

VALUE FOR MONEY STATEMENT
2016/2017





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OPENING STATEMENT

The past two years have seen significant changes for the housing sector and North Hertfordshire Homes. As we exit 2016/17 we look back on a period where Value for Money has played an increasingly significant role in shaping the future priorities of our business.

The rent cut announced in 2015/16 offered an opportunity to take a fresh look at how we ran our business; where we could deliver for customers and colleagues whilst reducing cost. Our Board made the difficult decisions early; by the end of 2015/16 we had already realised the recurring £5.2m of savings that have seen us adapt to £17m less income between April 2016 and April 2020.

By the end of 2015/16 we had begun to see elements of our future business emerging:

- a central contact centre providing simple access to services,
- the increasing adoption of digital services by our customers and
- an internal focus on continuous improvement which was resulting in staff delivering solutions to business issues for themselves.

Following large scale efficiencies delivered in 2015/16 the business stabilised during the early parts of 2016/17 and then began to focus upon our longer term future direction. Over the course of the year the Board have shaped our direction of travel to 2020 so that we effectively balance our resources to invest in new and existing homes.

As a result, our priorities for the year have included:

- re-examining our investment into existing homes,
- reassessing the effective use of our assets and
- further enhancing the voice of our customer in the business.

As a business we know we have a solid cost base in comparison to our peers; we perform in the upper quartile in many areas.

We're proud to say that we've achieved this and more in 2016/17 and the progress made not only sets us up to deliver our strategic plan but also underpins the strategic approach to Value for Money which we intend to pursue.

Looking forward to 2017/18 North Hertfordshire Homes is now a business building an increasingly strong foundation from which it can deliver good services and provide affordable homes to people who will otherwise struggle to find somewhere affordable to live.



Gavin Cansfield
CEO of North Hertfordshire Homes



OUR STRATEGIC PLAN 2017 - 20

Our world is changing. Against a backdrop of financial difficulty for some and an inaccessible housing market for many, we are here to tackle challenges familiar to us all.

The reason we exist is to help those people who might otherwise struggle to find a home. We offer a range of options - rented housing, temporary accommodation, housing with care for older people and low cost home ownership. For many a good home is enough, it's a place to build or rebuild their lives, somewhere to be proud of and the foundation of a rewarding life. Some people will need extra help - whether that's getting back into employment, getting a better job or tackling loneliness and poor health.

Over the coming years our work will be focussed on helping those who are struggling to make ends meet as well as meeting the changing needs of an ageing population. We know we cannot help everyone, which means we will sometimes have to make difficult decisions, focusing our efforts where they can have the biggest impact.

This all means we need to run a financially sound business, one that is efficient and effective, can provide much needed new housing, deliver trusted services that are simple to use and create a working environment that can attract and retain talented colleagues.

CREATING CAPACITY

Generate sufficient capacity to deliver our new homes.

OUR 2020 TARGETS:
Reach an operating surplus of 28%
New homes funding requirement 100% achieved.

DELIVERING HOMES

Delivering a minimum of 480 homes over the next three years.

OUR 2020 TARGETS:
Completion of at least 480 homes.
Ensure 66% of homes built are affordable.

GOOD SERVICES


Improve the simplicity of our services to customers and the trust they have in us as a business.

OUR 2020 TARGETS:
Achieve an effort score below 3.
Achieve a trust score above 9.

STRENGTHENING FOUNDATIONS

Create an environment for our colleagues which is simple to work in and part of a business that they can increasingly trust.

OUR 2020 TARGETS:
Achieve an employee trust score of 80%



Our Purpose is 'to provide good, affordable homes for those who might otherwise struggle to find a place to live.'

STRATEGIC APPROACH TO VALUE FOR MONEY

Delivering our strategic plan requires our business to balance our investments in existing and new assets.

Through understanding the needs of customers we expect to achieve, and possibly exceed, our plans for the next three years.

Our strategic approach to Value for Money draws together four key disciplines within our business to support that aim:

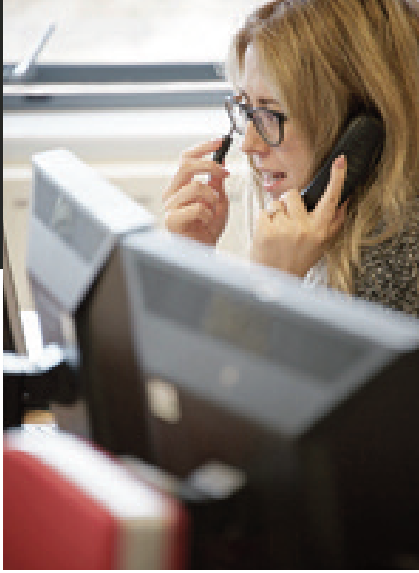
THE VOICE OF OUR CUSTOMER
- understanding who our customers are, how they behave and what we do that generates real value to them.



A SOLID FOUNDATION - establishing a robust business that is run efficiently, effectively governed, and allows us to provide decent homes and services to our customers.



GOOD SERVICES - offering an easy to access, simple to use service that our customers can trust.



FINANCIAL STRENGTH AND GROWTH
- maximising our capacity to invest in new and existing homes, communities and services.



“Our aim is to balance investments whilst understanding the needs of customers”



“We want to understand our customers’ needs and take action to achieve them”

PORTFOLIO

9043 social housing properties owned

8463 homes provided for rent or shared ownership

Net book value of housing properties (cost value) = **£356m**

Social Purpose: over **£500K** was invested in improving homes and communities

RENT LEVELS

£109.32 general needs properties average rent per week

£99.72 retirement living and flexicare average rent per week

£132.11 temporary accommodation average rent per week

ASSET MANAGEMENT

£2 million invested in improving the condition and sustainability of our homes & communities

PROPERTIES OWNED

We own:

7335 for social rent

21 for affordable rent

769 for retirement living

230 for shared ownership

108 for temporary accommodation

580 for leased housing properties

19 for market sale

We have developed **59** properties in the past year and have a further **7** under construction currently.





CORE OPERATING COSTS HAVE DECREASED from 2015/16 whilst our **OPERATING SURPLUS HAS RISEN** to over 32%, allowing us to grow the funds with which we develop new homes.

WHAT WE'VE DELIVERED IN 2016/17

The past financial year has seen our business create a sustainable footing on which to base our future plans. We are proud of what we've achieved and how it sets the business up to achieve our aims for society.

OUR FINANCIAL PERFORMANCE - In 2016/17 our turnover was £74.2 million

	2016/17 £m	2015/16 £m	2014/15 £m
Group Turnover	70.7	83.9	68.1
Operating Costs	46.3	60.3	47.5
Operating Surplus	24.3	23.6	20.6
% Operating Surplus	34.4	28.2	30.3
Net surplus after tax, finance and interest charges	13.9	10.9	5
% Net Surplus	18.8	13.2	8.5
Net book value of Social Housing Assets	356	361	353

Social Housing Activities

	% Of cost to core income		
	2017	2016	2015
Management costs as a % of Core Income	16.99%	17.49%	17.3%
Service Charge Cost as a % of Core Income	10.30%	10.52%	11.67%
Routine Maintenance as a % of Core Income	4.15%	4.40%	5.15%
Planned Maintenance as a % of Core Income	2.59%	10.51%	13.21%
Major Repairs expenditure as a % of Core Income	0.55%	1.29%	1.90%
Bad Debts as a % of Core Income	0.18%	0.36%	0.06%
Other Costs as a % of Core Income	9.69%	4.84%	3.63%
Total Social Housing Costs as a % of Core Income	60.58%	65.28%	66.97%

Operating Costs as a % of Income

	2016/17 £000	2015/16 £000
Core Social Housing Income	52,114	55,223
Operating Cost	33,631	36,916
% Costs to Core Social Housing Income	64.53%	66.85%
Total Income	70,710	83,424
Operating Cost & Cost of Sales	46,376	58,499
% Costs to Income	65.58%	70.12%

WHAT WE'VE DELIVERED IN 2016/17

The Board sets budgets and performance targets that are monitored regularly. The Executive team reviews financial performance and a range of KPIs (key performance indicators) monthly. Performance data is also shared with customers and stakeholders on our website for our customers and stakeholders to view.

We've achieved consistency in our repairs service whilst altering our approach to operative terms and conditions from a piece rate incentives model to a flat salary. This has helped to contribute towards a continued decline in the overall number of jobs being raised.

Our void turnaround time rose during the year due to us taking the decision to relet a number of properties which had been empty for some time whilst we considered other uses for the sites. This is why turnaround was high whilst void loss declined.

The Group's performance against its key performance indicators is summarised below:

Key Performance Indicators	2016/17 Actual	2015/16 Actual	2015/16 Median
Emergency repairs: and general repairs completed within 24 hours	98.8%	98.8%	*
Average number of days repairs completed	13 days	10 days	9 days
Rent Loss due to voids	0.8%	0.82%	0.84%
Total tenant arrears as a percentage of rent due (excluding voids)	1.7%	2.6%	4.2%
Average re-let time (Standard re lets)	31 days	18 days	24 days
Number of homes developed as a percentage of current stock	0.8%	1.6%	0.7%

* Not measured in Housemark

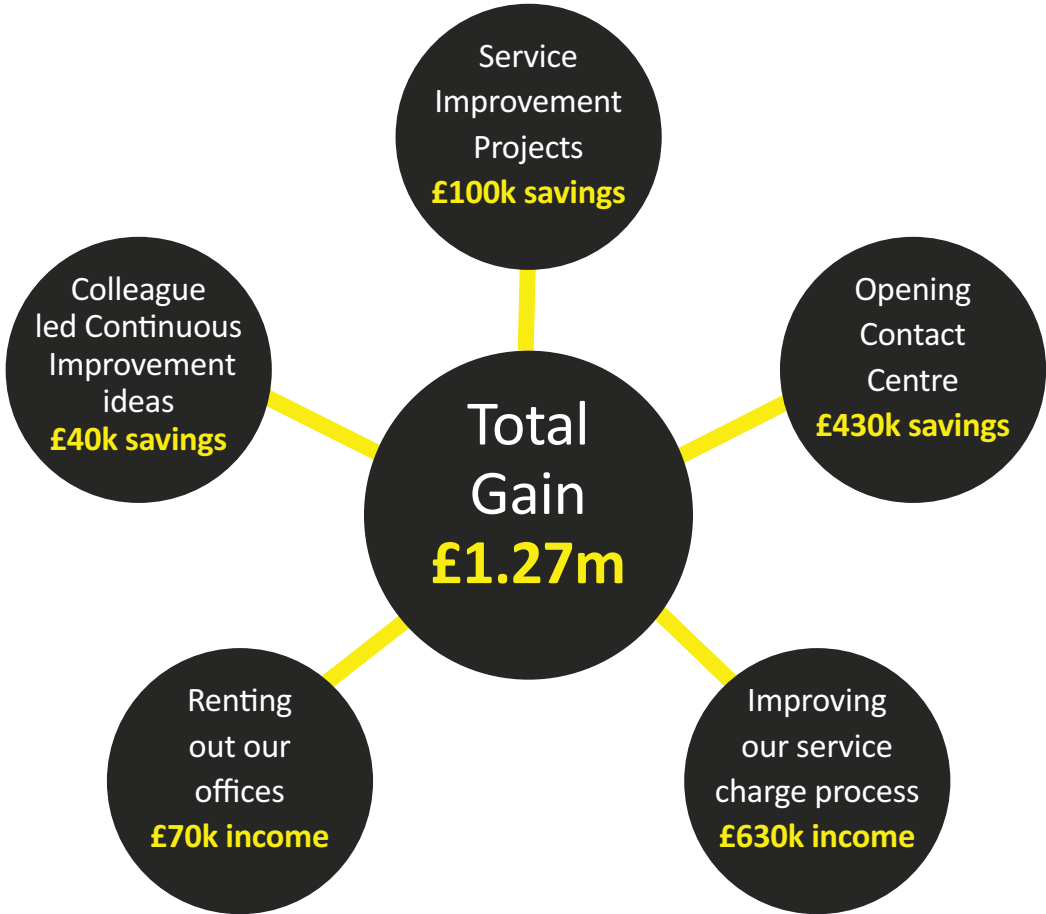
Group borrowings are £287.6m (2016: £287.6M); the Group has undrawn loan facilities of £8.7m (2016: £8.7m) that will be used to fund future improvement programmes and new developments. Revenue reserves are £41.9m (2015: £28.9m).



WHAT WE'VE DELIVERED IN 2016/17

We encourage our colleague base to continually identify opportunities to improve the efficiency of our business. Whilst these may only save a small amount per year the cultural impact on North Hertfordshire Homes is significant. The cumulative effect on our cost base is growing year on year which means we can dedicate more of our resources to investing in homes.

Through a combination of activity from across the business we have realised over £1m of efficiencies and additional income in the past year. We believe strongly that through encouraging our colleague base to continually identify opportunities to improve the efficiency of our business we will create a culture of efficiency and improvement throughout. Whilst individual improvements may only generate a small amount per year the cultural impact on North Hertfordshire Homes is significant. The cumulative effect on our cost base is growing year on year which means we can dedicate more of our resources to investing in homes.



WHAT WE'VE DELIVERED IN 2016/17

Digital

'Thinking digitally' continues to be a key focus as we look to make services easy to access and simple to use. The number of customers signing up to the online portal myNHH has increased from 25% to 40% allowing customers to manage their tenancy by viewing their rent balance, reporting and reviewing progress on repairs and checking general household information.

The use of the platform to view rent statements doubled from 45,479 in 2015/16 to 89,319 in 2016/17 partly driven by a newly designed rent statement taking into account feedback from customers. We also moved away from a full tenancy handbook incorporating the content into relevant website pages making it easier for customers to find information. This resulted in a significant reduction in the phone calls customers needed to make.

In our surveys we asked how easy it was to find what you're looking for on the website; customers gave us a score of **8.2** which compares to **7.3** for local public services, **7.9** for utilities websites and **9.0** for Amazon.co.uk.

Development & Commercial Services

Our subsidiary Rowan Homes helps us to fund the development of affordable homes through profits from market sale properties and other commercial avenues. Building homes for sale is an important part of our work as the profits we make are invested directly into building new affordable housing in the areas we work.

In 2016/17 we sold 21 market sale homes at £11,072,450 realising a profit of £1,578,670. We also achieved 18 Right to Buy Sales at £2,977,800; 4 Right to Acquire at £691,000; 24 shared ownership sales at £2,843,500 and staircasing on 9 homes at £1,015,000 increasing these customers' shares in their own home and ultimately leading to full ownership.

The relative ranking against other applicable indicators is shown below:

- Development activity share of the total company turnover 21.1% per annum
- The margin achieved on non-social housing development 14.3%
- Surplus achieved on non-social housing development 9 / £1,1578,670
- Income achieved on non-social housing development 17 / £11,072,450



WHAT WE'VE DELIVERED IN 2016/17

Customer satisfaction

We've reviewed our approach to gathering customer insight to better reflect our diverse customer base. Our research shows that what really matters to all customers is a service which is easy to access, simple to use and that they can trust.

Effort Score - the lower a customer rates the effort they had to make in order to access a business's services means the better the business is performing. Customer effort is rapidly becoming a central measure for all customer focused businesses. We're already performing strongly in this area and will aim to be amongst the very best performing businesses in all sectors across the UK on this important metric over the next three years.

Trust score - we also recognise that alongside a simple service experience, our customers also want to trust our intention as a business as well as our work in and around their home. Tracking the trust they place in us helps us to understand what steps we need to take in order to address issues which will raise their trust further.

We have been working with the Institute of Customer Service business benchmark survey to help us understand our performance in these areas. This means we can analyse the performance of a wide range of household names, ranging from public services to retail and several housing associations.

We will carry out quarterly surveys, both phone and online to test our headline measures of Effort and Trust. The results from the first survey in Q4 16/17 have highlighted the need to improve:

- our handling of customer complaints,
- response times to email enquiries and
- waiting times for repair appointments

In March 2017 we introduced real time customer feedback surveying enquiries handled by our contact centre. Early results show 83% of customers rate the services positively, with 91% finding it easy to contact the team. In 2017/18 we'll roll out real time feedback to survey other services e.g. responsive repairs.





WHAT WE'VE DELIVERED IN 2016/17

Business Benchmark Scores for Q4 16/17.

POOR
MARGINAL
GOOD

	North Hertfordshire Homes Business Benchmarking Overall	Public Sector (local) inc HA's	UK all sector average	Performance
CSI satisfaction index	72.7	74.4	77.8	
Net Promoter Score (NPS)	11.9%	5.0%	13.9%	
Effort	4.3	5.3	4.8	
Trust	7.1	7.5	7.7	

STAR scores Rented & Sheltered Housing responses combined

We also continue to use the core Housemark STAR survey questions. The results show a small like for like drop in satisfaction scores from the 2015/16 figures. Given the changes we have made to the business in the past year we are delighted to see that satisfaction has remained stable. This gives us confidence that the introduction of our contact centre, new repairs offer and the implementation of the first part of our £17m efficiency programme announced in 2015/16 has not diminished our ability to deliver effective results for our customers.

Percentage of tenants satisfied with the service provided by North Hertfordshire Homes	2015/16 End of year	2016/17 Q4
	86%	84%

Over the course of 2016/17 we'll be taking part in the housing sector scorecard pilot and developing a benchmarking tool with a range of housing associations that shares live benchmarking data across customer service and financial performance. The latter is based on a successful model developed by housing associations working in the Netherlands and Germany. We'll also be seeking to create a benchmarking club for housing associations using the Institute for Customer Services and are committed to using benchmarking as a progressive tool to help the business project its improvement trajectory over the next three years.

CQC inspection

During 2016/17 our Flexicare schemes were inspected by the Care Quality Commission (CQC). We received an overall rating of "Good" and an "Outstanding" grade when measuring the caring nature of our service to this customer segment. This was a substantial improvement that completed a twelve month period of significant development across our Flexicare service. Through introducing enhanced training for colleagues, supporting customers to overcome the risk of social isolation and encouraging two way communication between customers, relatives and carers the business has established a strongly performing service.

WHAT WE’VE DELIVERED IN 2016/17

The Benchmarking Process

Benchmarking against other associations informs our approach to value for money. The Housemark Value for Money dashboard provides insights enabling us to identify improvements and highlight differences that impact our performance relative to our peers.

Our 33.4% growth in turnover for 2015/16 places us in the top quartile when benchmarked against our peers. The number of homes meeting the meeting the Government decent homes standard = 92.5%

Total cost per property

Costs per unit	2016/17
Management	£973.20
Service charge	£593.49
Maintenance	£388.19
Major repairs	£320.00
Other social housing	£612.24
Headline social housing	£3414.38
Ratio of responsive repairs to planned maintenance	0.86%
Occupancy	99.17%

During 2016/17 we undertook an exercise to rebase our full 30 year stock investment programme in to existing assets.





WHAT WE'VE DELIVERED IN 2016/17

Comparing operational & service performance

	2016/17 NHH	2015/16 NHH	Sector median	Quartile*	2014/15 NNH
Average re-let time in days (standard voids)	31	17.79	24.39	UQ	16.5
Average number of calendar days taken to complete repairs	13	10.1	9.1	Q3	9.09
Percentage of repairs completed at the first visit	96.8%	92%	91.8%	Q3	92%
Percentage of properties with a valid gas safety certificate	99.9%	99.9%	100	Q3	99.9
Tenancy turnover rate	5.2%	5.1%	7.7%	Q1	4.5%
Anti-social behaviour cases resolved successfully	79.3%	81.2%	95.8%	Q4	82.6%
Percentage of telephone calls answered	94.3%	95.6%	94.1%	Q2	96.3%
Average time taken to answer inbound call (secs)	37	11	28	Q1	10

Across all categories of repairs, 96.8% were completed at the first visit. As a result of challenges around recruiting the right level of skilled operatives in to our workforce we saw average completion time for repairs grow marginally whilst we held vacancies in our operative team. These have now been resolved and in 2017/18 we will begin to explore operative apprenticeships to assist with this issue in future.

The 2016/17 performance on contacting NHH is reflected positively upon by customers with feedback on the speed and ease of access to the service reported at over 80% satisfaction and 5% higher than the benchmark across all sectors and companies including John Lewis, First Direct, Amazon and Apple.

	2016/17 NHH	2015/16 NHH	Sector median	Quartile*	2014/15 NHH
Rent collected from current and former customers as % rent due	96.2%	99.4%	99.7%	Q4	100.5%
Tenant arrears as % rent due (exc voids)	1.7%	2.6%	4.4	Q1	1.9%
Void loss as % or rent due	0.8%	0.9%	0.9%	Q2	0.8%

Rent arrears have continued to be managed effectively in the business and in 2016/17 we saw end of year arrears below 2%. Over the course of the past year we saw arrears peak during the summer months and our team subsequently worked with customers across all tenure types to recover unpaid rent and end the year in a stronger position than the previous two years. As a business we are aware of the potential impact of welfare reform and universal credit on our customer base.

In November 2016 around 70 of our customers faced reductions in their benefits due to the roll out of the new lower benefit cap. Over the remainder of the year we worked with these households to identify solutions to their financial situation.

WHAT WE'VE DELIVERED IN 2016/17

Social purpose

Over £500k was committed to our social purpose broken down as follows:

In 2016/17 we invested £212,873 in improving fire safety across our property portfolio and are forecasting to spend £800,000 for 2017/18.

£230,755 was spent on Aids and Adaptions enabling independent living for those with disabilities

We also invested £95,300 in Social Partnering schemes:

- £40,000 funding to the Citizens Advice Bureau achieving a return social value of £566,795
- £34,000 funding to the Herts Young Homeless achieving a return social value of £672,725
- £21,300 funding to Families First achieving a return social value of £417,909

Our tenancy support team also generated £1,0344,57 in social value.

Typical examples include:

Mrs W was in rent arrears; subject to 25% bedroom tax had no food or money in the property. She was very distressed and having suicidal thoughts. She also had problems with her adult son and wanted to move away to be near her best friend in Dorset.

We reviewed and increased her Housing Benefit and suspended her bedroom tax as she was signed up to the IHM charge which allowed us to make affordable arrangements on Rent arrears & Council Tax debts. We liaised with a Dorset Housing Association however as Mrs W's mental health & outlook had significantly improved she decided to remain in the North Herts area close to her grand child and successfully secured full time employment.

We also worked closely with North Hertfordshire District Council's Waste Team to re-educate customers and renovate recycling storage to reduce contamination in recycling bins. The trial process, communications and improvements have reduced contamination incidences to just 12 out of 398 blocks or 3% of North Hertfordshire Homes' flats.

The trial has since been extended to other managing agents and neighbouring local authorities in the Hertfordshire Waste Partnership leading to it being shortlisted in the "Lets recycle" award at the 2017 Awards for Excellence in Recycling and Waste Management under the "Best Local Authority Recycling Initiative" category.



WHAT WE'VE DELIVERED IN 2016/17

Staff turnover and sickness

	2016/17 NHH	2015/16 NHH	Sector median	Quartile*	2014/15 NHH
Staff turnover	23.7%	37.3%	17.2%	Q4	20.2%
Average number of days lost to sickness	7.2	9.9	8.7	Q3	10.8

We completed a cost reduction programme in 2015/16 incorporating voluntary redundancies to streamline workforce efficiencies and generate long term savings which led to the significantly higher turnover rate mentioned in 2015/16. During 2016/17 we saved a further £2,184,000 on payroll costs and still saw a slightly higher than average turnover rate, but one that we anticipate will reduce further in 2017/18.

Our sickness rate improved substantially during the course of the year as we saw managers improve their approach to performance management around sickness and return to work processes.



*“We want to give our customers a
solid foundation for life...”*



PROGRESS WE’VE MADE DURING 2016/17 TOWARDS OUR FUTURE DIRECTION

This section of the report focusses on the progress we have made in 2016/17 with establishing the building blocks for our direction of travel and how we intend to achieve our ambitions for the future.

Protecting the value of our assets

During 2016 we employed Savills to conduct a stock condition survey on 22.8% of our properties to help build a new asset management strategy and investment plan. The asset management strategy was approved by Board in December 2016 and has a clear set of deliverables over the next three years.

- investment into our existing homes
- how best to use our housing
- who to house and
- generating funds to replace existing homes with a greater supply of new homes.

Active Asset Management

Using the stock condition survey data, we’ve produced an Asset Performance Evaluation (APE) Model, which shows how our housing stock is performing. The model incorporates income, expenditure and sustainability indicators, which create a ranking system to inform us of future investment decisions.

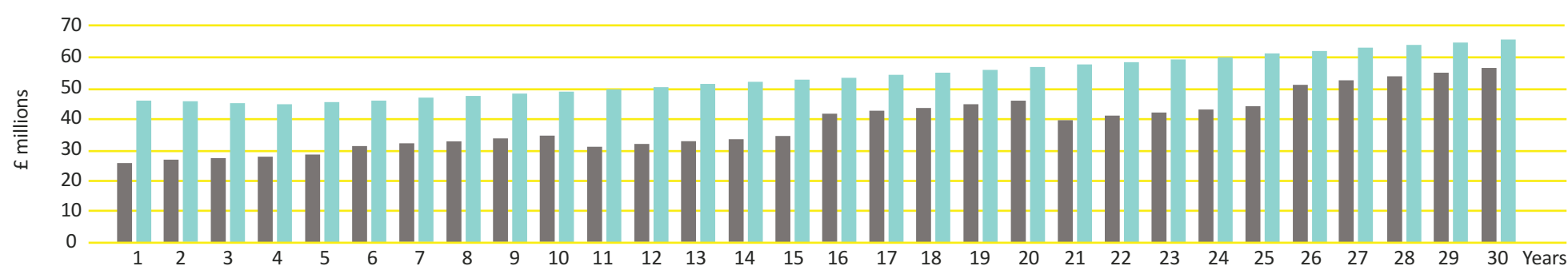
Table 1 below shows a summary of the Net Present Value (NPV) for our housing stock, demonstrating how our properties are performing. We’re pleased that the majority of our housing stock is performing well, however work is needed to decrease the number of poorly performing properties to reduce their impact on resources.

The APE model also provides a summary of the proposed investment in our properties, based on the Savills stock condition survey, against the rent we’ll achieve over the next 30 years.

Table 1: Performance

	NPV Range		No. Units	%Units	Total NPV	NPV Per Unit
	Min	Max				
POOR	£ (19,381)	£1.00	74	0.91%	£(983,804)	£(13,295)
MARGINAL	£1.00	£15,000	1,494	18.3%	£16,296,960	£10,908
GOOD	£ 15,000	£141,965	6,590	80.78%	£181,477,517	£27,538
TOTAL			8,158	100%	£196,790,673	£24,122

Table 2: Total Investment vs Rent



PROGRESS WE'VE MADE DURING 2016/17 TOWARDS OUR FUTURE DIRECTION

As our existing stock ages, its condition worsens and Table 3 below shows that over the next 30 years our cash flow declines as costs increase more than rents.

Table 3: Total Cashflow

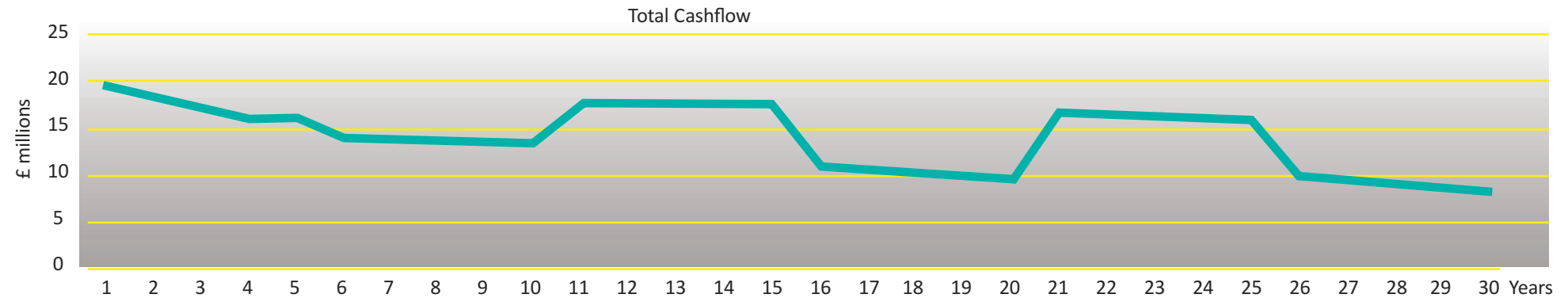
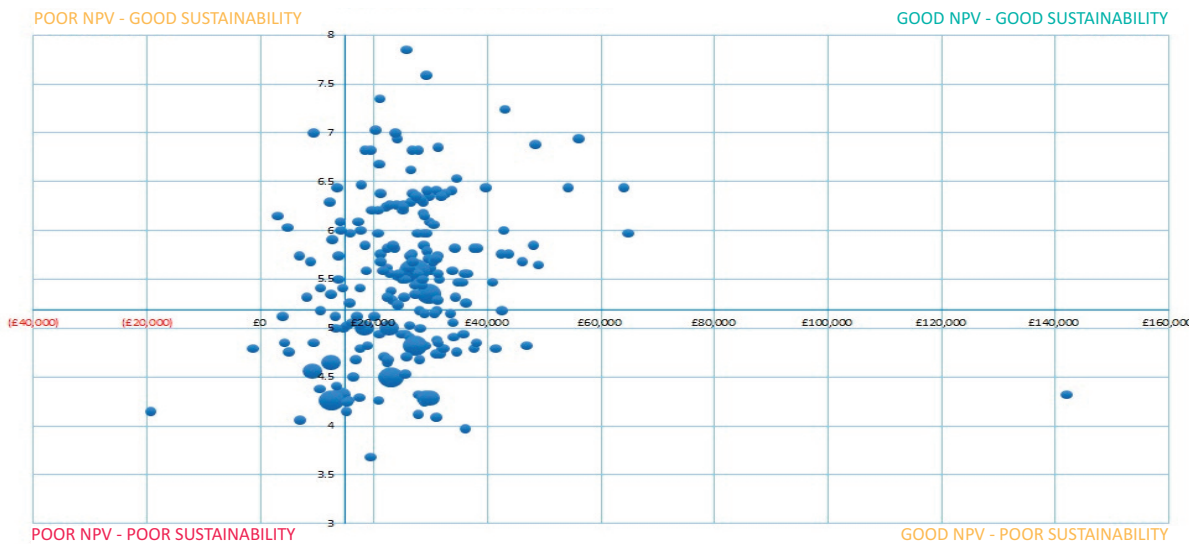


Table 4: NPV per Unit by Sustainability Index - Bubble size = No. of Units



Our average yield is around 2.5%, with the benchmark for the South East of England at around 4%. The yield value for each property helps us make improvements or sustain high yield performance.

Our intelligent asset model also shows whether properties are in areas that play an important function for wider society e.g. an area of low crime or strong educational attainment. We can then take a rounded view on what steps we take with each property.

Over the next three years our priorities for intelligent asset management include:

- Remodelling schemes where we have poor NPV outputs
- Improving the yields of our properties and where possible linking this to meeting wider housing needs in the areas we work
- Disposing of poor performing properties or those which have high market value where sales can fund multiple new properties to replace them
- Reviewing some of our older specialist housing to provide an attractive modern living environment

PROGRESS WE'VE MADE DURING 2016/17 TOWARDS OUR FUTURE DIRECTION

Stock Investment

We know in many cases that we perform strongly in relation to cost control in comparison to peers. One area we've historically invested in more heavily is our existing homes, which has meant we've incurred some opportunity cost around building new homes.

Over the next 30 years we will spend £420m on planned investment into our homes. This is a reduction on previous years and so we've worked closely with Savills to ensure that we're still investing at a level that maintains our assets and helps solve affordable housing issues.

As part of establishing our way forwards we asked our customers for their views on where we should invest our funds and they fed back clearly that whilst they wanted to see investment in existing assets they wanted it balanced against investment in new homes across our local areas.

Delivering this investment programme will encompass a demand led and common sense investment approach, maximising the lifecycle of existing components and monitoring trends where earlier investment may be needed.

We believe strongly in balancing responsibilities and sharing reward with our customers so our approach includes a suite of policies covering incentives and rewards. For example, allowing customers to choose finishing touches and upgrade the standard offer helping them feel more invested in their homes.

*'helping customers feel more
invested in their homes'*



PROGRESS WE’VE MADE DURING 2016/17 TOWARDS OUR FUTURE DIRECTION

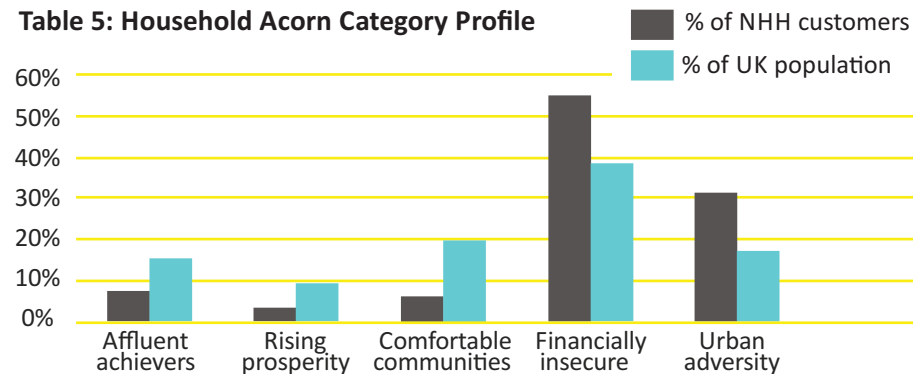
Segmenting our customer base and developing personas

To help us provide services that focus on ease, effort and trust we have used customer segmentation that provides insight into families’ day to day lives using data on;

- finances and income
- health, wellbeing and happiness
- digital behaviour and communication preferences
- local neighbourhood environment
- shopping and leisure behaviours

This gives us a deeper understanding of how our customers choose to interact with us and their likely response to new or redesigned service offerings. It also helps us understand which groups of customers are interacting with which service areas, their views on these services and their ongoing relationship with us. We now have a much richer and thorough knowledge of who our customers are.

The majority of our customers are in the lower income groups of the UK population and are more likely to face challenges around employment and finances. They are less likely than average to shop online or use the internet widely, but will use social media. They are also most likely to access the internet using a smart phone.



Using segmentation to understand our customers’ views

In the winter of 2016 we launched our new approach to customer satisfaction surveying with a focus on seeking feedback from customers on their perception of our services and relationship with us - rather than just providing a simple satisfaction rating.

By applying the segmentation categories to the survey results we know which customer groups responded, how different groups view our services and the scores they gave to specific questions. Comparing these answers against the wider data helps us understand the lifestyle and behavioural drivers which influence the customers’ perceptions of our services.

Example of segmentation and perception surveying in action

By analysing customers’ responses to questions around communication channels and comparing against segmentation behaviour data, we can evidence their preferred contact channel and begin to understand current behaviour. For example we know that to maximise contact by email we need to reduce our standard email response time and that we have a significant number of potential customers willing and able to self serve online to justify investing in developing our customer portal.

As part of a project to review how we handle customer complaints we analysed how different segments of customers rated our complaints service. Segmenting these results has reassured us that our process does not appear to have a negative impact on any specific group as the numbers are representative of our customer base as a whole. It has also helped us to understand where there’s silent dissatisfaction amongst our customers and the insight contained within the segment categories will help us to address this.

PROGRESS WE’VE MADE DURING 2016/17 TOWARDS OUR FUTURE DIRECTION

IT and Digital Strategy

We know 65% of our customers use the internet daily and 88% use mobile phones so our digital channels continue to be a key area for growth. During 2016/17 we assessed our IT & Digital services resulting in a 3 year strategy being created to deliver the future service model on which we hope to meet our customers’ needs.

By 2020 current online transaction levels of 300 per month will increase to 5000 per month.

People and Reward Strategy

As we stretch the legs of our business we know we’ll continue to need to develop our capability, be that our skills, our culture or our processes. Building a working environment where colleagues can flourish, feel valued and have a high level of trust in the place in which they work is central to our People and Reward Strategy. The aim is to achieve an employment trust score of 80% in the next 3 years.

Development and Commercial Activities

In the last year we’ve also set out our long term ambitions as a developer of homes through our six year Development Strategy. Our aim is delivering homes to meet the evolving needs of the customers, both current and future, in Hertfordshire and Bedfordshire.

Over the next six years we’ll develop at least 900 homes in these areas with a third of those being affordable homes to rent, a third being available for part rent, part buy (shared ownership) and a third for open market sale.

We’ll target our open market sale homes at a price bracket around £400,000 meaning that we’re able to support households ranging from those who would otherwise be homeless through to those purchasing an average priced home in the areas across which we work.

As we develop our approach we will reintroduce standard housing types to meet an increased target of providing more homes where they’re needed most, ensuring effective cost management and maximising value and revenue. MMC (Modern Methods of Construction) will be considered on relevant projects as well as procuring a new consultant framework to provide further expertise to the business.

In line with our strategic plan of delivering new homes the table below shows forecasted handovers, split by tenure, until 2019/20.

	2017/18	2018/19	2019/20	3 year Programme	Tenure Split
Market Sale	12	19	136	167	39%
Shared Ownership	43	44	25	112	26%
Affordable Rent	51	36	63	150	35%
	106	99	224	429*	

*Figures reflect the committed programme so far, additional developments to be added



PROGRESS WE’VE MADE DURING 2016/17 TOWARDS OUR FUTURE DIRECTION

Our Social Purpose - targeting help where it is needed most

Our customers include a significant minority who are getting by day to day but susceptible to small shocks or gradual changes in their circumstances. Although unlikely to be linked to their home, their tenancy could be adversely affected, especially with the introduction of universal credit. Therefore we’ve been working on the following three year strategy to develop preventative measures that drive value for money and help sustain tenancies:

Our Social Purpose Strategy is focussing on three themes -

EMPLOYMENT:
Supporting our customers into employment



FINANCIAL INCLUSION:
Supporting customers to better manage their money

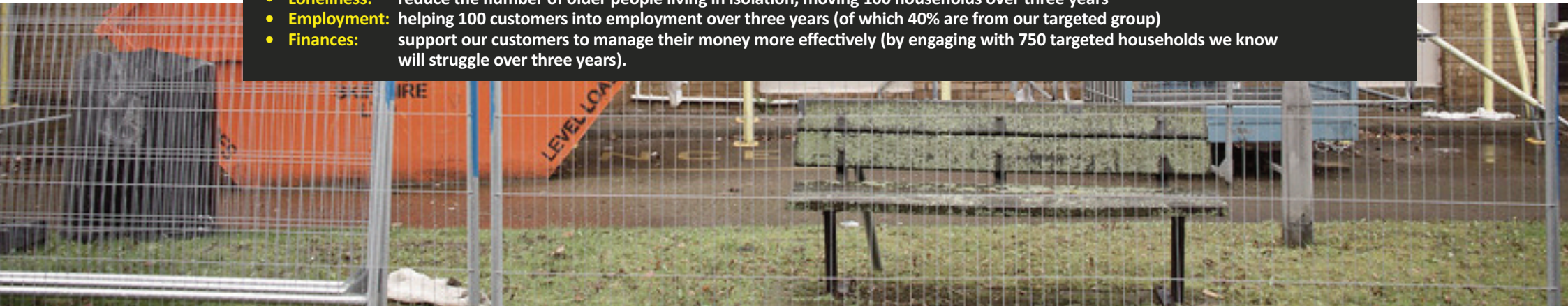


HEALTH AND LONELINESS:
Engaging customers who are socially isolated to support them into better housing.



We are redirecting around £750,000 per year for the next three years into themes to engage with the following numbers of people:

- **Loneliness:** reduce the number of older people living in isolation, moving 100 households over three years
- **Employment:** helping 100 customers into employment over three years (of which 40% are from our targeted group)
- **Finances:** support our customers to manage their money more effectively (by engaging with 750 targeted households we know will struggle over three years).



TARGETS FOR 2017/18

As we enter the first year of our strategic plan we have identified key strategic value for money targets:

Improve the operating profit of the business by reducing operational expenditure by 2%

Ensure we have the optimum balance of value for money across our repairs service through an options appraisal of our current model

Commence our new 30 year stock investment programme and use our intelligent asset management model to tackle poor performing assets and generate at least £2m in returns for the business

Achieve a 110% ROI on our continuous improvement activity

Deliver changes in service that produce a simpler service for customers and reduce our effort score to below 4 out of 10.

KEY PERFORMANCE TARGETS

	Target for 2017/18
Rent Arrears as % of rent due	2.25%
Void Loss as % of rent due	0.8%
Turnaround of repairs in days	15
Operating surplus	28.3%



