

Value for Money Self-Assessment - Year Ended December 2023**1. Introduction**

- 1.1 Family Housing Association is a small Registered Social Landlord based in Birkenhead, on the Wirral Peninsula. All of our housing stock is situated within 5 miles of our office. We employ seven full time members of staff and own 394 properties.
- 1.2 This Value for Money Self-Assessment provides a detailed analysis of our strategy, performance, and achievements during 2023. As a Registered Social Landlord, Family Housing Association is required to publish an annual Value for Money Statement that is robust, transparent and accessible.
- 1.3 The Self-Assessment includes a summary of our overall approach, to give our stakeholders an understanding of our strategy to continuously improve Value for Money and our performance during the year, meeting the requirements of the Regulatory Framework in a manner that is proportionate to a small Housing Association owning and managing less than 1,000 properties.
- 1.4 Throughout the year Family Housing Association has continued to strive towards achieving Value for Money despite the challenge of rising costs and the cap on the 2023 rent increase reducing our income in real terms.

2. Value for Money Strategy**2.1 Aims and Objectives.**

When we assess our performance in terms of Value for Money, we consider it in conjunction with our Mission, Aims and Objectives, which are set out in our Business Plan.

Our Business Plan is reviewed annually. In 2023, the relevant mission, aims and objectives in the Business Plan are summarised as follows.

Mission: ‘To provide high quality homes and excellent services, at genuinely affordable rents to those in housing need in Wirral’

Aims, Corporate Goals & Objectives:

- To provide homes, at reasonable below market rents, to help those on low incomes who are in housing need in Wirral.
- To maintain its properties to a good standard.
- To carefully manage risk to protect the Association’s Assets.
- To provide excellent services to our tenants.
- To achieve steady growth, to help more people in housing need.
- Providing caring and courteous services to all existing and potential residents that are customer focussed and respond to our customers’ needs and aspirations.
- Maintain our properties to a good standard that exceeds the Decent Homes Standard.
- Provide a good standard of housing which offers value for money to tenants.
- Embrace new initiatives that are in keeping with the tradition and skills of the Association.
- Ensuring equality of opportunity in the allocation of housing, employment of staff and appointment of Board Members.
- Plan and control all aspects of business activity to maintain the Association’s financial strength and viability.
- Retaining a well-motivated professional workforce.

2.2 Our Value for Money strategy is intended to ensure that we:

- Deliver high quality services to our stakeholders.
- Work to reduce costs without reducing quality.
- Focus on outcomes for the Association and our stakeholders when considering investment decisions.
- Understand the right balance between cost and quality when delivering our Business Plan objectives.
- Meeting the expectations of the Social Housing Regulator by providing a high standard of service to tenants, ensuring long term viability, effectively managing risk and achieving long term growth.

3. Processes to Support our Value for Money Strategy

3.1 Budgetary Constraints

Each year the Board agrees an updated Business Plan that is then subject to Stress Testing. The Board then agrees a Budget for the year to meet Business Plan objectives.

The Management Team monitors expenditure to ensure it is in line with the Budget on a weekly basis. The Finance Director compiles Management Accounts each quarter, providing information in respect of expenditure and variances during the year, information on Loan Covenant Compliance and Financial Performance Indicators. Independent Stress Testing is undertaken by Hailwood & Co. The Stress Test was subject of an Independent Audit carried out by our Internal Auditor, Harvey Guinan in 2022, who reported positively to the Board in 2023.

3.2 Tenant and Resident Involvement

The Family Housing Association Board had two members who are tenants during 2023, ensuring that tenants' views and perspectives are part of the decision-making process. One of our tenants on the Board needed to stand down due to health reasons during the year. Another tenant put themselves forward for election at the AGM in 2023 and was subsequently appointed to the Board.

In addition, the Association has a Customer Panel that is involved in all aspects of our work, including reviewing our approach to achieving Value for Money and our Business Plan. The Panel members review our performance and policies and provide feedback to the Board. Family Housing Association has adopted the 'Together with Tenants' initiative introduced by the National Housing Federation.

3.3 Performance Monitoring – Bi-Monthly

During 2023, Officers completed performance information on a monthly basis. A revised review of Operations Report was introduced following discussion at the Board Away Day that provides details information on compliance and performance monitoring, including information on Repairs, Complaints, Compliments, Voids, Rent Arrears, ASB and Compliance.

3.4 Performance Monitoring - Six Monthly

The Board and Customer Panel receive an in-depth report on performance every six months. This report includes information on the previous three years performance for comparative purposes and allows the Board and Customer Panel to assess our performance.

The report includes information on:

- Repair Customer Satisfaction Questionnaire results
- Repair Customer Satisfaction Questionnaire response rate
- New Tenant Satisfaction Questionnaire results

3.5 Keeping Tenants Informed

Family Housing Association produces an Annual Report that is shared with all tenants which contains important information on our performance. The Association also shared details of our performance on its website and produces regular Newsletters to tenants.

3.6 Value for Money Service Standards

Our Value for Money Service Standards were developed with our Customer Panel and are intended to ensure that we give due consideration to cost, quality, social and economic factors. As a small Housing Association, there is risk that our efforts to make efficiency savings could cost more than any savings they could generate. It is therefore important that we focus our efforts in appropriate areas. Three key areas have been identified:

- Repairs & Maintenance
- Procurement of Goods and Services
- Investment of Assets

A range of targets were agreed, performance against which is reported to the Board and Customer Panel and to all tenants in our Annual Report.

3.7 Benchmarking Our Performance

Family Housing Association is a member of the Community Housing Associations North West (CHANW) Benchmarking Club. Each member of the club shares performance and VFM information with Acuity (part of HouseMark, National Housing Federation) who compile statistics and graphs to allow us to compare and analyse our performance against those of our peers.

The Regulator's Value for Money Metrics are also benchmarked against our peers and are included in section 6.

4. Understanding the Performance of Association Assets & Liabilities

4.1 Cash Assets

At the end of 2023, the Association had cash reserves of £1,726,664. Our policy is to re-invest our reserves in our homes or in new homes rather than allowing significant cash reserves to build up.

During the early part of 2023, Family Housing Association had suspended development due to the financial crisis and lower than inflation increases. In the second half of the year, the economy had stabilised sufficiently to consider further growth. One additional property was acquired during the year, at a cost of £78,486. A further development opportunity consisting of 4 homes near Arrowe Park was also progressing well but this collapsed due to a change in planning requirements by Wirral Borough Council. The total development budget for 2024 stands at £574,000. Our cash assets offered an average rate of return during the year of 2.18%, this being achieved through utilisation of a 95-day notice deposit account with Nationwide.

4.2 Summary of Debt

Family Housing Association had a total mortgage debt of £602,491 at the end of 2023. A review of our borrowing and investment rates is carried out annually.

At the end of 2023 we had debts from two lenders. One debt has significant redemption penalties that make it uneconomical to re-finance. The remaining debt is on a variable rate based on SONIA TERM + an adjustment + 0.6% and is made up of 5 mortgages (originally 6 before one was repaid in December 2023), all of which are due to be paid off gradually over the next 6 years. The average rate during the year for all loans was 8.57%. A decision on overpaying or re-financing this debt has been regularly reviewed by the Board.

4.3 Property Assets

The estimated open market value of our housing stock at the end of 2023 was £42,901,300. The estimated Existing Use Value (Social Housing) of our housing stock was £16,784,318.

We have had a comprehensive Asset Management Strategy in place since 2004. All of our homes are inspected every five years and the condition of property components is recorded. All of our homes have been fully compliant with the Decent Homes Standard since 2009.

Our Asset Management Programme is fully integrated with our Component Accounting System to help us get the maximum possible lifespan for each of our property components to minimise the amount of value written off when components such as kitchens and bathrooms are replaced.

External contractors carry out all of our Planned Maintenance through competitive tendering of the contracts. Contractors from our Approved Contractor list are invited to tender, together with new contractors identified each year, to ensure we receive the best possible value for money through the programme.

4.4 Financial Performance of Property Assets

Family Housing Association monitors the financial performance of our housing stock. Each property is included in a 'Performance Group' of similar properties in similar localities. There were 23 Performance Groups in total. For each group we look at the rental income received and compare with the total expenditure including management costs, cyclical maintenance, void costs, planned maintenance and service charges. By comparing the income generated by each group with the expenditure, we were able to calculate the cash generated by each property and the rate of return for each group.

It is important to note that Family Housing Association charges 'Social Rents' for all our homes, as we believe they are genuinely more affordable for tenants. The Association does not charge the higher 'Affordable Rents' used by some other Registered Providers that would increase our rates of return.

Our best performing General Needs Housing Stock during 2023 were the 12 properties in St Annes Place / Price Street, with no voids and low maintenance costs, these homes generated a cash surplus of £2,697 per property, a return of 5.38% on cost.

Our worst performing housing stock during 2023 were the 9 properties in Paterson Street and Craven Street. High response repairs costs over the last five years meant these properties generated a cash surplus of £974, a return on cost of 1.64%, and a return on EUV-SH of 3.08%.

For all our Housing Stock, the average rate of return in 2023 based on cost was 3.87%. The rate of return based on the EUV-SH was 4.84%. Performance during 2024 is expected to be broadly similar.

5. Overall Value for Money Performance During 2023

5.1 Return on Public Investment

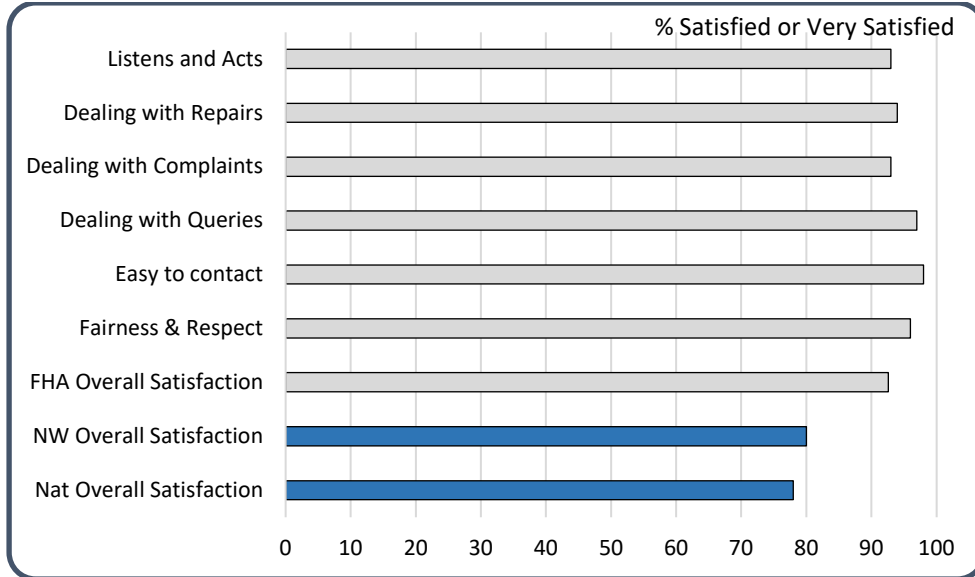
The total amount of public money invested in Family Housing Association to date is £8,709,004. This means the Association, based on the current open market value of its housing stock in 2023 and allowing for outstanding debt, generated an additional £34,192,296 worth of housing assets from this public investment.

5.2 Savings in Housing related Benefits

Family Housing Association provides homes exclusively at 'Social Rent' to many tenants that claim Housing Benefit or the Housing Element of Universal Credit that would otherwise be renting in the private sector. As our rents are significantly lower than the equivalent Local Housing Allowance, Family Housing Association saved the taxpayer an estimated £241,660 in Benefits during 2023, compared to those tenants receiving the Local Housing Allowance in the private rented sector.

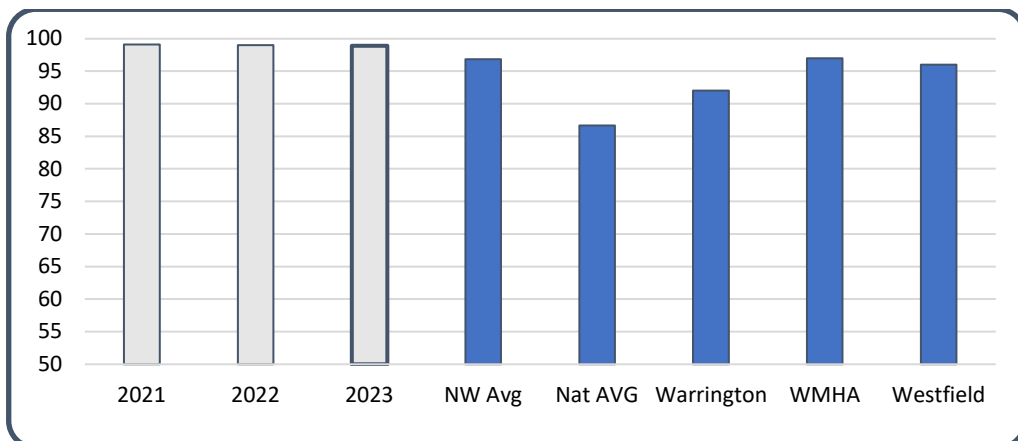
5.3 Tenant Satisfaction

Family Housing Association has carried out a Customer Satisfaction Survey based on the housing sector recognised STAR survey every 3 years. In 2022, Family Housing Association worked with other members of CHANW Benchmarking club to carry out a joint survey, revealing FHA to be one of the top performing Housing Associations in the country in many of the key areas. Towards the end of 2023, FHA carried out a new survey based on the Regulator’s Tenant Satisfaction Measures (TSMs) that continued to show very strong performance. The results will be published along with other TSMs later in the year.



5.4 Responsive Repairs

Most of our tenants report their repairs to Family Housing Association’s office, where many know Staff on a first name basis. We provide a friendly, professional service and tailor our service to our tenants’ individual needs. Repairs are typically carried out by small scale local contractors. The various work types are subject to competitive quotes at regular intervals to ensure contractors are providing value for money. Customer Satisfaction is monitored through a Questionnaire sent out for every repair. Performance generally and of individual contractors is closely monitored. The percentage of repairs where tenants were satisfied with the repair was 98.92% in 2023.



The figures for FHA relate to Customer Satisfaction Questionnaire Results for 2023, the figures for other local associations are from 2022/23 CHANW Benchmarking Club.

5.5 Property Demand

Demand for our properties remains strong. We have no properties that we have been unable to let, despite the fact that we own some properties in areas with significant social and economic problems. We help to create demand for those homes which are harder to let than others by maintaining the properties at a high standard of repair and decoration and providing a high-quality service. We also let all our homes at ‘Social Rent’ helping attract those on low incomes. We have 65 properties that have proved ‘Hard to Let’ historically and are identified as such in our Asset and Liabilities Register.

5.6 VFM Standards Performance

Our Value for Money Standard was developed with our Customer Panel and all tenants were consulted prior to its introduction. The Panel felt that our work to achieve Value for Money must have regard to cost, quality, customer satisfaction, timeliness and the impact on the local economy and communities. The Panel felt strongly that we should utilise local contractors and suppliers where possible, and this is reflected in the Standard agreed and the targets set. Our Planned Maintenance was delivered by a Liverpool based contractors and the local office of a National Company resulting in performance dropping below the target for use of local contractors during 2023.

	Target	Performance
Inspection of Repairs that are of a good standard and offer VFM	90%	100%
Customer Satisfaction with Repairs	90%	98.9%
Use local contractors for carrying out Repairs	70% Wirral 90% NW	56.2% Wirral 86.8% NW
Use local suppliers for goods and services	70% Wirral 80% NW	21.0% Wirral 75.4% NW

5.7 Environmental Returns

The work that we do during the year can have a beneficial impact on the environment, either through a reduction in carbon emissions or through positive social benefits. During 2023 we invested £54k in replacing 18 aging boilers with A rated condensing boilers. This figure includes over £14k to convert tank-based systems to combination boilers. These changes are expected to save our tenants almost £2,475 per annum in reduced fuel bills and reduce carbon emissions by over 23 tonnes. We also invested almost £35k in improving the insulation of solid brick walls.

In addition, our Policy to invest time and resources letting properties in hard to let areas, such as our 8 homes in Harrowby Road in Birkenhead, has social and economic benefits for that locality. A number of landlords have chosen to dispose of houses in this area but in our view, this only accelerates the decline and has a negative social impact. Wirral Borough Council’s selective licensing scheme of private landlords has begun to have a positive impact with a noticeable reduction in tenancy turnover.

5.8 Aids and Adaptations

Carrying out work to enable people to remain in their homes provided social and economic benefits for our tenants and for the Association. The costs involved in re-letting a property are considerable. Tenants request adaptations when they are already struggling at home and in need of the work. Any unnecessary delay puts the tenant at risk and could also lead to them giving up their tenancy.

In accordance with our caring ethos, our strategy is to carry out the majority of adaptations at our own expense and to deliver them with minimal delay. Minor adaptations are normally delivered within a few days and more significant works in under a month. We only resort to Disabled Facilities Grant funding when the works are expected to cost many thousands of pounds.

During 2023 we invested £6,027 in aids and adaptations work. This investment has prevented potentially very significant costs within the NHS and social care agencies through prevention of falls and accidents and their resulting treatment and rehabilitation costs.

5.9 Information Technology

We employ staff with strong IT skills that has enabled us to develop our own bespoke Housing Management Software that meets the requirements of the business. We build and maintain all of our own computer hardware. The savings this has delivered are estimated to be in excess of £8,000 every year.

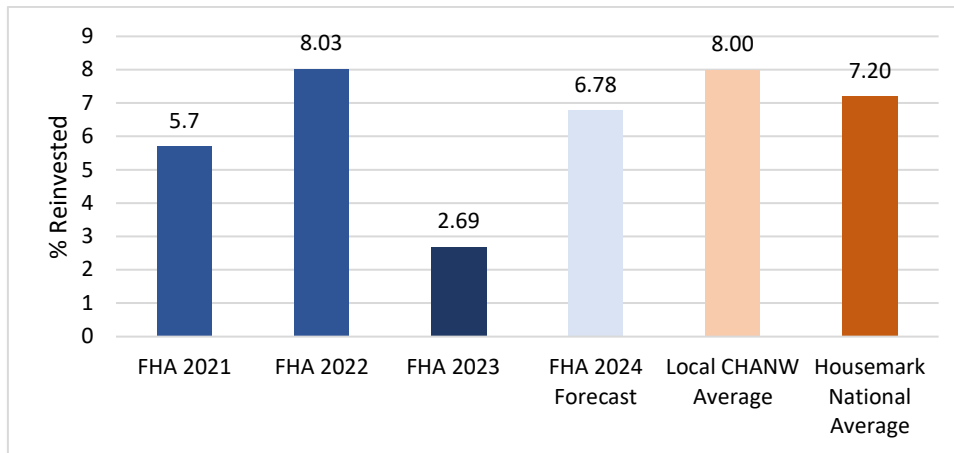
5.10 Social Value

We encourage our Staff to take time to talk to our tenants to get to know them and build better relationships. Any of our tenants can call the office and can speak to any member of Staff, including our Management Team. The 2022 Tenant Satisfaction Survey asked tenants if it was easy to contact Family Housing Association and 98% said it was easy or very easy, the highest score both locally and nationally. Our small size gives us a distinct advantage over large Associations, as most of our tenants know us on a first name basis and feel they can talk to us about the issues that affect them. We believe that the strong relationship we enjoy with our tenants is what sets us apart from other Associations and it helps us to minimise rent arrears, reduce evictions and minimise property turnover and the associated costs. We also asked our tenants in our 2022 Survey whether Family Housing Association treats them with fairness and respect. The score of 96% was again the highest locally and nationally.

6. Regulator Value for Money Metrics

This section will outline our performance in terms of the Regulator's Value for Money Metrics. Comparative data is included, for the North West Small Housing Association Benchmarking Club and the National Small Provider Average from Housemark. Most Association's accounts run from April to March, whereas Family Housing's run from January to December. Comparative data relates to the period from April 2022 to March 2023, as this is the most recent data available.

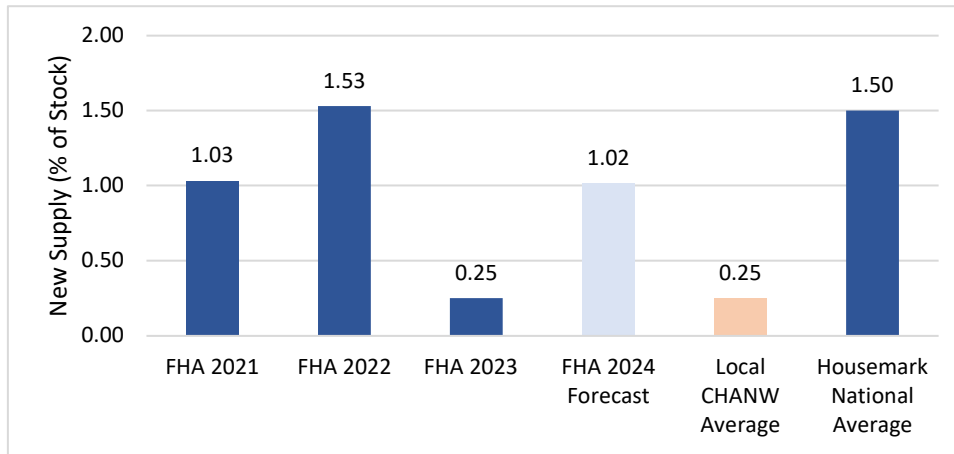
6.1 Reinvestment



During 2023, Family Housing Association was budgeting for a reinvestment metric of 5.51, which included expenditure on new units of around £256K, expenditure on capital works for existing properties of around £390K, plus £170K for energy efficiency improvements. One new unit was acquired during the year costing £78.5K and various fees of £1.4K were spent in relation to a piece of land acquired in 2021 which has now been 'land banked' for future development, and £314K was invested into existing properties. Development plans were put on hold until inflation started to fall, and the 2023 Planned Maintenance Programme costs were known. The development programme was reinstated following on from the August 2023 Board Meeting once the Planned Maintenance costs were assessed and the general trend of inflation was continuing to fall.

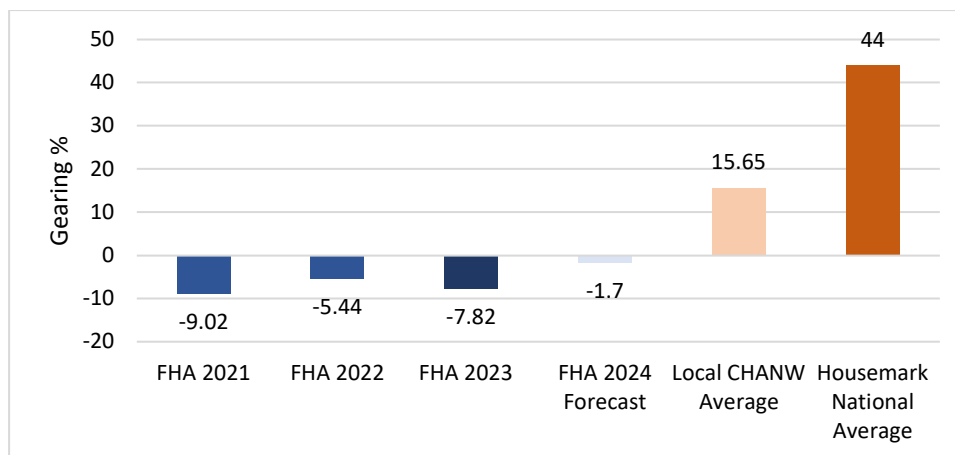
The impact of Covid delays on our Planned Maintenance programme resulted in the 2022 Programme being completed in the first half of 2023. The 2023 programme was slightly late in starting on site, but a large proportion of the work was completed in the year, with a small proportion slipping into early 2024. There has been minimal expenditure on energy efficiency, some of this money was used to improve the insulation of our homes and the aim is to continue this project in the coming years to achieve EPC Band C on our properties. The above underspend and pause on development meant that the actual metric was lower than budget at 2.69, although this cautious approach was necessary during uncertainty surrounding the economy. The budget for 2024 has set aside £574K for development, £257K on capital works into existing properties, plus £160K on capital energy efficiency works. This would mean a metric of 6.78 if these projects could be delivered, although this would increase nearer to 9.85 if the anticipated 7 new units in Tranmere, are all acquired in 2024 as expected.

6.2 New Supply Delivered (Social Housing Units)



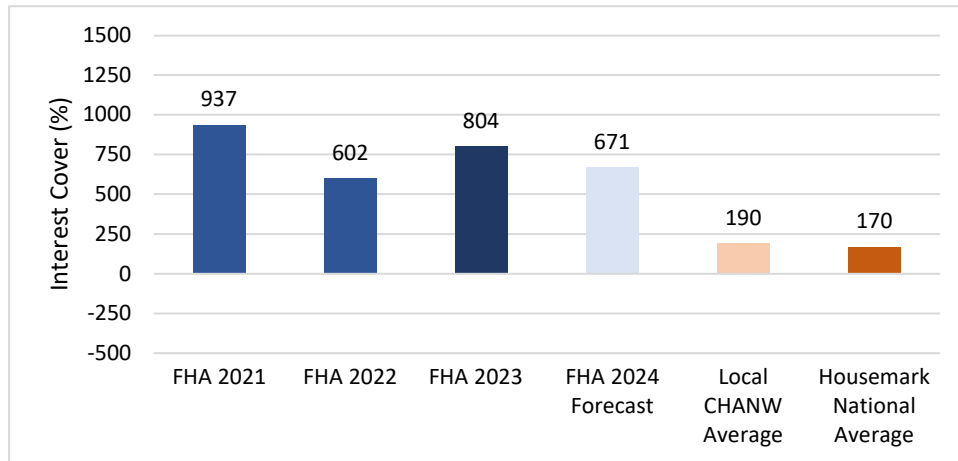
Family Housing Association acquired one property during 2023 by purchasing it on the open market. The actual supply was 0.25 compared to the budget of the same figure. This was due to the planned pause on development for the first 8 months of the year. The Chief Executive continues to promote the Association's interest in development opportunities with Wirral Council and potential partner organisations in the local area. The initial 2024 development budget was set aside for acquiring 4 new units being built in Tranmere, with a view to acquire the remaining 3 units in 2025. It is now anticipated that all 7 will be acquired in 2024, meaning the supply would be around 1.75.

6.3 Gearing



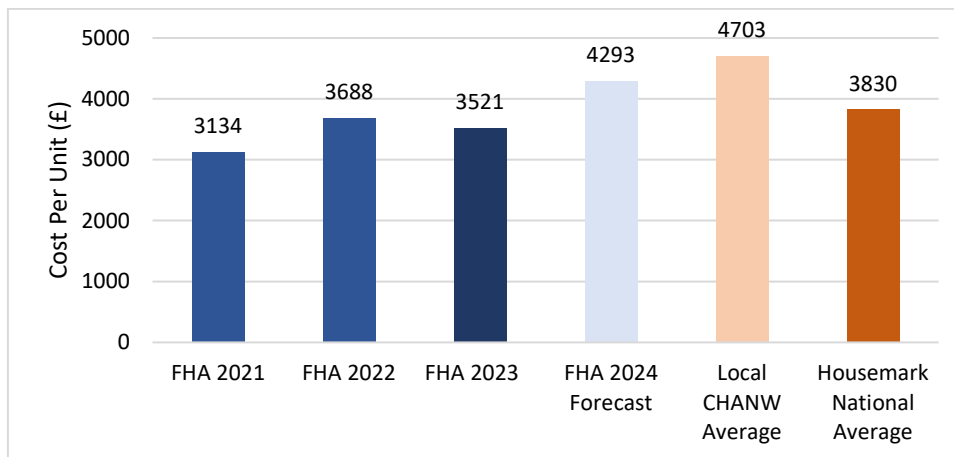
The budgeted gearing metric for 2023 was -2.87 due to being prudent in our budgeting with rising inflation, plus the bulk of two years planned maintenance work being spent in one year to catch up after the delays since Covid. The actual gearing metric was -7.82 due to higher bank balances throughout the year due to the underspend detailed in 6.1 above, plus savings made on response and void repairs, and the slight delay on completing the 2023 Planned Maintenance Programme. The Association is budgeting to invest around £991K in 2024 through the Planned Maintenance Programme, energy efficiency improvements, and the acquisition of 4 new units in Tranmere, although that figure is likely to increase to £1.5M now an option to acquire all 7 units during 2024 has been negotiated. This would reduce the Gearing metric to around -1.70. The Association has continued to repay its borrowings and has not required any further loans. The plan is to continue to use cash reserves to achieve growth, but further borrowing would be considered if a suitably attractive development opportunity became available.

6.4 Interest Cover (EBITDA MRI)



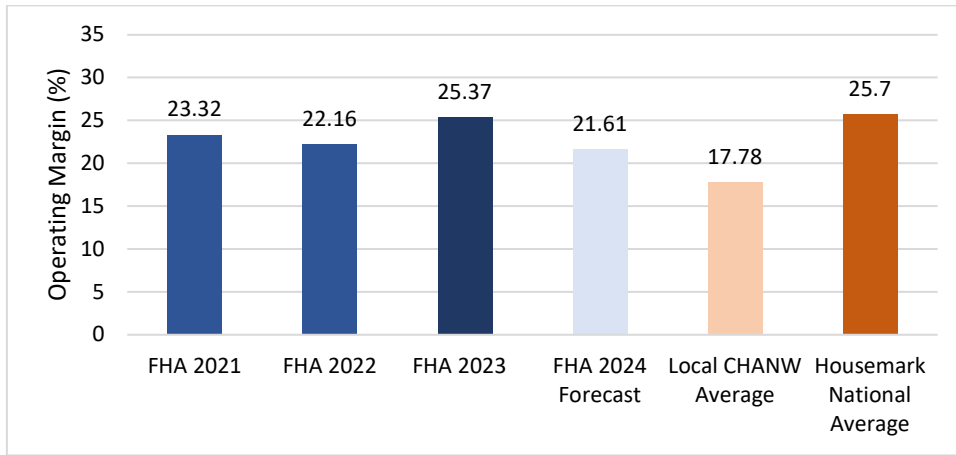
During 2023, budgeted interest cover was 211 which included the catch up on the Planned Maintenance Programmes, spend on energy efficiency improvement work, boiler replacements plus the other capital works. The actual cover was 804 as the operating surplus was much higher than expected as there was an underspend on energy efficiency, savings were made on response and void repairs and there was a slight delay in completing the 2023 Planned Maintenance programme which will fall into early 2024. The Association is expecting Interest Cover in 2024 to be around 671 due to a slightly lower budgeted surplus, although this is still a very healthy interest cover. There are no financial loan covenants attached to any of our borrowing.

6.5 Headline Social Housing Cost per unit



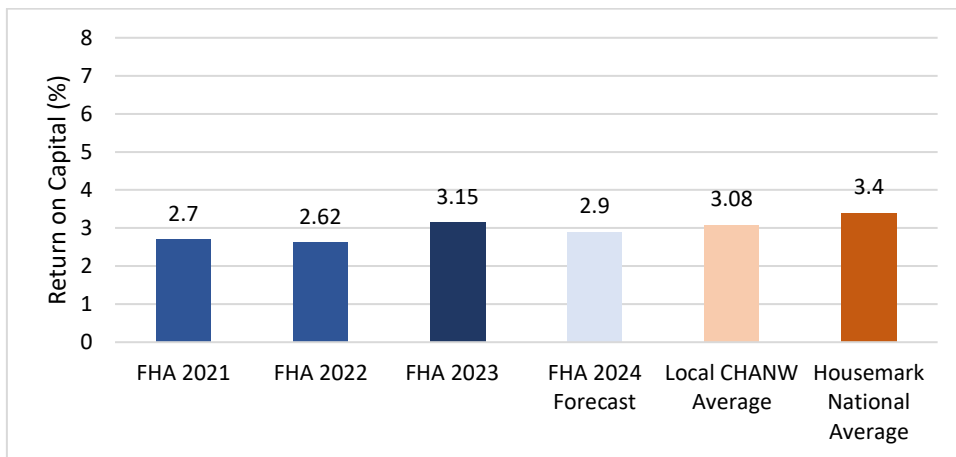
Family Housing Association was expecting a headline social housing cost per unit during 2023 of £4,545 which included a capital investment for the energy efficiency work, plus catching up on two years Planned Maintenance costs. The actual cost per unit was lower at £3,521. This was partly due to a slight delay in completing the Planned Maintenance work, an underspend on energy efficiency, plus savings on response, void and major repairs. The budgeted 2024 cost is expected to increase to £4,293 as the Association is anticipating an increase in management expenses due to a change in staffing structure (although some costs will be offset against the reduction in external surveying fees) an increase in repair costs due to higher than expected inflation (including the Planned Maintenance Programme), as well as the usual capital investment programme to continue to maintain the properties to meet the Decent Homes Standard.

6.6 Operating Margin



Family Housing Association was expecting an operating margin of 16.87, but the actual result was 25.37 after the slight delay to fully completing the planned maintenance work, but also due to the savings on other repairs already mentioned in 6.5. During 2024 a similar margin of 21.61 is expected as, although costs are anticipated to increase with higher than expected inflation, the rents are returning to the usual formula of September CPI+1% from April 2024 (away from the rent cap), plus 2024 will be a 53 week rent year. Family Housing Association's Operating Margin will always be impacted partly by the Association's commitment to charge exclusively 'Social Rents' and not to convert properties to more lucrative 'Affordable Rents'.

6.7 Return on Capital Employed



This metric was budgeted to be 2.17 during 2023, but the results were 3.15 due to the increase in surplus and higher bank balances. We expect the 2024 results to be slightly reduced at around 2.90 considering the reduced bank balances, although that will be offset by the investment into 7 new units. This metric is also directly affected by our use of 'Social Rents' as discussed in 6.6 above. Many Associations have chosen to convert homes from 'Social Rents' to higher 'Affordable Rents' as part of their development strategy. These higher rents help to generate additional income. However, as they are close to market rents, they are unaffordable for many on low incomes. They also result in greater expense to the taxpayer as many of these tenants will be in receipt of Housing Benefit or the Housing Element of Universal Credit. Family Housing Association remains committed to charging exclusively 'Social Rents'.

7. Reporting on 2023 Value for Money Projects

7.1 Boiler Modernisation Programme

During the year, Family Housing Association upgraded 18 boilers to the latest 'A' rated boilers from Worcester Bosch and Vaillant. Heat pump technology is being monitored and the latest research has shown it can be effective and efficient. However, even though heat pumps are more efficient than gas boilers, due to electricity being far more expensive than gas, they do not currently offer a viable alternative in terms of running costs for people on low incomes.

7.2 Insurance

During 2023 the long-term agreement with our Insurers came to an end. The renewal process was delayed due to challenging market conditions and the final renewal premium offered by our existing insurers was a £30k increase on the year before at £65k. Officers liaised with alternative providers and obtained a quote from Marsh brokers for £47k offering a significant saving compared to our existing insurer. A three-year long-term agreement was entered into in order to secure the preferred rate.

7.3 Asset Management Services

The Planned Maintenance Programme during 2023 was delivered by a new consultant as our long-standing arrangement with our previous consultant had come to an end. This represented a big change operationally and the approach used was significantly different. The programme was tendered as a Schedule of Rates with mixed results as some long-standing contractors declined to tender using this approach. The inspection of properties also revealed an unusually low amount of general maintenance work was required. The programme was split between three contractors and was delivered in good time. The contractors delivered the programme successfully and very few issues were encountered, although daily quality control inspections were not fully documented. Overall, the delivery of the programme was considered a success but with potential for further improvement.

7.4 Text Message Communications

To modernise our method of communication with tenants, FHA has been encouraging the use of text messages to confirm repair appointments and to ask tenants to complete Customer Satisfaction Questionnaires (CSQs) online. This offers significant savings on postage, reply paid postage, and staff time in entering data for completed questionnaires. The project has been a success, with 136 tenants opting for text message confirmation of repairs and 109 CSQs completed on-line. The level of participation is expected to grow year on year, further increasing the benefits of this project.

8. Value for Money Projects for 2024

8.1 Boiler Modernisation Programme

The ongoing Boiler improvement programme would look to replace up to 28 boilers that Family Housing Association currently have that are older and more inefficient, in addition to those replaced on a reactive basis during the year that are uneconomical to repair. Alternatively, if not all this budget is required for boilers, this budget is also available to replace aging radiators. The budget for boiler replacement during the year is £70k. There will be ongoing monitoring of heat pump technology to assess when this becomes a cost-effective alternative to gas central heating systems. At present the technology offers no cost savings for tenants, less flexibility and is significantly more expensive to install.

8.2 Development

During 2024, FHA will look to invest its development budget to secure additional homes. In particular, it will negotiate with private developers to attempt to attain the best possible value for money. This will include consideration of a phased approach to purchasing development schemes, considering short term management agreements, phased payment plans, deferred payments, and accelerated transactions for appropriate discounts.

8.3 Asset Management Services

During 2024 FHA will transfer in-house its Asset Management Services. The aim is to have better control over our Planned Maintenance Programme, avoid conflicts of interest associated with external management of contracts and to improve our Customer's Experience of delivery of the programme through better supervision and improved quality control. An in-house surveyor also offers opportunities for added value, including in the quality control of our Responsive Repairs service, void management and in dealing with Mould and Damp.

8.4 New Staff Structure

During 2024, FHA will recruit additional Administration Support that will allow more senior staff to release day to day administration tasks, freeing up resources for more tasks more appropriate to their role. This is expected to create capacity throughout the team, adding value, improving quality, and improving business resilience.