Apex Housing Association
Value for Money Statement 2021-2022

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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 regulators 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, which 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 the aftermath of worldwide pandemic, slower growth in income, rising inflation, 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 to 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 2021/22

2021/22 saw the continued operation of the enlarged Apex group which includes Newington Housing Association. This created a group structure with assets of almost £758m, a combined turnover of £61.3m and an operating surplus of £8.5m. Units under management stood at just over 7,300 as at 31 March 2022.

2021/22 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 for a significant part of the year 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 services to sustain tenancies and ongoing support to communities, provided high quality care and support services on our supported living 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 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 3.08% in 2021 to 3.04% in 2022.

During 2021/22 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
- The increase in inflation and cost of materials and energy

Despite this Apex has:

- Increased the number of homes to over 6,600 for some 16,000 residents
- Delivered 18% of the DfC's new build housing programme
- Continued to deliver high levels of support and care to vulnerable tenants
- Invested over £633k in our communities in conjunction was our funding partners
- Assisted 549 tenants through our Welfare Benefits service
- Invested £538k 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
- Increasing difficulties recruiting appropriately qualified and experienced staff
- Level of non-cost recovery on some supported living schemes
- Increased levels of voids in supported living and nursing schemes

Measuring value for money

We are evolving how we measure Value for Money and will make further improvements during 2022/23. 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 2021/22 (actual)	Apex 2020/21 (actual-restated)
Business Health		
Operating margin (all activities) (i)	11.8%	15.5%
Operating margin (social housing lettings) (ii)	20.3%	23.5%
EBITDA % Interest cover (MRI) (iii)	42.8%	86.7%
Development - capacity and supply		
Units completed (iv)	219	320
New supply delivered % - social (v)	3.3%	5.0%
Gearing (1) (vi)	36.5%	32.7%
Outcomes delivered		
Customer satisfaction with services provided by landlord (vii)	87.0%	88.0%
Reinvestment % (viii)	4.4%	6.3%
Investment in community activities	£633K	£533K
Effective asset management		

Return on capital employed	1.3	1.3
Occupancy	98.6%	98.9%
Ratio of responsive repairs to planned maintenance (ix)	0.71	0.60
Operating efficiencies		
Headline social housing unit cost per unit (incl Major Repairs) (x)	£6,857	£4,699
Rent Collected – General needs only	99.5%	99.8%

2021 results have been adjusted to reflect a reduction in Covid grants from Supporting People

(1) - Gearing = net debt/NBV of properties

(2) - Customer satisfaction surveys are carried out every 3yrs

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

(i) Lower than previous year due to continued cost of Covid-19, decrease in amount receivable from SP Covid grants, sustained levels of voids on supported living and increases in energy and other material costs.

(ii) As in (i) above.

(iii) As in (i) above.

(iv) Units completed lower due to timing of developments completed due to delays in some projects.

(v) As in (iv) above.

(vi) Higher debt due to new long term bond debt replacing some shorter-term facilities.

(vii) Small reduction in customer satisfaction due to impact of working through a pandemic.

(viii) Increased costs of materials and labour.

(ix) Delays in scheduling of some planned maintenance contracts.

(x) Impact of higher costs, including planned maintenance and levels of voids as in (i) above.

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 2022: -

Portfolio	Book value £m	Market value £m	Rental income £m	Gross yield 2022	Gross yield 2021	Operating profit £m	Operating margin 2022	Operating margin 2021
Social housing lettings (excluding shared ownership)	631	n/a	26.9	4.3%	4.2%	12.0	44.7%	48.7%
Shared ownership	8	n/a	0.17	2.3%	2.2%	n/a	n/a	n/a
Commercial rent	n/a	n/a	0.08	n/a	n/a	0.02	24.6%	77.5%

Gross Yield = Rental income/book value

Measuring social impact

Apex continues to measure the impact of its community investment activities. In 2021/22 Apex achieved the following key outcomes: -

- 79 families joined the Apex Community Supermarket
- 549 tenants helped through our Welfare Benefits service
- £391k of additional benefits identified and claimed through our benefits advice service
- £152k external funding sourced to deliver Community Investment services
- 250 new homes handed over to tenants
- 307 new homes started on construction sites across Northern Ireland
- Skeoge Community Hub secured half a million pounds of National Lottery funding during the year and is now supporting an average of 60 Apex tenants per week and is delivering a range of projects including an internet café, targeted programmes and activities and a weekly Welfare and Housing Advice clinic.
- 189 disabled adaptations carried out
- Cyclical redecoration was completed on 695 homes across NI
- 150 kitchen replacements carried out
- 17 affordable homes sold through Fairshare

- 657 tenants were provided with practical support including food support, welfare benefits advice and floating support
- 1098 tenants participated in our Tenant Satisfaction Survey
- 1452 tenants attended Community events organised by our Tenant Participation Team
- Apex held four Active Tenant Network meeting during 2021-22, with 33 mostly Active Tenant's attending in person and via Zoom
- 5 Apex Tenants scrutinised our Property Services and Housing Departments through a Mystery Shoppers exercise
- Employee well-being programme with a focus on mental health
- 20 staff achieved accredited qualifications
- 18 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 £5m invested in refurbishment and upgrades to tenant's homes
- 2 active tenants participated at Boardroom level
- There were 82 members of the Active Tenant Network at the end of March 22
- All new tenants received a welfare benefits check on commencement of tenancy
- 4,000 hot meals provided through the luncheon club
- Delivered 9,038 food packs to those in need through our partnership with Foyle Foodbank
- 42 tonnes of food, household products and personal hygiene items were processed by staff
- 562 hours of volunteering spent with Apex

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

The services they offer started to open up in early 2021/22 but remained compliant with any Covid -19 safe working guidance. Services such as the Daycare project operated in a pod system to reduce the possibility of outbreaks in the childcare and after school's services. In addition to the Summer Scheme, Glen Community also ran a summer camp. They ran an inclusion project with St. Gerard's Educational Resource Centre two nights a week, Senior Youth activities six nights a week and staff are also doing outreach work in the evenings at the weekend. The youth and after school's projects worked in partnership with Belfast Bytes, YMCA and Playboard on a number of cross community digital, health and climate projects. They also facilitated a Lenadoon historical photographic exhibition which brought together a local senior's group, Lenadoon Community Forum/Festival groups Glen Parent/Youth group and Lenadoon Cultural group. The exhibition, originally to run for 3 days was extended by further day and over a thousand people came to view the exhibition.

The Community Centre offers a home to other voluntary organisations working within the Lenadoon and Suffolk areas including ; Belfast Hills Partnership; Belfast Tigers Basketball; Blackmountain Men's Group; Carrigart Residents;Gaeil an Ghleanna; Lenadoon Women's group; Lenadoon Community Forum; Lenadoon Community Counselling Service; Lenadoon Cultural Group; Mid Lenadoon Residents; Sarsfield GAC Tuesday Club (for Seniors);West Belfast Community Well-being Alliance and Women in Sport.

Apex's future plans

Key value for money targets that have been set for the association in the 2022/23 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	>£6m
Group surplus on ordinary activities	>£1m

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