**Value for Money Statement**

**Our Strategic Approach to VFM**

At Choice we believe that a focus on Value for Money (“VFM”) leads to improved outcomes for our customers and our stakeholders, and that it generates savings on resources which can either be taken as short-term gains or recycled back into the organisation as additional longer-term investment. We have embedded this concept into the organisation through our Strategic Plan which states through Value for Money we will

1. Maintain the affordability of our housing provision;
2. Increase the return on investment, economic and social;
3. Improve the core efficiencies relative to others, particularly in relation to repairs and maintenance; and
4. Reduce the differential between private and social housing new build development costs.

We endorse the Department’s decision to include VFM within the new regulatory framework. Our 2022 regulatory report states: **“Choice HA has articulated and delivered a comprehensive and strategic approach to achieving value for money in meeting their organisation’s objectives.”**

Our VFM strategy has the following aims:

* Setting VFM targets which become the focus for enhancing delivery;
* Establishing management systems and structures aimed at promoting VFM; and
* Establishing a VFM culture at all levels of the organisation.

Our strategy set outs a number of VFM-related targets, encompassing:

* Improvements across our key performance indicators;
* Achieving upper quartile benchmarks over the life of the plan;
* Seeking to deliver cash savings; and
* Focusing on the benefits derived from our assets.

We aimed to achieve these targets while maintaining average rents at affordable levels.

**Progress Made to Date**

The overall VFM process is continuous and we recognise that the quest to improve is never complete. However, areas where we have focused our efforts are:

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| **VFM Area** | **Progress** |
| Improving tenant satisfaction levels | Tenant satisfaction levels reduced from 86% last year to 84% at March 2023. We are seeking to improve tenant satisfaction through a number of initiatives, including our Repairs Excellence Programme. |
| Improving core operating metrics | Most operating metrics (voids, repairs performance, staff absence) remained steady or showed improvements during the year. |
| Achieving 100% compliance on health and safety | We achieved high levels of compliance through most of the year, across a range of property compliance metrics. With 99.98% on gas servicing. |
| Enhancing our delivery on new build | Our social housing starts in the year was 433 units, compared to 442 in the previous year. We completed 235 new social units in 2021/22, as compared to 201 in the previous year. |
| Improving returns from our assets | Our return on assets was 2.31%, a considerable improvement on the previous year. |

We have also engaged with the Sector Scorecard benchmarking exercise for the past 6 years. Our performance against key metrics is presented below:



A number of trends are apparent from this analysis:

* We have improved our operating margin despite challenges posed by adverse economic conditions.
* The interest cover ratio has improved because our major repairs expenditure was lower in the year.
* Units developed as a percentage of units owned has increased as our new development strategy is having a positive impact.
* Gearing reduced slightly due to efficient treasury management.
* Tenant satisfaction has reduced by two points to 84%, and we are taking steps to improve this metric.
* We have increased our community investment to £715k (was £428k last year) as we increased our tenant support fund in recognition of the cost of living challenges faced by many tenants.
* Our unit costs have reduced to £3,397 in spite of increasing inflation and is now at 86% of the FY18 level.
* Our ROCE metric has increased due to improved margin performance in the year.
* Rent collected and occupancy metrics have remained steady.
* The ratio of responsive to planned maintenance has increased due to lower spend on major repairs in the year.

The sector scorecard system has enabled us to compare these results with local and national peers and we use this data to inform our strategic planning.

In delivering these improvements we have taken forward a number of key initiatives

1. We commenced a Repairs Excellence programme which will deliver enhanced tenant service combined with cost efficiencies and will include introduction of streamlined appointment booking and tenant self-service via our portal.
2. Choice Services as our in-house maintenance contractor continued to grow its business and generated profits of £518k.
3. Maple & May, our PRS brand grew turnover and generated a profit of £1.3m.
4. We continue to operate our new rent policy which will improve fairness, affordability, sustainability and transparency in our rents. We applied an inflation-based rent increase in April 2022.
5. We continued to roll out our funding strategy and drew down an additional £50m in long term fixed rate debt from THFC on very competitive terms.
6. We participated in the Sector Scorecard benchmarking.
7. We have continued to seek to improve the efficiency and effectiveness of our Procurement function.
8. 140 procurement exercises have been undertaken from July 2022 to July 2023 across different sourcing routes from quotation plans, tender competitions etc. There have been 16 direct awards made from July 2022 to date vs 21 in the previous period.
9. Procurement has engaged with other directorates in respect of the Repairs Excellence Programme, supporting the delivery of key project milestones and will include the development of a best practice framework regarding contract management to be deployed across Choice.
10. Scoring social value requirements was rolled out from June 2022 and is being included for all above threshold competitions. Competitions where social value scoring was included were window and gutter cleaning, scaffolding, Lisburn and Enniskillen Land Design and Build projects. In regard to Development, where projects are deemed as below PCR threshold in respect of PPN01/21, Social Value clauses are included as part of the construction contract with the appointed Contractor.
11. Procurement continue to liaise with Strategic Investment Board regarding the Procurement Advice Note being deployed in 2022 relating to Scoring Social Value, attending an event in March 2023 organised by Social Enterprise NI to understand the opportunities for collaboration with social enterprises in Northern Ireland.
12. Evaluation training has continued to be delivered for colleagues who assist in the tender evaluations process.
13. eTendersNI continues to be the preferred method to run our online competitive tendering processes. This gives full access to prospective tenderers to bid for opportunities to supply goods and services, complies with PPP and provides full visibility of the process demonstrating compliance and to facilitating audit.
14. We continue to engage with organisations such as Crown Commercial Services, Procurement for Housing, NHS Shared Business Services, Pagabo and YPO to identify frameworks that may be available for Choice to participate in key commodities and services which may present value for money and minimise commercial risk. Contracts appointed via national frameworks include Planned and Response maintenance (CTS, Bell, Equans), Gas Audit Consultancy Services (Corgi) Telemetry Services (tender exercise in progress via YPO).
15. We have collaborated with NIFHA to set up a Procurement Forum to encourage greater communication between procurement teams within the sector to develop and promote best practice.

**Social Impact**

As a social purpose organisation, Choice has a key role to play not only in providing homes, but also in creating vibrant and resilient communities, and supporting individuals and families through the provision of great services. We have a history of providing a variety of services for our tenants that can broadly be understood as ‘Community Investment’. This is a key way that we, as a housing association, differentiate ourselves from other landlords, and is central to how we demonstrate our social purpose.

Economic Resilience and Health and Well-being are the two themes under which community investment activities are considered for funding. In the year 2022-23 Choice partnered with 11 organisations to deliver £100,000 of investment and thereby supporting nearly 270 individuals in accessing education and skills and/or improving their physical and mental health. Details of some of the initiatives are listed below.

*Young Enterprise NI – Access Enterprise Programme*

Four groups of young people aged 13-18 (34) Belfast and the North-West were supported by Choice to take part in the Access Enterprise Programme organised by Young Enterprise.

*The Rio Ferdinand Foundation Community Pilot Programme*

In February 2023 Choice became the first housing association in Northern Ireland to partner with the well-established Rio Ferdinand Foundation (RFF) to support young people through a range of personal and professional development programmes.

*Choice Housing Scholarships*

During the year, Choice also continued to work with Queens University and Ulster University to provide financial support to students facing financial, social or logistical barriers to furthering their education through its scholarship programme.

*Groundwork NI – Pop-up and Grow Workshops*

Groundwork NI deliver services and support across the region and have partnered with Choice to deliver six Pop-up and Grow workshops across the Choice Community Network.

**Energy Efficiency**

In 2022-23 Choice published our new Sustainability & Energy Strategy 2022-25. This strategy was developed in light of emerging environmental risks in the areas of climate change, biodiversity loss and resource management. As with our previous strategies this programme continues to centre around how Choice as a social housing provider can alleviate fuel poverty amongst our tenants. In this regard our new strategy aims to deliver synergy between environmental and social challenges as we strive to a just transition to net-zero.

The core targets of our new strategy:

* Build all new homes to a SAP band A energy efficiency.
* Invest £250k in innovative technologies that reduce greenhouse gas emissions.
* Retrofit 65% of our EPC Band E, F & G properties to a minimum of an EPC Band C.
* Complete a lifecycle emissions footprint and set a 1.5 Celsius decarbonisation target.
* Set aside land for nature conservation at a new & an existing housing development.
* Take action reduce fuel poverty and promote sustainable behaviours amongst our tenants.

With regards to our 2022-23 performance Choice and our tenants have been deeply impacted by the energy crisis. However, Choice are confident that our energy management and procurement procedures for landlord energy supplies delivered value for money in trying times. In 2022-23 Choice saved £301,713 on landlord gas supplies through our procurement process. We also generated 445,309kWh of renewable electricity which we supplied to tenants for free. If purchased on the market this electricity would cost £124,687. In terms of the environmental impact these actions we reduced our overall Scope 1&2 emissions by 2% year on year, equivalent to 104 Tonnes of Carbon Dioxide.

In terms of our non-landlord energy tenants, we have started to transition our approaches to both Development and Asset management. Our aim is to deliver homes that are more affordable to heat and less harmful to the environment. In 2022-23 all of Choice’s new build homes achieved a SAP band B. We also devised a new-build template to achieve SAP Band A that meets both high environmental performance without jeopardising tenant affordability.

Choice also completed the first 5 retrofit projects outlined within our new strategy, and made significant progress in the areas of data modelling and project development. Our efforts here will allow us to make huge strides into our retrofit programme in 2023-24. Through this investment and a more targeted approach to our planned maintenance, our average EPC score increased from 76 to 77.

**Delivery of The Strategy**

Our corporate strategy for the period 2021-2024 has as one of its key strategic goals to “demonstrate value for money and good stewardship of our assets and resources”.

To support the delivery of these objectives our Group SMT provides oversight of VFM initiatives across the organisation. During the year ended March 2023 we substantially completed the work programme for the year. Our plan for the year ended March 2023 focuses on a number of key initiatives across all directorates with the aim of further enhancing value.

**Conclusions**

We re-confirm the importance of VFM to Choice, and believe we have made good progress this year.

We aspire towards continuous improvement and we will continue to place considerable emphasis on improving VFM. We will routinely review our policies, processes, systems and measures to ensure that these underpin our VFM strategy and priorities. In particular, our KPI metrics have been updated to ensure that the management of Choice have the information to assess our VFM performance against the objectives outlined above.

We will also ensure that relevant VFM actions and outcomes are communicated regularly with our customers and stakeholders to demonstrate progress against our plans.

Board & SMT of Choice

23rd August 2023