# Apex Housing Association
# Value for Money Statement
# 2022-2023

# Value for Money Statement 2022/23

## 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, high 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 five key areas: -

- Sustainable communities
- High quality, energy efficient homes
- Quality supported living
- An efficient and effective organisation
- Skilled people and teams

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 & Resident Engagement Strategy and Community Investment Strategy.

## Delivering value for money in 2022/23

2022/23 saw the continued operation of the enlarged Apex group which includes Newington Housing Association. This created a group structure with assets of over £794m, a combined turnover of £65.7m and an operating surplus of £8.9m. Units under management stood at just over 7,400 as at 31 March 2023.

Apex continued to grow during 22/23, increase investment in its stock and deliver high quality services to tenants and service users. With the offices reopened to the public and the majority of office staff working hybrid, the association continued to perform and support our communities through our community investment strategy, while also delivering a significant proportion of DfC's new build housing programme. In addition, Apex continued to provide high quality care and support services on our supported living schemes in extremely challenging circumstances and maintained a stable financial position throughout, despite the impact of high inflation.

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.

During 2022/23 there have been challenges including:

- Failure of external funders to provide uplifts in line with inflation
- Increasing levels of voids, mainly in supported living, due to the challenges of operating post-pandemic
- Recruitment and retention of staff

- Additional costs to deliver services due to a high level of inflation affecting materials, food provisions, energy costs etc.,
- The continued impact of the rollout of Universal Credit

Despite this Apex (parent only) has:

- Increased the number of homes to over 6,700 for some 16,000 residents
- Delivered 28.3% of the DfC's new build housing programme
- Continued to deliver high levels of support and care to vulnerable tenants
- Invested over £908k in our communities in conjunction was our funding partners
- Helped more than 1,200 tenants through our Welfare Advice service
- Invested £661k in IT infrastructure and facilities to enable greater efficiency and improved service delivery
- Maintained low levels of 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 supported living schemes
- Increased levels of voids in supported living schemes

## Measuring value for money

We are evolving how we measure Value for Money and will make further improvements during 2023/24. 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 (parent only) 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 2022/23 (actual) | Apex 2021/22 |
|---|---|---|
| **Business Health** | | |
| Operating margin (all activities) | 14.4% | 11.8% |
| Operating margin (social housing lettings) (i) | 13.8% | 20.3% |
| EBITDA % Interest cover (MRI) (ii) | -37.3% | 42.8% |
| **Development - capacity and supply** | | |
| Units completed (iii) | 166 | 219 |
| New supply delivered % - social (iv) | 2.0% | 3.3% |
| Gearing (1) (v) | 37.2% | 36.5% |
| **Outcomes delivered** | | |
| Customer satisfaction with services provided by landlord | 87.0% | 87.0% |
| Reinvestment % | 7.4% | 4.4% |
| Investment in community activities | £908K | £663K |
| **Effective asset management** | | |
| Return on capital employed | 1.2 | 1.2 |
| Occupancy | 99.1% | 98.6% |
| Ratio of responsive repairs to planned maintenance (vi) | 0.75 | 0.71 |
| **Operating efficiencies** | | |
| Headline social housing unit cost per unit (incl. Major Repairs) | £4,987 | £6,857 |
| Rent Collected – Excl. Nursing Care (vii) | 98.9% | 99.5% |

(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 higher inflation, increased investment in maintenance, higher levels of voids on supported living and increases in energy and other material costs.
(ii) As in (i) above.
(iii) Due to timing of development programme – high number of units under development on large developments which will begin to be delivered over the next 1-3 years.
(iv) As in (iii) above.
(v) Higher debt due to level of development programme.
(vi) Higher costs of new MTC contract and inflation.
(vii) Impact of continued rollout of UC and cost of living crisis.

## 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 2023: -*

| Portfolio | Book value £m | Rental income £m | Gross yield 2023 | Gross yield 2022 | Operating profit £m | Operating margin 2023 | Operating margin 2022 |
|---|---|---|---|---|---|---|---|
| Social housing lettings (excluding shared ownership) | 666 | 28.5 | 4.3% | 4.3% | 12.5 | 43.8% | 44.7% |
| Shared ownership | 7 | 0.20 | 2.9% | 2.3% | n/a | n/a | n/a |
| Commercial rent | n/a | 0.09 | n/a | n/a | 0.04 | 49.1% | 24.6% |

Gross Yield = Rental income/book value

## Measuring social impact

Apex continues to measure the impact of its community investment activities. In 2022/23 Apex achieved the following key outcomes: -

- 602 tenants benefited from benefits advice services
- All new tenants received a welfare benefits check on commencement of tenancy
- £436k of additional benefits identified and claimed through our benefits advice service
- 76 tenants referred to external agencies for support
- New Tenancy Support Worker role introduced in July 22.

- Grant funding of £18,484 secured to support individual tenants
- £637k external funding sourced to deliver Community Investment services
- 166 new homes handed over to tenants
- 552 new homes started on construction sites across Northern Ireland
- 163 disabled adaptations carried out
- Cyclical redecoration was completed on 1020 homes and 13 supported living schemes across NI
- 221 kitchen replacements completed
- 77 bathroom replacements completed
- 13 affordable homes sold through Fairshare and 2 part-purchased
- 1098 tenants participated in our Tenant Satisfaction Survey
- 947 tenants attended Community events organised by our Tenant Participation Team
- 143 'Housing for All' initiatives delivered with a total of 8,803 people participating
- £450,875 invested across 11 neighbourhoods in NI through 'Housing for All' schemes
- The Tenant Network grew from 82 to 107 during the year
- 34 tenants attended scam awareness sessions
- Employee well-being programme with a focus on mental health
- 39 staff achieved accredited qualifications
- 2 apprentices joined the housing team
- 167 members of staff received accredited First Aid training
- 211 members of staff received Personal Safety training
- 87%+ tenant satisfaction level with new Apex home
- Over £5m invested in refurbishment and upgrades to tenant's homes
- 145 tenants took part in 19 'Cook Alongs'
- £5,918 of funding grants given to 19 groups
- 70 hot meals per week provided through the luncheon club
- 467 hours of volunteering spent with Apex
- 2 music bursaries provided through St Columb's School of Music
- Supported living services delivered to more than 1,200 tenants and residents
- 6,568 events and activities took place in Apex schemes during the year
- 3,078 trips facilitated by Apex's community transport service

**Apex Living Centre**

The Apex Living Centre was set up to address food poverty issues that Apex tenants were experiencing.

During the year we continued to deliver services through the Apex Community Supermarket and support 94 new members with 24 tonnes of food, household and hygiene products. Our members benefited from 4326 instances of support including

help with finding employment, assistance with higher education applications, benefits advice, Credit Union savings accounts etc. We could not have delivered the service without our hard working and dedicated volunteers who gave 467 hours of their time to the project.

During the year we continued to play a significant role in the work of Foyle Foodbank who are housed within the Apex Living Centre. Last year, the Foodbank supported a total of 5,979 people including 3,536 adults and 2,443 children.

During the year the centre supported four paid jobs and 25 volunteers.

**Skeoge Community Hub**

Apex continued to work with Greater Shantallow Area Partnership to deliver services from the Skeoge Community Hub. Within the area Apex now own and manage over 1,000 properties within the immediate vicinity. This is an area of high economic deprivation where 93% of tenants are claiming welfare benefits, 36% of the population are under 11 years old and 49% are under 18 years old.

Services delivered from the hub include:

*A community café*

- Employs 3 staff, 3 Job Start staff, 4 volunteers
- Serves 60 customers per week
- Internet and printing services for the community
- Delivered child holiday hunger initiatives during all school holidays

*Standing Tall and Resilient Programme*

**Skeoge Standing Tall and Resilient Programme - STAR**

- On going weekly housing and welfare advice service for tenants
- On going weekly family support service (ETHOS – Family Support Hub)
- Weekly Essential Skills Programmes (Literacy and Numeracy) – 2 nights per week, with an additional 2 programmes being delivered during the day
- Weekly Employment & Mentoring Support Programme – Skills North West
- Weekly parenting programmes (including Sure Start Shantallow
- Weekly over 50's Club / programme of activities
- Weekly youth groups activities / sessions (EA / North West Youth Service / On Street Community Youth Initiative). Additional support provided through Job Start Initiative
- Delivery of bespoke mental health awareness programmes
- Delivery of transfer test / GCSE tutoring / remedial work sessions with local children / teens
- Development of IT / study pods (x 2). With an additional 2 PODS to be made available in due course
- Weekly early years intervention programmes (Talking to our Babies)

- Weekly recreational programmes – art, oil & acrylic painting, adult yoga classes, etc…

**Skeoge Safe and Friendly Environments Programme – SAFE**

- 2 x seasonal community events – Halloween & Christmas
- 1 x environmental improvement scheme – annual community cleanup
- 3 x safer communities initiatives including road safety campaign, fireworks safety campaign, and staying safe at Christmas community event

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

Services delivered from the complex during the year include:

- A Daycare Project
- After schools service
- Youth Activities 6 nights per week
- Community Forums
- Parent/Youth groups
- BCC Utility Vouchers Scheme, Toy Appeals, Suicide Prevention Courses, seasonal events, Belfast Boxing Workshops, regional Judo competitions etc.

The Community Centre offers a home to other voluntary organisations working within the Lenadoon and Suffolk areas including ; Belfast Hills Partnership; Women Into Sport NI (WISNI); 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, Belfast Health and Social Care Trust for family contact services. Belfast Swifts Football Club and FUTSOL for children and young people.

<u>Apex's future plans</u>

Key value for money targets that have been set for the association in the 2023/24 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 | >100 |
| Total new dwellings completions | >300 |
| Group operating surplus | >£7m |
| Group surplus on ordinary activities | >£1m |

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