

Value for Money Statement 2021/2022





Value for Money (VFM) Statement (Review 2021/2022)

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
- 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
- Deliver greater benefit to our existing and future tenants and local communities.

Some examples of activities in 2021/22 where these Value for Money principles were applied are as follows;



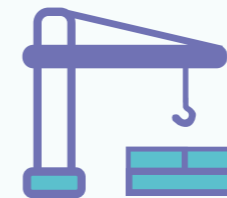
Loan Finance

An exercise to procure additional loan finance was completed during the year and the new facility agreement was signed in December 2021.



Office Accommodation

The construction of a purpose-built office on the Limestone Road was completed in December 2021.



Repairs & Maintenance

A Measured Term Contract (MTC) for reactive maintenance jointly procured with Apex Housing Association became operational on 1 June 2022 with NICOR being appointed. This framework when coupled with a jointly procured Planned and Cyclical Maintenance Contractor Framework ensures that contractors employed are the most efficient in terms of the balance between competitive pricing and quality of service.

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.



Joint Procurement of Audit Services

In partnership with Apex HA, Newington Housing Association (1975) Limited have jointly procured External and Internal Audit Services to achieve efficiencies and value for money.



ICT Infrastructure

Newington Housing Association competitively procured a new ICT Support provider from October 2021. This included the provision and implementation of new IT infrastructure including an updated ICT policy.



Social Value Investment, Tenant Participation & Community Engagement



MEASURING SOCIAL IMPACT

In the early part of the year Newington continued to work with and support the community and voluntary sector response to the pandemic. A meeting was arranged with St Vincent de Paul, North Belfast Advice Partnership, senior staff and board members to discuss how Newington could support residents emerging from the pandemic. It was clear that the immediate intervention that was required was help with living costs, food, electricity and gas costs. Through Newington's community investment fund board members agreed to provide financial assistance of £10,000 which would be distributed through the year to residents in the area through St Vincent de Paul.

Our Community Engagement Officer, Head of Housing & Communities and other key staff within our departments continued to keep in regular contact with the organisation's residents and particularly our Tenant Forum members, who were provided with regular updates on key decisions on funding and service delivery. Tenant Forum members while reluctant to meet via zoom during the initial days of the pandemic indicated they were again willing to engage with the association and other forum members. When restrictions were eased a six-week face-to-face training programme was delivered by Supporting Communities, funded by Newington. The programme covered key areas for the Forum including chairing meetings, how to get your voice heard, positive engagement and the benefits to having a Tenant Forum. The final week concluded with a celebration event, award of certificates, and was attended by Tenant Forum members and the Board and Chief Executive. Tenant Forum meetings have now resumed with a refocus on the key objectives for Forum members.

The independent Welfare Advice post was in its second year, match funded by Newington HA and Nationwide Building Society. The role delivered working in partnership with North Belfast Advice Partnership (NBAP) and was key in supporting our tenants and other service users within North Belfast throughout the year. The Welfare Advice Officer provided support to 372 clients in year 2 and generated additional benefits and income for those claimants in excess of £1 million. Newington have continued to support this valuable role and have committed to a further two years of funding to March 2024. The post is now funded with Belfast City Council and the Welfare Advice post is based in Ballysillan Community Forum. From January 2022 the Welfare Advice Officer works out of the Newington HA Office on the Limestone Road two half days per week.

The Community Investment Fund, which is set by the Board as 2% of rent receivable is used to support a range of strategic and community activities. Strategic priorities include the Welfare Advice post to initially support tenants with the introduction of Welfare Reform, this role has continued to be supported because of Covid-19 and the number of Universal Credit applications. Another strategic priority is delivering the Association's Tenant Participation & Community Involvement Strategy 2020 -2023. The Community Engagement Officer's role is part funded from the Community Investment Fund and is extremely important to local community and voluntary groups within North Belfast. Newington continued to invest and support local communities through direct requests for funding, as well as funding to support a range of community activities for young people, families and our older tenants.



Tenant Views

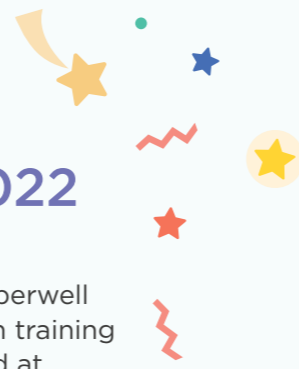
The Association's most recent full Tenants' Satisfaction Survey, which was completed in February 2022, indicated the percentage satisfaction levels in the following areas:





Main highlights during 2021-2022

- Digital Inclusion project (six weeks) with residents at Camberwell Court which was a Belfast City Council funded project with training supplied by Supporting Communities. Residents supported at training events by NHA;
- TDK Residents Group delivered 'Colour the Area' initiative. Support was given with the funding application, acquisition of quotations for goods and services, the delivery of event, plus funding of £250 towards the event;
- Camberwell Golden Club secured funding of £400 from Volunteer Now to deliver projects and activities for residents, support given to complete application;
- £5,000 funding provided to North Belfast Advice Partnership Foodbank;
- £10,000 funding provided to St Vincent de Paul for Covid19 response;
- Grow NI funding of £7,000 provided for gardening project for Camberwell Court sheltered housing scheme;
- NHA staff distributed three course Christmas Lunches to 70 sheltered housing residents in December 2022, which was funded by NHA;
- Student Bursaries of £4,000 awarded to eight Newington tenants and family members;
- 17 grants awarded to community groups under Newington's Brian Mullan Community Fund, totalling £15,283.



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 Housing Associations 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 Forums
- 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 2021/22 there have been opportunities and challenges including:

- Decrease of 15% in Operating surplus (£1.14m (2021: £1.35m). Net surplus increased by 75% to £1,038K (2021: £595K). The main points to note are as follows:
 - (a) £193k increase in reactive maintenance costs due to additional payments required for material price increases and significant inflationary increases;
 - (b) £10.4k depreciation costs on office premises (completed end December 2021);
 - (c) £7.5k higher external and internal audit costs. New external auditor appointed and specialist IT internal audit undertaken incurring additional fees;
 - (d) £16.8k higher consultancy fees due to recruitment fees for temporary housing officers and additional HR support fees in the year;
 - (e) £11.5k higher printing and stationery fees due to return to the office and new stationery requirements for filing;
 - (f) £15.8k increase in computer costs due to new IT provider and additional implementation costs.

These movements which have reduced the surplus have been set off by the following:

- (a) £9.6k increase in income;
- (b) £112k decrease in pension liability compared to £416k increase in deficit in previous year;
- (c) £103k decrease in cyclical maintenance costs due to the delay of a number of projects which have been pushed into 2022-23;
- (d) £14k reduction in interest rates due to falling interest rates.

During the year 78% of the Association's rental income was received directly from Housing Benefit or Universal Credit. Initially arrears actions were carried out remotely in the early part of 2021/22 with contact by telephone, email, text and letter. As restrictions lifted, face-to-face home and office appointments took place. Recovery action for relevant debtors including legal proceedings was in line with Department For Communities Covid guidance. The Association renewed the match-funded Welfare Advice post, which commenced in January 2020 for a further two-year period. The impact of the Coronavirus pandemic on rent arrears at the end of the financial year were negligible in 2021/22. However, Non-technical rent arrears increased from 2.34% at end of Quarter 1 to 2.85% at year end.

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 2022	Rental Income (excl rates) £'000 2022	Gross Yield 2022	Book value £'000 2021	Rental Income (excl rates) £'000 2021	Gross Yield 2021
Social housing lettings	66,742	3,563	5.3%	66,774	3,548	5.3%

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. NHA has regularly measured its performance against peers within NI.

A comparison of some of the primary indicators for 2020/21 is set out below along with the results of the HouseMark Sector Scorecard:

Indicator	Newington HA	UK Median
Operating margin	30.82%	23.54%
Interest Cover	335.93%	215.95%
Gearing	22.43%	33.82%
Return of Capital Employed	2.09%	3.1%
Occupancy	98.42%	99.2%
Headline Social Cost Per Unit	£2,622	£3,891



NHA Benchmarking Performance (Internal)

Finance	Year 21/22	Year 20/21
Management cost per unit (1)	£818	£776
Maintenance cost per unit (2)	£1,554	£1,402
Actual income vs budget	98%	96%
Actual expenditure vs budget	98%	96%
Interest Cover (3) - Times	3.0	3.6
Gearing (4)	24.2%	25.4%
Gross Margin (5)	23.8%	28.4%
Net Margin (6)	21.8%	12.5%
Return on Capital Employed (7)	2.2%	2.1%
Headline social cost per unit (8)	£2,921	£2,622



Human Resources	Year 21/22	Year 20/21
Salary costs as % of turnover - Excl HAG Amort	21.8%	21.4%
Leavers during the year	1	1
Employee turnover	5%	5%
Days lost through sickness	227.5	194
% Employee sickness absence	4.5%	3.8%

Property Services	Year 21/22	Year 20/21
All repairs completed within target	88.6%	99.0%
ICO <4 hours	98.9%	99.4%
Emergency repairs < 24 hours	97.5%	99.5%
Urgent repairs < 4 days	82.1%	98.9%
Routine repairs < 20 days	68.7%	98.3%
COTs completed within target - H&S	100%	97.7%
COTs completed within target - General	88.9%	94.7%
Properties with gas certificates in place	100%	100%
Works orders which were cyclical	1024	765
Total works orders raised which were response (i.e., ICO's, emergency, urgent, routine & COT's).	3,414	2,886
Total works orders completed on time which were response (i.e., ICO's, etc.)	3,033	2,857
Expenditure on response repairs	£544,020	£347,489
Expenditure on cyclical maintenance	£105,047	£207,944
Expenditure on capitalised repairs	£217,805	£164,537

Complaints (Service Delivery)	Year 21/22	Year 20/21
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	Year 21/22	Year 20/21
Income Collected (incl. O/S HB)	99.9%	99.0%
Tenant Arrears - Technical as % of technical income	4.79%	4.86%
Tenant Arrears - Non-technical as % of non- technical income	12.92%	12.05%
Tenant Arrears- Non-technical as % of total income	2.85%	2.75%
Tenant Arrears - Total	6.59%	6.48%

(ASB - Complaints)	Year 21/22	Year 20/21
Number of complaints received	63	52
Number of complaints resolved	62	41
Number of complaints ongoing	1	11

Housing Stock - Properties at Y/E:	Year 21/22	Year 20/21
No. of new properties developed	3	0
No. of House Sales completed	5	1
New supply delivered	0%	0%
No. of properties in NHA ownership*	720	722

*Includes 1 under shared overownership

Housing Stock (Voids):	Year 21/22	Year 20/21
Void properties available for letting	5	0
Void prop. awaiting COT works	4	3

Void Performance	Year 21/22	Year 20/21
Total Void Loss (Year End)	£42,113	£30,064
Void Loss as a % Income Receivable	1.02%	0.73%

Housing Stock (Lettings)	Year 21/22	Year 20/21
No. of G/Needs & Sheltered - New-Lets	3	0
No. of G/Needs & Sheltered - Relets	31	25
Number of successions	3	2
Number of Direct Exchanges	7	5
No. of Supported Housing - Relets	29	20





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 admin costs being recharged in the year such as stationery and professional fees such as consultancy and audit fees.
- (2) Maintenance costs per unit are higher this year due to increased payments in relation to the uplift in material costs.
- (3) Interest cover is lower due to reasons above as well as lower spend on capitalised repairs in the prior year due to the pandemic.
- (4) Gearing is slightly lower due to loan repayments in the year.
- (5) Gross margin is lower due to £114k higher current service cost re FRS102 pension adjustment included in operating expenses.
- (6) Net margin higher than prior year due to significant increase in actuarial gain on pension liability of £363k (£284k loss in prior year).
- (7) ROCE consistent with prior year.
- (8) Headline social cost higher due to higher spend on management, maintenance and capitalised repairs in the year.





Newington Housing Association,

300 Limestone Road,
Belfast , BT15 3AR

Email: admin@newingtonha.co.uk

Phone: 02890 744 055

Fax: 02890 747 624

(9:00 am – 5:00 pm on weekdays)

Closed on Saturday, Sunday and Public
Holidays

Out of Hours Emergency Number:

0800 731 3081

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