Apex Housing Association
Value for Money Statement 2020-2021

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Value for Money in Apex

This statement is for our tenants, residents, stakeholders, board members and staff. It sets out where we are on providing efficient and effective services for all our customers, and creating value for money within Apex.

What does achieving Value for Money mean in Apex?

The Board and staff of Apex define value for money (VFM) as the relationship between effectiveness, efficiency and economy, often described as the value chain. Value for money is high where there is a good balance between all three – low costs, high productivity and successful outcomes.

We aim to be accountable to our customers, partners, funders and regulator by setting out here our past performance and future aspirations.

HouseMark defined three core components of VFM:-

- Effectiveness – doing things right
- Efficiency – doing things right, which includes carrying out activities in a timely and simple manner, and with minimum waste
- Economy – the cost of procuring inputs to services, that reflects not just price but sustainability

Value for money is at the heart of the Apex Strategic Plan. Our strategic themes embed value for money into everything we do and how we do it creating a compelling drive to deliver value for money at Apex. There are some areas where we are improving but in areas where we need to do better we have plans in place to do that.

The association pursues value for money to ensure we are not only delivering effective and efficient services, but also the development of as many homes as possible to meet a range of housing needs. The volume of homes delivered by the association is important to meet increasing demand, but Apex wants to deliver value by providing good quality homes and services and investing in its customers and communities.

To ensure that its resources are directed towards achieving its ambitions, Apex is committed to finding efficiencies and making sure it maximises the value of the money it spends.

In 2019, the association approved a financial plan to deliver some 2,000 homes by 2023. Achieving these goals in an environment of a worldwide pandemic, slower growth in income, political and economic uncertainty underpins the need for a greater focus on reducing costs, spending money wisely and a strategic approach to making the best use of assets.

Our approach to Value for Money

Value for Money is fully integrated in our corporate and business planning. We will continue to set objectives and measure performance using a balanced scorecard based on six key areas:-

- Enable and engage our team
- Support those who use our services and need our help
- Having well-maintained, energy-efficient homes
- Provide more homes and sustainable development
- Being an efficient, best practice business
- Promoting tenant participation and community investment

Sitting beneath the corporate strategy are a range of objectives and action plans. Delivery against these are scrutinised by the Board, Committees and Senior Management Team. Customer scrutiny is delivered through the various levels of participation as set out in the Tenant Participation Strategy.

Delivering value for money in 2020/21

2020/21 saw the continued operation of the enlarged Apex group which includes Newington Housing Association. This created a group structure with assets of just over £700m, a combined turnover of £58.4m and an operating surplus of £10.2m. Units under management stood at just over 7,100 as at 31 March 2021.

2020/21 was a very different year due to the on-going worldwide pandemic. Despite this Apex continued to grow, invest in its stock and deliver high quality services to tenants and service users. With the offices closed to the public and the majority of office staff working remotely, the association continued to not only function, but continued to support our communities through our community investment strategy, delivered a significant proportion of DfC's new build housing programme, provided high quality care and support services on our housing schemes in extremely challenging circumstances and maintained a strong financial position throughout.

Our VFM achievements to date have been built on careful decisions about how money is spent and decisive action to make the most of the value of assets under the group's control. Apex continues to create efficiencies by reviewing areas of under-performing activities and identifying savings in administration costs. Additional savings were achieved in continuing to access lower rates of borrowings thereby reducing the weighted average cost of debt from 3.38% in 2020 to 3.08% in 2021.

During 2020/21 there have been challenges including:

- The continuing impact of the Covid-19 pandemic throughout the year
- Staff absence due to self-isolation/shielding

- Some coronavirus outbreaks on supported living schemes
- Increasing levels of voids, mainly in supported living, due to the challenges of operating in a pandemic
- Additional costs to deliver services such as deep cleans, PPE, staffing costs, IT infrastructure enhancements etc.,
- The continued impact of the rollout of Universal Credit

Despite this the Apex group has:

- Increased its homes to over 7,100 for some 16,000 residents
- Delivered the highest proportion of the DfC's new build housing programme
- Continued to deliver high levels of support and care to vulnerable tenants
- Invested over £533k in our communities in conjunction was our funding partners
- Assisted 565 tenants through our financial inclusion service
- Invested £524k in further IT infrastructure and facilities to enable greater efficiency and improved service delivery
- Maintained low levels of rent arrears and bad debts
- Maintained an investment grade credit rating with a stable outlook
- Maintained the highest level of regulatory rating in NI
- Continued to leverage in low rate private finance

Some performance results were below where we would want them to be in measures relevant to the delivery of value:

- Reliance on Agency staff in supported living schemes
- Acute difficulties in recruiting nursing staff in nursing homes
- Level of non-cost recovery on some supported living schemes

Measuring value for money

We are evolving how we measure Value for Money and will make further improvements during 2021/22. This is in line with developments in the sector to create a standard approach to value for money benchmarking. This year we will continue to benchmark ourselves against our HouseMark peer group and our NI peer associations, where comparable information is available.

The association continues to show good performance on a range of cost, financial and asset performance metrics which show Apex is on a path to meeting its long term strategic objectives.

Our approach to measurement

Apex is developing how it reports on value for money in order to continue to provide effective and efficient services and meet the DfC's regulatory framework and the revised HouseMark measurement of value for money and the sector scorecard. Apex has regularly measured its performance against our peers within NI and other benchmarking clubs. This statement is built around what is currently agreed to be included in the NI adopted sector scorecard.

Measuring costs and performance

We set out below the performance of Apex on the proposed sector scorecard measures based on our own audited accounts for the past two years.

Using the final methodology for the revised NI sector scorecard we will use these measures to compare Apex's performance to our peers.

Sector Scorecard	Apex 2020/21 (actual)	Apex 2019/20 (actual)	Peer Group Ave 2020/21
Business Health			
Operating margin (all activities) (i)	15.9%	17.4%	n/a (1)
Operating margin (social housing lettings)	23.5%	23.3%	n/a
EBITDA % Interest cover (MRI) (ii)	86.7%	103.0%	n/a
Development - capacity and supply			
Units completed (iii)	320	348	n/a
New supply delivered % - social (iv)	5.0%	5.7%	n/a
Gearing (2)	32.7%	37.4%	n/a
Outcomes delivered			
Customer satisfaction with services provided by landlord (3)	88.0%	88.0%	n/a
Reinvestment % (v)	6.3%	7.2%	n/a
Investment in community activities (vi)	£533K	£545K	n/a
Effective asset management			
Return on capital employed (vii)	1.31	1.41	n/a
Occupancy (viii)	98.9%	99.5%	n/a

Ratio of responsive repairs to planned maintenance (ix)	0.60	0.52	n/a
Operating efficiencies			
Headline social housing unit cost per unit (exc Major Repairs) (x)	£4,699	£4,649	n/a
Rent Collected – General needs only (xi)	97.1%	98.8%	n/a
Overheads as a % of turnover	9.2%	8.4%	n/a

(1) – Peer group averages not available due to the delay in receipt of benchmarking reports due to Covid
(2) - Gearing = net debt/NBV of properties
(3) - Customer satisfaction surveys are carried out every 3yrs (*2020 delayed due to Covid*)

Commentary on KPI's where performance is lower than in previous year

(i) Lower than previous year due to increased costs of Covid-19.
(ii) Lower than previous year due to higher investment in cyclical maintenance and planned maintenance coupled with a lower surplus due to impact of Covid-19.
(iii) Units completed lower due to timing of developments impacted by lockdown in early part of the year.
(iv) As in (iii) above.
(v) Lower level of development spend due to Covid-19 and programme mix.
(vi) Slightly lower level of activity due to Covid-19 restrictions.
(vii) Lower level of surplus relative to capital employed due to increased costs during the year.
(viii) Lower due to lower levels of turnaround times due to Covid-19.
(ix) Lower level of planned maintenance due to impact of Covid-19 on programme.
(x) Lower level due to lower planned maintenance costs due to Covid-19.
(xi) Increase in level of arrears owed from direct payments (HB, UC etc.) at the reporting date.

Measuring asset performance

In order to fund our ambitions to build more homes the Apex group needs a large, stable and well performing asset base from which it can receive rental revenue and raise finance, and an active programme of development from which it can receive increased revenues.

Portfolio as at 31 March 2021:-

Portfolio	Book value £m	Market value £m	Rental income £m	Gross yield 2021	Gross yield 2020	Operating profit £m	Operating margin 2021	Operating margin 2020
Social housing lettings (excluding shared ownership)	595	n/a	25.2	4.2%	4.2%	12.3	48.7%	48.0%
Shared ownership	8	n/a	0.17	2.2%	2.21	n/a	n/a	n/a
Commercial rent	n/a	n/a	0.10	n/a	n/a	0.08	77.5%	73.4%

Gross Yield = Rental income/book value

Measuring social impact

Apex continues to measure the impact of its community investment activities. In 2020/21 Apex achieved the following key outcomes:-

- 119 families joined the Apex Community Supermarket
- 565 tenants helped through our financial inclusion service
- £456k of additional benefits identified and claimed through our benefits advice service
- £167k external funding sourced to deliver Community Investment services
- 325 new homes handed over to tenants
- 887 new homes started on construction sites across Northern Ireland
- Skeoge Community Hub opened during the year delivering services including employment and support skills, infant sensory support services, toddler yoga, creative activities for 5-12 years and much more
- 75 disabled adaptations carried out
- Cyclical redecoration was completed on 626 homes across NI
- 793 hi-spec whole house smoke, CO and heat detectors upgraded
- 11 affordable homes sold
- 292 tenants were provided with practical support including food support, welfare benefits advice and floating support
- 2103 tenants responded to our Wellbeing Telephone Survey
- 78 tenants attended seven events offered
- 3 primary school children were supported through St Columb's School of Music to learn a musical instrument
- Apex held one Active Tenant Network meeting during 2020-21, with 22 mostly new Active Tenant's attending through Zoom
- 34 Apex tenants attended the virtual Tenant Participation NI Consultation events organised by DFC and Supporting Communities through Zoom
- 564 members of staff received accredited First Aid and/or Personal Safety training

- 29 staff achieved accredited qualifications
- 15 student work placement opportunities created
- Over 150 staff were equipped to work from home during the pandemic
- 87%+ tenant satisfaction level with new Apex home
- Over £4m invested in refurbishment and upgrades to tenants homes
- 350 energy efficiency upgrades of oil to gas boilers
- 2 active tenants participated at Boardroom level
- There were 45 members of the Active Tenant Network at the end of March 21
- All new tenants received a welfare benefits check on commencement of tenancy
- 4,000 hot meals provided through the luncheon club
- Delivered 9,750 food packs and 7,800 meals to those in need through our partnership with Foyle Foodbank
- 31,000 kgs of food to 11 different charities to help sustain their own activities
- 822 hours of volunteering spent with Apex

Apex work in partnership with the Glen Community Complex on Suffolk Road in Belfast.

Despite changing Covid-19 restrictions throughout 2020/21, the Glen Community Centre continued offering services to local residents through daycare and after schools services, youth clubs and summer schemes, outreach, education and training programs. Some of the key outcomes during 2020/21 were as follows:

- The Glen Community Complex reconfigured and became the Lenadoon Covid Community Response Centre. Through April to June over 300 food parcels were put together and delivered to families and individuals who were shielding or who had been referred by a range of Health and Social Care professionals and other referral agencies including Helplines.
- An average of over 1,900 used the Complex services each month throughout 2020/21.
- A prescription collection service was put in place to assist individuals who were shielding and sign posted over one hundred individuals for a wide range of other supports including Counselling, and Welfare Rights advice etc.
- Over 100 existing clients received weekly welfare phone calls during this period and assistance on paying for food, gas, electric offered when required.
- Daycare Services in the Complex, in partnership with Sure Start, for the children of Frontline workers were offered from April-June.
- Staff kept in contact every week with the parents of the children who were registered with the Daycare and provided activity packs and online programmes for the parents and children. Youth members and leaders organised a successful Fundraiser, raising over £9,000 for Lenadoon Community Counselling Service. The “Walk and Talk” Initiative encouraged people and families of all ages and abilities to go for a walk, run or cycle (with at least one other person) and to talk to them about how they were feeling.

Apex's future plans

Key value for money targets that have been set for the association in the 2021/22 plan and managed by a balanced scorecard:

Customers

Overall satisfaction with services	>85%
Satisfaction with repairs & maintenance services	>80%

Process

Rent collected from current and former tenants as % of rent due	>98%

People

Sickness absence average days/shifts lost per employee	<10

Financial health and growth

Total starts on site	>200
Group operating surplus	>£10m
Group surplus on ordinary activities	>£2.0m

These outputs will be monitored and presented to the Board, Committees and Senior Management Team throughout the year.