



Value for Money Strategy

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1. Foreword

ng homes business plan sets out our vision to be a leader in excellent housing and community services, and to create and sustain vibrant communities. All our internal strategies exist to deliver on this vision and the strategic aims that should support it.

This Value for Money Strategy provides ng homes with a framework to ensure that we deliver the best possible outcomes for tenants and other service users from every pound we spend both through external procurement and within the organisation. It supports the delivery of our overall corporate objectives within the regulatory and legislative environment that the association operates in.

The procurement of goods, works and services has a fundamental impact on the success and service delivery of any organisation and particularly for a community-based organisation like ng homes.

The Procurement Scotland Regulations (2016) outlined a series of obligations and requirements for the association and this strategy seeks to address these. We will do so by ensuring any procurement undertaken is mindful of the needs of SME's, the delivery of wider community benefits and ensures procurement is delivered sustainably, ethically and in line with Equality & Diversity regulations. This strategy outlines how, through application and monitoring of our procurement practices, best value can be delivered and highlights the areas we will focus on and how we will measure progress and success.

Scottish Procurement



Scottish Model of Procurement



2. Introduction

ng homes commitment to Value for Money is driven by the desire to deliver the best possible outcomes for our customers from the resources and assets available to the association. To support our value for money vision we strive to be an organisation with a full understanding of the cost, effectiveness, impact, and demand for our services, informed by our knowledge of the community and customer needs.

Through our Value for Money approach, we are committed to achieving excellence in our procurement activities, and to do so in an effective, efficient, ethical, and sustainable way which delivers local economic, environmental, and social benefits.

3. Current group structure and procurement

ng homes was formed in 1976. We currently have over 5,400 homes within our ownership, ranging from high rise multi storey blocks to terraced and detached houses. We employ approximately 180 staff members and our turnover in 2021- 2022 was over £26 million. We operate in the Possilpark and Springburn areas of Glasgow. The group structure includes:

3.1. ng2

A 100% owned subsidiary company ng2 is a social enterprise delivering services direct to the community. Since its establishment in 2010 ng2 has grown and diversified to provide a wide range of environmental and facilities management services.

ng2 has grown to employ about eighty people and has an annual turnover of about £4 million; ng2 has two registered Directors – one senior ng homes manager (DCEO) and one ng homes Board member. A further three ng homes Board members and two independents are represented on the ng2 Board.

ng2 is an important part of ng homes strategic delivery plans; we anticipate continued growth for ng2 aligned to ng homes planned investment programme. ng2 has a significant role to play in helping ng homes to sustain tenancies, deliver value for money and ultimately reduce the pressure on rents through cost/VAT savings for the Association.

3.2. ng property (Scotland) Ltd

ng property provides property factoring services to owners. This factoring role increased dramatically with the GHA stock transfer in 2011 and the subsidiary now provides services to about 1,300 owners. There is no direct employment in this subsidiary; rather ng homes provide staff support services. Turnover to 31 March 2022 was £493k.

ng property (Scotland) Ltd has three registered Directors - the ng homes DCEO, Director of Housing and the Investment Manager. A further 4 ng homes Board members and two independent members are represented on the ng property Board.

3.3. Design Services Glasgow Ltd

This subsidiary company acts as agent for new design and build housing, enabling VAT to reclaim on consultant's fees. Activity has been minimal in recent years. Turnover to 31 March 2022 was £20k.

The Association's stock and range of services has grown over the years but our focus on quality services and value for money is among our prime objectives. The Association is a member of Housemark, the benchmarking organisation, and is developing the use of its techniques for benchmarking the cost, efficiency, and effectiveness of our services. There is ongoing procurement reviews for all significant areas of expenditure. Within our financial planning, the Association has made a commitment to limiting rent increases to ensure rents remain affordable.

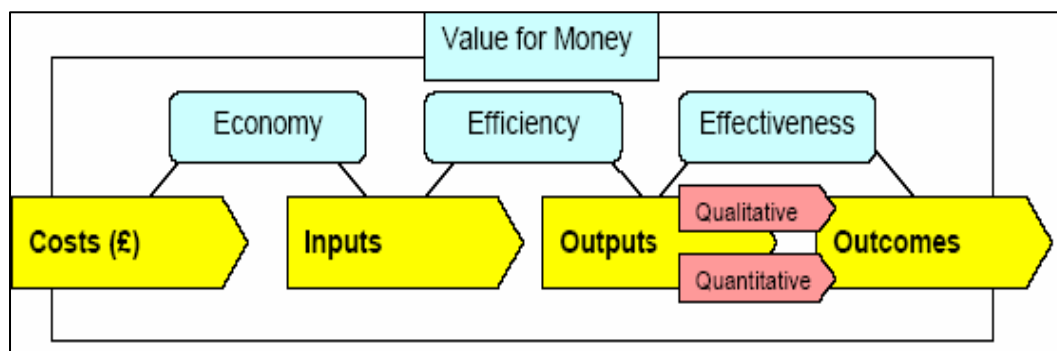
Our most significant recurring expenditure on an annual basis is the contract for day-to-day repair works. The average spend per annum is over £2 million. The current contract for these works was procured through a competitive tendering process via an OJEU tender.

Not all of our purchases of goods and services are high-value, and our procurement procedures encompass a range of potential routes including selective tendering, framework agreements, using existing external procurement frameworks, quick quote, or desk-based comparison etc. with the route selected depending on the value of works, goods or services being procured. Recent procurements have included electrical rewiring, roof repairs, external audit, and legal services and resulting in savings to the Association.

4. Value for money – strategic direction

4.1. Developing a VFM approach for ng homes

For ng homes value for money means delivering the best possible outcomes for our customers using the resources available to their maximum effect. The commonly used definition of VFM are the three components of economy, efficiency and effectiveness demonstrated within the following diagram:



Economy is the price paid for what goes into providing a service, for example; the annual cost of a Housing Officer, the rent per square metre of office accommodation, the cost paid for specific repairs. Economy is also about minimising the cost of resources for an activity (doing things at a low price or achieving the best price or highest income for delivering a service) and therefore has a direct linkage to the procurement strategy outlined before.

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

For example, the efficiency of services such as rent collection may be measured by the cost of the service compared to the rent roll. Similarly, tenant participation costs may be expressed as an annual sum amount per resident. Efficiency is primarily associated with the process and delivery of procurement, i.e. performing tasks with reasonable effort 'doing things the right way'.

Effectiveness is a measure of the impact achieved and can be quantitative or qualitative. For example, increasing the number of homes that ng homes has available to let, by reducing the time taken to renovate void property, in so doing reducing rent loss (quantitative); satisfaction levels among different sections of the community with community involvement arrangements (qualitative), and so on. Outcomes should be equitable across communities, so effectiveness measures will include aspects of equity. Effectiveness is associated with the outcomes for our customers.

4.2. Overview of VFM strategy

Obtaining value for money is a priority for the Association. The ability to demonstrate to all our key stakeholders that value for money is being achieved and provide the evidence is therefore important. We review on an on-going basis the performance and delivery of our service against our business plan objectives, as value for money is about effective delivery of our plans, as much as about cost.

The aims of the VFM Strategy are:

- Maximise the resources and income available to the Association
- Working within agreed guidelines
- Deliver the best price/quality procurement of services and capital programmes
- Deliver a cost-effective housing management service that gives high levels of resident satisfaction
- Maintain all homes economically and efficiently ensuring they provide a positive future cash-flow over the long term
- Deliver the best price/quality on management and maintenance
- Deliver the best price/quality for the procurement of goods and services
- Compare our price and quality with others.

Value for money is not about achieving the cheapest price for our services, but about providing the highest quality service for our residents at the best price.

5. Programme to achieve value for money

5.1. Value for money programme

A value for money programme aims to ensure the delivery of quality services, not lowest price tendering. The Association will develop the capacity to make appropriate choices between different service delivery models and to be able to implement change across these successfully.

We will apply the "4 C's ethos" to each function of the group i.e. to:

- challenge why and how a service is being provided
- compare with others' performance;
- consult with service users and the key partners;
- competition as a means of securing efficient and effective services in procurement.

Challenge and comparison

Continue to develop our understanding of where we are currently through benchmarking and our tenant satisfaction surveys).

Continue to develop the use of service inspections and internal audit including working with our tenant and owner focus groups.

Ensure VFM is properly monitored through receiving reports, approving tenders, directing strategic direction, and questioning expenditure.

VFM audits will be undertaken as directed by the Board or Audit Committee.

To develop the processes and reports to allow comparisons on performance against our track record and that of our peers.

Review policies and procedures to ensure they support cost and performance review.

Continue to maintain a system with budgetary lines of responsibility supported by strong financial reporting and management.

Support and participate in sector wide initiatives to develop benchmarking and reporting of such.

Consultation

VFM is an element of our business planning process. We will develop our consultation process with key stakeholder groups.

We will develop VFM partnerships with neighbours or peer organisations.

We will consult with tenants on any proposed changes to ensure effectiveness is maintained.

Staff will be encouraged to come up with ideas that will enhance service to residents.

Competition

Our Procurement strategy will promote best value purchasing, creating competition on both quality and price criteria.

The Association will ensure a systematic and regular approach to re-procurement of its services, challenging our suppliers to maintain competitive rates.

We will ensure there is training and support to promote best practice in procurement processes and staff are aware of the organisational policies in place.

Planned *procurements* during recent years have been impacted by restrictions to our services due to the Covid-19 pandemic. Investment programmes have experienced delays resulting in procurements not proceeding. In addition, some existing contracts have been altered, extended and/or re-procurement delayed due to the impact of Covid on our

services.

6. Value For Money – reporting the outcomes

The Association will record the processes towards achieving value for money and be able to demonstrate VFM through the actions as outlined above. This would include clear procurement processes, good financial reporting structures and budgetary ownership, performance data and a structured programme for reports on value for money.

Whilst our VFM focus and activities will be on-going, the Association will report to the Board on our progress at appropriate points in our annual calendar (Business Planning, budget-setting etc.), and we will highlight VFM achievements to tenants in our newsletters and other documents.

Detail on the output from the SFHA rent affordability model is reported each year and the KPI scorecard is reported quarterly. This information is distributed in various documents with an enhanced level of detail and put on the website.

In relation to the rent affordability output, for newly let properties the rents were mostly green coded with only those for single people making it into amber. For the average rents this remained the case with a lower level of percentages calculated.

For the scorecard a range of results are produced on both satisfaction levels and financial performance. While there will always be variances on the individual sample who provide responses in any one year, it is heartening to see that one of the main questions of how satisfied with the Associations overall performance resulted in a score close to 95%.

7. Procurement delivery

We have to deliver our programme of planned investment in our assets. The scale of our activity is such that as a contracting authority, we must comply with the Procurement Reform Act 2014 as the Association will be procuring a number of Regulated Contracts (contracts for Goods and Services over £50,000 and Works over £2,000,000).

For all regulated procurements, the Association follows the Scottish Model of Procurement, and will ensure that the most appropriate procurement route is selected to meet business needs and maximise VFM. For all regulated procurements, our strategy is to ensure:

- All relevant economic operators are treated equally and without discrimination;
- We act in a transparent and proportionate manner; and
- We comply with the “Sustainable Procurement duty”.

The Association will maintain sufficient skills and resources within our management team to design and deliver our procurements in-house. We may use external frameworks where there is a clear VFM benefit in doing so, and these have been procured in a manner which aligns with our strategy in providing excellent value for money and will meet the objectives of our business plan.

We aim to ensure that through procurement, we can deliver benefits to our local communities, and provide opportunities which improve the local economy, no matter which procurement route is selected.

In line with the Association’s values, our aim is to place our contracts with suppliers who operate with integrity and social responsibility. Our pre-selection processes will be designed to consider potential suppliers in the round, including their track record of legal and financial diligence, employment practices, and commitment to meeting environmental and social responsibilities.

8. Monitoring and evaluation of procurement

Progress on outcomes set out in this strategy will be monitored on a regular basis by the following means:

- A report will be produced at the completion of all regulated contract procurements, confirming the selected procurement route and outcome, and will be reported to the Association’s Board or Executive, as appropriate to the value of the contract.
- Spend and performance against targets for placed contracts, are monitored by the relevant lead officer and performance variances are reported to the Executive officers.

The following table outlines the Association’s approach to adhering to the Scottish Model of Procurement and delivering its strategic aims and objectives through our procurement strategy.

Strategic Aim	How we will Achieve This	Outcome
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<p>Delivering savings and benefits</p>	<p>By planning our procurements carefully, selecting the best route to achieve the desired outcome</p> <p>By balancing quality and price in the outcome, including consideration of whole life cost and added value offers</p> <p>By applying the community benefits approach as a standard requirement in all procurements</p>	<p>Budget targets met</p> <p>Value for money in short and long term</p> <p>Improved standards in service delivery and savings achieved</p> <p>Community benefits delivered in proportion to contract value</p>
<p>Maximising efficiency and collaboration</p>	<p>By monitoring procurement processes and outcomes, and identifying opportunities for innovation and areas for improvement</p> <p>By drawing upon external Frameworks when there is a clear VFM benefit</p> <p>By procuring goods and services as a Group or with other RSLs where our requirements align</p>	<p>Continuous improvement in procurement processes</p> <p>Continue to meet legal and regulatory requirements with streamlined resources</p> <p>Establish group approach and improve quality and efficiency</p>
<p>Improving supplier access to public contracts</p>	<p>By promoting opportunities across a range of media and using the Public Contracts Scotland portal for regulated procurements</p> <p>By standardising and simplifying our procurement processes, including use of the ESPD for pre-qualification</p> <p>By providing opportunities through the procurement process for SMEs and Social Enterprises</p> <p>By collecting feedback from suppliers on our procurement processes</p>	<p>Increased awareness amongst suppliers and greater competition</p> <p>SMEs and Social Enterprises have the opportunity to compete for contracts</p> <p>Measurable benefits to the community</p> <p>Continuous improvement in procurement processes</p>

Embedding sustainability in all we do	By adopting a consistent (fair and transparent) procurement approach, and actively managing/monitoring supplier performance	Positive long-term relationships with suppliers are developed
	By engaging with our tenants and other stakeholders to ensure that we reflect service user requirements By designing procurement routes to promote sustainability and encourage suppliers who can evidence ethical and sustainable practices e.g. Living Wage, positive Social and Environmental impacts, Equality and Diversity etc.	Procurement activity contributes to achieving objectives set out in our business plan Wider economic, social, and environmental benefits are achieved through procurement activity

9. Scope

This strategy applies to all of the Association's external expenditure on works, goods, and services.

10. Other Related Policies/Strategies

- Procurement Strategy
- Financial Regulations

11. Review

This Strategy will be reviewed every three years or earlier in line with regulatory or legislative guidance/changes or good practice guidelines.