value for money statement
2014 to 2015

north lincolnshire homes part of ongo

Contents

There are tables within this document which indicate our performance. Here's a quick guide to the symbols

A green box means that our scores are in the top quartile of all housing associations we measure ourselves against through Housemark.

A yellow box means that our scores are in the middle upper quartile of all housing associations we measure ourselves against through Housemark.

An amber box means that our scores are in the middle lower quartile of all housing associations we measure ourselves against through

A red box means that our scores are in the lower quartile of all housing associations we measure ourselves against through Housemark.

Arrows show the direction of travel for our performance. Green means the trend is going in the right direction - red means it's not.

north lincolnshire homes, part of ongo

North Lincolnshire Homes is part of ongo, a housing and communities group based in North Lincolnshire which is dedicated to a single vision:

creating and sustaining truly vibrant communities

To us, a truly vibrant community is one where people look out for each other. They take pride in their homes and their environments and they are inspired to reach their full potential.

Ongo represents the ongoing commitment we are making to invest in our communities...the people and the places.

We like to call this our ‘ongo promise’.

Delivering the very best value services helps us maximise the impact we can have in people’s communities and on their lives.

Our strategy for delivering our vision, and keeping our promise, follows four key objectives. These are:

doing the basics well
improving lives
growing our business
being financially strong

We apply these objectives to our business planning so we know that everything we do, and every penny we invest, all contributes to us delivering our overall vision.

The following pages are our assessment of our approach to making sure we deliver services that not only offer good value for money, but that give us maximum opportunity to create and sustain **truly vibrant communities**.

an introduction to measuring the value we give

Our definition of value for money is showing that for every pound we spend, our customers benefit by more. In simple terms, this means we aim for 'top quartile' customer satisfaction at below average cost.

The best way for us to measure this is through our membership of **Housemark** - an independent business intelligence company.

We compare our performance, in costs and customer satisfaction, against other similar sized housing organisations.

This annual data gives us a snapshot on how we are comparing with our peers, in terms of the value we offer to the tenants living in our 9,659 homes. It also enables us to make a value for money assessment of operations across our broad range of activities. However, we realise that this is just a snapshot of time. **For this report, we have taken data which was submitted to Housemark in July 2015.**

The year 2014/15 saw us make improvements in most of the areas of our business, compared to our performance in 2013/14.

Although we have retained high customer satisfaction, we are still not where we aim to be in terms of costs compared with our peers. However, having this insight is invaluable in informing our plans to improve, year on year.

Another way we keep a check of how we are doing is through customer surveys. Working with research company Voluntas we carry out STAR surveys twice a year, each time with 800 tenants.

In those service areas which regularly come into contact with tenants - such as repairs, dealing with anti-social behaviour, lettings, complaints, gas servicing, investment work and support services - we also carry out additional monthly telephone satisfaction surveys so we know we are picking up issues early. All in all, we are reaching 5,000 tenants each year to ask them to rate us as their landlord.

We are pleased to see that customer satisfaction remained high in 2014/15, with 89.4% of our customers telling us, through the Voluntas STAR survey, that they are satisfied with our overall landlord services. It was a slight dip on the previous year though.

Of course, some areas of our business performed better than others, and we drill down into those areas further in this VfM statement.

External accreditation is also a useful way for us to check on our performance - and more importantly, give independent insight into where we can improve. We were pleased to have retained accreditation for our resident involvement, customer services, leasehold services, gas servicing and income management. We also achieved the five star standard and Sword of Honour from the British Safety Council - the highest award possible for healthy and safety management and won awards for our community investment work. Finally, climbing up the Sunday Times Top 100 Best Companies list to 39th place in the non-profit making category was another achievement for us.

People are our biggest cost and so having them engaged in their jobs is one of the best ways to ensure we give excellent services and good value.

our 2014/15 performance...at a glance

The best way of summing up our 2014/15 performance is to look at what we put in, in terms of costs, and what we get from that investment, in terms of customer satisfaction.

It's not always easy to compare our costs to those of other housing associations because we are all structured differently.

Housemark doesn't measure total costs per property for all areas of the business.

Therefore, the most meaningful indicator for us to benchmark against is operating margin.

This shows the amount we have remaining once all our costs are accounted for.

For us, maintaining a healthy operating margin, whilst retaining the highest level of customer satisfaction, is an indicator of how successful we are at providing good value, customer focused services.

Here we look at our operating margin for 2014/15, and the satisfaction rate of our customers, compared to other housing associations who, like us, are members of PlaceShapers - a network of like-minded housing assocations from across the country.

These make up our benchmarking club for 2014/15 and are referred to throughout this document.

operating margin

	Our Operating Margin for 2013/14 and 2014/15 compared to our peers				
	2013/14	2014/15	Trend	Rank against others	Rank quartile
Operating Margin	21.5%	28.4%	↑	10/31	

customer satisfaction

	Our Customer Satisfaction for 2013/14 and 2014/15 compared to our peers				
	2013/14	2014/15	Trend	Rank against others	Rank quartile
Overall Customer Satisfaction	90.2%	89.4%	↓	13/33	

our approach to managing performance

Value for Money is integral to our Performance Management Framework. Giving value for money means we deliver high standards, continuously improve and meet our objectives at the right cost.

To ensure we achieve this, we monitor our performance against targets and tolerances, set by the Board.

We use a holistic performance management system so that all key performance indicators, action plans and risks are linked and aligned to our strategic objectives. This helps us monitor our progress against delivery.

We use a Balanced Scorecard (BSC) to demonstrate a balance between process, customer experience, human and financial resources.

The full Balanced Scorecard is circulated monthly to managers and members of our Resident Scrutiny Panel. It's also discussed at team meetings. Customised BSCs are also presented to the Boards of North Lincolnshire Homes, ongo Partnership, ongo Communities, ongo Commercial, the Executive Management Team and our tenant group Community Voice.

The customised BSCs for the Boards include progress against the annual operational plan and top level risks to give a complete representation of performance.

A further drill down on performance is available from our Performance Team, which gives staff real-time information from our housing, finance and HR management systems.

The Boards, Executive Management Team and Community Voice can, and often do, request a spotlight report when they feel further investigation is required into a specific area.

This helps manage under-performance and brings key people together to review service delivery and plan for improvement.

how our tenants help us to improve

Residents are the best people to tell us what's working well or not so well so it's only right that they have their say on issues that affect their communities and on the services we deliver.

We have an effective Resident Involvement service which has achieved Tenant Participation Advisory Service (TPAS) accreditation. We are committed to maximising the opportunities for residents to help plan, deliver and monitor the services we provide.

Community Voice is the main constituted resident group we support. The group works with us to influence improvements to policies and services. Membership is made up from volunteer Ordinary Members, Resident Association and Leaseholder representatives and around 30 customers sit on the group.

We also have a Resident Scrutiny Panel which carries out detailed investigations into our services, from a customer viewpoint. They highlight good practice and recommend, directly to the Board, where improvements are needed.

how our peers help us see where we could improve further

Although monitoring and managing internal performance is vital, it does not tell us the whole story.

To ensure we have a full understanding of how well we are doing, we compare ourselves to others. This provides us with a benchmark against cost, quality and performance.

We use this external knowledge as an indicator of value for money; identifying peers delivering high quality services for lower costs.

Although we do not use benchmarking as a league table, we do aim to achieve upper quartile customer satisfaction for below average costs.

HouseMark is our main source of benchmarking information.

Throughout this statement we have used our 2014/15 costs and performance information to compare ourselves with our peers.

Our peer comparisons will contain a mixture of 2013/14 plus inflation and real 2014/15 costs.

our peer group

In 2013/14, following the formation of ongo Partnership we felt that we had moved away from the traditional Large Scale Voluntary Transfer (LSVT) peer group.

In 2014/15 we are looking more to our PlaceShaper peers and have chosen a smaller group with a stock size of 5,000-15,000 - this equates to 34 comparible housing associations.

PlaceShapers is a network of more than 100 housing associations that come together to share learning, and work towards a common goal. As a member we benefit from opportunities to share best practice, visit other associations, contribute to national and regional working groups and access conferences and learning events.

As well as the PlaceShapers peer group we also use the HouseMark Core data to benchmark at a more local level – we can break down the information to the Yorkshire and Humber area which takes into account more demand-led information.

We also use the Homes and Communities Agency's Global Accounts to compare our financial position against all Housing Associations, just as a final check to ensure we are not missing useful comparisons against a larger comparator group.

We are also members of various groups which share learning and best practice, such as:

- Housemark Procurement Club (North)
- North Lincs Research & Information Group
- North Lincs Housing Advice Support Group
- First Stop Forum
- Yorkshire and Humber Human Resources Forum
- The ASB Club (part of Social Landlord Crime and Nuisance Group)
- Resolve
- Yorkshire Tenancy and Fraud Forum
- National Federation of Housing Communications Network

our VfM strategy and toolkit

We revised our VfM Strategy in March 2015 to focus on continually improving the way in which we seek VfM across all the areas of our organisation.

In a nutshell, our strategy is to be 'upper quartile' in our performance and customer satisfaction at 'below average cost' for the services we deliver, when compared with similar housing associations.

There are some areas of the business, such as ICT and Human Resources, where we have taken the view that additional investment will be made to increase the efficiency and engagement of our staff.

Developed by Board members, the VfM strategy is underpinned by six principles to:

- Maximise our return, protect and understand our assets
- Achieve outcomes through understanding and embedding VfM
- Consider VfM in everything we do and set targets to achieve better VfM
- Understand our services, deliver our Corporate Objectives and understand what customers want
- Be transparent and inclusive
- Have effective VfM and Governance structures

We have committed to reviewing our VfM Strategy every three years but we are flexible enough to do a health check annually to ensure it remains fit for purpose in the changing environment we work in.

An action plan forms part of the strategy but this is revised annually, again to respond to changing circumstances and to ensure continuous improvement.

We have also developed our own VfM framework that acts as a toolkit for staff.

Whenever a project is delivered, staff working on the project use the toolkit to complete a VfM assessment, measuring the economy, efficiency and effectiveness of the project.

The same toolkit is used for the many events, activities, investments and changes we carry out throughout the year.

Drawn up by our VfM Steering Group, this helps us to deliver a consistent approach across the organisation. It's great for embedding a VfM culture across the organisation too, as team members get involved in calculating efficiencies and completing the assessments.

The final assessments are signed off by our Director of Resources before being added to our VfM Savings Register, which can be found on our website.

All cashable savings are linked back to the area of the business that generated the saving. We also record any non-cashable value where service has been enhanced and where we get more for the same investment.

In 2014/15, 40 VfM Assessments were completed using the toolkit. Each one was presented to the VfM Steering Group for scrutiny and challenge. We've found the assessments provide an insight when it comes to budget setting, reviewing services and putting together business cases.

the responsibilities of all our staff

We work really hard to make sure all our employees not only understand what delivering VfM means to them, but that they are encouraged and recognised for their contribution to achieving best value.

Every part of the business has its own VfM Champion to promote the benefits of a fully embedded value-focused approach.

Staff complete VfM assessments when they've implemented something new or revised an existing product or practice - it's certainly not just a manager's job.

Their peers get to scrutinise their assessments when they all meet up at our VfM steering group meetings.

And their VfM achievements are recognised and rewarded in monthly one to one meetings and their Performance Development Review meetings.

Training in understanding and applying VfM principles is provided to all employees, and Board members, via our dedicated e-learning platform.

We have also just finished piloting our e-learning course on Understanding Regulatory Standards and have started rolling it out across the organisation because we believe that everyone who works with us should understand the part they play, as individuals and team members, to make our business successful.

If employees were in any doubt, our VfM Strategy sets out employee responsibility to: 'Promote, embed, deliver best practice and measure VfM across the partnership'.

When we review our policies and strategies, we are prompted to make sure we've considered VfM within the template.

All this activity, combined, goes some way to enhancing the VfM culture we are developing.

the job of our VfM steering group

In 2013 we set up our VfM Steering Group (VfMSG) to bring staff from across the business together to oversee our approach to value for money.

It is the main job of the 16-strong group to:

- Raise the profile of Value for Money achievements across the partnership
- Provide focus and structure to drive forward the Value for Money Strategy and share good ideas and practice
- Contribute to this annual Value for Money self assessment
- Carry out and report on Value for Money assessments of specific services
- Provide a forum for discussion and exploration of potential Value for Money initiatives
- Benchmark core costs and identify where savings can be made
- Establish sub groups to address specific pieces of work that may be required
- Consult and work with customers where needed on Value for Money initiatives

Minutes are shared via our intranet for all to see.

our approach to procurement

Our Procurement Team has the job of ensuring we get best value in the goods and services we purchase.

A savings target for procurement is set at the beginning of each financial year.

For 2014/15 it was £158,000. We achieved £418,820.

The greatest achievement of 2014/15 was the projected annual overhead cost saving created by outsourcing our stores contract, amounting to £343k - with the full year benefit expected to be achieved from 2015/16 onwards.

We have a contracts database and procurement plan which sets out how we market test category areas of spend periodically.

We also don't just think about getting lower prices but also more value from the contracts we tender, for example considering the additional social value a contract might bring.

Key contracts through which we have realised savings in 2014/15 include our gas supply contract, on which we've saved £44k, and a fuel card contract, where £11k savings have been made.

We ensure the process of procurement is also delivering VfM by using our E-Procurement Portal.

This is where we advertise opportunities and look to maximise our supplier base.

We have a robust, audited procurement governance structure and this ensures best value, ethical, safe and legal purchasing happens at all times.

Looking forward we have some great opportunities ahead of us to get more value from the contracts we procure. This will include the retendering of contracts for Waste Management, Gas Servicing and Legal Services.

measuring for social value

It is still early days for us when it comes to measuring the wider impact our work is having on people and communities, but we have started to do this. We selected to use the HACT model for calculating social value.

We've already used the model to calculate the value of our larger community investment projects and go into more detail later in this document. Now that training has been given to several of our managers, we are starting to get much smarter in measuring value across more business activities.

our approach to risk

Our new Risk Management Policy and Strategy was approved in June 2014, and we have established a robust Risk Management Framework.

This was confirmed by our internal auditors in March 2015 when they reported ‘substantial assurance’ in our risk management process.

We ensure that risk management is intrinsic to decision making and that we fully understand all risks facing our companies.

All links between risks are made and their interdependence is monitored. Consideration is given to both the upside and downside of risk. This is essential to enable the successful delivery of our Growth and Diversification Strategy.

In 2014/15 we started an assessment programme aligning and fully assessing our level 1 risks against the Homes and Communities Agency’s sector risk profile and our own operating environment (externally and internally).

This ensures we fully understand the cause and consequence of each risk the company faces and we have the controls in place to manage the risk.

We also look at two additional factors in line with best practice - speed of onset and our vulnerability to the risk.

Our Boards have a full understanding of Risk Management and demonstrate strong leadership.

They have been central to our stress testing model, with full awareness of a range of scenarios facing our Business Plan.

They have agreed the recovery options and know the implications on our peak debt and repay period.

We also have a number of monitoring KPIs that, if triggered, will lead to the Business Plan being revisited to ensure we are able to manage the financial situation.

We regularly test our Business Plan against aggregate scenarios to gain a better understanding of what could bring about the Group’s demise, to take steps to avoid these circumstances and, most importantly, to rehearse a range of difficult decisions (a recovery plan) which, if taken in good time and speed, could see it survive beyond a crisis.

We will continue to improve our risk management based on the latest techniques to allow the Board to manage risk effectively.

The Board is ultimately responsible for ensuring that proper internal controls and management systems are in place. They obtain assurance on the effectiveness of those systems throughout the year.

Internal audit provides the Board (through our Audit & Risk Committee), with an independent and objective opinion on our governance, risk management, internal controls and our effectiveness in achieving our agreed objectives.

The audit programme is set at the start of the financial year and focuses on significant risk areas. It also provides an independent, objective advisory role to help managers improve internal controls.

operational planning and budget setting

The financial activities of our Group are regulated by a Planning, Budgeting and Reporting Framework.

This includes a Long Term Business Plan, a five-year Corporate Plan, an annual Operational Plan and an annual Budget.

Our performance in delivering these against our budget is reported on through monthly Management and annual Statutory Accounts.

During quarter three of each year we begin our annual planning process across all areas of the business, setting out our overall and service-specific plans to deliver our corporate objectives. This process starts with a Board Planning Away Day at which board members agree their strategic priorities based on local need, market opportunities and threats and the political, social and economic operating environment.

With the agreed strategic priorities in place, teams come together with managers and Heads of Service to develop operational objectives, actions and targets, which will deliver the priorities. These are presented, with performance targets and budget impact, to the Executive Team before being presented for final approval by the Board in March.

By involving as many people as possible at the early stages, we find it helps develop ownership and buy-in when it comes to delivering what we say we will.

The service area plans combine to create our annual Operational Plan which provides the basis for our annual budget and focus for the year ahead.

Our performance in delivering the plan is monitored monthly through our reporting management tool, a system called CoValent. These reports are presented monthly to our Executive Management Team and Heads of Service Team. Each of our Boards has a specific set of objectives to oversee, on which progress is reported in a performance report at every Board meeting.

Individual contributions to delivering the plan are reviewed and recorded in monthly one to ones and annual Performance Development Reviews.

setting our budget

The budget is prepared in a form agreed by the Board and in accordance with the business objectives and our corporate and business plans.

Additional information is incorporated to take into account the needs of funders and the regulator. The budget is used as authority to incur expenditure within approved limits. The consolidated Group management accounts are produced within seven working days of the month end, where we report on actual performance compared to budget. They are supported by a commentary which includes analysis of the figures and refers to underlying trends and issues.

Any causes for concern are identified at an early stage to avoid unexpected events.

Individual management accounts are also made available to the Group's subsidiaries within the same timescale. The accounts are an agenda item at every Board and subsidiary Board meeting, provided to the Chair of the Group Audit & Risk Committee and discussed at the Executive Management Team meetings.

delivering our 2014/15 operational plan

In 2014/15, we delivered 92% of our Operational Plan, against our target of 80%.
All our operational actions are categorised under our four strategic objectives. These are:

- Doing the basics well
- Improving lives
- Growing the business
- Being financially strong

Strategic objective	% of operational actions delivered
Doing the basics well	93%
Improving lives	91%
Growing the business	93%
Being financially strong	90%

monitoring our internal budget and spend

We internally monitor how much we spend against our approved annual budgets, calculating the costs for each service area, per property we own.

This helps us track our own internal performance in reducing costs and providing value. The following tables show the actual spend against our budgets for individual service areas and the cost per property, over the last three years.

It is important to note these figures will not align to the Housemark statistics. This is because Housemark statistics also include a proportion of overhead costs and customer service costs which are added to each service function.

	2014/15		Cost Per Property		
	Budget (,000)	Actual spend (,000)	12/13	13/14	14/15
Housing management	£4,051	£3,777	£345	£390	£391

These figures include the costs to run Housing Management, Tenancy Enforcement, Income Management, Lettings and Estate Services. Costs incurred were 7% below budget, with cost per property remaining in line with last year. This is despite housing management providing additional services, such as the Home Check Team, and an increase in head count in order to counter the anticipated pressure from Universal Credit and Spare Room Subsidies.

	2014/15		Cost Per Property		
	Budget (,000)	Actual spend (,000)	12/13	13/14	14/15
Responsive Repairs	£3,405	£3,985	£420	£435	£412

2014/15 has seen a reduction in the number of jobs completed, due to the aspiration of getting it right first time, but costs themselves are above budget, due to higher costs associated to payments to contractors and for materials. Plans are in place for 2015/16 to achieve a cost reduction. However, actual spend and cost per property are both less than in the previous year

	2014/15		Cost Per Property		
	Budget (,000)	Actual spend (,000)	12/13	13/14	14/15
Investment	£3,852	£2,085	£404	£225	£216
Cyclical and Planned Repairs	£826	£874	£107	£61	£90

Both expenditures have incurred variations in programmes from year to year and so it is difficult to draw comparisons.

	2014/15		Avg Cost Per Void		
	Budget (,000)	Actual spend (,000)	12/13	13/14	14/15
Empty Homes Repairs	£2,221	£2,312	£1,872	£2,045	£2,173

Actual spend for 2014/15 is ahead of budget, due to an increased number of voids resulting from the Spare Room Subsidy, and costs for asbestos removal. We have taken steps to improve efficiency through the introduction of Project Planner

	2014/15		Cost Per Property		
	Budget (,000)	Actual spend (,000)	12/13	13/14	14/15
Customer Support & Services	£1,804	£1,695	£131	£150	£175

Costs in 2014/15 have increased primarily due to the cost of decanting residents from sheltered housing schemes that are subject to redevelopment. This represented £153k cost ahead of budget which, if excluded, translates to £160 average cost per property. Critically, the costs incurred have been well managed in the year with the out turn being £109k below budget and the external recognition for quality of service provided by the Leasehold, Customer Services and Resident Involvement Teams.

	2014/15		Overheads per F/T Employee		
	Budget (,000)	Actual spend (,000)	12/13	13/14	14/15
Overheads Adjusted	£6,008	£5,537	£15,918	£17,398	£17,168

We are below budget for 2014/15 and seeing a year on year reduction in overhead costs per FTE, which is expected to continue for the coming years.

our annual STAR survey results

The results of our 2014/15 STAR survey show customer satisfaction as consistently high once again.

We received 1,600 responses from our annual STAR survey. This provides us with a +/- 2.2% confidence in the results.

As STAR is a national survey with standard questions, we benchmark the responses with our peers. Our aim is to be upper quartile - a position we have held for the past three years. A satisfaction rate of 89.4% is the outcome of the STAR survey this year, which is a slight dip on our performance for the previous year.

One response that has improved is tenant satisfaction that their rent provides value for money.

We believe this demonstrates that tenants are valuing the service they pay for.

The question we asked	2012/13	2013/14	2014/15	Housemark Quartile	Variance from 2013/14 to 2014/15
Overall satisfaction with the service provided by North Lincolnshire Homes	91.00%	90.20%	89.4%	2nd	-0.8%
Satisfaction with the overall quality of your home	89.86%	91.90%	91%	1st	-1%
Satisfaction that North Lincolnshire Homes treats you fairly	91.31%	93.40%	90.7%	N/A	-2.7%
Satisfaction that your rent provides value for money	**86.50%**	**86.50%**	**88.8%**	**1st**	**2.4%**
Satisfaction with your neighbourhood as a place to live	89.63%	90.80%	89.1%	2nd	-1.6%
Satisfaction that North Lincolnshire Homes has friendly and approachable staff	94.25%	95.80%	90.8%	1st	-4.9%
Satisfaction that North Lincolnshire Homes listens to your views and acts upon them	85.35%	87.80%	83.1%	1st	-4.6%
Satisfaction that North Lincolnshire Homes keeps you informed	89.88%	90.90%	89.2%	1st	-1.7%

We have looked at how we can provide better value surveys, and give something back to the community

In 2015/16 we set up a new Apprentice Survey project, using the money usually spent on outsourcing the surveys to appoint five apprentices, and sharing the costs with a local college. The apprentices are now carrying out telephone surveys on our behalf whilst gaining work experience and training in customer services. This saves a little money, under £10k, but offers great social value for local young people who have been helped into employment.

our position in the 2014 Global Accounts

Each year, the Homes and Communities Agency publishes its Global Accounts, providing a financial overview of the regulated social housing sector, based on analysis of regulatory financial returns.

The most recently published Global Accounts are for the year 2013/14.

Here we provide an indication of our performance, in terms of our management and maintenance costs, in 2014/15 compared to the 2013/14 Global Accounts.

Overall our performance shows a favourable movement with management costs per unit being 25% less and maintenance costs per unit being 37% less than the Global Accounts position.

Our operating margin is almost identical, with just a 0.7% positive difference. However, the two exceptions to these positive variances include:

- Turnover growth is less than 2014, although the rise in 2015 is higher than the global out turn.
- Total repairs costs (a combination of expensed and capitalised) remain higher than the 2014 Global Accounts position by £713 per unit, however it has fallen by 20.1% in comparison to our 2013/14 position.

		North Lincolnshire Homes	
Key indicators	**Global Acc 2013/14**	**2013/14**	**2014/15**
Management costs per unit	**936**	**846**	**701**
Routine and planned maintenance costs per unit	**1,035**	**696**	**652**
Total repair costs per unit	**1,179**	**2,368**	**1,892**
Growth in turnover	**4.3%**	**9.5%**	**6.6%**
Operating margin	**27.2%**	**21.5%**	**28.4%**

Please note, the repairs costs shown here are a combination of expense and capitalised costs. The capital costs include the delivery of large-scale sheltered housing redevelopment programme which was completed in 2014/15.

our assets

At the end of 2014/15, we had a total housing stock of 9,716.

Of these, 9,659 were lettable. A further 57 had been temporarily removed from the rent debit due to major redevelopment work.

Our stock is made up of a variety of general needs and older people's housing and is situated across North Lincolnshire, with the largest population being in Scunthorpe.

The vast majority of our homes were purpose-built by, or for, North Lincolnshire Council between the 1930s and the 1960s. We completed our five-year Decent Homes plus improvement programme in 2013.

Number of bedrooms	Number of homes
One-bedroomed	2,326
Two-bedroomed	3,201
Three-bedroomed	3,951
Four-bedroomed +	202
Total	9,716

Date of construction	Number of homes
Pre-1919	154
1920-1949	1,689
1950-1969	5,196
1970-1999	2,536
Post-2000	141
Total	9,716

the return on our assets

In 2014/15 we increased our operating surplus compared to the business plan, and the valuation of our homes rose from £201m at March 2014 to £215m at March 2015.

Here we show how we have performed in comparison to our forecast and our 2013/14 performance. We are specifically looking at the overall costs of managing and maintaining our homes and the income that they generate through the rent that our tenants pay us.

Return on assets	2013/14 actual	2014/15 budget	2014/15 actual
Return on assets (surplus as % of value of homes)	4.3%	4.4%	5.4%
Operating surplus (income less expenditure)	£8.6m	£9m	£11.7m
Operating margin (surplus as a % of income)	22%	22%	28.4%

The financial strength of the group is best represented by the revenue reserves in the balance sheet; asset cover ratio and development funding to lever in potential loan finance; and the performance of the housing stock portfolio in achieving operating surpluses. Having financial strength is of no benefit unless it is used to achieve the Group's vision and strategic objectives.

Performance indicator	2013/14	2014/15	Trend	Rank	Housemark Quartile
Growth in turnover	9.5%	6.6%	↓	12/31	
Operating margin	21.5%	28.4%	↑	10/31	

Although the rate of growth fell, it was still higher than our peer group average. Our operating margin has increased, mainly due to cost savings made in 2014/15.

the balance sheet

In 2014/15, revenue reserves increased by £3.9m on a gross asset base of £198m.

This represented a 2% return on gross assets (2.9% in 2013/14) and a 3.7% return on net assets (5% in 2013/14).

This reduction is due to the impact of a £7.1m actuarial loss in the pension fund.

Excluding this loss, the return on net assets would have been 9%.

From 2015/16, we will set future return on assets targets.

These will be built into the Group's five-year Growth and Diversification Plan.

gearing

North Lincolnshire Homes has a £102m facility with Barclays Bank plc and has drawn down loans to the value of £71m at the end of 2014/15.

An independent loan security valuation carried out on 31st March 2015 shows the existing use value of the housing stock (EUV-SH) to be £215.3m and this equates to an asset cover ratio of 256% (252% 2014).

In essence this means for every £1 of borrowing, we have £2.56 of assets.

The last published HCA Global Accounts for 2014 shows North Lincolnshire Homes' gearing ratio to be better than average for large scale voluntary transfer (LSVT) associations and well above the average for housing associations as a whole.

Performance indicator	2013/14	2014/15	Trend	Rank	Housemark Quartile
Gearing	43.2	38.3	↑	7/32	

our liabilities

Our long term liabilities are borrowings and pension.

Borrowings at the period end were £71m with no draw downs in 2014/15 and unused available facilities totalling an additional £31m.

This debt is borrowed wholly from a UK bank using a mixture of fixed interest and variable rate loans, whose weighted average cost of borrowings is 4% compared to sector average of 4.3%.

All loans are repayable after more than five years, with the first being repaid in 2022/23 with sufficient headroom to repay all loans within their required timescales.

Pension liability has doubled to £13,167k from £6,590k due primarily to the falling real bond yields during 2014/15.

The impact of this rise has seen a reduction in revenue reserves carried forward in 2015/16, implying less revenue reserves available for future investment in the provision of social housing.

However, the retained reserve balance still remains healthy, standing at £30.5m as at 31st March 2015.

development funding

In 2013/14, a two year plan to increase rents to 105% of target rent was introduced.

This ceased on 1 April 2015 with us unable to reach 105% for 4,439 properties, averaging an opportunity loss of 29p in rent per property per week.

Even so, the beneficial impact of the rent increase has seen the generation of £955k additional development income in 2013/14 and £1,815k in 2014/15. By 2015/16 a further £1,854k will be added.

To date, this has supported the build of 34 properties with the financial capacity to build a further 23.

The 2014/15 benchmarking exercise carried out by Housemark has North Lincolnshire Homes as second quartile 2014/15 on the weighted average cost of capital.

We have a good understanding of our financial strength, our return on assets and how to create more value across the next 12 months and beyond.

This will enable us to make informed decisions about where and how to make investments in our assets.

Performance indicator	2013/14	2014/15	Trend	Rank	Housemark Quartile
Weighted average cost of capital	3.89	3.98	↑	9/30	

managing our assets

We have a well established approach to asset management with a fully funded asset plan that allows us to manage our assets intelligently and maximise the value derived from them.

Since the stock transfer in 2007 we have invested in excess of £200 million on the stock and the surrounding estates, resulting in well maintained properties that are above the decent homes standard and improved environments for people to live in.

We are in the fortunate position of having completed our five-year improvement programme to our homes and therefore have a good understanding of our stock condition.

Property attributes are updated as work is carried out and general property condition is monitored by a HomeCheck team.

Our stock data is held centrally on our housing management system and assists us in identifying and planning future investment work. The resources needed to deliver these future investments are included in our 30-year Business Plan.

our asset register

In 2014/15 we started to compile our property based asset register (we completed it in July 2015).

This allows us real time access to all property and tenancy information linked with title deeds, market value and charge details. This easily accessible information provides us with a detailed understanding of our asset value and supports future decision making.

our asset management strategy

Moving on from our initial five-year programme and the investment in our homes and estates, our current Asset Management strategy sets out the direction for investment in our existing homes and on delivering new homes.

Our current Asset Management Strategy has four key themes that are linked to our company objectives. They are to:

- Maintain and improve our existing housing to ensure it continues to be energy efficient, desirable and financially viable (thus doing the basics well, being financial strong and improving lives)
- Increase our housing stock through the development and acquisition of new homes (thus growing the business and improving lives)
- Ensure our business premises meet our current and future needs and offer long term security.
- Invest selectively in our commercial properties that are sustainable in the long term to ensure their continuing financial viability.

Our current Asset Management Strategy is due to be reviewed in 2015/16 to reflect the progress over the last two years on our Asset Register, sustainability indices and new-build development progress and aspirations.

a sustainability model

In order to maintain our financial stability, we have to make sure the homes we own generate more income than they cost to run.

In 2013 we developed a Sustainability Index, which we use as an assessment tool to measure the ongoing viability of our properties and estates.

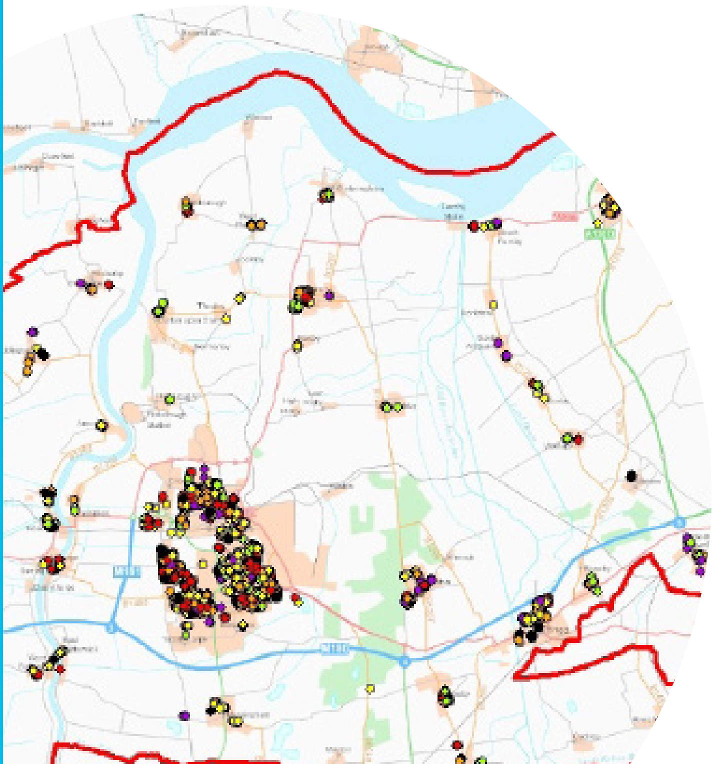
The index contains a number of indicators by which we assess sustainability. These include cost analysis, income projections, management activity, performance and contextual information.

We use a traffic light approach (with red, amber and green alerts) to demonstrate the ‘performance’ of an area and calculate the Net Present Value (NPV) of properties before investment decisions are made. This helps inform on where to invest, disinvest, hold or convert particular properties.

The information stored on the Sustainability Index can be refreshed in real time, but a full analysis is completed once every quarter. This helps us track intervention and long-term trends, rather than short-term fluctuations.

In 2014/15 we added true cost information on management activities to help understand resource implications and identify where we might be able to do something differently.

The sustainability index is now an established assessment tool and is used within the planning process to ensure we effectively manage our neighbourhoods and plan for the future.



mapping for sustainability

In 2014/15 we started the implementation of our Geographical Information System (GIS).

We have already seen the advantages of having our stock data mapped visually.

We have been able to plot the sustainability index to identify any cluster problems.

These can easily be missed when looking at data on a spreadsheet.

The system also allows quick and easy comparisons of high performing areas against failing areas and has been useful in identifying underlying issues.

The GIS system is also proving useful for Business Continuity Planning and marketing information.

informing development decisions

There are a total of 793 different estates and streets which have been assessed for sustainability and plotted within our Sustainability Index.

In 2014/15, we used our sustainability indices to make an assessment of stock and take a number of key investment and housing management decisions.

By measuring their sustainability against a set of key indicators we can see, in a snapshot, the spread of sustainability scores of our stock, by area. The highest scoring areas come onto our radar for further detailed evaluation. Albert Marson Court, Westcliff and Caistor Road were the three highest scoring areas.

Based on this assessment, the Board agreed to:

- Disinvestment and demolition of flats on Albert Marson Court in Scunthorpe.
- Prioritisation of investment on future environmental programmes.
- Focus for landlord-plus activities on Westcliff estate, in Scunthorpe, and Caistor Road, in Barton-upon-Humber.

The index is also used to evaluate individual properties that require investment to bring them up to the required standards. Whilst virtually all properties were modernised during our initial improvement programme, there are 120 known properties that will require investment in the future, where tenants had refused work previously.

Prior to investment the properties will be evaluated through the sustainability indices and NPV will be calculated. The same process will apply to any properties where abnormal investment is required to bring them up to ‘fit for purpose’ standards.

This could include where a property’s desired energy efficiency performance is below corporate targets or where properties develop unforeseen structural problems.

Longer term, we hope to be in a position where we have a NPV calculation for each of our properties.

our regeneration and sustainability group

We set up a Regeneration and Sustainability Group in 2012 which now has the responsibility of monitoring and reviewing all of the information presented in our Sustainability Index.

Members of the group include representatives from our Regeneration and Development, Housing Management, PR & Marketing, Supported Housing and Business Improvement teams.

Having representation from these areas of the business ensures a joined-up approach to investment decisions.

This means we don’t purely focus on physical regeneration to improve areas but also the social value and community involvement that helps to create and sustain truly vibrant communities for the long-term.

The group also provides valuable training to tenants, through our Tenants’ Academy, which gives them an understanding of the rationale and process behind development decisions and allows for questions and feedback.

our development work

More than £7.3m of external funding has been secured by North Lincolnshire Homes since 2011 to contribute to the delivery of over 300 new homes across North Lincolnshire by 2018.

In 2015, we completed the first raft of developments, delivering 104 new homes as part of the Homes and Communities 2011-2015 Affordable Homes Programme. The £7.9m, four-year programme was supported by £2.2m HCA grant funding.

We have successfully secured further HCA funding, totalling £3.3m, as part of the 2015-2018 Affordable Homes Programme. This will allow a further 135 new homes to be delivered over the coming three years.

The HCA's Affordable Homes Guarantees Programme has also enabled the delivery of a further 41 new homes - contributing £935k towards the £3.6m scheme. Nineteen of these homes have so far been completed.

Of all schemes completed as part of the HCA's 2011-2015 Affordable Homes Programme, we remain competitive in our development costs. This table (source: HCA) **shows our costs per M_2 are significantly lower than the regional and national average.**

the value of partnerships to deliver specialist housing

Working with the Homes and Communities Agency and North Lincolnshire Council's Strategic Housing and Adult Social Care teams enabled us to develop eight specialist homes for people with learning difficulties.

By combining the sites of former garages, owned by us, with private land, we secured HCA and council funding of £337k for the £786k development.

This partnership enabled us to achieve value for money by not only coming up with a viable scheme and effective use of land, but has created a local facility which should provide savings and value for North Lincolnshire Council for many years to come.

Development Manager Martin Phillips said: "About 70 people with specialist need were being housed out of the local area, at a high cost for the council. This scheme allows eight people to be housed in North Lincolnshire, saving the council money but, equally importantly, helping them stay close to family support."

The local Strategic Housing Market Assessment reports that by 2030, the number of people over 65 and with learning difficulties will increase by 47%. For people aged 18 and plus, the increase is 11%.

It is our strategy to work in partnership to understand and deliver the range of housing required by our local communities. The trend suggests that this type of specialist housing will be more and more in demand. This has been a worthwhile pilot scheme to demonstrate how partnership working delivers value for money.

bringing empty properties back into use

In March 2015, we completed an empty homes programme bringing 16 previously privately-owned, long-term empty properties back into use through a 'purchase and repair' programme and lease agreements.

The £1.1m scheme was jointly funded by ourselves, the HCA and North Lincolnshire Council and brought additional homes into our social housing stock, at an average cost to North Lincolnshire Homes of £61k per property. In the same programme, we also partnered with the charity MIND to bring two flats owned by them back into circulation for people with specialist needs.

negotiating procurement to deliver increased value for money

In March 2014 we awarded a contract to deliver 13 two-bedroom bungalows in the village of Haxey to a local construction firm whose tender was £48k lower than the next lowest bid.

Evaluation of the tender confirmed the price of £984k was extremely competitive in the tendering climate and presented very good value for money.

This scheme was completed in April 2015. A second identical scheme in the village of Broughton was planned.

The same company confirmed it could deliver the Broughton scheme for £975k - £9k less than the Haxey costs, generating a build cost in 2015 at 2014 prices.

This allowed us to avoid inflationary increases, reduced Employers Agent fees and avoided the additional time spent running a tender process.

An independent report on the proposed negotiating route was considered by the North Lincolnshire Homes' Development Panel. The findings confirmed the negotiated offer represented excellent value for money and the costs associated with the scheme compared favourably with previously tendered schemes.

delivering our development promises

We pledged to	Our progress to date
Build, convert or acquire 314 units by 2018	**To date, 131 properties have been developed as part of the HCA Affordable Homes Programme. Completion date March 2018**
Rely less on external support and consultancy and use internal resources	**Internal restructuring has relocated staff into a New Build Team and training has reduced external consultancy costs**
Deliver all developments agreed with the HCA and plan other developments	**All schemes funded by the HCA have been delivered in line with their targets. Pipeline schemes are being worked on for consideration on the HCA's continuous market engagement basis**

other major and cyclical maintenance work

We delivered two major remodelling projects in 2014/15, costing a total of £2.8m, to replace unsustainable housing that was unlettable and undesirable with vibrant, first class homes that are in high demand.

Making the very best use of our stock, to meet local demand, is part of our strategy.

Although we now have a fully developed Sustainability Index through which we manage the long-term future of our existing stock, this work was part of a large-scale project which has been underway for five years.

The remodelling of St Peter's Court, in Barton-upon-Humber, and Ancholme Gardens, in Brigg, were the final two schemes to be addressed as part of our Sheltered Housing Review, which was first carried out in consultation with tenants in 2010.

The St Peter's Court redevelopment has involved the conversion and refurbishment of 17 bedsits, 10 one-bedroomed flats and a two-bedroomed warden's flat into 17 modern, energy efficient townhouses which are now fully let. A grant of £373k from the Homes and Communities Agency contributed towards the remodelling costs.

Ancholme Gardens (pictured) has been retained as housing for older people but the 24 bedsits, four one-bedroomed flats and one three-bedroomed warden's flat have been remodelled into 23 spacious, modern flats.

Following consultation with tenants and our Sheltered Housing Panel, we have also provided excellent communal facilities, bringing a sense of real community within a comfortable, safe and sustainable environment.

maximising external funding

Giving value is not just about making savings on what we spend - it is also about making sure we access as much additional external grant funding as we can. In 2014/15 we secured £706k in external monies to help deliver projects.

£241k Energy Company Obligation funding supported our large-scale project to install external wall insulation to 500 homes. Increasing insulation reduces fuel bills and cuts C02 emissions.

We also generated £91k in Feed In Tariff payments for the generation of electricity from solar panels.

increasing energy efficiency and tackling fuel poverty

A total saving of £341k is being made every year on the amount our tenants pay for their gas and hot water, simply through our programme to install Combismart valves to their boilers.

Before 2014 we fitted valves during 414 boiler installations. Having seen the savings to be made - and the positive environmental impact gained - our Board approved a programme in 2014/15 to invest £183k into retrospectively fitting valves to a further 2,600 boilers fitted within the last seven years.

Whilst each household potentially saves 32,000 litres of water and 727kWh per year, the greatest impact for tenants has been an individual household saving of £116 per year.

We exceeded our programme, installing 2,803 valves in 2014/15. In total, this means that 3,217 households are saving on their fuel bills to the tune of £341k. In environmental terms, it also equates to a saving of around 511,503KgCO2 emissions.

Head of Regeneration Neil Webster said: "With the simple installation of a Combismart valve, tenants can access instant hot water without the need to draw off large amounts of cold water first. This results in less water and gas use and bill savings".

customer satisfaction remains high

Customer satisfaction with the major work we carry out on homes continues to be high.

Our STAR survey results for 2014/15 show that 91% of our tenants are satisfied with the quality of their home, which puts us in the upper quartile when compared to our peers.

Direct costs per property for our major works service in 2014/15 was £1,463, which is third quartile. The average for our peer group was £1,212.

Performance indicator	2012/13	2013/14	2014/15	Annual status	2014/15 target	Long term trend	Housemark Quartile
	Full year	Full year	Full year				
% of tenants satisfied with the quality of work	91%	94%	96%		96%		
% of tenants satisfied they were kept informed	86%	92%	92%		94%		
% of tenants satisfied with the overall service received	90%	95%	95%		96%		
% of properties failing to meet decent homes standard	.00%	.00%	.00%		.00%		
Energy efficiency – average SAP rating	70	71	71		71		

our cyclical maintenance work

We have a programme to carry out recurring maintenance work - such as the servicing of gas boilers, lifts, heating systems, street lighting, fire alarms and drains.

Our costs have increased year on year simply because we are doing more work. We also started carrying out work we hadn't previously done, such as street lighting checks and maintenance. Whilst satisfaction has dipped slightly it remains high - in fact we are top quartile in all these areas.

Costs per property of our cyclical maintenance work						
Key indicators	2012/13	2013/14	2014/15	Trend	Rank	Housemark Quartile
Direct cost per property	60.78	71.98	79.86	↓	3/34	
% very or fairly satisfied with quality of home	89.70	92.00	91.00	↓	3/28	
% of homes with gas safety certificate	99.86	100.00	100.00	–	1/33	

delivering our 2013/14 regeneration pledges

we pledged to	our progress to date
Carry out a full appraisal of Albert Marson Court, Scunthorpe, in consultation with tenants to determine preferred options – retention, investment, demolition or remodelling	The Board approved demolition following a full appraisal. The estate had been highlighted as poorly performing against our sustainability indices. Tenants are being relocated and work has begun on identifying a replacement housing scheme in the area. Projected completion Mar '16
Establish a working group of staff from lettings, tenancy enforcement, repairs, regeneration and housing management to identify the strengths and weaknesses of three areas which scored highest on our sustainability index and establish partnerships to make improvements	This group meets bi-monthly and has become fundamental to our joined up approach in effective asset management. This work is ongoing
Further develop the sustainability index by incorporating additional operating costs to identify a profit and loss per property, providing us with a Net Present Value, so we can build this into our 30-year business plan	This work is ongoing but we have developed our indices to show real details on the costs of our stock
Implement a Geographical Information System to improve the management of our assets	All results from our Sustainability Index can now be plotted onto our GIS to display results against other socio economic factors, such as owner occupation, crime statistics, schools and NHS performance.
Carry out SAP mapping for stock to target energy efficiency measures, allowing us to move towards an average SAP rating of 73	This work is ongoing as we continue to refine our SAP modelling. The 2014/15 average SAP rating is 71. This work also allows us to lever the maximum grant funding
Deliver an annual home improvement programme to high levels of customer satisfaction	This is ongoing, however, extensive improvements were made in 2014/15 and customer satisfaction with the quality of work increased to 96%
Seek out all available external funding to maximise our income	£706k was received in external grant funding for specific projects, including Energy Company Obligation funding. We also secured Renewable Heat Incentive funding for not only new renewable heating types but for a large number of legacy ones too. Payments will run for seven years
Retain the 18001 standard for health and safety, which is valuable in bidding for contracts	We achieved a 5-star rating and were awarded the Sword of Honour by the British Safety Council. Reassessment is in June 2015.
Review our commercial shop portfolio and develop long term plans for each site	A full appraisal will be completed in June 2015
Improve our environmental measurement and management and prepare for assessment against the 14001 standard	We have started putting together a management framework and are preparing for a pre-assessment audit

our 2015/16 regeneration plans, and what we expect in return

We have two major schemes which we plan to deliver in 2015/16, both of which will meet our value for money principles, involve extensive consultation and contribute towards delivering our overall vision.

A solar PV scheme

the plan:
To install solar photo-voltaic panels to up to 2,500 of our tenants' homes.

the cost:
Nil

the objective:
To improve lives

expected return:
The actual return will be worked out when the scheme is delivered but there will be a direct saving of up to £150 per year on individual bills

social value:
More money in tenants pockets, plus a CO_2 saving of 1,200kg per year for each system installed

reinvesting efficiencies:
Any income made can be reinvested into energy efficiency improvements to homes not able to benefit from PV installation

Community regeneration

the plan:
To modernise Barnes, Tomlinson and Lockwood Avenues, in Scunthorpe, through physical, social and economic investment.

the cost:
£691k

the objective:
To improve lives

expected return:
Lifting local estates, improving the places people live and increasing the demand for homes there

social value:
Improving people's environments helps create communities and makes people feel safe and proud

reinvesting efficiency:
Although there is no cash value, these estates have featured at the top of our sustainability indices as poorly performing. This investment will make the estates sustainable for the long term


ongo maintenance
everything we do
is put back into
local

our responsive repairs services

In 2013/14 we pledged to reduce the costs of our maintenance & repairs service over three years by implementing our Maintenance Cost Reduction Plan. We are still on track to deliver our promise.

Much of our work in striving to reduce repairs costs has come about by delivering six key objectives, set out in our Maintenance Cost Reduction Plan.

The plan was designed to take an overall view of the service, its resources and processes, in order to:

- Control the demand for repairs
- Review the provision of materials
- Review our out of hours policy and payments
- Reduce our spend on empty homes
- Address our high demand properties and tenants
- Embed efficiency and productivity targets

	Progress update	Target for completion
Objective: Control the demand for repairs		
We will gatekeep minor tasks which are tenants' responsibility	Our Customer Advisors now better advise tenants of their responsibilities and we've increased tenant information via newsletters and online. In 2013/14, 1,446 repairs were referred back to tenants as their responsibility. In 2014/15, this figure increased to 2,427.	Ongoing
We will identify high value repairs and consider pre-inspections or arrange as planned/batched works	An inspection process is now in place for plastering, an area initially identified as high value	Ongoing
We will identify repairs caused by damage	Damage is now being identified by team leaders in empty homes and reported through mobile platform for recharges	Ongoing
Objective: Review the provision of materials		
We will review how maintenance materials are provided	We have completed a reprocurement exercise and now outsource our stores facility to contractors Buildbase	Completed 1 April 2015
Objective: Review out of hours policy and payments		
We will review out of hours operations	We have started a review of flexible working arrangements but are also committed to scoping out possibility of bringing out-of-hours call handling inhouse	Expected completion October 2015
Objective: Reduce our spend on empty homes		
We will set spend of £1,800 per empty home	April 2015 spend was £1,900 – still over budget	Ongoing
Objective: Embed efficiency and productivity targets		
We will introduce further technology to the empty homes team to realise back office savings	We implemented Project Planner in December 2014. Savings in back office time currently being analysed.	Full year analysis completed by December 2015

tracking our costs against customer satisfaction

Satisfaction with the quality of work carried out by our inhouse repairs team has remained consistently high over the last couple of years, and we are now carrying out more jobs 'right first time'.

The average number of days to complete a standard repair has increased to 16 days and yet the average in our peer group is 9.14. However, these figures don't tell the full story.

Previously we had been in the upper quartile for our response time. In 2012/13 we completed repairs within 7 days. However, we took the decision, after talking to tenants, that providing a choice of appointment time instead offered them a much better, customer-focussed service. We knew the impact would be that repairs response times increased, but if we are delivering a high quality service at a time that better suits tenants, then it makes sense that that is what we should do. This change in policy has also allowed for better planning of work and, therefore greater efficiency, as we can now group work together geographically.

Cost and performance comparisons for our responsive repairs service

Performance indicator	2012/13 Full year	2013/14 Full year	2014/15 Full year	Annual status	2014/15 target	Long term trend	Rank	Housemark Quartile
Direct cost per property	441.76	413.41	411.80				24/34	
Average cost of a responsive repair	154.42	136.60	143.52				24/34	
Average number of repairs per property	4	3.7	3.5				16/34	
% of repairs carried out 'right first time'	82%	87%	88%		90%			
% of tenants satisfied with maintenance services	92%	96%	94%		96%		12/29	
% of tenants satisfied with the quality of work	95%	96%	96%		97%			

Our repairs policy changed in 2013 therefore repairs performance data not available.

new opportunities to grow and improve

We have always planned to look at opportunities for us to use our in-house maintenance expertise within a more commercial arena, generating income back into the group.

The opportunity arose in 2015 when we started carrying our repairs and maintenance work for Scunthorpe Hospital and Lindsey Lodge Hospice, also in Scunthorpe.

Although additional income is minimal so far, we anticipate we will generate an additional £7k from the repairs work we are now doing for the local hospital.

The Lindsey Lodge Hospice contract is forecast to break even. The wider benefits from this contract come from the social goodwill we generate by putting back into a crucial local charity.

We procured 18 new vans, realising an annual £20,000 saving in fuel costs. The vehicles are far more fuel efficient and environmentally-friendly, minimising our carbon emissions.

The introduction and implementation of a new gas policy has also helped us retain a 100% success rate for gaining access to tenants' homes to carry out servicing and ensures we remain fully compliant with legislation.

looking forward to 2015/16

We are planning to carry out a procurement exercise for gas servicing, which we believe will bring us greater efficiencies.

We will do this without compromising our track record in carrying out 100% of our annual safety checks on time.

We will start to see savings and efficiencies from the retendering of our stores contract, which was outsourced in 2015.

We estimate a £343k saving will be realised in 2015/16.

Finally, we will continue to roll out more flexible working for our teams, to reduce out of hours calls and increase availability of staff at the busiest times. This will offer more choice to customers too.

our housing management services

The cost for delivering our housing management services remain high compared to other housing associations.

This is predominantly due to an increase in the staff within our Housing Management Services.

However, we took this decision following a service review and in response to increased tenancy turnover due to the introduction of the Spare Room Subsidy.

Going forward, we are developing a Tenancy Sustainability Strategy, to identify what more we can do to help people stay in their homes. We recognise that further welfare benefits restrictions and the introduction of Universal Credit may continue to increase turnover.

supporting tenants to sustain their tenancies

Helping tenants prepare for the impact of Welfare Reform has been a priority focus for 2014/15.

We have carried out a great deal of work in identifying tenants affected by benefits changes, minimising their risks of going into arrears and developing the robustness of our policies in recovering debt. We invested in additional staff to increase our pursuit of arrears, and reduce the number of potential arrears cases. Five additional Income Collection Officers have been appointed since 2012.

The impact of this work has meant that current arrears (excluding Housing Benefit) reduced from £902,140 (2.3% of the debit) in 2013/14 to £796,682 (1.97% of the debit) in 2014/15.

Our work brings additional value to our tenants, through the support and advice we provide in ensuring they are in receipt of the benefits they are entitled to. In 2014/15 we obtained £932k worth of previously unclaimed benefits for our customers. The focus of this work will continue as we prepare for the introduction of Universal Credit in North Lincolnshire in 2014/15.

Between 2013/14 and 2014/15, 198 tenants directly affected by the Spare Room Subsidy were also helped to downsize – saving a total of £73,032 worth of rent contributions for the tenants affected.

Cost and performance comparisons for our housing management services								
Performance indicator	2012/13 Full year	2013/14 Full year	2014/15 Full year	Annual status	2014/15 target	Long term trend	Rank	Housemark Quartile
Direct cost per property	255.36	284.92	313.34				27/34	
Turnover of tenancies as % of stock	10.5%	13.1%	12.0%		13%		34/34	
Current rent arrears as % of debit (exc HB arrears)	2.3%	2.3%	1.97%		2.3%		16/30	
Vacant dwellings as % of stock (standard void)	1.8%	1.31%	0.99%		0.94%		22/33	
% satisfaction with overall services	90.9%	90.2%	89.4%		90.3%		13/33	
% satisfaction with neighbourhood	89.6%	90.8%	89.1%		91%		10/28	
% satisfaction tenants are listened to	85.3%	87.7%	83.1%		85%		3/26	

partnership working brings extra neighbourhood benefits

Additional neighbourhood resources are provided through our management of a Community Payback Service - a programme delivered with the Probation Service to provide work experience for offenders.

In 2014/15, 2,776 hours of caretaking work was carried out in our neighbourhoods by people on the Community Payback programme. This was unpaid work which, had we employed people to do the same work, would have taken 2.4 full-time caretakers at a cost of £59k.

Taking into account the £30k cost for us to manage and administer the programme, we are still rewarded with a net gain of £29k, not to mention the social value gained of assisting ex-offenders into training and employment.

2014/15 also saw us negotiate new arrangements, with North Lincolnshire Council, for the removal of bulky items from estates. This has saved us £10k per year and, of course, improves the environment in which our tenants live.

involving residents in improving services

Residents play a huge part in shaping our services and holding us to account to ensure we provide them value for their rent.

Our Resident Scrutiny Panel investigated our estate caretaking and empty homes service in 2014/15. This followed three stages - desk top research, reality checking and benchmarking.

Their conclusions and recommendations were presented to our Board for approval.
Seeking improved value for money is integral to their recommendations for service improvement.

knowing our customers better

Improving our customer insight, knowing tenants' circumstances and their current and future needs, helps us to better plan how we can meet those needs.

The best way of doing this is to visit our tenants in their homes - all 10,000 of them.

Following a successful pilot in 2013/14, we appointed five HomeCheck officers to carry out this work.

The team has visited over 7,000 households to date and has updated the customer information held on our housing management system.

The officers have also carried out property inspections whilst on the visits, identifying where additional support is required and making referrals to relevant internal departments and external partners.

Over 1,300 referrals have been made to our housing officers for tenancy management issues.

Other referrals have been to our financial inclusion team for help with arrears, tenancy support, safeguarding teams, credit unions and Crosby Employment - our recruitment and training agency.

The work has also identified the need to appoint two homeskills coaches (one replaced a HomeCheck officer) who are now providing one to one support to help tenants keep their homes clean and tidy.

This has been an additional investment of £46k, but is offset against the benefits gained longer term by tenants sustaining tenancies and reducing repairs requests.

We are continuing to identify further benefits our HomeCheck team bring and during 2015/16 we are planning to introduce stock condition surveys into their work.

This will provide us with real-time data on the condition of all of our homes, which will then feed into our Sustainability Index and further improve our asset knowledge and ability to plan for work.

Key indicators	2013/14	2014/15
Total number of completed visits	1,064	5,768
% of properties in excellent/satisfactory condition	94%	94%
% of gardens in excellent/satisfactory condition	96%	95%
% of communal areas in excellent/satisfactory condition	98%	99%
% of visits resulting in a referrals	69%	46%
% of tenants satisfied with the HomeCheck service	95%	96%

our empty homes repairs service

Despite a determined effort to drive down costs for repairing empty homes for relet, we have seen the total amount we spend increase by £475k from £2,045k in 2013/14 to £2,520k in 2014/15.

This is mostly due to the anticipated increase in the number of homes becoming empty due to people being compelled to move due to the introduction of the Spare Room Subsidy.

In 2013/14 we had 1,282 terminations, in comparison to an average of 950 in previous years.

We are seeking to address this - firstly by increasing the housing management support we offer to tenants adversely affected by benefit changes and secondly by streamlining our empty homes management processes to seek greater efficiencies.

We have already put in place a number of measures to offset the increase in costs, in particular reducing contractor costs from £890k in 2013/14 to £390k in 2014/15 - a total saving of £500k in two years.

Our average cost per void is now, for the first time, below average at £2,440 compared to the average cost of £2,502.

New processes, supported by the latest technology, have enabled us to be able to turn around properties and have them ready to let much more quickly.

Cost and performance comparisons for our empty homes services

Performance indicator	2012/13 Full year	2013/14 Full year	2014/15 Full year	Annual status	2014/15 target	Long term trend	Rank	Housemar Quartile
Direct cost per property	**214.62**	**261.24**	**234.06**			↓	**25/34**	
Average cost of a void repair	**2,465**	**2,476**	**2,440**			↓	**14/31**	

mobile data generates efficiencies for our empty homes team

In December 2014, we launched Project Planner - a mobile platform that delivers work packages directly to our Empty Homes team officers via their iPads.

The system also integrates with First Touch, an interface which allows officers direct, real-time access to information on our housing management database. Costing £33k, the investment has created greater efficiency which in turn has reduced property turn around by five days and reduced void rent loss from 2.17% to 1.28%.

We also forecast a reduction in staff costs - a saving which will be realised in 2015/16.

Other benefits include the ability to deploy resources more effectively to carry out remedial work, team members gaining the same access to corporate communications through the intranet and emails and improved management information for performance monitoring.

We've also been able to reduce paperwork and administrative duties through the technology.

our overhead costs

Our overhead costs, which include the running of our HQ and our Executive, Human Resources, IT, Marketing, Governance and Finance teams, have reduced in the last year and are now in the middle quartile when compared with other housing associations in our peer group.

The main areas of central overhead investment have been around the implementation of IT infrastructure and new mobile technologies, which in turn have created efficiencies on the ground.

And, our staff health and wellbeing, personal development, training and engagement have, and will continue to be, a key priority for our Board, who believe that a motivated, healthy and engaged workforce is directly linked to excellent productivity and performance.

But despite this, we have experienced a downward trend in our costs this year and we expect this reduction to continue year on year with the aim of achieving lower costs in each area within three years.

	Overheads costs per employee					
	2012/13	2013/14	2014/15	Trend	Rank	Housemark Quartile
Central overheads	£8,704	£8,842	£7,048	↓	12/34	
ICT	£5,131	£5,525	£4,953	↓	13/34	
Finance	£2,025	£2,852	£2,311	↓	13/34	
Office premises	£2,795	£3,242	£2,766	↓	9/34	

	Total office premises costs		Total ICT costs		Total finance costs		Total central costs	
	£	Rank	£	Rank	£	Rank	£	Rank
2012/13	583,751		1,108,380		635,114		2,730,154	
2013/14	681,662		1,571,935		928,373		2,877,976	
2014/15	612,302		1,417,594		757,869		2,311,087	

investing in technology to increase productivity

The investment we are making in technology contributes the greatest to our higher-than-average overhead costs, but we took this decision because we recognise the efficiencies and value that technology brings.

Major projects delivered in 2014/15 include:

- The implementation of Project Planner for the empty homes team at a cost of £33k. This has already increased the percentage of properties turned around for re-let within 28 days by an average 30%.
- The implementation of mobile working for our tenancy support team, providing support for over 55s at a cost of £32k. This has contributed towards an overall reduction in budget of £50k, mainly achieved by reducing staff numbers. Part of this saving has helped towards funding an additional Young Person's Support Officer.
- The implementation of paperless Direct Debits at a cost of £30k. This has resulted in the increase of customers using Direct Debit by 8%, from 2,965 to 3,225.
- The provision of wi-fi for staff and customers at all our buildings. This has assisted in increasing opportunities to get more tenants digitally included.
- The commission of a new Disaster Recovery site at a cost of £85k. The main benefit is that key functions and essential services will continue to operate in the event of a crisis, mitigating a significant business risk for the group.
- The implementation of a Geographical Information System at a cost of £38k. Although cashable savings have yet to be realised, we anticipate benefits in being able to predict geographical trends and identify potential problem areas early, have a joined up database for investment work and realise conveyancing savings.
- The implementation of a new call recording and quality management system at a cost of £50k. This brings the benefit of improved performance management for customer services, improved retention of data for evidence in arrears and rent cases and ensures we are PCI-DSS complaint.

A total of £30k savings were identified in ICT spend in 2014/15 through the renegotiation of contracts for telephony and photocopying and a variety of support agreements.

our people are our greatest assets

Part of our strategy has been to have the most engaged, highest skilled, best rewarded workforce.

This is because we recognise an engaged and valued workforce are also a productive workforce. Our Board took the strategic decision to continue to invest in our staff asset, with a budget of £237k dedicated to training and development and £41k to health and wellbeing.

This investment has seen us achieve the gold Investors in People award in 2014/15, ranked 39th in the Sunday Times Top 100 list for not-for-profit medium sized businesses and be recognised as a gold healthy workplace employer, endorsed by our local NHS partners.

generating social value in our communities

In 2014/15 our Board agreed that 1.5% of our net rental income would be invested into delivering our Community Investment Strategy through our communities subsidiary.

There are four strands to the strategy, supporting tenants, groups and the wider community to:

- **access education and gain new skills**
- **gain employment and encourage enterprise**
- **become digitally engaged**
- **live better lives**

All activities are reported back to the Board, showing the impact and value that the investment is having towards the delivery of our overall vision to create and sustain truly vibrant communities.

We use the HACT social value model for calculating our social return wherever we can.

We also take opportunities to secure external funding and forge local relationships to maximise the impact we can have on improving people's lives.

In 2013/14 we brought in £138k of additional funding to deliver some of our training and skills initiatives, including the support of ex-offenders, 16-25-year-olds and people whose first language isn't English.

investing in improving lives

Our Empowering Project provides training to ex-offenders and matches them with suitable employment.

In 2014/15 we invested £25k into the scheme and attracted a further £66k in external funding from the JobCentre Plus and the Troubled Families Initiative.

156 people entered the project - 58 got sustained employment. Using the HACT model, we calculate that our Empowering Project creates £19.39 of social value for every £1 invested.

Our Lone Parent Project was also established to increase the number of our tenants in sustainable employment and improve their budgeting skills to reduce rent arrears. In 2014/15 we invested £43k in this project and supported 32 lone parents, 15 of which are now in employment and a further 10 have completed their work placements.

Our HACT calculation suggests that we receive £2.15 worth of social value from every £1 invested in this scheme. This is a lower return than other projects due to a higher cost per client. We assist with childcare costs, a haircut and interview clothes.

FInally, we invested £17k into a volunteer scheme, providing eight-week work placements for 74 people, of which 20 gained employment. The social value was calculated to be £18.81 for every £1 invested.

measuring our impact on business objectives

Previously, we have said we will be able to show how the 1.5% of net income into community development has directly helped to deliver our corporate objective to improve lives. Our Balanced Scorecard shows how we are meeting the targets our Board has set us.

	2014/15	
our measure	target	actual
Number of people accessing intensive employment support	250	389
Number of people engaged in meaningful volunteering	50	74
Number of people now in sustainable employment	50	143
Number of apprenticeships created through our Apprenticeship Training Agency	50	51
Number of new business/social enterprises	1	1
Number of work and life skills training sessions delivered	250	545

future plans for community investment

In 2015/16 we are furthering our community investment work by establishing an Employment Support Team, Homes and Gardening Service and Community Investment project on an estate with specific challenges, identified through our Sustainability Index.

The Board has agreed to invest £252k into an Employment Support Team, which we calculate will deliver us a social return of £13 for every £1 invested.

This calculation is based on the delivery of five key performance targets:

- **410 people get intensive employment support**
- **75 people engage in meaningful volunteering**
- **64 people access life skills coaching**
- **120 people gain sustainable employment**
- **500 people receive work and life skills training**

We also forecast a £1,700 profit, from a £331k investment into the establishment of a new community-based project offering homes and gardening help, including gutter cleaning, home removals, furniture starter packs for under-25s and decorating services. All surplus will be reinvested into further community investment activities and the project will offer work placement opportunities for 48 volunteers. Finally, we are appointing a Community Investor Coordinator to work as part of a Neighbourhood Management Project, along with community partners, to tackle social issues on one of our housing estates.

the future

There is no doubt that the social housing sector faces many new challenges in the coming years as it responds to the Government's 2015 Budget.

The announcement of a 1% reduction in social housing rents, plus the removal of certain benefits entitlement and the capping of welfare payments, will have significant impact on our revenue.

Add to that, the anticipated Right to Buy programme, and it is clear we must take positive action to maintain our services and assets.

The impact of rent reductions on us is an £11.6m loss in rental income in the coming five years.

Anticipated rent loss resulting from 1% rent reduction	
Year	**Rent loss**
2016/17	£1.02m
2017/18	£2.05m
2018/19	£3.51m
2019/20	£5.01m
Cumulative total over five years	£11.59m

This equates to an estimated £190m loss over the duration of our Business Plan.

A full evaluation of the Business Plan has been undertaken and several options have been assessed by our Board, Executive Team and Heads of Service Team to compensate us for this anticipated loss.

We have already identified £2.5m of annualised expense savings and £57m savings in capitalised works at current prices. Together with revised business plan assumptions, we are able to fully mitigate against the anticipated rental loss.

This is all whilst still delivering on our commitment to our 2015/18 new build development programme as well as making sure our homes continue to meet the Decent Homes standard.

Our Board has also requested that the management team continues to seek further efficiencies over the next four years.

Our investment in technology has already provided efficiency savings within several service areas and will continue to do so in the foreseeable future as we seek to further improve internal processes and look to shift customers onto digital channels too.

For this reason, we will continue to invest in, and recognise the benefits of, technology in creating efficiencies. However, we are having to reconsider our future aspirations.

We had already started the work of reviewing our Corporate Strategy before the Budget presented us with new challenges.

Part of that work will be to review our customer satisfaction targets, in consultation with our customers and our Board, to establish the most appropriate and realistic targets for the future.

This document was produced by North Lincolnshire Homes' Board members and staff.

North Lincolnshire Homes
Meridian House
Normanby Road
Scunthorpe
North Lincolnshire
DN15 8QZ

Reg no: 05439434
Charity no: 1117952