

Leeds Federated Housing Association Limited

Value for Money Statement 2023/24

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Leeds Federated
Value for Money Statement 2023/24

A version can be found on our website:

<https://www.lfha.co.uk/>

1 Summary

2023/24 was the third year of the Corporate Plan covering the period 2021 – 2026, reflecting a set of corporate priorities falling within the 'Engage', 'Sustain' and 'Grow' strategic objectives. Each strategic objective is supported by specific goals, associated performance targets, and managed within the Association's risk appetite.

The Association through its Strategic objectives and supporting goals explicitly and implicitly incorporates Value for Money as a goal for each objective illustrating how Value for Money is fully integrated within all activities undertaken.

2 Economic conditions

The continued difficult economic conditions in 2023/24 presented on-going challenge to our business and to our customers. Inflation and the 'cost of living crisis' have impacted customers directly whilst inflation and increased interest rates have increased the Association's costs and put pressure on margins. Supply chain issues and recruitment remain difficult with some impact on customer facing activities.

Economic Conditions *(continued)*

Many customers continued to experience unexpected changes in their circumstances. We have continued to focus and invest in resident engagement and to provide additional support to customers experiencing hardship and have worked to sustain tenancies and reduce the level of rent arrears. We have focused on ensuring that our services reflect and respond to customer needs and priorities.

Despite these challenges the association has managed to perform strongly financially, maintaining its financial resilience and its capacity to continue to invest in support of its corporate strategic objectives.

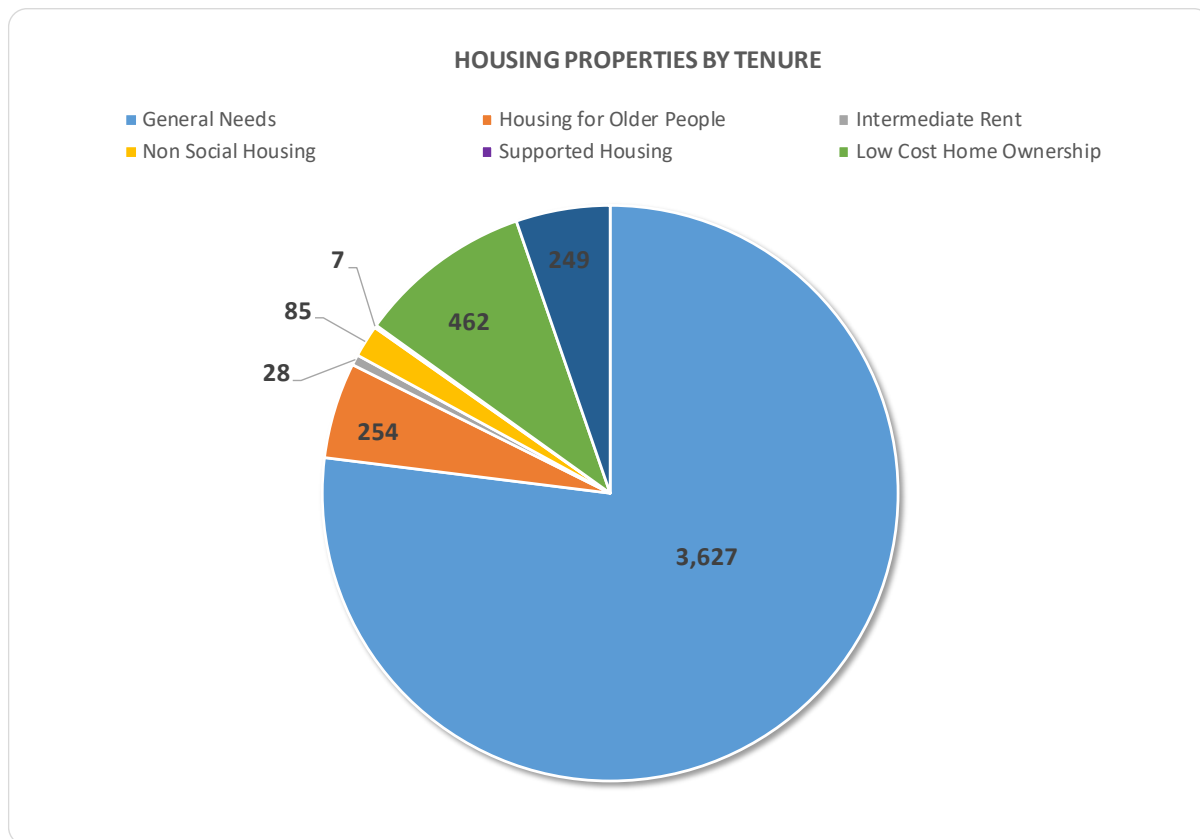
3 Key Statistics

● Housing Properties by Tenure

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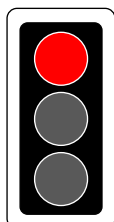
The following chart shows Leeds Federated's housing stock by category in 2023/24; a total of 4,712 properties of which 85 properties are non-social housing and 234 are managed by others. During the year we added a total of 152 units to our social housing stock through new development.



4 Key Performance Indicators

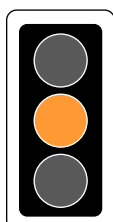
● Measuring Performance

Key Performance Indicators are a series of targets measured by traffic light system:



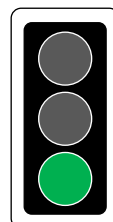
Red

Target
Not
Achieved



Amber

Target
Partially
Achieved



Green

Target
Fully
Achieved

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Performance is tracked and reported using a Balanced Scorecard System

The results are regularly reviewed by staff, customers and by the Association's board:

- every month by the organisation's Leadership Team
- every quarter by the Challenger Panel, made up of Leeds Federated customers
- every quarter by the Operations Committee
- at each full Board meeting

The seven standard metrics relating to Value for Money specified by the Regulator of Social Housing are integrated into the scorecard. We have continued to track performance against these measures.

The following table analyses some of the additional performance indicators for the 2023/24 year contained within the BSC.

Objective	KPI	Target	Outcome
Customer Satisfaction	Overall customer satisfaction with Leeds Fed services (TSM TP01)	Minimum of 80% of customers 'satisfied' or 'very satisfied'	78.8% (81.7% 2023) of customers were 'satisfied' or 'very satisfied' at the end of the financial year. (March 2024 rolling 12 month average)
	Customer satisfaction with the value for money of rent (E010)	A minimum of 81% of customers 'satisfied' or 'very satisfied' that their rent offers value for money	At the end of the financial year, 72.9% (84.7% 2023) of Leeds Federated customers were either 'satisfied' or 'very satisfied' that their rent offers value for money. (March 2024 ytd performance)
Repairs	Appointments Made and Kept (SO24)	Minimum of 90% of responsive repairs appointments made and kept	Over the course of the year, 96.0% (96.8% 2023) of responsive repairs appointments were made and kept, contributing to high levels of customer satisfaction and the efficient use of resources. (March 2024 ytd performance)

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	Customer Satisfaction with individual repair jobs (E002)	Minimum of 85% customer satisfaction with the quality of individual repair jobs	Customer satisfaction with individual repair jobs was 89.2% (90.4% 2023) at the end of the year. (March 2024 ytd performance)
Gas Servicing	Up to date gas safety certificates maintained for all relevant stock (TSM BS01)	100% of required gas safety certificates to be always in place	99.90% (99.85% 2023) of gas safety certificates were in place at the end of the financial year. A total of 4 (6 for 2023) were overdue, but fully compliant with our escalation procedures. (March 2024 performance)
Housing Management	Minimise the level of rent arrears (S002)	Current tenant rent arrears at 5.0% or less (year end actual)	Social housing rent arrears at 5.1% at the end of the financial year (5.5% in 2023). (March 2024 Performance)
	Minimise lost rent due to empty properties (S007)	Keep rent losses within budget	There was a 3.7% (1.1% 2023) positive variance on the empty property loss budget. (March 2024 ytd performance)
Development	Timely completion of property sales (G001)	No more than 15% of properties to remain unsold five months from handover	12 of 26 (46%) homes (2 of 17 homes in 2023) had been on sale for more than five months at the year-end. (March 2024 year-end)
	Achievement of sales targets for shared ownership homes (G003)	Achieve average sale proportion of 40% at first tranche.	Average – 43% (51% - 2023) (March 2024 ytd performance)

● How We Compare

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Leeds Federated has continued to deliver good performance in achieving value for money when compared to the social housing sector nationally. We have compared our 2022/23 positions against the RSH Global Accounts benchmarks for 2022/23. When considered in relation to peers nationally for 2022/23, the organisation is delivering strong levels of reinvestment, new social housing supply and return on capital employed whilst maintaining financial capacity through relatively low gearing.

We have as shown the 2023/24 outturn and internal targets which will be compared with the 2023/24 Global accounts when released. All internal VfM metrics have been achieved.

Sector VfM Metric					Sector Median 2022/23 ¹	Quartile Position 2022/23
	2021/22	2022/23	2023/24 (target) ⁴	2023/24 (outturn)		
(1) Reinvestment %	7.39% ³	10.29%	10.11%	10.34%	6.7%	Q1
(2a) New supply% (SH)	1.59% ³	1.9%	2.82%	2.89%	1.3%	Q2
(2b) New supply% (NSH) ²	0%	0%	0% ²	0%	0%	-
(3) Gearing at cost %	22.7%	26.5%	40%	30.4%	45.3%	Q4
(4) EBITDA-MRI %	187%	226%	41%	73.3%	128%	Q1
(5) SH cost per unit	£3,882	£4,148	£5,305	£5,210	£4,586	Q3
(6a) Op Margin (SH) %	18.2%	17.8%	10.6%	14.7%	19.8%	Q3
(6b) Op Margin(overall) %	20.71%	21.8%	15.5%	19.3%	18.2%	Q2
(7) ROCE %	3.60%	2.83%	2.16%	2.91%	2.8%	Q2

(SH – Social Housing, NSH – Non-social housing, EBITDA-MRI – Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included, ROCE – Return on Capital Employed)

1 – VfM metrics and reporting – annex to the Global Accounts 2023 (RSH)

2 – Leeds Federated does not have current plans to develop new non-social housing

3 – The delivery of planned maintenance programmes and development was adversely impacted in 2021/22 by Covid-related restrictions.

4 – Balanced scorecard approved by Board November 2023

5 Customer Perceptions

• Measuring Performance

Customer perception data is collected on a rolling basis, with a minimum of 600 customers participating in the survey annually. This approach has been in operation for many years allowing a useful longitudinal analysis of performance and has been adapted to fit with the Regulator of Social Housing's requirements for the calculation of the relevant TSMs.

In addition to gathering information from customers on our performance against the satisfaction based TSMs, we have retained several historical STAR questions where these add to our understanding of customer priorities and perceptions.

The table below sets out our quarterly performance during the year compared with our rolling 12 month average for both the TSM questions and bespoke questions we ask our customers.

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Metric	Q4 23/24	Q3 23/24	Q2 23/24	Q1 23/24	Rolling 12M avg.	Q4 vs R12M avg.
Overall satisfaction	74.2%	79.4%	77.9%	83.9%	78.8%	-4.6%
Home that is well maintained	81.9%	84.5%	84.8%	83.2%	83.7%	-1.8%
Home that is safe	85.2%	87.1%	92.4%	91.9%	89.1%	-3.9%
Communal areas are clean and maintained	73.6%	81.3%	77.1%	86.2%	79.5%	-5.9%
Positive contribution to neighbourhood	77.5%	80.4%	84.4%	78.2%	80.3%	-2.8%
Approach to handling ASB	73.9%	74.5%	73.5%	73.4%	73.8%	0.1%
Neighbourhood as a place to live	85.6%	84.6%	85.4%	84.6%	85.1%	0.5%
Overall repairs service in last year	75.0%	80.9%	82.1%	90.7%	82.2%	-7.2%
Time taken to complete most recent repair	78.8%	82.7%	82.1%	86.0%	82.5%	-3.7%
Listen to views and act upon them	72.4%	77.5%	74.2%	74.4%	74.7%	-2.3%
Keep customers informed	83.5%	88.3%	78.4%	84.1%	83.6%	-0.1%
Treat customers fairly and respectfully	90.8%	89.9%	89.6%	88.0%	89.6%	1.2%
Approach to complaint handling	52.4%	46.9%	42.9%	36.4%	44.7%	7.7%
Way query in last year was dealt with	63.8%	62.5%	64.1%	72.7%	65.7%	-1.9%
Rent value for money	72.9%	86.9%	86.7%	86.7%	83.3%	-10.4%
Service charge value for money	65.6%	78.7%	78.7%	80.7%	75.7%	-10.1%
Easy to deal with	67.1%	72.9%	75.9%	81.7%	75.5%	-8.4%

■ = TSM question

■ = Bespoke question

■ = Increased satisfaction in Q4 compared to Rolling 12 Month Average

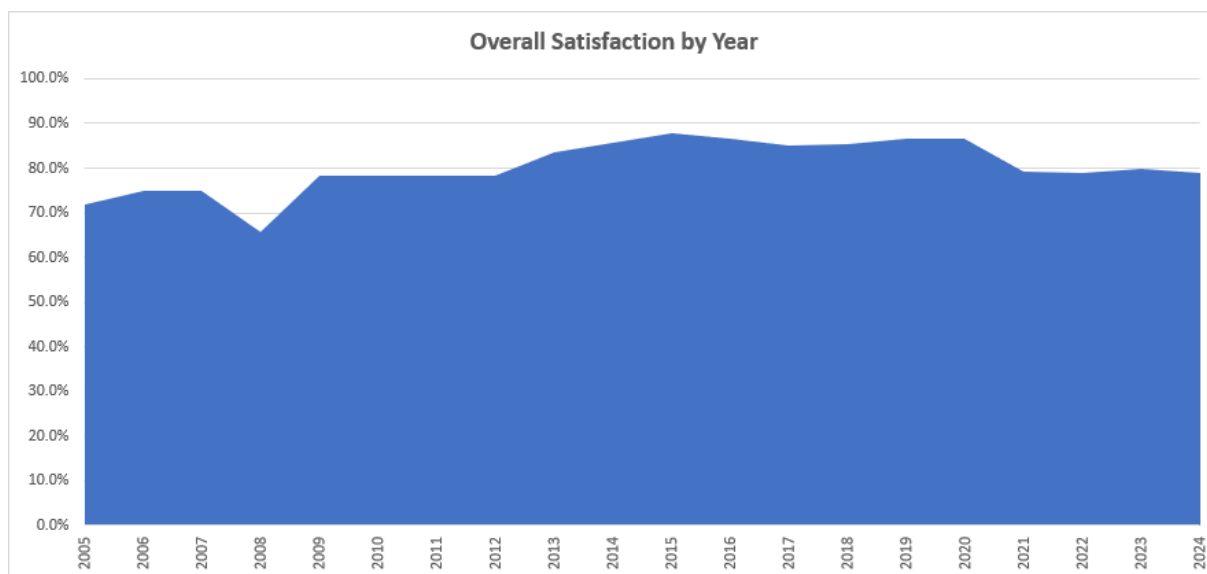
■ = Decreased satisfaction in Q4 compared to Rolling 12 Month Average

Measuring Performance *(continued)*

The graph below focusses specifically on overall customer satisfaction providing a useful historical context:

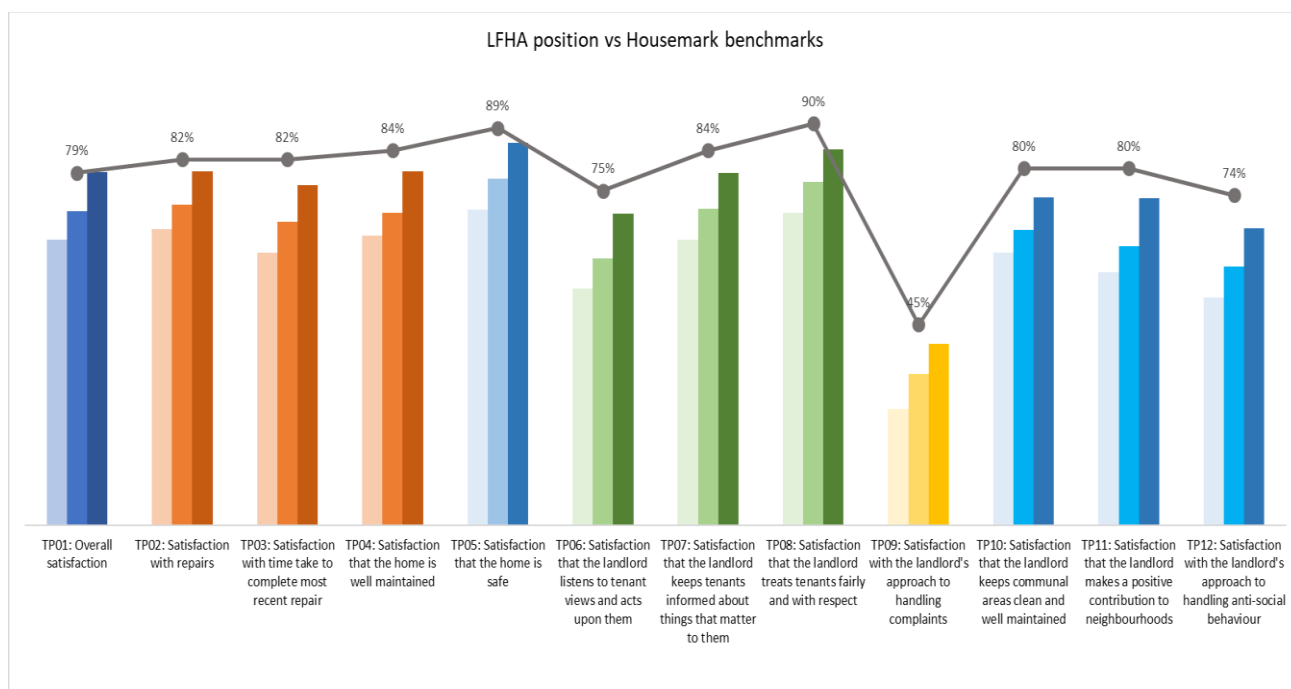
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LFHA position vs Housemark benchmarks – Q4 2023/24

The graph below provides a comparison of our performance with equivalent lower, median and first quartile comparative performance in the light, medium and dark shaded bars respectively of all results provided to Housemark.

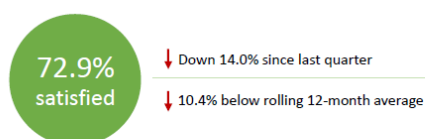
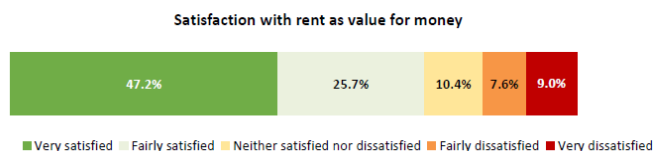


LFHA position vs Housemark benchmarks – Q4 2023/24 (continued)

In terms of bespoke measures, we track from a VFM perspective Rent as value for money has seen our sharpest decline in satisfaction as set out in the graphic below, with one in every six respondents reporting dissatisfaction. We have had a similar downward trend in respect of Service Charge Value for Money with 65.6% of customers satisfied.

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Q19) How satisfied or dissatisfied are you that your rent provides value for money? Base: Q4 23/24 respondents exc. those who answered, 'don't know'
Those who answered 'don't know' = 11 (7.1% of total sample)

Reasons given for dissatisfaction (provided in verbatim feedback):

- **The standard of the property** is low:
 - Damp and mould
 - The size of the property
 - Outstanding repairs
- **Annual rent rises** are causing dissatisfaction, especially in the current economic climate. Customers feel they are rising by too much and too frequently.
- A perception that rent is **higher than other comparable properties** in the area.
- *Note: Q4 surveys were carried out shortly after the issuing of the annual rent increase letters.*

"Things generally don't get done. They up the rent, but don't do repairs. I've been living with a mouldy radiator for I don't know how long....it's an on-going thing."

Q19b) Could you please tell us in detail why you are dissatisfied with the value for money of your rent?
Base: Q3 23/24 respondents who said they are fairly / very dissatisfied and left a comment (n=24)

• Making Improvements

During 2023/2024, we overhauled our approach to Customer Satisfaction in response to the Tenant Satisfaction Measures, the Housing Ombudsman Complaint Handling Code, and in preparation for the New Consumer Standards. As part of this initiative, we established a new Service Improvement team to enhance our focus on customer perception and satisfaction.

Key developments during 2023/24 have been:

- The creation of a Customer Resolutions Team which includes a Resolutions Manager, Customer Resolution officer, as well as a Complaints Coordinator. Together, they take responsibility for handling complaints, coordinating with the broader organisation to manage complaints effectively, and ensuring that lessons learned are tracked and shared to prevent future issues.
- The revamp of our Complaints Policy and Procedure. Although our current Complaints policy was not due for review until November 2024, in line with the new Housing Ombudsman Complaint Handling Code, we have completely refreshed our policy and procedure. Using our new 'Tone of Voice' approach we have made these policies clearer and more accessible to residents.
- We have rolled out comprehensive training for the new Customer Service team and front-facing colleagues on the updated complaints policy in April 2024. This training emphasised viewing feedback as an opportunity for learning and improvement, focusing on resolving issues and enhancing customer experiences.
- We have engaged with our challenger Panel who will be scrutinising our complaints performance and lessons learned. We have held 2 webinars with customers to gain wider feedback from our customers.

Making Improvements (continued)

As a result of these changes we have observed a significant increase in customer satisfaction and a positive shift in customer perception regarding how we treat and value our customers, and this can be evidenced in our Quarter 4 TSM results.

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In 2024/25 our plans to improve include:

- Continuing to deliver training on our new 'Tone of Voice' to frontline colleagues, ensuring that every interaction with customers is positive and reinforces our commitment to exceptional customer service.

6 Asset Performance

● Measuring Performance

During 2022/23 the new Asprey system replaced our previous asset return model.

The Asprey system not only enables the tracking of Net Present Value (NPV) but will also track Strategic Value (SV) which will enhance our ability to target appropriate interventions to address underperforming housing stock. Strategic Value is a non-financial calculation of factors including location, energy efficiency, rental performance, and amenity to create a measure of desirability. Together with an increase in high quality new homes because of our ongoing development programme we expect this will reflect an overall improvement in our asset performance. The table below provides an analysis of the current and previous year's Net Present Value and Strategic Value by property type.

Rank	Unit Type	Previous		Current	
		Average NPV	Average SV	Average NPV	Average SV
1	Houses (semi-detached or detached)	£43,912	0.73	£49,196	0.74
2	Other (typically agency-managed accommodation)	£8,580	0.64	£7,586	0.64
3	Bungalows	£29,402	0.74	£29,617	0.74
4	Terraced houses	£34,947	0.71	£35,664	0.71
5	Flats	£26,036	0.68	£27,095	0.68
7	Bedsits	£10,444	0.63	£10,444	0.63
	Average NPV per unit:	£31,723	0.70	£33,375	0.70

● Making Improvements

We have continued our work to review and evaluate underperforming assets, with the involvement of the Board. The aim in all cases is to maximise value for money by making the best use of resources in the form of the assets themselves and to make best use of our housing management and maintenance resources.

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In 2021/22 we undertook a major new independent stock condition survey involving a full internal and external condition survey of our homes which achieved 85% coverage of our housing stock. In 2022/23 and 2023/24 we have worked to collect data for the remaining homes and at May 2024 had achieved 97% coverage (96% at 31 March 2023).

Following the implementation of the Asset Management System (Asprey) in 2022/23 we are able to manage the data generated by the stock condition survey more effectively, targeting our Decent Homes and energy efficiency investment to maximise value for money.

In 2024/25 our plans to improve include:

- Continuing to embed the new Asprey system and use its capabilities to track progress on our Asset Management Plan across all asset related services
- Continuing to deliver on our 2-year programme of retrofit works in the worst performing 15% of our homes, following our successful SHDF bid
- Beginning our new approach to stock condition data collection, which will see the start of a rolling programme of targeted surveys each year, to complement the extensive five-year full stock condition snapshot of all our homes

7 Value for Money Standard

Leeds Federated has assessed its performance against the requirements laid out in the Regulator of Social Housing's Value for Money Standard. Leeds Federated has judged itself to be compliant with these requirements.

1.1 Registered providers must:

- a. clearly articulate their strategic objectives
- b. have an approach agreed by their board to achieving value for money in meeting these objectives and demonstrate their delivery of value for money to stakeholders
- c. through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs
- d. ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives.

- Our strategic objectives are articulated in the Corporate Plan, through the three core strategies of 'Sustain', 'Engage', and 'Grow'.
- We have an approach agreed by the Board to achieving Value for Money in meeting these strategic objectives. This is primarily embedded in those strategies; however a separate Value for Money Policy exists which is approved by the Board.

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- Our 'Grow' Strategy and Development Policy articulate our approach to delivering homes that meet a range of needs.
- Our VfM Policy sets out how we ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency, and effectiveness in the delivery of our strategic objectives.

2.1 Registered providers must demonstrate:

- a. a robust approach to achieving value for money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance
- b. regular and appropriate consideration by the board of potential value for money gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures
- c. consideration of value for money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case
- d. that they have appropriate targets in place for measuring performance in achieving value for money in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets.

- A robust approach to achieving Value for Money is set out in our Value for Money Policy. We demonstrate this in ongoing business activity through option appraisals, business cases taken to Corporate Investment Group and to Board, and through the goals and projected business benefits of an ongoing programme of corporate projects.
- The board regularly considers potential value for money gains in the form of option appraisals and business cases for changes in operational activity. Other examples at board and operational levels include asset disposal decisions, procurement approaches, resource allocation, development of new systems and changes to existing systems.
- VfM performance is measured and recorded monthly through our balanced scorecard KPIs and through our annual VfM statement

2.2 Registered providers must annually publish evidence in the statutory accounts to enable stakeholders to understand the provider's:

- a. performance against its own value for money targets and any metrics set out by the regulator, and how that performance compares to peers
- b. measurable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this.

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- Evidence is published annually as part of the statutory accounts to detail performance against Value for Money targets and the metrics set out by the Regulator, along with any plans for improvement.

8 Value for Money Targets

The table below shows our performance for 2023/24 and our headline targets for the following three years as currently contained in our business plan. 2024/25 is anticipated to be challenging as the association continues to invest in its existing and new homes and services to its customers in line with corporate objectives, whilst managing the combined impacts of cost inflation and higher interest rates which will impact operating margins, cost per unit and return on capital employed.

Sector VfM Metric	LFHA 2023/24	VfM Targets		
		2024/25	2025/26	2026/27
(1) Reinvestment %	10.34%	11.17%	10.30%	5.24%
(2a) New supply % (SH)	2.89%	3.40%	2.76%	2.70%
(2b) New supply % (NSH)	0%	0%	0%	0%
(3) Gearing at cost %	30.4%	31.4%	33.8%	33.2%
(4) EBITDA-MRI %	73.3%	33%	117%	104%
(5) SH cost per unit	£5,210	£5,838	£5,125	£5,240
(6a) Op Margin (SH) %	14.7%	10.2%	16.1%	16.9%
(6b) Op Margin (overall) %	19.3%	16.0%	20.4%	19.0%
(7) ROCE %	2.91%	2.51%	3.26%	3.14%

9 Concluding Statement

This document provides a review of Leeds Federated Housing Association's activities over the course of the 2023/24 financial year from a value for money perspective. Leeds Federated believe that this report provides assurance of compliance with the requirements of the Regulator for Social Housing Value for Money Standard.