes, to ensure that planned benefits are realised.

6. Tenants and Residents

6.1. Waverley Housing acts in the best interests of its tenants. For VfM to be effective, the role of tenants is clearly pivotal. In particular, tenants' involvement and participation will be sought in:

- 1) Establishing affordable rents;
- 2) Establishing and maintaining relet standards;
- 3) Establishing satisfaction thresholds and tolerances;
- 4) Acting as a scrutiny panel across selected areas of business;
- 5) Monitoring key service standards and Key Performance Indicators (KPIs);
- 6) Participating as member directors on the Board of Waverley Housing.

Tenant scrutiny will be invaluable through the investigation of service delivery activities.

7. Staff

- 7.1. The responsibility for VfM lies with all staff, and is not restricted, to those with resource or financial responsibilities.

The company is committed to optimising systems, and processes, to improve productivity and free up staff to add value to service delivery, and other important areas of the business.

Waverley Housing staff are focused on achieving best value and value for money, and in delivering the highest quality of services, to customers. Where action is required, the staff team will seek to:

- 1) Capture, and present, timely and accurate performance information;
- 2) Reduce costs and outgoings;
- 3) Secure savings through procurement and supply chain options;
- 4) Increase productivity;
- 5) Implement corrective action.

8. Audit & Internal Control Committee (AICC)

- 8.1 In order to ensure that the company achieves Value for Money, Waverley Housing has an established Audit and Internal Control Committee (AICC). The responsibilities of the AICC are contained within the Scheme of Delegation, and are specifically outlined, in the AICC Terms of Reference.

The AICC Terms of Reference, include a Scrutiny Role in respect of the Upper Langlee Regeneration Programme. These additional criteria are set out in the Scheme of Delegation.

Core functions of the AICC are to:

- 1) Monitor the integrity of the financial statements of the company, including its monthly and annual reports, interim management statements and any other formal announcements relating to its financial performance, reviewing significant financial reporting issues, and judgements, which they contain;
- 2) Review summary financial statements, significant financial returns to the Scottish Housing Regulator and any financial information contained in other associated documents;
- 3) Review and challenge, where necessary, the consistency of, and any changes to, accounting policies both on a year on year basis and across the company;
- 4) Review and challenge the methods used to account for significant or unusual transactions, where different approaches are possible;
- 5) Review and challenge, whether the company has followed appropriate accounting standards, and made appropriate estimates and judgements, taking into account the views of the external auditors;
- 6) Review and challenge, the clarity of disclosure in the company's financial reports, and the content in which statements are made; and
- 7) Review and challenge, all material information presented with the financial statements, such as the operating and financial review and the corporate

governance statement (insofar as it relates to the audit and risk management).

9. The Scottish Housing Regulator (SHR)

9.1. WH is required to comply with the SHR's Regulatory Standards of Governance and Financial Management. The revised regulatory framework was introduced in April 2019.

There are seven regulatory standards:

- 1) The governing body leads and directs the RSL to achieve good outcomes for its tenants, and other service users.
- 2) The RSL is open and accountable for what it does. It understands and takes account of the needs, and priorities, of its tenants, service users and stakeholders. Its primary focus is the sustainable achievement of these priorities.
- 3) The RSL manages its resources to ensure its financial well-being and economic effectiveness.
- 4) The governing body bases its decisions on good quality information and advice, and identifies and mitigates risks, to the organisation's purpose.
- 5) The RSL conducts its affairs with honesty and integrity.
- 6) The governing body and senior management the skills and knowledge they need to be effective.
- 7) The RSL ensures that any organisational changes or disposals it makes safeguard the interests of, and benefit, current and future tenants.

10. How WH report on Value for Money

10.1. Key Performance Indicators (KPIs) are an integral part of Waverley Housing's performance management framework, and Value for Money Strategy. They sit behind the Business Plan, linking the day-to-day activities of the organisation, to its strategic objectives. As such, Waverley Housing's KPIs:

- 1) are a simple, transparent measure of performance for board members, staff, customers, regulators and other stakeholders;
- 2) reflect the priorities of the organisation for monitoring;
- 3) provide the organisation with challenging, but realistic targets, derived from our own performance, and consideration of benchmarking figures available in relation to other RSLs performance; and
- 4) are reviewed mid-year to ensure that they remain challenging and appropriate in a changing environment.

10.2. It is proposed to continue to monitor 15 KPIs during 2021/22 as these are considered to remain WH's priorities, and in the main, link in to the Annual Return on the Charter (ARC) performance reporting requirements.

The KPI's to be monitored are:

- 1) Net Housing Debt per Unit
- 2) Asset Cover - Basis I (Value of assets under basis I to the total outstanding debt).

- 3) Ratio of Net Operating Surplus (excl. Housing Stock Depreciation) to Net Interest Payable.
- 4) % of stock vacant and available for let (reflects deduction of o-o-m properties in Beech Avenue, Galashiels).
- 5) Rent lost due to voids available for let as a % of total possible rental income.
- 6) Average time (in days) taken to relet an empty house - "normal void" (excludes low demand and unavailable for let).
- 7) Non-technical Rent Arrears as a percentage of rent due for the reporting year.
- 8) Former Tenant Rent Arrears as a % of rent due for the reporting year.
- 9) Percentage of properties that require a gas safety record which had a gas safety check and record completed by the anniversary date.
- 10) % of reactive repairs carried out in the year completed right first time.
- 11) Percentage of properties meeting the EESSH (Energy Efficiency Standard for Social Housing).
- 12) Percentage of tenants who have had repairs or maintenance carried out in the last 12 months satisfied with the repairs and maintenance service.
- 13) Percentage of tenants satisfied with the standard of their home when moving in.
- 14) Sickness Absence.
- 15) Operating Income to Operating Expenditure plus finance costs.

10.3. Annually the Board of Waverly Housing provide for:

- 1) A Statement of Comprehensive Income (including Income and Expenditure Account);
- 2) A Statement of Financial Position;
- 3) A Statement of Cash Flows;
- 4) Current Liquidity; and
- 5) A Capital Structure and Treasury Policy.

10.4. Each year Waverley Housing provides an Annual Assurance Statement to the Scottish Housing Regulator. The Annual Assurance Statement must either confirm that the governing body/committee is assured that the landlord is complying with all relevant regulatory requirements and standards or highlight any material areas of non-compliance, and how the landlord will address these.

The AAS is an additional tool in the Waverley Housing approach to VfM. The company has adopted a toolkit which looks at the following factors as prompts:

- 1) How do we know we are complying?
- 2) Are we confident that we receive good quality performance information that enables us to understand how effectively we are achieving our objectives?
- 3) Are we confident about the information we receive/are there gaps?
- 4) Is our approach consistent with our obligations/requirements? How do we know?

- 5) Do we benchmark our performance with other social landlords?
- 6) On what issues have we had complaints from tenants/services users? Are there any significant trends?
- 7) How do we use internal audit to support us? How do we decide which areas internal audit should focus on?
- 8) How do we decide if any further external assurance or analysis is required?

11. Review Period

11.1. The review period for The Value For Money Strategy will be 5 years.