



Forgewood
Housing Co-operative Ltd

Value for Money Policy

March 2024

POLICY IMPLEMENTATION CHECKLIST	
Policy Guardian:	PAUL MURPHY
Author:	EVH
Approved by Director:	19 March 2024
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Diversity compliant:	YES
Equality Impact Assessment:	LOW
Data Protection compliant:	YES
Health & Safety compliant:	YES
Procedure implemented:	YES
SDM system changes made:	N/A
Training Completed:	
Posted on Sharepoint:	
Posted on website:	

Policy:	Value for Money Policy
Date:	March 2024
Lead Officer:	Director
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Regulatory Standard 1:

The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.

Regulatory Guidance:

1.1 The governing body sets the RSL's strategic direction. It agrees and oversees the organisation's business plan to achieve its purpose and intended outcomes for its tenants and other service users.

Regulatory Standard 2:

The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities.

Regulatory Guidance:

2.4 The RSL seeks out the needs, priorities, views and aspirations of tenants, service users and stakeholders. The governing body takes account of this information in its strategies, plans and decisions.

Regulatory 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.

Regulatory Guidance:

3.4 The governing body ensures financial forecasts are based on appropriate and reasonable assumptions and information, including information about what tenants can afford to pay and feedback from consultation with tenants on rent increases.

Housing Charter:

Outcome 13 – Value for Money

Social landlords manage all aspects of their businesses so that:

- tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.

Outcomes 14 & 15 – Rents and Service charges

Social landlords set rents and service charges in consultation with their tenants and other customers so that:

- a balance is struck between the level of services provided, the cost of the services, and how far current and prospective tenants and service users can afford them
- tenants get clear information on how rent and other money is spent, including details of any individual items of expenditure above thresholds agreed between landlords and tenants.

Forgewood Housing Cooperative will provide this policy on request at no cost, in large print, in Braille, in audio or other non-written format, and in a variety of languages.

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Introduction

1. Value for Money (VFM) is a complex issue in social housing: outcomes are often subjective and intangible. Tenants are the primary focus for both Forgewood Housing Cooperative (FHC) and the Scottish Housing Regulator (SHR). Whilst this is the case, however, FHC and those tenants involved in decision-making have to recognise and balance diverse value perspectives by a broad range of stakeholders that extend beyond tenants.
2. Our understanding of what VFM means:
 - Delivering maximum value to tenants while minimising costs – this requires an understanding of tenants’ definition of value and focusing on the right things;
 - Providing a high quality service which meets the needs and expectations of our tenants as efficiently and cost effectively as possible. Although keeping costs and wastage low is a crucial element, we believe that it’s not just about the bottom line at any cost as effectiveness and responsiveness are crucial;
 - Making the best use of our resources - working effectively and efficiently while maintaining, and improving the service to our tenants and other service users;
 - Making the relationship between service costs and service levels as transparent as possible so that tenants can understand what is driving the rent and whether VFM is achieved.
3. Research carried out in 2015¹ and 2017² suggests that VFM judgements are influenced by a range of factors:
 - Rent affordability;
 - Quality of home;
 - Quality of services such as repairs/maintenance;
 - Capital investment in tenants’ homes;
 - Size of annual rent increases;
 - How rent compares with others.
4. At the time of writing this policy FHC is conducting a large scale tenant satisfaction survey. That survey contains questions on VFM that will provide a local insight into the factors that FHC tenants prioritise when making a VFM

¹ How do you know if you are providing value for money?: Defining, managing and demonstrating Value for Money in Scotland by The Chartered Institute of Housing Scotland, 2015.

² National Panel of Tenants and Service Users: 4th Year Report by C. Thornton on behalf of the Scottish Housing Regulator, 2017.

judgement. This policy will be revised in March 2020 to reflect the results of that survey.

5. As FHC tenants' VFM priorities become clearer we will gain greater insight into whether or not most tenants feel that VFM should embrace the needs of future tenants and communities in general. This will help us understand potentially conflicting stakeholder expectations.

Aims of the Policy

6. This Policy aims to set out the principles of FHC's approach to managing and demonstrating VFM, more specifically:
 - Working with tenants and other stakeholders to establish what they value and using this to articulate FHC's VFM definition;
 - Measuring and reporting on our performance on VFM in a way that reflects tenant and other stakeholder value priorities;
 - Rent affordability;
 - Quality of the homes we provide;
 - Quality of services and tenant satisfaction;
 - Effective use of procurement;
 - Smart working to improve VFM service quality.

Defining Value for Money

7. Achieving VFM requires us to be clear about our purpose and role, which stakeholders we produce value for, and to define (in association with stakeholders) what value and therefore VFM means locally.
8. The Introduction section of this policy lays out our current understanding of what VFM means and what the influencing factors on it are. However, this requires further work in order to define VFM at a more local level.
9. The section of Scottish Social Housing Charter (the Charter) entitled 'Getting good value from rents and service charges'³ emphasises the link between what tenants pay and what they get in return from us. This forms the basis for the Scottish Housing Regulator's perspective on VFM which is primarily tenant-focused.
10. We will engage with tenants and other service users to establish their VFM priorities and this will be used to inform our definition and focus for VFM.

³ The Scottish Social Housing Charter by The Scottish Government, 2017. Available at: <https://www.gov.scot/publications/scottish-social-housing-FHCrtter-april-2017/>

11. Through our normal activities, we will engage with other stakeholders to identify how we can further deliver value and consider this in how we define VFM.

Measuring and Reporting on Value for Money Performance

12. Once VFM has been clearly defined at a local level, we will identify cost and performance measures that can be used to demonstrate our VFM performance.
13. Our VFM performance measurement and reporting will reflect the tenant and other stakeholder priorities that are identified.
14. We will make every effort to utilise existing data sources in order to avoid using additional resources to service VFM reporting.
15. Outcomes 14 and 15 of the Charter call for rents to be set that strike a balance between the levels of service provided, the cost of services and how affordable they are to tenants. Content and formatting for reporting on VFM performance will be developed in consultation with tenants and will include an analysis of:
 - Rent affordability and rent level comparisons with other social landlords;
 - Service output results against the Charter and other relevant activity;
 - Service provision costs;
 - Customer satisfaction and feedback results.
16. We recognise the importance of VFM reporting as part of annual rent setting consultations. We will therefore issue an Annual VFM Statement to tenants before or during the annual rent setting consultation process. The frequency and format of additional VFM performance reporting will be determined in consultation with tenants and other stakeholders.
17. We prepare annual budgets based on what resources we think we will need to deliver our business plan outcomes. We review our performance against these budgets throughout the year as part of our financial and risk management. Performance against our budgeted expenditure will feature in the Annual VFM Statement.

Rent Affordability

18. We aim to provide homes and services that represent value to tenants for the rent they pay.

19. We aim to offer rents at a level that tenants can afford to pay that provide an income to FHC that will fund services and future investment in the homes we provide.
20. Our financial planning is based on appropriate and reasonable assumptions and information, including information about what tenants can afford to pay and feedback from consultation with tenants on rent increases.
21. We think that the approach to VFM presented in this policy will support:
 - Tenants and others in assessing if FHC is well run and if they are getting value for the rent that they pay;
 - Meaningful discussions between FHC and tenants about performance, rent levels, service levels, and future plans.
22. We will include questions on rent affordability and VFM in all large-scale tenant satisfaction surveys we conduct every two to three years.
23. We will also consult with tenants on how affordable rent levels are as part of our annual rent setting process.
24. Our consultation process with tenants on the annual rent setting process will include more than one proposed rent setting option, including information on the likely service provision implications of each option.
25. The results of rent affordability feedback we obtain and how our rent levels compare with other social landlords will be published annually and will form an important part of our decision-making process about future rent levels.
26. We will present our performance on rent affordability and rent levels in a way that compares our performance with other social landlords where reliable data is available to support this.

Quality of the Homes We Provide

27. We are committed to maintaining the homes we provide through a reactive, cyclical and planned maintenance regime.
28. We will continue to have target response times for reactive maintenance that compare well against the best performers in our sector.
29. We have a target to survey the condition of all our homes every five years in order to have a reliable basis for estimating when major components such as roofs, windows, kitchens, bathrooms, etc, will require replacement. We obtain expert advice from consultants on the estimated cost of replacing these components and use this data to help us predict the income we need to generate in order to take these contracts forward in the future.
30. To complement our reactive and major repairs service, we also deliver regular cyclical maintenance programmes in order to protect the safety of tenants (e.g.

through gas and electrical safety testing) and extend the lifetime of existing components.

31. We are committed to achieving the Energy Efficiency Standard for Social Housing by the deadline of December 2020.
32. All properties we let are inspected and repaired in order to meet the re-let standard we have agreed with tenants – this includes all necessary safety tests to protect the safety of tenants.

Quality of Services and Tenant Satisfaction

33. We aim to provide an excellent standard of service.
34. We have performance measurement systems in place to help us monitor our compliance with the Housing Charter and we compare our performance against that of other social landlords.
35. Our performance measurement systems allow us to monitor our performance levels and those of the contractors that deliver services on our behalf. We review and evaluate this performance information regularly with our people with the aim of continuously improving services.
36. We obtain comprehensive tenant satisfaction results at least every three years and publish these results for stakeholders to review. Areas requiring improvement as a result of feedback obtained are prioritised to reflect service areas valued most by tenants.
37. We conduct monthly satisfaction surveys with a sample of tenants who have recently used our reactive repairs service and we use these results to identify trends and keep improving.
38. We record all service complaints received and respond within agreed timescales of either 5 working days (for straightforward frontline complaints) or 20 working days (for more complex complaints). We review the results of the complaints we receive in order to identify lessons we can learn from this feedback.
39. We meet regularly with Tenants to review our performance and consult on planned service/policy Changes and our plans for the future.
40. We regularly report on our performance via a quarterly tenant newsletter and our website.

Effective Use of Procurement

41. Procurement is a high value activity for FHC that has a critical impact on our performance and success. Obtaining value for money through our procurement processes is therefore of paramount importance to the association and our customers.

42. We will meet all legal requirements to best practice standards to ensure all procurement activities and open, transparent and ethical.
43. We will maximise VFM through effective commissioning of goods and services we procure through:
 - the effective programming and packaging of contracts;
 - using relevant technical expertise to ensure thorough specification detail;
 - partnering with other organisations in order to benefit from economies of scale;
 - sharing services where we can to reduce cost and risk;
 - continually reviewing our processes and services to meet the evolving needs of our customers;
 - reviewing the risk from tendering activities.
44. We will ensure our suppliers deliver what they promise, where they fall down on those promises we will hold them to account.
45. We will encourage our suppliers to provide innovative solutions.
46. We will communicate the benefits of our tendering process through our Annual VFM Statement.

Smart Working to Improve VFM Service Quality

47. We regularly review the effectiveness and efficiency of how we deliver services using process mapping and other techniques.
48. We have started using peer group cost benchmarking to review the cost of delivering our services and will use this as a tool to drive further improvements in the way we work and the value we deliver to tenants.
49. We are a member of North Lanarkshire Council's common housing register that improves access to social housing for a wide range of landlords via a single application process.
50. We regularly review the content of our website and social media offering with the aim of providing greater access to our services for all service users and potential service users.
51. We will review our e-commerce strategy in 2020 in order to seek efficiencies from the technology we use and improve accessibility to our services.
52. We have a Community Facility in Forgewood that provides multi-agency service provision to the Forgewood community under one roof. Service outcomes from this activity will focus on personal wellbeing, addressing poverty and improving employment opportunities.

Review

53. This policy will be reviewed in March 2029.

Approved by the Committee of Management on:	
Signed:	Signed:
FHC Chairperson	Director