



**VALUE FOR MONEY
STATEMENT**

2017 - 2018

INTRODUCTION:

VALUE FOR MONEY

Grove Housing Association provides 218 social housing tenancies around the junction of York Road and Shore Road in North Belfast.

As a not for profit organisation and a social housing provider responsible for the accommodation of many individuals and families, the Association has an obligation to use resources wisely and maintain sound long term finances so it can continue to meet those obligations.

Value for Money means delivering services as cost-effectively as possible while maintaining high levels of customer satisfaction. Achieving Value for Money is often described in terms of the '3 E's' – economy, efficiency and effectiveness. Economy means keeping the costs to a minimum while having regard to quality. Efficiency involves doing things right while delivering a greater level of service for the same or less cost, time or effort. Effectiveness means seeing how we can we achieve better outcomes from the resources we use.

This Value for Money Statement provides tenants and other stakeholders with information about the Association's progress regarding Value for Money in reaching its objectives.



STRATEGIC OBJECTIVES

After careful consideration, six major objectives were set in the Association's Strategic Plan 2016-2019. These objectives and comments on how they relate to Value for Money are as follows:

1. Ensure the structures and skills of the Board provide sound governance



- To provide effective leadership and control, a Board should have wide-ranging experience. A recent skills audit of Board Members showed this as skills among them included: strategic leadership, governance, human resources, construction, maintenance, local community involvement, tenant participation, equality, and finally property, business, financial and risk management.

- 10 full Board Meetings were held during 2017/18, as well as meetings of the HR Sub-Committee as required and quarterly meetings of the Finance Sub-Committee. Time was therefore devoted by Board members to providing sound governance.

2. Provide quality homes for people to live in

- Grove's core business is providing homes that meet the needs of people, so this is a key Value for Money area. Association finances are based on rental income and there needs to be an appropriate balance between rent levels and the expenditure on maintenance and improvements. High expenditure may provide better accommodation but can also create pressure for higher and therefore less affordable rents. However, Grove needs to provide homes that existing tenants want to remain in and that new tenants are attracted to – otherwise the Association is not fulfilling its social purpose and it could run into financial difficulty by not being able to let its properties.



(a) Maintenance

- Grove carries out response repairs which relate to ordinary things that go wrong from time to time. There is also a planned programme such as external painting at intervals, annual gas boiler servicing, smoke alarm replacement (which was carried out during the year) and replacement of fixtures such as external doors. Average maintenance expenditure per dwelling over the past 3 years is shown below under the Economy heading. Planned & cyclical repair costs vary considerably depending whether or not, for example, an external painting or boiler replacement scheme is being carried out that year.

Maintenance is essential both to provide decent homes for people now and for Grove to safeguard its assets so dwellings will continue to be fit for occupation in future years.

(b) Providing additional homes

- The last new homes Grove finished were in 2013. There has been difficulty in getting the required housing need support from the Housing Executive to build additional dwellings in the area. The Association has been working to provide homes on the former Primary School site and now has housing need support for 12 dwellings (since increased to 24).
- Additional homes will meet further housing need. Financially, it will increase Grove's rental income and with staff numbers likely to remain the same, it should reduce the management costs per unit, thus improving Value for Money figures.

3. Develop community initiatives



- Maintaining and improving the quality of homes helps encourage full occupancy but improving the local environment does so as well. For example, during 2017/18 Grove provided additional minor investment to further develop the new Community Garden that was created the previous year with grants of £40k from the Alpha Programme and £24k from Belfast City Council. This has greatly enhanced a drab and little used area for the benefit and encouragement of all local residents. The Association weed killed round the streets as the City Council's annual weed killing had not been sufficient to keep the area tidy and representatives also met with Translink, City Council and local politicians to inspect the rat situation along the railway line at the rear of Grove's area.

This type of activity cannot be quantified in financial terms, but the view is that this small expenditure represents Value for Money by enhancing the appeal of the area as a good place to live.

4. Deliver long term financial viability

(a) Balancing income and expenditure

- The table below shows Grove's consistent surpluses for the past 3 years. With 2017/18 being a 15 month "year", figures in these accounts have been divided by 5 and multiplied by 4 to create real annual comparisons with previous years. Also, figures exclude the actuarial loss or gain and other costs from the pension scheme as these tend to vary considerably year to year and artificially increase or decrease the surplus. They make annual comparisons less valid.



Annual income & expenditure	2017/18	2016	2015
Turnover (i.e. income)	£1,146,633	£1,135,630	£870,647
Operating costs	(£760,456)	(£715,820)	(£451,528)
Interest payable on loans less bank interest received	(£95,483)	(£100,956)	(£110,203)
Surplus for the financial period	£290,694	£318,854	£308,916

Surpluses of turnover against operating costs are 25% in 2017/18, 28% in 2016 and 35% in 2015. These are substantial amounts, but Board Members considered it prudent and Value for Money in the longer term to increase rents and thus the Association's reserves in view of future maintenance requirements. At the same time, care was taken to spend wisely.

The 2016 Tenant Satisfaction Survey produced the following result as to whether Grove's rent provides Value for Money.

Satisfaction Survey question	Grove: Very satisfied	Grove: Fairly satisfied	Grove total:	Benchmark 2016/17: housing association average
Do you think the rent provides value for money?	89%	5%	94%	80%
How satisfied or dissatisfied are you with the overall quality of your home?	77%	15%	92%	88%

Response maintenance costs are largely similar each year, but the cost of planned and cyclical work and renewing fixtures can be considerable and can vary greatly from year to year. The budget for the next 5 years for planned, cyclical and fixtures is:

2018/19	£145,000	2019/20	£158,000
2020/21	£117,000	2020/21	£377,000
2021/22	£102,000		

The budget for the following 5 years reflects the housing stock getting older and is £1,045,000. Grove is required to have projections 30 years ahead and while it is more difficult to be accurate so far in advance, the projections show that reserves and income will cover expenditure. The Association’s external accountant has also carried out “stress testing”, which looks at Grove’s ability to come through unexpected financial difficulties and again the resources are sufficient to come through successfully.

(b) Economy, efficiency & effectiveness



Economy - keeping the costs to a minimum while having regard to quality.

Efficiency - doing things right while delivering a greater level of service for the same or less cost, time or effort.

Effectiveness - seeing how we can we achieve better outcomes from the resources we use.

- Tables below show how Grove’s performance compares with Northern Ireland housing association averages. The benchmarked comparisons below relate to the year 2016/17 as this is most recent data available.

	2017/18	2016	2015	Benchmark 2016/17: housing association average
Average management cost per unit	£813	£766	£776	£654
Average maintenance cost per unit	£1,161	£955	£1,029	£1,518

Management costs are higher than the average, which is not unexpected as Grove is a small Association and does not have economies of scale. The maintenance costs are lower than average. These costs will vary depending if there are small or large planned and cyclical work to be done that year. Grove tries to provide a prompt and efficient service at a reasonable cost.

Rent amount figures	2016/17	Benchmark 2016/17: housing association average
Rents – 2 bedroom new build (decontrolled)	£75.80	£78.71
Rents – 2 bedroom rehabilitated (decontrolled)	£64.68	£68.38
Rents – 3 bedroom new build (decontrolled)	£88.67	£95.50
Rents – 2 bedroom rehabilitated (decontrolled)	£76.79	£82.74

Given that the benchmark rent figures are for 2016/17, Grove's 2016/17 figures have also been given. Only rents for 2 and 3 bedroom homes have been provided as these form 90% of Grove's stock and therefore more meaningful averages. Rents still "controlled" by the Department have also been excluded as there are so few of them.

- The rent collection figures below show that Grove is generally operating efficiently in collecting rental income when compared with other housing associations. Improvements can be made and Grove is working to achieve better efficiency.

Rent collection figures	2017/18	2016	2015	Benchmark 2016/17: housing association average
Rent collected as a % of rent due	98.2%	99.1%	98.3%	97.8%
Total rent arrears as a % of rent due	3.2%	5.1%	3.5%	5.1%
Rent loss - voids as a % of annual rent receivable	0.4%	0.3%	0.3%	2.5%
Average time to re-let self-contained homes	26 days	38 days	27 days	65 days

- The Association tries to provide value in expenditure, for example a 3 year insurance agreement during the year considerably reduced premiums. The contract was also tendered for Information Technology (IT) with requirements to upgrade security to keep data safe. This, while costing more, also provides Value for Money as the consequences of poor IT efficiency or a data breach can be severe.

5. Foster a culture of service excellence

- The Tenant Satisfaction Survey results below are very positive about the service provided by Grove and indicate that there is Value for Money in this area.

Satisfaction survey question	Grove: Very satisfied	Grove: Fairly satisfied	Grove total:	Benchmark: housing association average
Taking everything into account, how satisfied or dissatisfied are you with the service provided by your housing association?	88%	10%	98%	87%
Were you satisfied with the ability of staff to deal with your query quickly and efficiently?	93%	7%	100%	80%
Generally, how satisfied or dissatisfied are you with the way your housing association deals with repairs and maintenance?	91%	3%	94%	74%

5. Ensure the Association complies with statutory and regulatory requirements

- A new Regulatory Framework was introduced by the Department in May 2017 and the Annual Return for 2016/17 was in this new format. This looks in particular at how well housing associations meet Governance, Financial and Consumer standards. The Department determines which of 4 “Levels of Engagement” an Association will require from them over the next year. Level 1 requires a “minimum level of engagement”, Level 2 “further targeted engagement”, Level 3 “detailed engagement” and Level 4 “intervention”. Grove was assessed at Level 2.

Whilst not specifically assessing Value for Money, these standards gives an indication of how well an Association is being run and how well it is fulfilling its core functions. Some pointers were given to Grove by the Department regarding areas where improvements can be made to bring the Association up to Level 1.

- Other requirements apply to housing associations. Grove tries to honour Equality legislation by providing a high level of service to everyone regardless of their individual characteristics. The Association has also been further reminded of the importance of health and safety aspects of its obligations after the Grenfell fire. A contract was already in place to renew older smoke alarms when the fire occurred.

FURTHER INFORMATION

If you would like further information, please contact Grove at 171 York Road, Belfast BT15 3HB.
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