VALUE FOR MONEY

APPROVED BY HHP BOARD:
EFFECTIVE DATE:
SEPTEMBER 2025

hhp | hebridean housing partnership

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INTRODUCTION

1.1 Value for Money is a measure of how effectively an organisation utilises its assets and resources (including housing stock, people and systems) to deliver its objectives.

1.2 As stewards of public monies it is vital that our Board demonstrates that the funds entrusted to them have been used for delivering our Business Plan objectives in an effective and efficient manner.

1.3 This Strategy details the principles that need to be implemented to ensure value for money is achieved.

1.4 This strategy aligns directly with HHPs Business Plan and Strategic Objectives. Our approach to Value for Money will support the achievement of key outcomes, including delivering affordable rents, investing in sustainable homes, improving customer satisfaction and ensuring financial resilience.

1.5 The Scottish Social Housing Charter April 2017 - Charter Outcome 13: value for money:

"Social Landlords manage all aspect of the business so that tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay."

1.6 This Strategy will be fully reviewed every three years.

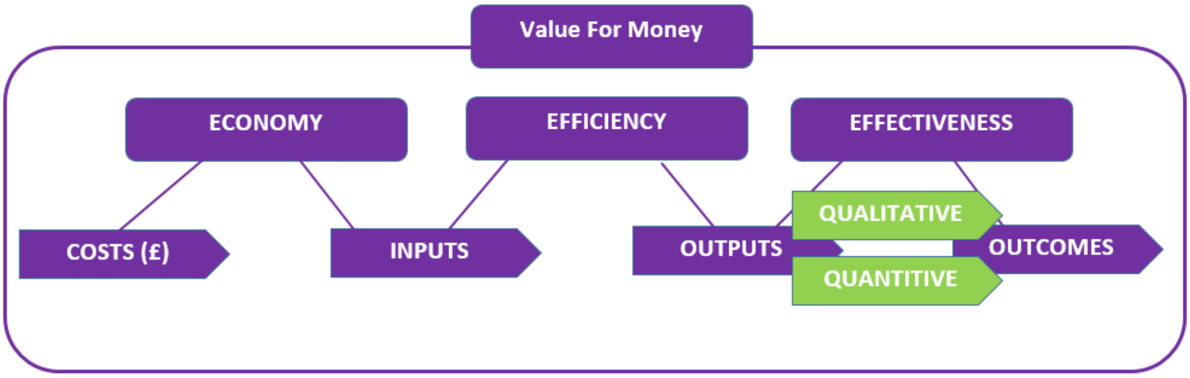
WHAT IS VALUE FOR MONEY?

2.1 Value for Money (VFM) is generally defined as the relationship between economy, efficiency and effectiveness. The basic principle of VFM is securing a balance between cost and quality.

2.2 The 3 E's have been used to breakdown the meaning of VFM:

Economy	The price paid for goods and services
Efficiency	A measure of productivity. How well we use the goods and services we buy.
Effectiveness	A measure of what has been achieved. This can be quantitative and/or qualitative.

2.3 VFM is high when there is an optimum balance between all three 'E's'; relatively low costs, high productivity and successful outcomes. This can be seen in the VFM flow chart below:



2.4 Securing value for money is the responsibility of everyone who works for HHP and can be summarised as follows:

Board	Overall responsibility for VFM principles and objectives and a VFM culture.
Development & Finance Committee	To contribute to and review the Value for Money Strategy (VFM)
Audit & Risk Committee	Identifying and initiating Value for Money studies through internal audit. Overseeing and reviewing action taken by the Director of Finance & Corporate Services on External Audit recommendations and Value for Money reports.
Executive Team	Implementation of the strategy and integrating VFM into organizational culture and processes by ensuring that formal VFM assessments are part of all significant business cases and capital investment decisions.
Management Team	Implementation at team level, team plans and through individual 1-2-1's and appraisals.
Front Line Staff	Integration of VFM into day-to-day work. Finding new ways of working that deliver effective efficiencies.

2.5 Value for money can be achieved in different ways including:

- Delivering the same outputs at reduced cost
- Achieving the same outputs with fewer resources
- Improving quality or increasing outputs with no additional resources
- Enhancing outputs or quality proportionally to increased resources

WHAT KEY PRINCIPLES WILL WE ADOPT?

3.1 A robust approach to strategic decisions

- Data – ensuring we have good quality stock information
- Business Planning – robust planning process which doesn't only relate to business and financial planning but also to property management and development.

3.2 Right first time – removing inefficiencies and waste from processes

3.3 Optimise the use of our assets to achieve our vision and strategic objectives

3.4 Ensure robust management of all performance and costs

3.5 Ensure VFM is transparent to all stakeholders

3.6 Maximise our capacity to achieve our objectives by procuring goods and services in the most sustainable economic way possible

3.7 Maximise the value and capacity of our people.

3.8 Consider the wider social and environmental value of our decisions, including local job creation, sustainability outcomes and community benefit.

VALUE FOR MONEY REPORTING AND GOVERNANCE

4.1 An Annual Value for Money and efficiencies update will be presented to the Board each November. This report provides a comprehensive review of progress made against VFM objectives, including cost savings and process improvements. In addition to this, the following metrics will be presented to compare with our peer group:

1	**Reinvestment %**
	An efficiency measurement that looks at the investment in properties (existing stock plus new supply) as a percentage of the value of total properties held
2	**Gearing % (Minimum Debt covenant = 30%)**
	An efficiency measure that assesses the degree of dependence on debt finance and may be viewed as a key indicator of capacity for growth.
3	**Interest Cover % (EBITDA MRI) (Minimum Debt covenant = 110%)**
	An efficiency measure that is a key indicator for liquidity and investment capacity. By excluding the charges for depreciation and amortisation but including capitalised major repairs.
4	**Tenant Satisfaction Score**
	This will be based on the point of service survey conducted to gain an understanding of how well we are performing from a tenants perspective
5	**Average Rent & Rent Affordability**
	Our average unit rent per property type compared with an assessment of rent affordability
6	**Efficiency Savings**
	An overview of efficiency savings achieved through the year as a result of changes to procurement, processes or new capital investment.

4.2 We recognise that achieving value involves trade-offs, and we will always balance affordability, quality and long-term risk when evaluating decisions.

HOW WILL WE MEASURE VALUE FOR MONEY?

5.1 New projects and capital investment requirements will be subject to formal appraisal processes to demonstrate how value for money will be delivered. These appraisals will consider cost, quality, risk, environmental impact, and expected outcomes. Performance against these expectations will be reported to the Executive team by the relevant budget holder at appropriate project milestones.

5.2 All managers are responsible for ensuring that appropriate mechanisms are in place to monitor and report on how they are achieving value for money within their service areas. This includes reviewing expenditure, performance indicators, contract performance, and customer satisfaction.

5.3 We will adopt a balanced approach to assess VFM across the organisation. This will consider:

- Cost effectiveness (unit costs, spend against budget, procurement outcomes)
- Quality of Outcomes (tenant satisfaction, complaints, stock condition, regulatory compliance)
- Efficiency (Response times workflow throughput, planned vs reactive spend)
- Social and environmental value (fuel poverty reduction, sustainability impact, local employment opportunities)

5.4 Where appropriate, internal audit or external review may be commissioned to assess specific areas of VFM performance and provide assurance or challenge on key areas of spend and strategic investment.

ENVIRONMENTAL SUSTAINABILITY AND VALUE FOR MONEY

6.1 Environmental sustainability is a core part of how we define and deliver Value for Money. As a Housing Association committed to reducing our environmental impact, we recognise that value is not measured solely in financial terms but also in long-term environmental and social outcomes.

6.2 We will assess the environmental implications of our investments, services, and procurement decisions, including:

- Carbon footprint and energy efficiency of our housing stock
- Use of low-carbon technologies and renewable energy solutions
- Sustainable materials and construction methods
- Waste minimisation and recycling across our operations
- Travel and transport impact

6.3 Where investment choices are being considered, whole-life cost analysis will be used where possible to evaluate long-term savings and environmental impact, ensuring that we do not pursue short-term cost savings at the expense of the environment or future financial risk.

6.4 We will continue to work with national partners, funders and stakeholders to deliver against climate change targets. Our aim is to ensure that our homes and services contribute positively to the environmental wellbeing of the communities we serve.

INTERPRETATIONS & ABBREVIATIONS

The following interpretation and abbreviations are used in this policy:

WORD	INTERPRETATION
HHP or Partnership	Hebridean Housing Partnership
Board	Means the Board of the Hebridean Housing Partnership
Board Members	All Members of the Board including co-opted Members
VFM	Value for Money
EBITDA-MRI	Earnings before Interest, Tax, Depreciation & Amortisation with Major Repairs included

All references to the masculine gender in this policy shall read as equally applicable to the feminine gender