



Value for Money (VFM) Statement (Review 2019/2020)

Newington has defined VFM as a way to manage resources to provide quality services, homes and help create safe, sustainable and vibrant communities for people to live and work. VFM is based not only on minimum cost of the services provided but also on the maximum efficiency and effectiveness (outcomes) of the resources employed to deliver the service. VFM is about achieving the right balance between the three 'E's'- Economy, Efficiency and Effectiveness.

- **Economy** is the price paid for what goes into providing a service.
- **Efficiency** is a measure of productivity or how much is gained from what is put in.
- **Effectiveness** is a measure of the impact achieved and can be both qualitative and quantitative.

VFM is high when there is an optimum balance between all three 'E's'; relatively low costs, high productivity and successful outcomes.

Social value within Newington is not limited to the outcomes that flow from housing assets or from the provision of housing services but by also supporting the local economy and community led organisations that deliver valuable service and support, which enhance communities and people's lives.

The Association wants to maintain VFM and be transparent about it. We have a clear aim of what we want to achieve, where our principles are and that our homes and services:

- Meet the needs of tenants and other service users at the right time and meet their expectations,
- Are of the right quality and are fit for purpose,
- Generate high levels of satisfaction and enhance our reputation and our track record,
- Services are delivered from suppliers (internal or external) whose prices are competitive for the quality of service provided.

These principles improve our sustainability, viability and opportunities for the future.

Our Group Structure Agreement with Apex Housing

On 6 April 2015, Newington Housing Association became part of the Apex Housing Group. Whilst retaining its independence as a Housing Association, Newington HA has aligned itself, voluntarily, to a dynamic and innovative organisation within the NI social housing sector, which is a driver for the formation of this new joint partnership initiative that will realise efficiency savings, boost surpluses and increase the potential borrowing capacity of both organisations.

The new combined Group Structure Agreement will allow us to:

- Optimise future returns on assets
- Include performance management and scrutiny functions which are effective at driving and delivering improved value for money performance
- Allow us to identify a clearer understanding of the costs and outcomes of delivering specific services and any underlying factors which may influence these costs
- Ensure financial resilience and provide both Associations with the capacity to continually grow
- Increase housing supply
- Sustain and develop fit for purpose services to our tenants and additional investment in our homes
- Will deliver greater benefit to our existing and future tenants and local communities.

Some examples of activities in 2019/20 where these Value for Money principles were applied are as follows;

Loan Finance

In July 2019, Newington completed the restructuring of its main loan facilities. The £13m Revolving Credit Facility was refinanced into a 10-year term repayment mortgage with a reduction in margin of 0.5% per annum. In addition, the margin on an existing £3.6m loan was reduced by 1.7%. This has resulted in significant savings in annual interest costs.

As part of this exercise, gearing covenants were also renegotiated. The basis on how this is calculated has been revised giving the Association more flexibility and opportunity to grow and provide new homes and services for tenants. It will also allow us to continue to contribute to the strength of the Apex Housing Association group as a whole.

Organisational Review

The Board recognised that a full review of functions and staffing was necessary to ensure the structures were fit for purpose and to ensure value for money in service delivery. Although the review was completed in 2018/19, implementation of the recommendations commenced in April 2019 and is now almost complete. The following actions were implemented in the year:

- The Chief Executive is now supported through the creation of a Chief Executive's Office that includes an Executive Assistant.
- Three new Heads of Service roles were created under the headings of Finance and Corporate Services, Housing and Communities and Property Services and Development;
- Management has been enhanced in Housing Management and Property Services and new roles created in recognition of the growth in these areas and to enable the officers to focus on their core functions and address areas of future growth.

Repairs & Maintenance

A jointly procured Planned and Cyclical Maintenance Contractor Framework became operational on the 1 April 2017. This framework when coupled with a jointly procured Measured Term Contract (MTC) for reactive maintenance in 2016 ensures that contractors employed are the most efficient in terms of the balance between competitive pricing and quality of service. The procurement of a new MTC contract for reactive maintenance to commence in 2021 is now underway in partnership with Apex HA.

Our approach to how we maintain our assets and tenants' homes is set out in our Asset Management Strategy (AMS) developed in 2017. The AMS emphasises the need to achieve VFM by identifying planned maintenance programmes therefore improving the quality of homes, increasing tenant satisfaction and reducing the cost of reactive repairs.

Office Accommodation

In November 2019 construction of new office accommodation began on the site of our office on the Limestone Road. The office will be demolished and a new building will be constructed. This required the Association to decant to temporary offices on Duncairn Gardens. The original completion date for the project was March 2021, however the Covid-19 pandemic and Coronavirus Regulations have had an inevitable impact on this completion date. Construction has resumed and the project is now expected to be completed in August 2021.

Social Value Investment, Tenant Participation & Community Engagement

Measuring social impact

During 2019/20, our Community Investment Fund expenditure was £80,850. This expenditure includes funding awards distributed by our BOM to local community groups/organisations, the delivery of the Brian Mullin Community Investment Awards (which are distributed in line with criteria agreed by the Tenants Forum) as well as internal projects and initiatives delivered directly by us. It also part funds the Community Engagement Officer's salary, whose role is extremely important to local community and voluntary groups, who work tirelessly to improve the lives of residents throughout North Belfast.

Newington continues to measure the impact of its community investment activities. During 2019/20, of the £80,850 expenditure outlined above, the Association spent approximately £60,000 on community investment initiatives to promote and ensure delivery of the following:

- Sports & recreational activities
- Community Fun Days
- Community Clean Ups
- Resident trips/excursion
- Support to sustain local advice services
- Our Student Bursaries Scheme
- Promoting uptake of Credit Union membership via our Match Savings Scheme
- Cross Community/Good Relations events
- Supported an Intergenerational Project
- Christmas activities for pensioners to reduce social isolation
- Mental Health & Well-being campaigns
- Encourage local participation & community empowerment

- Acquisition of Community Transport (minibus) for local groups and youth services
- Supported a local Food Bank
- Facilitated a Shared Reading Group
- Supporting young people in building their confidence, knowledge & experience of different cultures
- Youth projects/initiatives
- Local charity donations for targeted financial support

During 2019/20 the Association distributed funding awards to 31 local groups and/or organisations to deliver many of the above projects and services throughout North Belfast.

We supported six tenants and/or tenant family members through our Student Bursary Scheme, aimed at students in full-time third level education. The Bursary scheme supports them with an annual payment for the three- or four-year duration of the course.

As part of the Association's response to Welfare Reform and the introduction of Universal Credit and the impact on NHA tenants, the Association committed to funding North Belfast Advice Partnership (NBAP) to employ a Universal Credit/Welfare Advice Officer. In partnership with NBAP were able to secure match funding from the Nationwide Building Society, which ensures this critical post will be funded for two years. Again, as part of the Association's continued investment in North Belfast. This service will be available to all residents of North Belfast as well Newington HA tenants.

Tenant Participation & Community Engagement

Newington Housing Association (NHA) has delivered on the commitments set out in the first three - year Tenant Participation Strategy 2017 – 2020 and quarterly updates were provided to the Housing & Communities Committee and Board to ensure all objectives were met. A final report on the achievements completed throughout the life of the strategy has been included within the 2020-2023 Strategy.

Newington Housing Association continues to work with the Tenants Forum and local residents to ensure tenants are at the heart of the decision - making process, to build upon existing good practices and to increase the extent and effectiveness of tenant participation within the organisation. In delivering, Newington Housing Association ensures compliance with regulatory requirements.

Newington Housing Association continues to invest and support local communities. Our Community Engagement Officer & Head of Housing & Communities work closely with the organisation's Tenants Forum.

Collaborative working with our Tenant Forum

In partnerships with Supporting Communities, our Tenant Forum developed an Action Plan to help them achieve the delivery of their current priorities and objectives up to the end of March 2020. Over recent months, our Tenant Forum have achieved the following:

- Met with our Senior Management Team who provided an overview of the workings of all NHA departments.
- Met with the Chair and Chief Executive to discuss the strategic importance of a good functioning Tenant's Forum
- Helped redesign an online Tenant Satisfaction Survey and completed sample home visits where the Association provides homes.
- Completed a training needs analysis to support them in their roles as Tenant Forum members

A new Tenant Participation & Community Involvement Strategy 2020-2023 has recently been developed by the Association and approved by NHA Board. It is complimented by a three-year Action Plan for 2020 – 2023, which sets key strategic objectives that are aligned to the Association's current three-year Corporate Plan's objectives. Within the new Action Plan, there are targeted delivery timeframes and performance outcome measures built in to ensure effective and meaningful participation and the efficient delivery of practices. An annual Action Plan will be developed, which aligns it to the annual Business Plan.

Within our new TP & CI Strategy 2020 – 2023, we will continue to:

- put tenants' views at the heart of the decision-making process,
- listen, act and provide feedback to tenants on what they tell us,
- provide a range of options for tenant involvement,
- ensure the promotion and expression of our community ethos, ensure all staff embrace this strategy and ensure the involvement of all staff in the development of meaningful participation,
- review our practices and how we operate and act positively to feedback,
- commit to the provision of adequate resources to deliver all aspects of the Strategy,
- provide tenants with the support they need to promote tenant participation, local empowerment and community cohesion,
- promote partnership working between the Association, tenants and the local community to deliver effective and meaningful improvements to the local environment

Newington Housing Association is also part of Supporting/Empowering Communities Tenant Participation Practitioners Network.

Tenant Views

The Association's most recent Tenants' Satisfaction Survey, which was completed in 2018 indicated the percentage satisfaction levels in the following areas:

Overall services provided - 94%

Rent represents Value for Money - 92%

Neighbourhood - 97%

Quality of Home - 92%

Helpfulness of Staff - 93%

Maintenance Services - 85%

Quality of Workmanship - 92%

One of the Association main Business Plan Objectives for 2020/21 is to carry out a further Tenant Satisfaction Survey with all Association tenants during the 2020/2021 reporting period.

Creating Safe & Vibrant Communities

A key objective of Newington is to work in partnership with other community, voluntary and statutory agencies in creating safer more vibrant communities for people to live and work and improve opportunities for individuals. The Association currently attends 14 community-led initiatives throughout North Belfast. At many of these community safety meetings there are representatives from various statutory agencies, community and voluntary sector organisations and residents. These partnership working groups offer a joined-up approach to tackling local issues facing various areas throughout North Belfast. In total, the Association attended 137 community meetings during 2019/2020.

Commitment to Working with Other Housing Associations

To further improve the Value for Money processes within NHA, there is a commitment to collaborative working with other HA's and the Northern Ireland Federation of Housing Associations (NIFHA).

The Association attends the following meetings to share ideas, best practice, enhance services and to promote a positive image of individual HA's and the social housing sector in general.

- NIFHA Governance/CEO Forum
- North West Housing Forum
- NIFHA Finance Forum
- NIFHA Housing Association Managers Forum
- NIFHA - Comms Officers Forum
- Supporting/Empowering Communities - Tenant Participation Practitioners Network Group
- NIHE, NIFHA & HA's Operational Group

Financial Results

During 2019/20 there have been opportunities and challenges including:

- Operating surplus remained relatively consistent (fall of 0.86% to £1.320m (2019: £1.33m). Net surplus decreased by 11.8% to £703K (2019: £798K). The main points to note are as follows:
 - a) £202k increase in pension liability
 - b) £106k increase in rates due to increased units of stock
 - c) £221k increase in salaries (Following organisation review, staff increased from 17 to 20 including benchmarking of salary scales)
 - d) £40k refurbishment works to temporary office premises
 - e) £32k loss on disposal re old office premises
 - f) £53k increase in maintenance costs due to high Change of Tenancies
 - g) £360k increase in housing depreciation

These increases have been set off by the following reductions:

- a) £350k increase in HAG amortisation
- b) £374k increase in net rental income
- c) £40k reduction in interest rates due to restructuring of loans.

- The impact of 64 tenants moving onto Universal Credit (UC) during the year. 91 tenants were in payment of UC at the end of the financial year. At June 2020 the number of tenants on Universal credit had increased to 103 and 47 tenants had advised that they had been furloughed by their employer and were engaging with Housing Officers to maintain their rent accounts and minimise arrears. The impact of the Coronavirus pandemic on rent arrears at the end of the financial year was negligible but it is inevitable that rent arrears will increase. The total non-technical rent arrears increased from 7.3% of income to 7.96% from March 2020 to June 2020. Stress testing to forecast the impacts of increased arrears and reduced rental income payments have been completed. The Association has enough cash and funding available to function in 2020/21.
- Overall, the association continues to perform well on a range of cost, financial and asset performance metrics which show NHA is on track to meeting its long-term strategic objectives.

Asset Performance

| Portfolio | Book value £'000 2020 | Rental Income (excl rates) £'000 2020 | Gross Yield 2020 | Book value £'000 2019 | Rental Income (excl rates) £'000 2019 | Gross Yield 2019 |
|-------------------------------|-----------------------------|---|---------------------|-----------------------------|---|---------------------|
| Social housing lettings | 67,118 | 3,478 | 5.2% | 66,496 | 3,129 | 4.7% |

Gross Yield = Rental Income/Book Value

Measurement

NHA 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. NHA has regularly measured its performance against peers within NI. We compiled information for this year's Sector Scorecard. This will be submitted to Housemark when the submission details are available and the data can be uploaded. We will use the findings to benchmark our Key Performance Indicators with others within the sector.

NHA Benchmarking Performance (Internal)

| | | Year 19/20 | Year 18/19 |
|-----------------------------------|----------------|------------|------------|
| Finance | | | |
| Management cost per unit (1) | | £974 | £819 |
| Maintenance cost per unit (2) | | £728 | £694 |
| Actual income vs budget | | 99% | 94% |
| Actual expenditure vs budget | | 101% | 102% |
| Interest Cover (3) | Times | 2.2 | 2.8 |
| Gearing (4) | | 25.1% | 23.3% |
| Gross Margin (5) | | 27.4% | 32.6% |
| Net Margin (6) | | 14.6% | 19.5% |
| Return on Capital Employed (7) | | 2.01% | 2.2% |
| Headline social cost per unit (8) | | £3,140 | £2,370 |
| Human Resources | | | |
| Salary costs as % of turnover | Excl HAG Amort | 18.7% | 15.4% |
| Leavers during the year | | 3 | 2 |
| Employee turnover | | 15% | 11.8% |
| Days lost through sickness | Days | 223 | 228 |
| % Employee sickness absence | | 5% | 6% |

Property Services

| | | |
|---|----------|----------|
| All repairs completed within target | 94.5% | 97.23% |
| ICO <4 hours | 97.8% | 99.75% |
| Emergency repairs < 24 hours | 98.5% | 99.59% |
| Urgent repairs < 4 days | 92% | 95.06% |
| Routine repairs < 20 days | 89% | 93.20% |
| COTs completed within target - H&S | 95.45% | 96.82% |
| COTs completed within target - General | 85.71% | 91.67% |
| Properties with gas certificates in place | 100% | 100% |
| Works orders which are cyclical | 874 | 782 |
| Works orders which are response | 2955 | 2982 |
| Expenditure on response repairs | £452,032 | £333,330 |
| Expenditure on cyclical maintenance | £118,758 | £177,650 |
| Expenditure on capitalised repairs | £590,100 | £141,392 |

Complaints (Service Delivery)

| | | |
|----------------------------------|---|---|
| Number of complaints received | 0 | 0 |
| Number of complaints resolved | 0 | 0 |
| Number of complaints ongoing | 0 | 0 |
| Complaints referred to Ombudsman | 0 | 0 |

Housing Management

| | | |
|---------------------------------|-------|--------|
| Income Collected (incl. O/S HB) | 99.7% | 99.31% |
| Tenant Arrears - Technical | 4.9% | 2.94% |
| Tenant Arrears - Non-technical | 7.3% | 8.2% |
| Tenant Arrears - Total | 5.54% | 4.77% |

(ASB - Complaints)

| | | |
|-------------------------------|----|----|
| Number of complaints received | 45 | 46 |
| Number of complaints resolved | 45 | 40 |
| Number of complaints ongoing | 0 | 6 |

Housing Stock - Properties at Y/E:

| | | |
|------------------------------------|-------|--------|
| No. of new properties developed | 19 | 71 |
| No. of House Sales completed | 1 | 3 |
| New supply delivered | 2.6% | 10.1% |
| Reinvestment | 2.68% | 12.93% |
| No. of properties in NHA ownership | 723 | 705 |

Housing Stock (Voids):

| | | |
|---------------------------------------|---|---|
| Void properties available for letting | 5 | 0 |
| Void prop. awaiting COT works | 3 | 3 |

Void Performance

| | | |
|------------------------------------|---------|---------|
| Total Void Loss (Year End) | £43,613 | £23,114 |
| Void Loss as a % Income Receivable | 1.07% | 0.64% |

Housing Stock (Lettings)

| | | |
|---------------------------------------|----|----|
| No. of G/Needs & Sheltered - New-Lets | 19 | 71 |
| No. of G/Needs & Sheltered - Relets | 24 | 27 |
| No. of Supported Housing - Relets | 26 | 19 |

Commentary on Financial KPIs

- (1) Management costs per unit exclude community investment costs and one-off or exceptional costs. These are higher than the prior year due to higher salaries following benchmarking exercise.
- (2) Maintenance costs per unit are higher this year due to increase demand for reactive repairs and increase on Change of Tenancies costs in the year.
- (3) Interest cover is lower due to reasons above as well as increase in pension liability in the year which had a direct impact of £119k on the operating surplus.
- (4) Gearing is higher due to draw down of £1.5m loan in the year.
- (5) (6) and (7) Gross and net margin and ROCE are lower due to reasons given in (1), (2) and (3) above
- (8) Headline social cost higher due to higher spend on capitalised repairs in the year.