

Value for Money Statement

2022/23



Building Rural Communities
rural
housing
association

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Chair - Value for Money Overview

Welcome to Rural Housing Association's Value for Money Statement.

Rural Housing Association is a registered charity and as such we have a limited amount of money. On the other hand, we have pressures on where our money should be spent and therefore have to ensure our resources are applied efficiently and as cost effectively as we can.

The Association's Corporate strategy for 2021-2024 shows that the Rural Housing is not interested in just being a landlord but wants to make a difference to the lives of rural people throughout Northern Ireland. Our vision is summarised in 5 main areas:

- Deliver Excellent Customer Services to our Tenants.
- Build and Provide High Quality Homes to meet local needs.
- Be an Excellent Employer.
- Be a Key Influencer in Rural Housing Policy.
- Support and Sustain our Rural communities.

To ensure we meet these objectives an annual business plan a detailed budget is produced to further develop the above themes into measurable operational objectives of the organisation.

All of the above are based around a core objective within the Association of demonstrating Value for Money principles throughout the organisation.

We at Rural Housing Association do not believe that Value for Money (VFM) is about cutting cost. The Association believes VFM requires a more complete understanding of the use and maintenance of the Association's key resources (its housing assets) to achieve its intended outcomes for new housing development, tenancy services, and community investment. It is about getting more quantity and quality alongside spending money wisely.

Rural Housing Association understands that Value for Money can only be achieved by striking a balance between:

- **Economy** – Spending less. The price paid for what goes into providing a service. It's about delivering services at optimum cost, through minimising the cost of resources.
- **Efficiency** – Spending well. A measure of productivity and performance and the process and delivery of procurement.
- **Effectiveness** – Spending wisely. A measure of the impact that has been achieved, which can either be quantitative or qualitative.

To achieve Value for money throughout the Association we use the following approach:

- Set budgets and business plans which include efficiency targets and improvements to services based on action plans agreed by the Board.
- Ensure competitive tendering process which challenge and scrutinise the services offered.
- Provide continued training to staff to ensure full understanding throughout the Association of the need to challenge and monitor costs.
- Provide a platform for our customers to enable meaningful communication about our services and the value for money we provide.
- Use HA5 Group and work in collaboration with others to provide to provide maximum benefit of economies of scale wherever practical.
- Continue to ensure Key Performance Indicator's (KPI's)

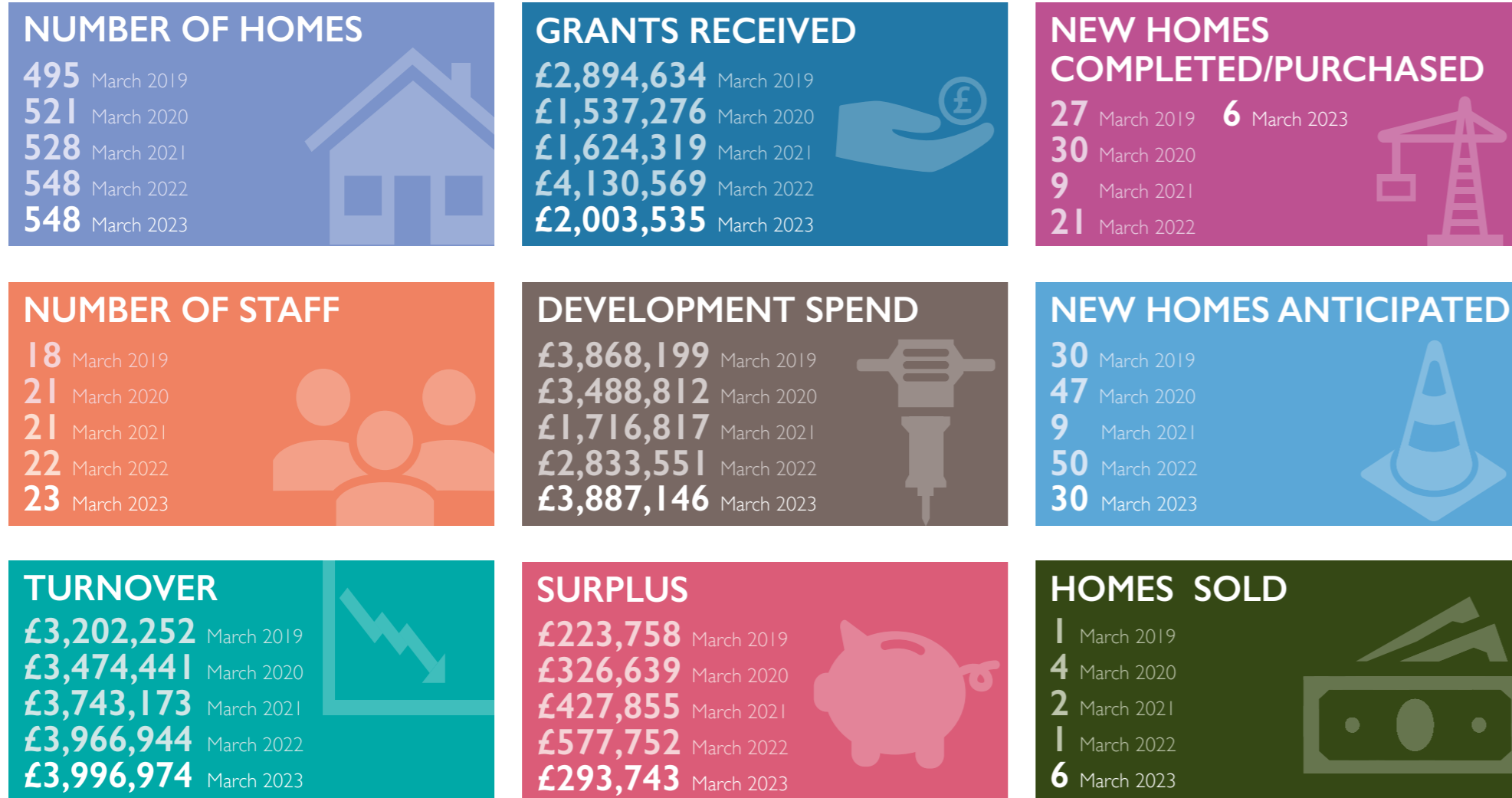


John Waddell,
Chair

and financial performance are benchmarked against similar sized Associations' (both locally and nationally) provide a comprehensive analysis of the organisation's performance.

- Show a clear understanding of the nature of the organisation's stock profile to ensure informed decisions on development, improvement, and disposals.
- Carry out monthly monitoring and reporting of KPI's and other business and financial data within the Senior Management Team (SMT) and to Board level.
- Identify new ways of procuring efficiency saving throughout the organisation by inviting ideas from staff and customers.
- Provide an annual self-assessment of VFM as part of our annual financial reporting.
- Ensure full compliance with the new Department for Communities (DfC) Regulatory framework to ensure a full commitment to our tenants and stakeholders.
- Continue to think outside the box.

Rural Housing at a Glance



Benchmarking Our Performance



Operational Performance

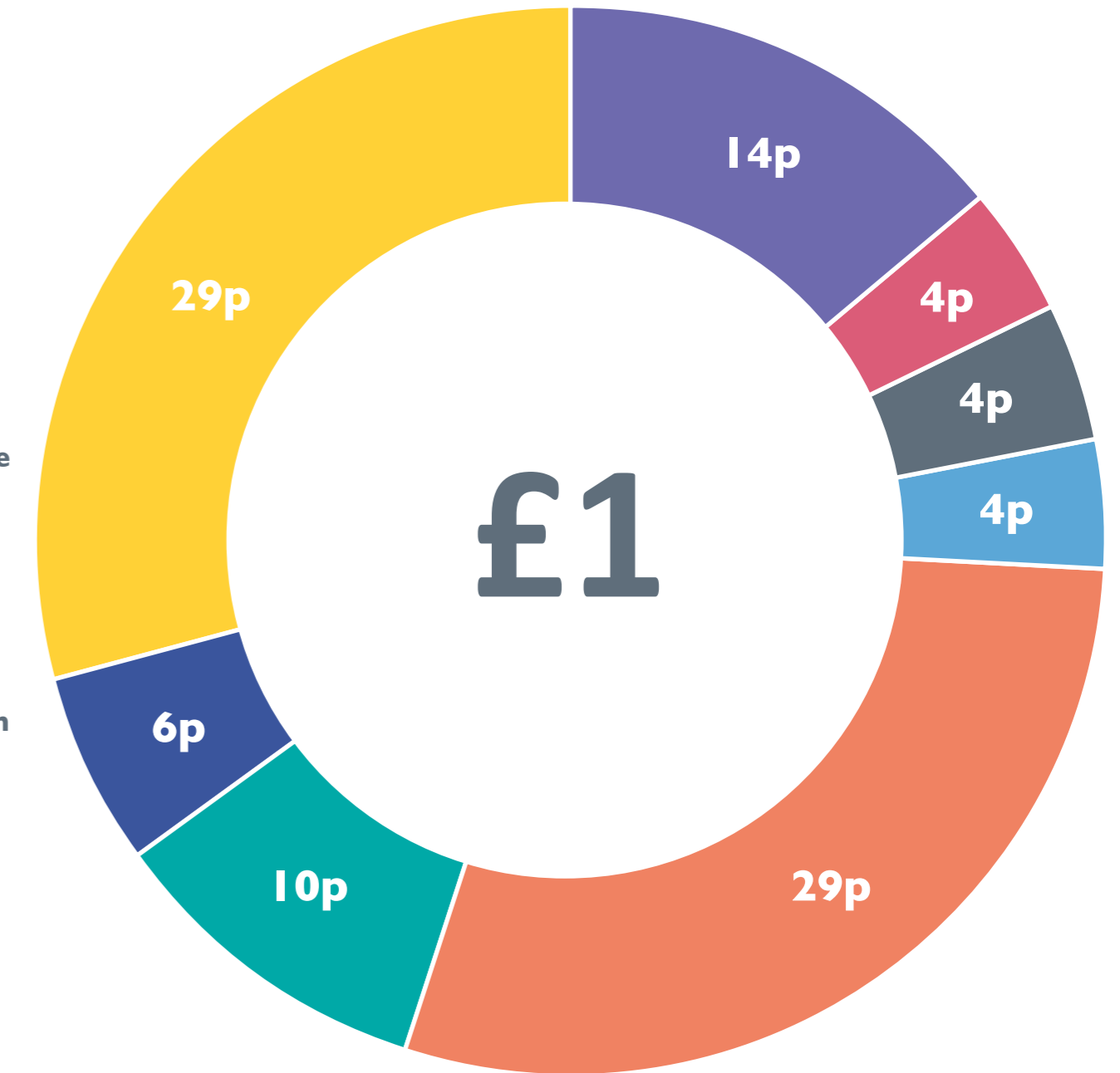
Indicator	2023	2022	2021	2020	2019
Voids	0.73%	0.86%	0.98%	0.70%	0.54%
Bad Debts - Rents	0.31%	1.37%	0.72%	1.18%	1.73%
Current Tenant Arrears	7.52%	5.39%	5.52%	2.84%	3.80%

Financial Performance

Indicator	2023	2022	2021	2020	2019
Social Housing Turnover					
RHA	£3.99 million	£3.96 million	£3.74 million	3.47 million	£3.20 million
Operating Costs % turnover					
RHA	74.45%	69.06%	70.59%	70.55%	70.60%
Management Spend %					
RHA	19.92%	19.70%	17.41%	17.41%	16.43%
Average Management Cost per Unit					
RHA	£1,303	£1,242	£1,069	£1,002	£914
Maintenance Spend %					
RHA	29.80%	24.50%	27.50%	26.85%	29.04%
Average Maintenance Cost per unit					
RHA	£1,950	£1,545	£1,688	£1,545	£1,615

How we Spend Every £

- General Response**
- Change of Tenancies**
- External Cyclical Maintenance**
- Planned Maintenance**
- Salaries and Wages**
- Housing Operations**
- Maintenance Administration**
- Bank Interest**



Three Year Score Card

Measure 1: Operating margin

2021	2022	2023
44.12%	45.48%	39.58%

Measure 1:
Operating margin measures the amount of surplus generated from turnover on our day-to-day activities. It is a key measure of operational efficiency as it is influenced by both income and expenditure.

Measure 2: Increase/Decrease in operating margin

2021	2022	2023
0.14%	1.36%	-5.90%

Measure 2:
Operating margins are slightly down but still showing a high figure due to our increasing development programme. The Association ended the year with a healthy cash balance ensuring a strong liquidity position and well placed to support growth over the coming years.

Measure 3: Cash generated to interest payment

2021	2022	2023
2.18	2.39	1.93

Measure 3:
It is an approximation of cash generated and presenting it as a percentage of interest shows the level of headroom on meeting interest payments on outstanding debt.



Measure 4: Units Developed (absolute)

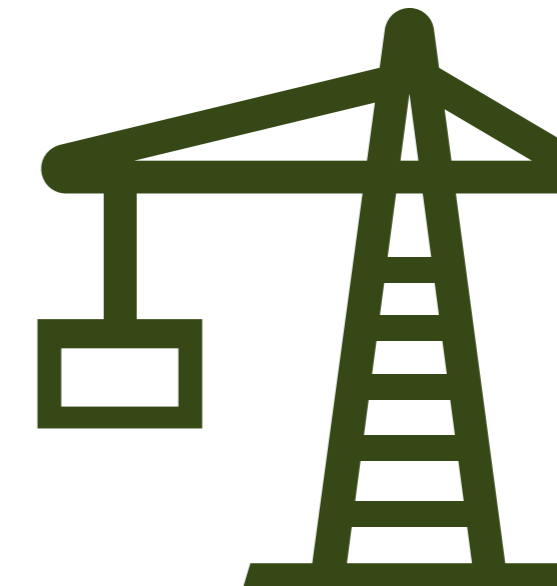
2021	2022	2023
9	21	6

Measure 4:
RHA set annual targets for development of new homes. This figure shows how many homes we actually delivered.

Measure 5: Units developed (as percentage of units owned)

2021	2022	2023
1.70%	3.83%	1.09%

Measure 5:
Indicate how many new homes we have provided as a percentage of our homes owned at the beginning of the year.



Measure 6: Borrowing against revenue reserves

2021	2022	2023
46.04%	43.33%	44.61%

Measure 6:
Our borrowing against revenue reserves shows the proportion of borrowing in relation to the size of the association's asset base. This shows we are continuing to make the most of existing assets to invest in new homes.

Measure 7:
Customers satisfied that their rent provides value for money

2021	2022
83%	83%

Measure 7:
This measure is essential in showing if our customers are happy with our service in return for the rent charged. Our customer satisfaction remains high at 85%.

Measure 8:
Return on capital employed

2021	2022	2023
2.47%	2.60%	1.99%

Measure 8:
Shows how our capital is used to maximise our surplus.



Measure 9:
Occupancy

2021	2022	2023
99.02%	99.14%	99.82%

Measure 9:
Is an indicator of the speed of letting empty homes. The quicker we let, the sooner someone in need gets a home and the less rent loss for the Association.

Measure 10:
Ratio of Responsive repairs to planned maintenance spend

2021	2022	2023
59%:41%	65%:35%	61%:39%

Measure 10:
Shows how we plan our works to make best use of our resources. Effective planning based on detailed stock condition surveys potentially allows us to reduce spend on responsive repairs in favour of planned maintenance. There is an assumption that planned work is the most cost-effective way of maintaining properties.

Measure 11:
Social housing cost per unit

2021	2022	2023	
£1,069	£1,242	£1,303	Housing Management
£662	£701	£777	Maintenance Admin
£418	£292	£457	Planned and Cyclical Maintenance
£0	£19	£14	Development Expenses
£608	£533	£702	Response Maintenance

Measure 12:
Overheads as a % of turnover

2021	2022	2023
27.59%	30.20%	30.42%

Measure 12:
Shows the proportion of the Association's turnover that is spent on overheads, including IT, HR, finance, office premises and corporate services.



The 3 E's – How we Deliver Value

Economy

Spending less.

The price paid for what goes into providing a service. It is about delivering services at optimum cost, through minimising the cost of resources.

Efficiency

Spending well.

A measure of productivity and performance and the process and delivery of procurement.

Effectiveness

Spending wisely.

A measure of the impact that has been achieved, which can either be quantitative or qualitative.



Here are some of the things we did differently in the last year to help achieve our 3 E's.

DEPARTMENT	ACTIVITY	TARGET SAVING 2022/23	SPLIT OF SAVING ONE OFF	CONTINUING	ACHIEVED AT 31-03-2023	
Development/ Housing	Online marketing	£8,000	Annual	£8,000	£14,878	Google Grant aid enables the Association to place highly targeted advertisements on the google platform. This year saw nearly 9,000 click throughs on those ads leading to our main website, producing extra business and awareness for the Association.
Administration	Microsoft Office and SharePoint	£15,000	Annual	£15,000	£15,820	Grant aid from Microsoft Office for Sharepoint and Microsoft 365 and other Microsoft apps. Hybrid working has made digital communication a must. Through Microsoft Grant the Association is able to avail of high end technology which would be out of its cost reach otherwise.
Administration	Mobile Phone Contract through public procurement	£3,000	Annual	£3,000	£3,000	The Association has been able to use a call off on an existing public sector contract.
Administration	Paperless Board Meeting	£1,700	Annual	£1,700	£1,700	All board members use tablets to source documentation. This has been extended to all departments of the Association
Housing and Head Office	Photovoltaic Cells	£3,000	Annual	£3,000	£2,363	These are photovoltaic cells on Association properties. Through PowerNI Mirocrogen the government provide a payment for their use. The cells provide tenants and our head office with free electricity.
Finance	Restructure Loans	£100,000	Annual	£100,000	£276,000	Restructure of existing bank loans and savings occurred in year.

Value for our Tenants

Rural Housing Association recognises that it is essential that we ensure continued focus on demonstrating Value for Money in delivering our strategic ambitions. Achieving good value for money is about our Association understanding all our costs, our customers and services and ensuring that we spend efficiently given our finite resources avoiding any unnecessary spending.

This strategy provides a framework for Value for Money targets against our Key Performance Indicator's (KPI's) and corporate objectives and details how our progress will be measured and monitored.

Our procurement policy sets out the platform for the Association to provide cost and efficiency savings whilst ensuring our service standard remains high. We utilise partnerships with other Housing Associations, framework agreements and traditional tendering processes which provides us with the opportunity to achieve savings from bulk procurement as well as benefitting from cost reductions.

Our business planning and performance management processes will continue to ensure that VFM is joined up through the organisation and the Association will continue to react to the ever-changing external environment to ensure its decision making is always carried out in a way that ensure value for money for our main stakeholder, the tenants. The Association uses the Housemark benchmarking system to help determine how we are performing against our peer groups both locally and nationally.

Value does not always come in financial terms but in some cases, we have been able to provide indirect financial help. This approach is driven by a desire to reduce the carbon impact of our properties, whilst lowering running costs for tenants. Installation of photovoltaic cells in our scheme at Mullaghbane has meant continued free electricity for our tenants at this scheme. This is in addition to a number of tenants who have continued to benefit from free hot water from the Association's installation of solar panels in various schemes.

Value can also come in the form of advice and assistance. The changes to welfare benefits over the last number of years have had a significant impact on our tenants and their communities. We continue to assist tenants with the Universal Credit process, providing advice, signposting, and making the appropriate referrals as applicable helping to prevent rent arrears from arising. As UC is largely administered through a digital platform, we have provided training, guidance, and assistance to many of our tenants, keeping them updated of the Universal Credit process and procedures.

The Association continues to review our customer profiling with a view to ensuring targeted support for individual tenants. Rural is very mindful of the difficulties many of our tenants face given the current cost of living crisis and rising household costs and have been providing support to those experiencing difficulties with financial hardship assistance, support and signposting to other services. To this end we have established a Rural Hardship fund and brought this and other initiatives to the attention of all our tenants. We have found that this fund and assistance has provided much needed respite in the current climate for some of those who needed extra support.

Rural Housing introduced our new online Tenant Service Portal during the winter of 2022, with our Tenant Panel members involved in the planning and testing of this new platform. We currently have about 18% of all households registered. The aim was to give tenants a digital option with full access to repairs and rent accounts allowing them to undertake a transaction at a time convenient to them. At 31/03/23, £125,000 had been collected in rent through this new online payment system.

Through the ongoing work with our Tenant Panels and other groups, we encourage the residents to help influence on how we are delivering services. The Association has a tenant board member in place, reflecting our commitment to having our main stakeholders at the heart of our decision making and providing accountability directly to our tenants.



The Future

Our value for money strategy states a list of agreed aims and objectives to ensure all departments within the Association conform to a universal approach in maximising value for money for customers while giving a solid basis for providing a robust annual Value for Money Statement for stakeholders.

As we progress new schemes our highest priority is to provide good quality affordable housing which is well designed for low maintenance costs in the future and high level of insulation to keep energy costs at a minimum for our tenants.





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