

Value for Money and Performance Report 2023/24

What we have achieved in 2023/24

In 2023/24 we continued to work towards our Corporate Plan objectives across the following strategic objectives:

Here for our customers

Good quality homes

- 605 homes had improvements including heating, bathrooms and kitchens (at a cost of £3.9 million).
- 86 homes had energy efficiency upgrades.
- 43 new homes were delivered.

Reliable landlord services

- A new Customer Strategy was developed and taken to Board in May 2024, outlining how we will place customer service and consumer rights at the height of our business.
- 76% landlord satisfaction and 87% satisfaction with repairs.
- In line with our objective to deliver high quality neighbourhood management, Service Standards have been developed ready for implementation in 2024/25.

Support and advice

- During 2023/24, we have helped 1,099 customers with money, including signposting to external services and administering food and energy vouchers. We also supported our customers in claiming £590,000 in benefits.

Our business

Efficient and focused

- Covenant renegotiations were completed with three of our funders, resulting in the removal of Major Repairs expenditure from our EBITDA interest cover calculation. This has given us greater headroom, allowing us to maintain financial viability and an interest cover of at least 130%. The out-turn position for our tightest corporate covenant was 169.7% at 31 March 2024.

Professional and skilled

- We are committed to ensuring that all colleagues are fully trained or undertake training to enhance the skills needed for the role. 25 of our colleagues have undertaken formal qualifications during 2023/24.
- The most recent employee survey found that 65.5% of colleagues would recommend Rooftop as an employer (against a target of 80%).

Data and technology driven

- As part of our drive to achieve Level 4 Data Maturity, we have completed over 1,700 Stock Condition Surveys (totalling 4,700 in the last two years). This will ensure that we know more about our homes and identify the investment requirements needed to ensure that all homes meet a minimum Energy Rating Score of Band C by 2030.

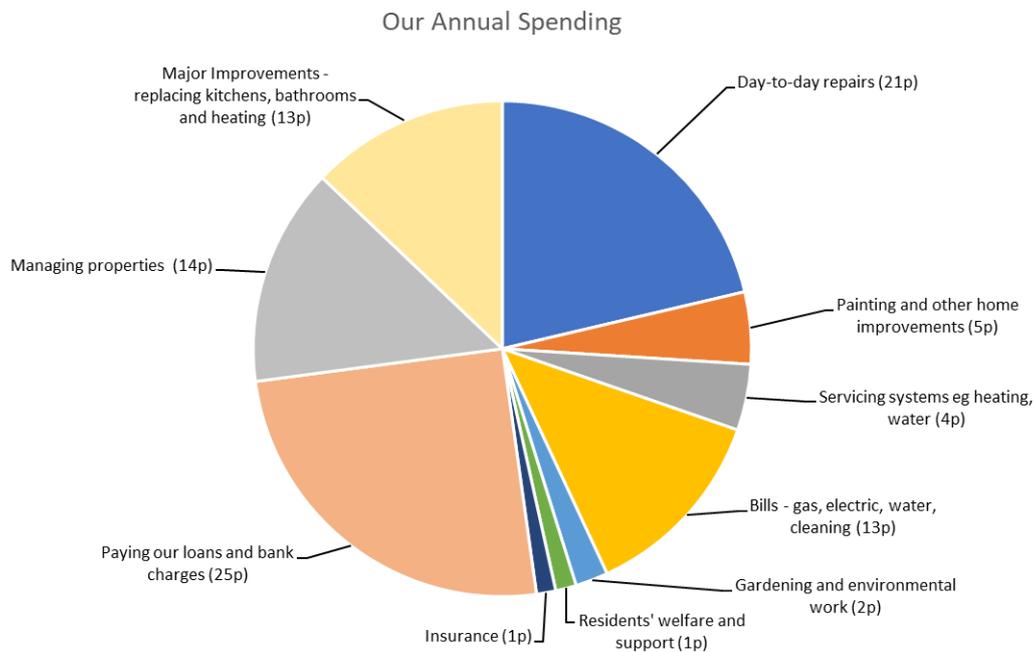
We continued to deliver against our wider 2026 targets around sustainability, supporting people and communities and business improvement during the year.

Ensuring customers and stakeholders are aware of our impact, costs and delivery of our plans is important to us. A copy of our simple published 'VFM and performance' summary is included in this report; it also appears on the Rooftop Housing Group website and in the Rooftop Customer Report. It shows a breakdown of how income is expended during the year to provide transparency.

How We Will Spend Our Money - 2024/25 Budget

The chart below shows a breakdown of every £1 spent. The three largest areas represent 60% of total expenditure:

- The largest area of expenditure is around servicing our loans. This will increase as we continue to draw down more funding to improve our homes and build new homes for people in housing need.
- The next largest area of spend is on the day-to-day repairs of our homes.
- Managing our properties is the third largest area and includes the cost of housing officers supporting our customers.



Meeting the Value for Money Standard

We welcomed the simplified approach in the April 2018 Value for Money (VFM) Standard. The Board believes Rooftop has complied with the VFM Standard during 2023/24 and continues to challenge the Executive Team to drive forward this agenda for the future.

The Corporate Plan for 2021 to 2026 (now replaced with the refreshed Corporate Plan 2023 to 2026) is monitored and reported against the targets to Board on a quarterly basis. The Board also monitors an annual Value for Money Action Plan setting out the specific improvements and projects Rooftop aims to deliver each year.

The following areas were at the heart of our Value for Money Strategy for 2023/24:

- **Customer Journey/Process Improvement**

The intention for the year was to better understand the customer experience when engaging with Rooftop, enabling a more efficient and digital journey through multiple channels where appropriate. This approach was developed through a series of process improvement projects focusing on both providing excellent customer service and delivering that re-imagined service in the most efficient/automated way. A number of processes were reviewed with improvements implemented and this is now a business as usual activity with Executive Team offering prioritisation for future reviews.

- **Repairs**

The aim was to reduce the level of repairs outstanding and where possible, the financial cost associated. This continues to be a challenge, with continued high demand resulting in additional spend of £2.7 million in 2023/24. Despite this, we were pleased with the level of customer satisfaction with repairs and repairs completed Right First Time, just above 85% target at 87.7% and 86.9% respectively at the end of the year. Work will continue in 2024/25.

- **Voids**

The level of void loss at the start of the year was 4.2% and we hoped to reduce this to an overall budgeted figure of 2.38%. Many improvements were realised in the latter half of the year, with a low of 3.2% in December. In 2023/24, we saw an adverse variance of £917k to budget, with further actions identified to be implemented in 2024/25.

- **Income**

The protection and maximisation of income was a real success in 2023/24 with an out-turn of 2.59% against a target of 3%. The implementation of Caseload Manager allowed us to increase collection of all arrears and were able to recover £259,000 in former tenant arrears, many of which were historic debts previously recognised as a bad debt.

A new Value for Money Action Plan has been created to enable focus for 2024/25. This flags our most strategic risks with actions designed to address the following areas:

- Data Insight development – knowing more about our customers and properties in order to spot trends, performance and foresee requirements.
- Repairs – reducing cost and levels outstanding.
- Voids – Voids and Lettings Improvement project plan designed to reduce from 4.23% to overall 2.5%.
- Damp, Mould & Condensation – reducing the number of cases through quicker remediation, better procurement and proactive works.
- Complaints – increasing the percentage handled within timescales to prevent escalation, further cost and loss of reputation.

Progress made towards these defined outcomes will be reported in the 2024/25 Value for Money Statement.

Delivering Value for Money

Rooftop's Financial Statements include an annual self-assessment of how we are achieving Value for Money in delivering our annual and long-term Corporate Plan objectives and complying with the regulatory Value for Money standard. Our assessment is based on the 'Sector Scorecard' metrics, which include key performance indicators covering customer satisfaction, financial security and our effectiveness as a business. This year we will again strengthen our Value for Money strategy and detailed annual Action Plan.

The Sector Scorecard includes the nine metrics specified by the Regulator of Social Housing. The group-wide results for 2023/24 are set out below, with comparatives from 2022/23 and targets for 2023/24 and 2024/25. The targets are embedded in Rooftop's budget and performance processes.

Performance and future targets

Regulatory metrics	2022/23 Result	2023/24 Target	2023/24 Result	2024/25 Target
Metric 1 - Reinvestment Percentage	6.4%	4.8%	5.3%	6.1%
Metric 2a - New supply delivered (social housing units)	2.6%	1.9%	0.6%	2.3%
Metric 2b - New supply delivered (non-social housing units)	0.0%	0.0%	0.0%	0.0%
Metric 3 - Gearing	54.3%	53.0%	54.8%	54.0%
Metric 4 - EBITDA MRI as a percentage of interest	104.5%	132.0%	108.9%	94.0%
Metric 5 - Headline social housing cost per unit	£4,490	£4,589	£4,914	£5,431
Metric 6a - Operating Margin (overall)	27.5%	29.0%	25.8%	27.0%
Metric 6b - Social Housing Operating Margin	32.2%	34.0%	28.9%	31.0%
Metric 7 - Return on capital employed (ROCE)	3.5%	4.4%	3.4%	4.0%
Other Sector Scorecard metrics				
Overall customer satisfaction	76.4%	82.0%	76.2%	82.0%
Rent arrears as a % of rent debit	2.7%	3.0%	2.6%	3.0%
Overheads as a % of adjusted turnover	12.2%	10.9%	11.0%	10.7%
Void loss as a % of rent debit (all tenures)	4.2%	2.38%	4.23%	2.5%

The Value for Money metrics shows that the **Reinvestment percentage** of 5.3% is slightly above target due to an increase in works to existing properties. The target of 6.1% for 2024/25 reflects the planned development activity and investment in current stock.

Our **New Supply Delivered of Social Housing** at 0.6% is slightly lower than the target of 1.9% due to the timing of handovers. The target of 2.3% for 2024/25 will be achieved by delivering the 151 homes in the development programme.

EBITDA MRI as a percentage of interest is much lower at 108.9% than our target of 132%. A number of factors affected this, including increased repairs and maintenance costs and high voids. A reduced target in 2024/25 reflects an increased budget for repairs and maintenance, including the completion of the SHDF 'fabric first' sustainability project and contingency.

Our **Social Housing Operating Margin** of 28.9% is lower than the target of 34%. The sector average in 2022/23 was 21.0% so we accept that this is a pressure within the sector. The target for next year of 31% reflects difficult budgeting decisions made, including an assumed reduction in voids costs.

For **Customer Satisfaction** our year end result was 76.2%, which was 5.8% below our target of 82%. Our analysis indicates that customer communication around repairs and the timely completion of repairs are the main causes of dissatisfaction. This drop appears to be in line with the sector based on evidence available, however hitting the 82% target will be a key focus for the year ahead. Our enhanced Customer Experience team will improve customer communication and complaints handling.

Our **Rent Arrears as a % of rent debit** was 2.6% compared to a target of 3%. Considering the cost-of-living pressures affecting our customers, this is a great result and testament to the proactive measures adopted by our Income Team.

Other Key Metrics – targets for 2023/24	Target	Result	Achieved?
	2023/24	2023/24	Y/N
Percentage of repairs completed first time	85.0%	86.9%	Y
Emergency repairs completed within 24 hours	100.0%	89.5%	N
Non-emergency repairs completed within 20 days	80.0%	54.4%	N
Stage 1 & 2 complaints dealt with within timescales	90.0%	32.2%	N
Average days to re-let	25.0	119.0	N
Percentage colleague sickness absence	4.5%	3.1%	Y
Customers receiving money advice and support	700	1,099	Y
% of colleague turnover	13.0%	10.3%	Y

All repair time targets were missed in 2023/24, owing to continued increase in demand. Action will be taken in 2024/25, focusing on productivity and the reduction in Work In Progress levels.

Dealing with complaints within timescales has been a challenge, with an ambitious target of 90% not met in the year. At the end of March 2024, a new Complaints Team and associated processes went live, the result of which should be a vast increase in performance in 2024/25.

Our average days to re-let of 119 days is higher than our target for the year. To address this issue, a Voids and Lettings Action Plan was taken to Audit and Risk Committee in April 2024, with a number of high level actions to be completed during 2024/25.

Peer Comparison 2022/23

As part of the Value for Money Standard we must include data around peer comparison and have had a piece of work carried out by Vantage, presented to our Board in January 2024. Together, we have identified a peer group based on geographical location, stock size and similarity of offering.

RP	Reinvestment %	New supply delivered (social) %	New supply delivered (non-social) %	Gearing %	EBITDA %	Headline Social Housing Cost Per unit	SHL Operating Margin %	Overall Operating Margin %	ROCE %
Rooftop Housing Group	6.4%	2.6%	0.0%	54.3%	104.5%	£4,490	32.2%	27.5%	3.5%
Thrive Homes Ltd	18.4%	1.0%	0.0%	68.8%	139.6%	£4,792	22.1%	27.1%	4.2%
Two Rivers Housing	11.0%	2.3%	0.0%	56.4%	162.5%	£3,952	18.5%	21.2%	3.2%
Connexus	10.0%	2.0%	0.0%	60.0%	60.0%	£4,627	15.0%	18.0%	2.9%
North Devon Homes Ltd	3.3%	0.3%	0.7%	56.8%	82.2%	£4,300	18.8%	19.4%	3.0%
Westward Housing Group	3.4%	0.9%	0.0%	29.0%	150.7%	£3,892	22.3%	23.0%	3.0%
Selwood Housing	7.2%	2.2%	0.0%	33.6%	260.4%	£4,332	18.9%	18.1%	2.1%
Gloucester City Homes	15.8%	2.1%	0.0%	53.2%	80.2%	£4,645	16.2%	16.8%	3.2%
Trent & Dove Housing	10.1%	1.1%	0.0%	58.0%	115.1%	£4,019	19.9%	19.3%	3.2%
Peer Average	9.9%	1.5%	0.1%	52.0%	131.3%	£4,320	19.0%	20.4%	3.1%
Sector Average	7.9%	1.5%	0.2%	45.8%	111.4%	£5,037	21.0%	19.0%	3.0%

Reinvestment

We have a lower % of reinvestment than our peer average and this is also reflected in the lower cost in **Headline Social Housing Cost per Unit** where Rooftop has performed well. This is thought to be due to the profile of our current stock compared to peers. We are also a member of a Cost Sharing Vehicle, which generates efficiency and VAT savings.

New supply delivered – Social housing

In line with our corporate objective to deliver up to 1,000 homes by 2026, we completed 174 new homes in 2022/23, putting us above peer and sector averages.

New supply delivered – Non Social Housing

The Board has decided not to develop any further homes in this category.

Gearing/EBIDTA

The Board monitors this performance closely but accepts the results are weaker compared to peers. This is due to a large number of legacy debts created at the time of transfer from the Wychavon District Council, and also increased borrowing in recent years to enable Rooftop to achieve its ambitions in the supply of new homes.

Operating Margin (Social and Overall)

This metric is an area we have performed consistently well in and it reflects the commitment to keep our costs low while maximising our income. This is also an area which the Board are focussing on as part of our **Corporate Plan**. This positive results of this can also be seen in the **Headline Social Housing Cost per Unit** which is below the average in the sector.

Return on Capital Employed

In this area we currently rank close to sector and peer averages. We are pleased to be able to maximise the use of our assets.

Electric Vehicles

We are committed to finding innovative ways to improve our sustainability. In 2018/19 we leased our first electric car for colleagues to use for business trips. All colleagues are encouraged to use the electric car as their first port of call instead of using their own petrol or diesel vehicles, thus promoting a healthier environment. During 2019/20 we extended this further and leased an electric van for our handyman to use.

Social Housing Decarbonisation Fund (SHDF)

As part of a government requirement for all social landlords to improve their existing housing stock up to EPC C by 2030 we successfully bid for SHDF government funding. We are currently improving 157 of our off-grid homes with low carbon heating systems (air source heat pumps), new windows and doors, ventilation, solar panels and cavity wall insulation and loft insulation.

ISO14001 Certified

We are committed to improving our environmental performance for the Group and the people we do business with. This is reflected in a successful ISO 14001 audit in January 2024 which confirmed that there were no major or minor non-conformities, and we retained our accreditation. We continue to make further environmental improvements across the organisation. Rooftop also holds ISO 9001 Quality Management System accreditation, and we are aiming to include ISO 45001 Health and Safety to this in year 2024/2025 audit. All ISOs are merged into one integrated management system (IMS).