

Northampton Partnership Homes (NPH)



Value for Money Statement 2019/20

At Northampton Partnership Homes (NPH) we strive to generate value in all we do. Our vision is “to provide homes which enable people to live happy and healthy lives in enriched communities”. To deliver this vision, it is essential that value for money (VfM) is central to our business.

Our key strategic priorities are:

- to deliver and maintain high quality homes and estates;
- to deliver high quality customer focussed housing services;
- to improve empowerment, opportunity and access for all;
- to develop and maximise partnerships to build stronger, safer and thriving communities in Northampton; and
- to be an open, inclusive, effectively managed and trusted organisation.

NPH has a rolling 3-year VfM Strategy that takes account of our wider strategic objectives and describes how VfM fits. As you would expect there is a strong link between our ‘critical success factors’ for delivering the strategic objectives and VfM.

For us, VfM means obtaining the maximum benefit from the resources available to meet the needs and aspirations of our tenants and leaseholders. This requires us to be effective in how we plan, manage and operate our business.

NPH does not believe VfM is solely concerned with achieving the lowest cost and we maintain a strong focus on improving services for customers. Any gains made are reinvested back into the delivery of frontline services and the Happy to Help Community Interest Company. We look for outcomes that can be measured and which demonstrate our trajectory towards increasing VfM.

VfM 2019/20

VfM Indicators and Critical Success Factors

As an arms-length management organisation (ALMO), NPH is wholly owned by Northampton Borough Council (NBC). The performance of the councils Housing Revenue Account (HRA) is where overall financial performance is demonstrated. This statement therefore uses metrics that take account of HRA performance and position, within which NPH’s accounts are the fundamental contributor. For example, the HRA has an annual revenue cost of approximately £26.7m (2019/20 business plan) and NPH had a budgeted management fee of £26.5m of that to enable the delivery of housing services across Northampton.

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NPH was set up in January 2015 to provide and improve housing services, with the requirement of refreshing and reinvigorating the Council’s housing offering. To monitor this progress, a number of performance measures were put in place. These measures are the Tier 1 and 2 performance indicators that NBC review quarterly and annually. In addition to these measures, NPH also uses a number of other metrics to assess and benchmark performance. Working to achieve these measures are critical success factors for NPH and a number of the key measures feature in the metrics below:

Overall NPH Performance

	2013/14	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Actual	Actual	Actual	Actual	Actual	Target
Headline Social Housing cost, £ per unit		4,811	4,521	4,217	4,470	5,931 ¹	5,785
% satisfied with overall service ²	72%	N/A	N/A	76%	N/A	Replaced	N/A
% CSI satisfied with overall service	N/A	N/A	N/A	N/A	N/A	71%	N/A
% satisfied with value for money of rent ²	66%	N/A	N/A	80%	N/A	Replaced	N/A
Staff cost per unit		801	808	790	757	823	<i>No target</i>

Note: ¹ Overall cost per unit for prior years has changed slightly when compared to the report last year. This is due to changes in allocation of stock numbers by NBC through the finalisation of their own accounts which at the time of writing last year were not completed and signed off. Currently 2018/19 onwards remains outstanding.

² The satisfaction results from 2019/20 onwards are the weighted average Customer Service Index scores given by tenants in response to questions about their experiences of NPH services. This is a new and more appropriate mechanism to capture recent experiences and feedback. Consequently, these scores will be comparable to future but not prior year surveys.

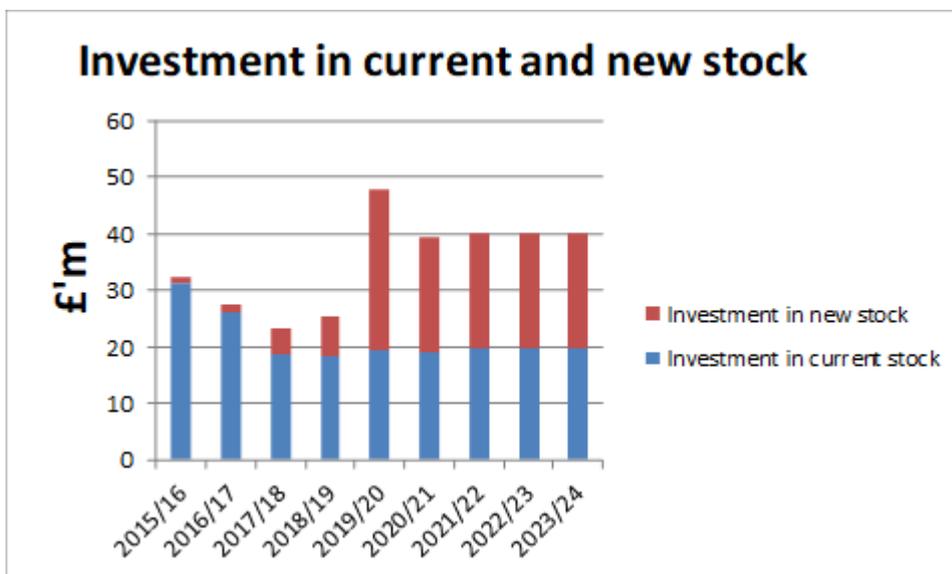
Headline Social Housing Cost has risen year on year reflecting the underlying need to invest in the capital programme, which is particularly noticeable in 2019/20. During 2019/20 and in future years there is substantial investment in the new build capital programme with ambitions to deliver over 1,000 homes by 2025 and is also reflected in the social housing cost anticipated for 2020/21. This additional investment has been made possible due to the removal of the HRA Borrowing Cap from October 2018 onwards.

The demand on housing in Northampton is significant and continues to grow as tenants exercise their Right to Buy depleting housing stock year on year. At the end of the 2019/20 year there were c3,800

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people on the housing register. New housing investment is very important to Northampton and provides significant value both socially and economically. The increased capital spend is almost completely related to new build provision which is clearly needed in the area as evidenced by the housing register numbers. Following the year end there are more than 3,800 people on the housing waiting list, with over 350 individuals and families living in temporary accommodation and an ever-growing homeless problem that is a symptom of the housing crisis across the country. This increase is clearly a critical need and value adding. It will grow the housing stock of NBC to deal with these issues and provide valuable long-term assets that strengthen the HRA balance sheet.

The extent of the capital investment is highlighted in the graph below, illustrating the growth over this and future years to help reduce and reverse the current depletion of housing stock. This shows that investment in current stock remains consistent and high at c£20m per annum for the foreseeable future and also that new build investment is not to the detriment of expenditure needed on existing stock.



If capital spend is stripped out of the Headline Social Housing cost indicator the increase is less pronounced and when also considering the inflationary impact, historically this has been almost static. However, during 2019/20 this has grown slightly reflecting the significant investment particularly in compliance work. We have taken the decision to move Electrical testing from a 10-year cycle (regulation) to 5 years (best practice) as well increasing activity on Radon testing.

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Actual	Actual	Actual	Actual	Target
Headline Social Housing cost ex capital, £	2,065	2,160	2,204	2,260	2,355	2,364
% change		4.6%	2.1%	2.5%	4.0%	0.4%
Annual inflation (Apr - Mar)		3.1%	3.3%	2.4%	1.9%	TBC

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Customer satisfaction

Satisfaction with service and the value achieved from rents received are strategic, critical success factors. Tier 1 and Tier 2 performance measures (agreed annually with NBC) include a suite of operational service level and satisfaction KPIs.

Satisfaction is measured every two years using the national Survey of Tenants and Residents (STAR) provided by Housemark. The last survey took place in October 2019 and the next full survey will be in Summer/Autumn 2021. Where a direct comparison is available, improvement across a number of these measures can be seen when compared to the base position from 2014/15 which was the first year of operation for NPH. Housemark have been carrying out a review of their satisfaction monitoring methodology and new guidance and approaches have been recommended to move towards using metrics that more effectively capture service user satisfaction levels.

In anticipation of these changes NPH moved to reporting satisfaction using the Customer Service Index (CSI) scoring methodology in 2019/20, which provides results based on experience and importance to the customer on the service received, and not their perception of a service. The CSI scoring is also aligned to NPH's work towards achieving Customer Service Accreditation which is an on-going project with the Institute of Customer Services. The first year of reporting the CSI score is included in the table below. As this will be the first year of reporting with this new methodology, no target will be fixed. Previous 'STAR' Housemark measures no longer collected and replaced with new CSI measures are shown on the relevant service area performance tables as 'replaced' below.

Combining the improvement in service and new delivery with the underlying headline social housing and staff costs per unit remaining broadly static, it is clear that more has been achieved with the resources available. This includes servicing and supporting the increased capital programme where staffing costs to date have largely remained as revenue spend included in the above figures.

We recognise that while progress has been made the levels of satisfaction are still not where we would like them to be. When benchmarking externally against the best performing organisations we still have work to do in this area.

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Asset Management and Investment

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Actual	Actual	Actual	Actual	Actual	Target
% satisfied with overall quality of home	71%	N/A	N/A	75%	N/A	Replaced	N/A
% average CSI score for estate regeneration	N/A	N/A	N/A	N/A	N/A	71%	N/A
Capital spend, £ per unit		2,746	2,361	2,013	2,210	3,557	3,508
Reinvestment % ¹		9.3%	5.9%	4.3%	4.7%	6.8%	6.3%
New Supply % ²		0%	0.1%	0.3%	0.6%	0.7%	0.7%

Note: Overall cost per unit for prior years has changed slightly when compared to the report last year. This is due to changes in allocation of stock numbers by NBC through the finalisation of their own accounts which at the time of writing last year were not completed and signed off. Currently 2018/19 onwards remains outstanding and therefore the housing properties book value used for 2019/20 and 2020/21 is the value at 31 March 2018 plus the new build capital programme costs.

Investment in current and new stock is obviously important to the long-term viability of the HRA, but it is also essential for social value generation within Northampton particularly when considering the provision of new homes. There has been a net loss to social housing across the Borough because the number of homes lost to Right to Buy exceeds the number of new homes being built, for a number of years. However, this is the first year when numbers are broadly on a par (125 RTB sales versus 122 new build additions). We see it as one of our key responsibilities to reverse this trend by building new homes and adding to the net social housing stock. Plans implemented in 2019/20 show the progress made but there is still much to deliver to ensure we can build housing stock and reverse the impact Right to Buy has had over the years. NPH Board signed off on a new Development Strategy post year end which sets the ambition to deliver enough new homes in the next 10 years to deal with the majority of the housing register.

The statistics in the table above demonstrate the continued commitment to increasing investment in the stock base and this covers both planned investment into existing stock and the building of new housing. This increase is predominately driven by the additional investment needed for new stock with the level of planned investment for existing homes remaining broadly static moving forward.

¹ Reinvestment is the cost of investment in current and new stock as a percentage of housing properties book value in total

² New supply is the number of new units as a percentage of the closing stock for the year.

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Housing Services

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	Actual	Actual	Actual	Actual	Actual	Actual	Target
% satisfied with neighbourhood	68%	N/A	N/A	72%	72%	Replaced	N/A
% average CSI score for cleaning services	N/A	N/A	N/A	N/A	N/A	59%	N/A
% average CSI score for grounds	N/A	N/A	N/A	N/A	N/A	57%	N/A
Housing	No data	940	1,023	1,045	1,073	1,174	1,165
Current tenant rent	No data	1.95%	2.01%	2.25%	2.23%	2.65%	3.25%
Former tenant rent	No data	0.79%	1.08%	1.11%	1.27%	1.49%	No target
CTA and FTA write	No data	0.45%	0.51%	0.38%	0.38%	0.29%	No target

There has been improvement in satisfaction levels across many comparable measures for housing services over the last 5 years. Costs have risen in 2019/20 reflecting the increased resources needed to support new specialist accommodation for older and tenants with disabilities. Costs are expected to still be at a similar level for 2020/21 however this is not expected to increase further. The services are wide reaching and it is clear that more is being delivered.

The Housing department provides increasing levels of support with social issues that were previously dealt with by other Council budgets. It is impressive therefore that satisfaction continues to improve and highlights the quality of our team. During 2019/20 the Anti-Social Behaviour (ASB) team received formal accreditation, being one of only 12 organisations across the country to achieve this status. Housing Management services are focussed on support and sustainment, which are key to ensuring value is achieved. The financial and social cost of tenancy failure by far exceeds the cost of working with tenants to sustain their tenancies into the long term. In the year there were 6 injunctions and 9 evictions as a result of anti-social behaviour. Taking this clear and decisive action ensures tenants adversely impacted by this behaviour do not terminate their tenancies as the issues are resolved, either due to improvement or removal.

This year also saw a new initiative with the introduction of a Community Bus, Daphne, to support tenants. This service visits all areas of the Borough offering support, sign posting and advise to tenants and provides an opportunity to meet in a less formal environment.

The arrears position, and debt levels have an impact on value. The more rent collected, the more resource we have available to invest through the HRA. The arrears indicator in the table above shows CTA of 2.65% substantially below the original target for CTA in 2019/20 of 4% reflecting that performance has exceeded expectations, as arrears have been minimised. Given the substantial impact the changes to the Government's welfare reform programme with the introduction of

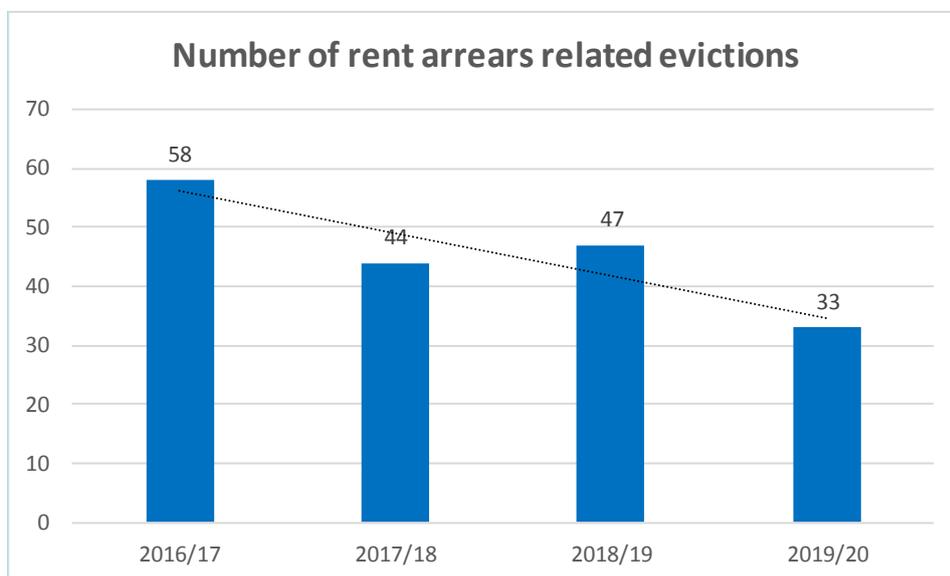
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Universal Credit, which for Northampton was November 2018, arrears continue to be lower than expected.

At the end of 2019/20 arrears stood £63k or 4.5% lower than target reflecting the significant work supporting tenants in financial difficulties as much as possible. Over the course of the year 227 possession hearings took place but due to the ongoing assistance, only 33 tenants were evicted as a result of rent arrears during 2019/20, the lowest level since 2015.

The following graph illustrates the significant reduction:

Graph: Number of annual evictions (rent arrears)



NB As a result of the freezing of all court action in March due to COVID-19, there were no evictions in March 2020.

Repairs and Maintenance

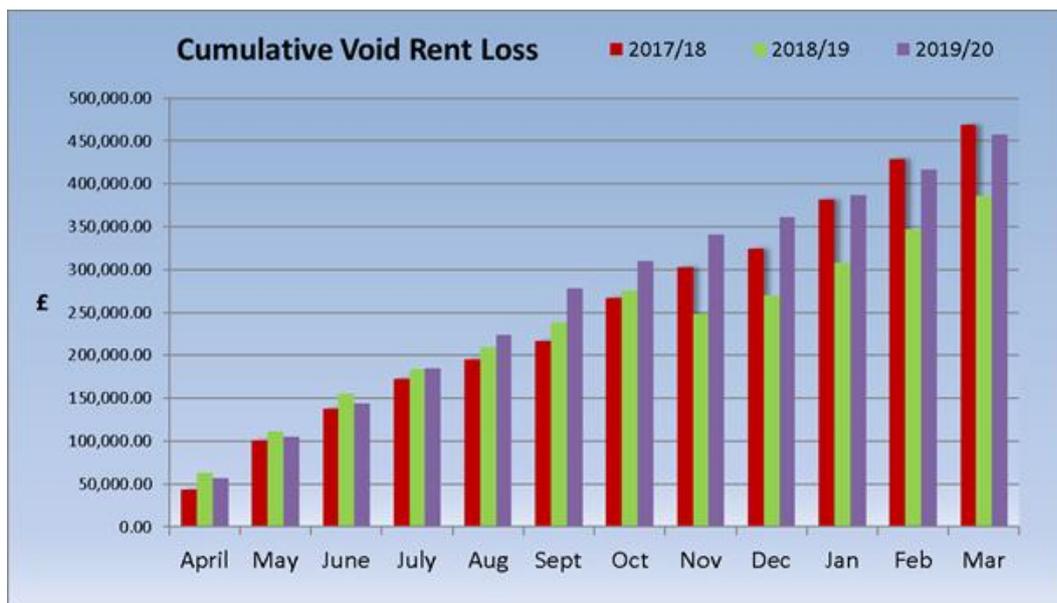
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
		Actual	Actual	Actual	Actual	Actual	Target
% satisfied with repairs and maintenance service	67%	N/A	N/A	72%	63%%	Replaced	N/A
% average CSI score for repairs service	N/A	N/A	N/A	N/A	N/A	72%	N/A
Repairs service cost per unit, £ per unit		1,081	1,088	1,121	1,050	1,158	1,073

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Whilst satisfaction with the repairs service has remained static, this is above general reported satisfaction levels which are reducing across the whole sector. Costs per unit have increased reflecting the significant investment in compliance work and in particular the Electrical Installation Condition Reports (EICRs) that have taken place during the year. In future years the cost per unit is expected to fall back in line with values slightly above those seen in 2018/19. Overall budgets have been adhered to and stock unit numbers have marginally reduced as a result of the continued sale through Right to Buy to tenants.

As with the other services however, satisfaction levels are below benchmark median positions and we strive to continue to make improvements. The targeted (and budgeted) position for 2020/2021 is to reduce the cost per unit of repairs, which we expect to achieve.

The reduction in void rent loss has been consistently achieved over the last three years. Whilst we are reducing our void turnaround times year on year, this still falls below our target. Consequently, this will continue to be a focus in 2020/21 to meet this target.



By the end of 2019/20 we had completed four major projects supporting our VfM aims within repairs and maintenance, which we are confident will positively impact on future scores in these areas:

- a) The Repairs Improvement Programme phase 1 reviewed right first-time performance and processes, ensuring they are lean and transparent;
- b) The recharges project phase 1 ensuring that a proportion of the cost of repairs that are necessary due to the actions, abuse or neglect of a tenant is recovered. Phase 2 of the project seeks to ensure the full cost of the repair is recovered;

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- c) The voids costing project provided us with costing information previously unavailable and therefore enabling us to predict future costs and trends, as well as scrutinising current costs per property, void type and contractor;
- d) The Assets and Component module enhancement project ensuring that all components are automatically loaded, together with replacement and repair cycle updated thereby increasing officer time efficiency, data quality and improved future costs and asset programme modelling. This work has been absorbed using existing resources, thereby reducing the amount of work sub-contracted. Any savings realised through this initiative is being ploughed back into making the in-house service more effective.

Looking forward, the following initiatives have commenced in 2020/21:

- Completion of automated online satisfaction surveys and in-house telephone satisfaction surveys to complement STAR and HouseMark figures,
- An element of the works completed by our external gas contractor related to void decommissions and re-commissions is being absorbed in-house,
- New gas related remedial works are being completed in-house, and
- An element of the drainage works currently subcontracted is being undertaken in-house.

Procurement

Driving efficiencies in procurement activity creates one of the greatest opportunities to improve VfM at NPH. The function plays a key role in delivering VfM for all works or services we buy in from external companies. During 2019/20 the existing procurement strategy has been updated providing clarity over the next three years (2020 - 2023), which has a very clear focus on VfM and supporting sustainability.

The Procurement function is provided internally with additional support from LGSS supporting all areas of the business across the full procurement lifecycle. This support includes the initial appraisal of options for delivering the work or service, working with specialist frameworks to secure additional VfM and/or social investment assistance, developing specification and procurement documents, setting the tender evaluation criteria and assisting throughout the tender process until the contract is awarded. As the new strategy becomes embedded in 2020/21 there will be additional support provided to provide key stakeholders greater confidence and wider skills to improve contract management across our supply chain.

Our approach to assessing value is to focus on the elements of each contract that are of most importance to the service area. This could be cost, service delivery improvements, efficient processes, risk management or social value, then to develop tender evaluation criteria that is weighted according to the importance of each for that particular contract. We don't have a standard price / quality split or standard evaluation criteria, as the factors are different for each contract and during 2019/20, we have made collective savings over the year of £506k with additional savings already in place for 2020/21 onwards of a further £470k.

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Benchmark data

We use HouseMark to benchmark our performance against peers, however there are still differences as NPH is an ALMO and the peer organisations are generally speaking Housing Associations. As such not all data is comparative.

Our current performance is broadly as follows against the quartiles produced by HouseMark:

Measure	Units	2017/18	2018/19	2019/20	RAG 2019/20	Housemark benchmark quartiles		
						Upper Quartile	Median	Lower Quartile
Staff turnover	%	18.8	15.95	11.6	G	11.1	12.7	18.4
Average days lost to sickness per employee	Days	11.2	7.88	7	G	8.3	9.75	11.05
% of calls answered	%	/	/	90.8	G	91.95	85.5	80.75
Total arrears and write-offs %	%	3.74	0.38	4.43	A	3.47	4.56	6.24
Current and former tenant arrears %	%	3.35	3.5	4.14	A	3	4.51	5.82
Void loss %	%	0.91	0.77	0.9	A	0.54	0.76	1.07
Average re-let time	Days	26.21	28.79	23.06	A	17.52	23.9	39.13
% of properties vacant	%	1.12	0.94	0.5	G	1.58	1.2	0.9
Direct cost per property of responsive repairs & void works	£	817.32	962	535.93	G	598.52	676.95	813.09
% of repairs completed at the first visit	%	97	98.58	82.98	R	95.21	92.5	86.5
Appointments kept %	%	99.4	99.46	95.76	A	98.4	97.15	95
% of dwellings with a valid gas safety certificate	%	100	100	100	G	100	100	99.97
Average SAP rating	Number	75	75	75	G	74	71.6	69.55
Direct cost per property of estate services	£	124.3	163	120.87	A	108.43	146.56	204.98
Satisfaction with ASB case outcome	%	47	81.1	79.40	R	96.7	89.9	79.4
Satisfaction with ASB case handling	%	49	86.61	86.10	A	96.4	92.45	84.28
Satisfaction with the service provided (STAR)	%	77.9	76.43	/	/	*Housemark methodology review		
Satisfaction with the overall quality of home (STAR)	%	77.1	74.58	/	/			
Satisfaction with neighbourhood as a place to live (STAR)	%	73.9	72.21	/	/			
Satisfaction that rent provides value for money (STAR)	%	79.6	78.42	/	/			
Satisfaction that their views are being listened to and acted upon (STAR)	%	57.2	56.23	/	/			
Average CSI score for NPH services overall	%	/	/	70.80	/	*2020 CSI Scores		
Average CSI score for estate regeneration	%	/	/	71.40	/			
Average CSI score for value for money – service charges	%	/	/	69.00	/			
Average CSI score for the repairs service	%	/	/	72.40	/			
Average CSI score for cleaning services	%	/	/	58.80	/			
Average CSI score for grounds maintenance	%	/	/	56.50	/			
Average CSI score for contacting NPH	%	/	/	61.00	/			
Average CSI score for advice and support	%	/	/	84.50	/			

* Following a Housemark review of the STAR methodology in 2020, NPH moved to a CSI Score in 2019/20 as detailed in the report above

The data shows a mixed picture with some good performance but some clear areas where performance needs to continue to improve. Although we have seen satisfaction improve over the last 5 years it is clear to see from the above that when compared to Housing Association peers there is still plenty more to do.

Other initiatives

Also, within the year NPH joined the Institute of Customer Service and are refreshing our ways of working to ensure we are putting the customer the centre of all we do.

There are many examples of work that is ongoing in 2020/21 and beyond to deliver VfM and support for our tenants which include:

- Institute of Customer Services accreditation project and embedding of practices
- Repairs 'right first time' project phase 2
- Embedding of new materials supply contract
- Next phase of development of our on-line offering

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- New mobile and online working tools for employees, to provide greater functionality to access systems and reduce administration tasks and reduce time taken to complete customer facing processes

We have continued with bringing 'in house' our design work and after the initial training costs this has now resulted in year on year savings of £8k per annum.

2019/20 was the first full year for our Community Interest Company (CIC), Happy to Help, following its creation in 2018. which has the aim to utilise our suppliers 'Corporate Social Responsibility' money that we secure through procurement to support our vulnerable tenants and deliver community projects. This financial year we have provided 87 beds, 108 white goods, 39 cookers, 47 carpets and 20 removals to NPH tenants in crisis. For the wider communities across Northampton 16 Community Ideas Fund grants have been provided (prior to COVID-19) supporting a range of projects including provision of sewing machine, funding food during school holidays and a community lawn mower. Our most important support though has been providing 217 food parcels and a further 69 Christmas hampers to NPH tenants in need which we are continuing to provide particularly with the ongoing impact of COVID-19 to the most vulnerable tenants.

During 2020/21 we plan to extend this provision with the newly opened Paint Shop in Kings Heath, support for a local social supermarket, provision of handyman and gardening services to those in need.

In Summary

We aim to continue to make cost savings while improving the services. At times costs have increased slightly as we look to deliver more, and we believe there is clear value being added through the additional provisions. We are pleased with the direction of travel over the 5 years since NPH was founded. Quality has increased as measured by satisfaction and the 'like for like' cost has decreased since 2015. Performance against strategic critical success factors is strong and we are looking towards improving the long-term value and viability of the HRA. Investment into new and existing stock is high and will continue over the coming years to ensure that NPH is able to deliver good quality housing that meets the needs of Northampton.

However, we do recognise that continued progression is essential. When compared to external benchmarks in a number of the areas above we still have much to do and are not complacent. The plan for the coming years is to continue to target improvement in the metrics. We are committed and focused on driving up satisfaction and our investment in our association with the Institute of Customer Service will be further supported by our training and culture change programme ensuring we work to put our customers' needs first.

Services that are efficiently and effectively delivered at the right price mean that over the long-term NPH and NBC will be able to deliver happier and healthier communities that support more of those in need and most importantly, provide people with the strong foundation of a home that is essential to furthering aspiration.