



Value for Money Strategy

2024-2029

Value for money is a principle that's really important to us at NCHA. We're working in challenging economic times, so we know that the services we deliver need to be more effective and efficient than ever before.

This strategy demonstrates our commitment to achieving value for money in all areas of our activities, and details how we're going to deliver it.

It sits alongside our Group Corporate Plan and our four other key strategies including: Social Impact, Environmental Sustainability, Our Places and Our Customers.





Our big value for money challenges

Our 2024 Value for Money Strategy carries forward many longer-term objectives from the 2022 Strategy. We're continuing to prioritise economy, efficiency and effectiveness, and they underpin our approach. First and foremost amongst these priorities is improved effectiveness for our customer experience. This is the biggest Value for Money challenge that we face at the current time. We're targeting big improvements by bringing our responsive repairs service in-house and centralising our approach to complaints handling.

Repairs

Above all, we want a reliable repairs service for our customers which delivers on our agreed timescales. We believe the best way to achieve this is to run it ourselves. So, for the first time, we're planning to transfer the responsive repairs service in-house. The successful transfer and service improvement are a new objective within this strategy.



A great place to work

We've made great progress in supporting the health and wellbeing of our colleagues in the last two years. We're committed to maintaining and expanding this approach within this updated strategy. We'll use our colleague feedback to develop our culture and help us become a 'top 100' employer



More quality homes

We're continuing to prioritise warmer homes and more new homes for our customers. We've increased our warm homes commitment via the Social Housing Decarbonisation Fund 2.1 (SHDF). But we've reduced our development plans due to the changing economic environment.

Our revised development targets will deliver an average of 370 new homes across the Group each year. We're funded through our Strategic Partnership with Homes England. We'll supplement our Homes England grants by raising great value new finance. We also use commercial profits from Pelham Homes to support our investment plans. Since 2022 we've been returning 100% of Pelham Homes profits back to NCHA for charitable use.



Our guiding principles



Putting our customers at the heart of our plans

We'll listen to our customers and focus our plans where customer feedback tells us we need to improve. We won't compromise our effectiveness to achieve savings elsewhere.



Achieving best practice in regulation

We recognise the importance of value for money in relation to the Regulator of Social Housing (RSH) regulation. We'll meet all the requirements of the RSH Value for Money Standard and the associated Code of Practice.



Delivering Continuous Improvement

We'll pursue alternative service models where they achieve better value for money. We'll implement new systems and processes for better management and services outcomes.

Priorities for the strategy

The key themes for our Value for Money Strategy are:



Effectiveness

We're committed to meeting our customers' needs and delivering on our objectives. Customer satisfaction is at the heart of our plans.

- Tackling areas of under-performance in our 2023/2024 Tenant Satisfaction Measures (TSM) results
- Using real time customer sentiment data to improve our services
- The delivery of our development plans to build 370 homes per year to meet a range of needs, and 1,850 over five years



Economy

We're committed to minimising the cost of our resources, whilst being mindful of quality.

- 98% compliant procurement with £500k procurement savings achieved annually
- VAT savings realised on our in-house repairs service, as well as achieving improvements in service and satisfaction
- Minimising our interest costs on new funding



Efficiency

Getting the most out of what we put in

- Average re-let less than 26 days for Affordable and Social Housing
- £950k gift aid from Pelham Homes over the next two years to March 2025

Our four working areas for delivery

Our customers

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| | | | |
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| Customer experience and complaints resolution | | | |
| Customer insight | | | |
| Communal areas | | | |
| Customer involvement | | | |

Our places

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Improved places

| | | | |
|---|--|--|--|
| Effective responsive repairs delivered in-house | | | |
| Reducing the impact of voids | | | |
| Grant funding subsidies for fabric first retrofit | | | |
| Meeting our sustainable finance targets | | | |
| Geographical asset analytics | | | |

New places

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|--|--|--|--|
| Delivering homes to meet a range of needs | | | |
| New homes developed | | | |
| Managing programme costs | | | |
| Delivering a high quality aftercare service to customers | | | |

Our people

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| Embedding our culture | | | |
| Meeting our sustainable finance targets | | | |

Our business

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| Treasury | | | |
| Procurement and value | | | |
| Commercial activities | | | |
| Benchmarking | | | |
| Data quality | | | |
| Contract management | | | |
| Golden rules | | | |

Our customers

The long-term vision

We'll deliver excellent services for our customers and achieve top quartile satisfaction ratings. Where something goes wrong, we'll deal with it effectively and prevent it happening again. Customers will have a wide range of ways to contact us and to get involved. We'll use data and insight to continuously improve.

Our current position

We've completed our housing services redesign – 'Shaping our Housing Services', which is providing a sustained decrease in our housing management cost per unit (2021: £386; 2022: £356; 2023: £344). We've now achieved our targeted savings in this area.

We've implemented customer insight software, and we'll continue to develop this over time. We've successfully established our Scrutiny and Homes and Neighbourhood panels which are now making a real contribution. We've maintained our high levels of satisfaction with Care and Support Services at 99%.

We're recognise that our repairs services have not delivered in the last two years. We're committed to improving our service through in-house provision and a new operating model for complaints.



Targets for this strategy

Our customers 2024-2029

| Area | Current | 2026 Targets | 2029 Targets |
|---|--|--|--|
| Customer experience and complaints resolution | <p>Increased numbers and greater escalation of complaints since 2022</p> <p>In the first six months of 2023/24 39.0 stage one and 4.3 stage two complaints received per 1,000 homes</p> <p>Satisfaction with complaints handling 30.3% - 4th quartile*</p> <p>Scrutiny review of complaints completed in 2023</p> <p>New complaints management structure to be implemented from April 2024</p> | <p>Centralised complaint management structure embedded to capture, investigate, respond to and prevent complaints</p> <p>Reductions in complaints per 1,000 homes, and 2nd quartile satisfaction with</p> <p>Satisfaction with complaint handling 40%*</p> | <p>Further improvements in satisfaction and complaint numbers. Top quartile performance.</p> <p>Satisfaction with complaint handling 50%*</p> |
| Customer insight | <p>Customer insight software implemented - customer sentiment data captured and centrally coordinated</p> <p>Customer Insight project commenced with Community Safety and repairs satisfaction and will move to other areas in a phased approach</p> <p>Satisfaction with listening to views and acting on them 67% - median Housemark benchmark</p> | <p>Customer sentiment targets agreed in 24/25</p> <p>Satisfaction with listening to views and acting on them complaint handling >70%*</p> | <p>Further development of insight data - top quartile performance with listening to views and acting on them.</p> <p>Satisfaction with listening to views and acting on them 72% *</p> |
| Communal areas | <p>55% satisfaction that landlord keeps communal areas clean and well maintained*</p> <p>Plans in place to improve contractor performance, including review of scope of work</p> | <p>Achieve improved satisfaction in landlord keeps communal areas clean and well maintained 75%*</p> <p>Retender grounds maintenance with additional scope of works</p> | <p>Maintain top quartile benchmarked satisfaction in landlord keeps communal areas clean and well maintained 80%*</p> |
| Customer involvement | <p>Scrutiny panel and Homes and Neighbourhood panel established</p> <p>Programme of scrutiny reviews in place</p> <p>Agreed recommendations from Complaints Scrutiny in the process of being implemented</p> | <p>New care and support engagement offer in place</p> <p>Damp and mould scrutiny planned 2024/25</p> | <p>Benchmark our involvement offer for VFM</p> <p>Deliver a digital engagement offer</p> |

*Based on findings from Tenant Satisfaction Measures (TSM)

We've secured an additional £50m in loans from the Affordable Homes Guarantee Scheme (AHGS). This government backed scheme offers lower interest rates, and therefore the best value funding for housing associations.



In this time of housing need we remain committed to providing more affordable homes for our communities. We're thrilled to have been successful for the second time in securing a loan from the Affordable Housing Guarantee Scheme. The savings which we'll achieve thanks to the low interest rate will help us deliver more homes to people who need them the most



Naomi Dobraszczyc
Director of Finance and Resources



Our improved places

The long-term vision

Our in-house responsive repairs service will realise VAT savings of £400k per year and deliver high ratings for customer satisfaction due to quicker completion times. We'll have made significant energy improvements to our homes through the Social Housing Decarbonisation Fund. By improving the SAP rating of our customers' homes, we'll realise interest savings on our NatWest loan. Our re-let processes will be efficient and our customers will be satisfied with their home when they move in.

Our current position

Since 2022, our responsive repairs service has declined, with only half of all jobs completed within target timescale. Many customers have been impacted, satisfaction has fallen and we've seen increased complaints linked to the service. NCHA's Tenant Satisfaction Measures show 48.3% satisfaction with the time taken to complete a repair and 67.3% satisfaction with the repairs service in 2023/24 (compares to 78% satisfaction with the repairs service, STAR 2022). As a result, we've taken the decision to bring the service back in-house from April 2024. We'll achieve important improvements over the first year and launch our new repairs system in Autumn 2024.

Our fabric-first retrofit programme has delivered improved insulation as planned to 96 customers homes. This completes our 'wave 1' Social Housing Decarbonisation Fund (SHDF) commitments, utilising £1m in grant funding. We've also been successful in our 'wave 2.1' SHDF bid which will upgrade a further 300 homes over the next two years, supported by £4.1m of grant funding. Our re-let times remain well outside of target, with increases experienced in both Affordable and Social Housing and Care and Support areas.



Targets for this strategy

| Our improved places 2024-2029 | | | |
|---|--|---|---|
| Area | Current | 2026 Targets | 2029 Targets |
| Effective responsive repairs service delivered in house | <p>Responsive repairs service requires improvement</p> <p>Satisfaction with repairs service 67.3%*</p> <p>Satisfaction with time taken 48.3%*</p> <p>Non emergency repairs completed within target timescale 46.8%, mid-year*</p> <p>Emergency repairs completed within target timescale 52.3%, mid-year*</p> <p>Home is well maintained 75.9%*</p> <p>Home is safe 83.3%*</p> | <p>Successfully deliver the transfer to in-house in April 2024, with new repairs system implementation in Autumn 2024</p> <p>VAT savings on in-house service of £400k per year, saving £40 on our cost per unit per year</p> <p>Achieve year 1 performance improvements</p> <p>Satisfaction with repairs service 72%*</p> <p>Satisfaction with time taken 63%*</p> <p>Non emergency repairs completed within target timescale 80%*</p> <p>Emergency repairs completed within target timescale 97%*</p> <p>VFM Review of materials procurement by 2026</p> <p>Internal repairs service managed against a set of KPIs</p> | <p>Target and maintain quartile 1 performance on all metrics</p> |
| Reduce the impact of voids | <p>78% satisfaction with condition of property at move in</p> <p>High re-let times of 38 days in Affordable and Social Housing and 54 days in Care and Support (2022/23)</p> | <p>Review re-let standard and implement changes</p> <p>Implement unified re-let process for Care and Support voids</p> <p>Improve re-let times Affordable and Social Housing 22 days Care and Support 26 days</p> | <p>Achieve 85% satisfaction with condition of property at move in</p> <p>Continued improvement in re-let times: affordable and social housing - 18 days, Care and Support - 21 days</p> |
| Meeting our sustainable finance targets | <p>Sustainability linked loan agreed with NatWest including target to upgrade energy performance of our existing homes (to SAP 69, our 'environmental' NatWest KPI)</p> <p>383 homes upgraded (cumulative) to SAP 69+ in 2022/23 and expected to increase to >570 in 2023/24</p> | <p>Achieve March 2025 targets of 770 homes (cumulative)</p> <p>Agree ongoing targets for March 2026 and 2027 and deliver</p> | <p>Note current facility end date, March 2028</p> |
| Grant funding subsidies for fabric-first retrofit | <p>Programme delivered for wave one of the Social Housing Decarbonisation fund (SHDF)</p> <p>Wave 2.1 SHDF awarded for delivery in next two years</p> <p>Almshouse funding availability under investigation for Nottingham Community Almshouse Charity (NCAC)</p> | <p>Deliver wave 2.1 Social Housing Decarbonisation fund works in NCHA. £4.1m grant utilized, 300 homes upgraded</p> <p>Identify grant solution for NCAC, commence delivery</p> <p>Seek further government funds to continue decarbonisation and improved efficiency of NCHA homes</p> | <p>Deliver ongoing works and achieve corporate plan targets for NCHA and NCAC</p> |
| Geographical asset analytics | <p>Geographical lead, influence, follow, exit (LIFE) model in place for local authority areas</p> <p>Investigating GIS approach. Accelerating flood risk analysis, developing prevention and response planning approaches</p> | <p>Use GIS analysis to support business location priorities and ensure we proactively support customers, especially in relation to flood risk prevention and response</p> | <p>Maintain management approaches</p> |

*Based on findings from Tenant Satisfaction Measures (TSM)

Our new places



The long-term vision

Over the next five years our development programme will have provided 1,850 new homes across the East Midlands. We'll have met a range of housing needs including social rent, affordable rent, supported housing, shared ownership and outright sale. We'll have met all the commitments of our Homes England Strategic Partnership 2 (SP2) funding agreement, and accessed over £90m of central government funding through the SP2 programme.

Our current position

As a result of the challenging economic environment, in 2022/23 we agreed to revise our five year development target from 2,100 homes to 1,850 homes. We're still delivering and have received over £30m in Homes England Grant under the SP2 programme so far. We're recognised as a key developer in our region.

The number of new homes we acquire or develop in the year is targeted to achieve our revised development plans of 370 homes per year (split between 320 social homes and 50 for home ownership). This is a new supply percentage of 3% per year on social homes (VFM Metric reporting). We've seen variations in our new supply results in the last two years (1.5% actual 2022/23, 4.2% actual 2021/22) as some of our development schemes have been delayed. Our latest published performance for 2022/23 puts us in quartile 2 for the sector (source Global Accounts 2023, VFM Reporting). In the current year 2023/24, we expect to achieve our new supply target of 3% and realise top quartile performance.

We completed the pilot for our 'NCHA Build' project. The project saw our own in-house team acting as principal contractor. There are no plans to repeat the pilot at the current time as our teams are instead focusing on our existing services for improved effectiveness in repairs and defects management.

Targets for this strategy

Our new places 2024-2029

| Area | Current | 2026 Targets | 2029 Targets |
|---|--|--|---|
| New homes developed | From 2023/24 we've reduced our annual development target from 420 to 370 homes (320 in NCHA and 50 in Pelham Homes). Forecast to complete 353 new homes in 2023/24, all in NCHA. No homes are due to complete in Pelham Homes due to the timing of development schemes 353 homes will exceed our revised development target in NCHA and is an increase from 149 homes completed in 2022/23 | Deliver 370 new homes on average per year 320 homes for rented and affordable home ownership in NCHA 50 homes for outright sale in Pelham Homes and via development joint ventures Full £90m SP2 grant received | 1,850 new homes over a five-year period Meeting all elements of our SP2 commitment |
| Delivering homes to meet a range of needs | Our Strategic Partnership 2 agreement includes targets for modern methods of construction (MMC, including Category 1 – volumetric and Category 2 – timber frame and panelised), rural and supported provision | Progress MMC, rural and supported developments towards Strategic Partnership 2 targets | Deliver 379 MMC, 75 rural homes and 121 supported housing homes by 2029 |
| Managing programme cost | Positive Net Present Value (NPV) achieved across development programme | Maintain a positive programme NPV whilst increasing EPC A development and complying with future homes standards Meet high standards of design and environmental sustainability supported by our Sustainable Places Standard | Continue to maintain a positive programme NPV |
| Deliver a high quality after care service for customers | Our defects management framework is overseen by our architects within Pelham Updating our Defects Policy to strengthen our post inspection regime and provide increased monitoring and reporting of defects resolution | 85% of reported defects closed in target timescale | Increased satisfaction with new homes |

*Based on findings from Tenant Satisfaction Measures (TSM)



Our people



The long-term vision

We'll be a top 100 employer with 'Great Places to Work', with improvements in colleague engagement year on year. Our culture will reflect our values, and will drive excellent service delivery for our customers. We'll maintain our wellbeing support for colleagues, improving health, attendance and retention. Colleague sickness absence will total less than 8.5 days per year. The diversity of our managers will be representative of our communities, and will therefore better serve our customers. We'll achieve our sustainable loan linkage, and reduce interest rates on our NatWest funding agreement.

Our current position

Over the last two years we've established a comprehensive wellbeing offer for colleagues. With training, support, in-house counselling, fast track physiotherapy and wide range of online resources, we also continue to offer the Healthshield cashback scheme.

Our complete package of pay, benefits and support provide a good overall offer, and our salary levels are reviewed regularly to ensure we pay to median levels. We responded to the cost of living crisis in 2022/23 by awarding two cost of living pay increases for colleagues during the year, plus additional one-off payments for the lowest paid.

In 2023 we achieved 'Great Place to Work' status through our colleague survey, with 69% of colleagues agreeing that NCHA is a great place to work. Our sickness absence reached record levels during and after the pandemic (including covid absences - 15.8 days 2021/22; 12.9 days 2022/23). We're pleased that absence has improved in the current year, with 10.5 days forecast 2023/24. Our Equality, Diversity and Inclusion Strategy includes a target to increase diversity of heritage of our managers. We've embedded this in our NatWest loan agreement and we achieved our stepped target in March 2023, although the achievement of our future stepped targets continues to be challenging.

Targets for this strategy

Our people 2024-2029

| Area | Current | 2026 Targets | 2029 Targets |
|---|--|---|---|
| Embedding our Culture | <p>Comprehensive wellbeing support in place</p> <p>Wellbeing toolkit and online resources in place</p> <p>Wellbeing Champions in place throughout business to support colleague mental health</p> <p>Colleague counselling support delivered by in-house expertise and as part of our employee assistance programme</p> <p>Great Places to Work accreditation achieved</p> | <p>Continue to invest in and maintain our existing wellbeing offer and healthcare cashback plan</p> <p>Undertake Great Place to Work Survey annually from 2024</p> <p>Tailor our future wellbeing offer on feedback from engagement survey</p> <p>Continue to gather feedback from Colleague Voice to define priorities for our colleagues</p> <p>Reduce colleague sickness absence to under 10 days per year</p> | <p>Increase colleague engagement to become a top 100 employer, based on Great Places to Work survey</p> <p>Reduce colleague sickness absence to under 8.5 days per year</p> |
| Meeting our sustainable finance targets | <p>Sustainability Linked Loan agreed with NatWest including target to increase diverse heritage managers across NCHA (our 'social' NatWest KPI)</p> <p>Target achieved for the first time in March 2023 at 9.5% under restated facility agreement. Interest savings have been realized in 2023/24</p> <p>Our March 2024 target of 10.0% is currently under threat as performance has deteriorated to 8.7% as at Q3 2023/24</p> | <p>Achieve March 2024, and March 2025 targets, to realise interest savings on the loan across the next two years</p> | <p>Note current facility end date, March 2028</p> |

*Based on findings from Tenant Satisfaction Measures (TSM)



Our business

The long-term vision

We'll obtain excellent value for money from our loans. All our supplier contracts will be effectively managed to deliver good operational performance and customer satisfaction. We'll realise £500k of procurement savings each year and annual returns from Pelham Homes and Access Training. We'll have a culture of continuous improvement embedded in all that we do, utilising effective software systems and robust data governance.

Our current position

In the last two years we've raised £105m in new borrowing to fund our development programme. By raising this money through the Affordable Homes Guarantee Scheme (AHGS) we've accessed lower interest rates and achieved excellent value for money. Over the same two year period, NCHA has received more than £1.5m in gift aid from Pelham Homes, and over £100k has been returned from Access Training in dividends. We've continued to participate in Housemark, reviewed our merger indicators annually and updated our VFM Metrics benchmarking group. We've also completed our planned group structure review.



Targets for this strategy

Our business 2024-2029

| Area | Current | 2026 Targets | 2029 Targets |
|-----------------------|---|--|--|
| Treasury | <p>£50m AHGS 10 year loan completed 2023</p> <p>£55m AHGS 30 year loan completed 2022</p> <p>VFM benefits achieved through government guarantee</p> <p>At least 18 months secured facilities in place, currently 27 months</p> | <p>Seek excellent VFM from additional borrowing in 2024/25 targeting ~£50m</p> <p>Complete further VFM borrowings in line with upcoming 2024 Treasury Strategy</p> | <p>Five year borrowings in line with business plan projections</p> |
| Procurement and value | <p>Improvements in procurement practice achieved through a centralised approach with five year procurement pipeline identified and 97.5% compliant procurement</p> <p>Procurement savings affected by economic and labour market conditions in last two years</p> | <p>Achieve 98% compliant procurement</p> <p>Realise £500k procurement savings per year</p> <p>Comply with updated requirements under new procurement legislation</p> | <p>Maintain 98% compliant procurement and £500k savings per year</p> |

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| Commercial activities | <p>Pelham Homes has returned £1.5m in gift aid. A 75% return on our £2m equity investment over two years. Forecast to return a further £117k for the 2023/24 financial year. Our performance in recent years has exceeded our strategy targets</p> <p>Annual profit distributions achieved from Access Training</p> <p>Pelham Architects currently generate £250k in external fees. In the challenging economic environment, we have not met our targeted growth in fees</p> | <p>Pelham Homes to return £950k gift aid to NCHA over the two years up to 2025/26. A 48% return on our £2m equity investment over two years</p> <p>Ongoing annual profit distribution from Access Training</p> <p>Maintain external fees from Pelham Architects to £250k p.a and increase if possible</p> | <p>Pelham Homes to continue developing on average 50 homes per year</p> <p>Increased profitability from Access Training</p> <p>Maintain 100% gift aid policy</p> |
| Benchmarking | <p>Benchmarking completed via Housemark for annual performance 2022/23 (and previously)</p> <p>Mid-year TSM benchmarking completed 2023/24 via Housemark</p> <p>VFM Metrics peer group review completed and updated for 2022/23 reporting</p> <p>Technology benchmarking completed annually</p> | <p>Maintain annual Housemark performance review</p> <p>Update TSM benchmarking annually with published sector data</p> <p>Maintain technology benchmarking</p> <p>Target under-performing areas with future plans and strategies</p> | <p>Benchmarking drives ongoing performance improvements</p> |
| Data Quality | <p>New corporate Data Quality Policy under development</p> <p>Data standards established for key data sets along with business team accountability</p> <p>Data warehouse delivering some performance data sets for voids and re-lets</p> <p>Reporting tool implemented to deliver strategic performance dashboard</p> | <p>Data quality management system in place along with regular audits</p> <p>Data warehouse delivering all core system KPI performance data sets</p> <p>Standardised performance dashboards in place for all key management groups</p> <p>Reporting tool used by operational managers for performance analytics and reporting</p> | <p>All performance related data sets stored on data warehouse and reporting through selected tool</p> <p>Data used for forecasting and analytics to enable business insight and data informed strategic decision making</p> |
| Contract management | <p>Strategic approach to contract management agreed along required people structure and resources</p> <p>Key contract management measures in place</p> <p>Revised processes in place to support effective contract mgt</p> | <p>VFM measured throughout life cycle of contract</p> <p>Proactive contract management processes in place along with EWI to alert adverse performance</p> <p>All contracts > £500k pa are actively monitored and performance reported by exception by procurement panel</p> | <p>All contracts £100k pa are actively monitored and performance reported by exception by procurement panel</p> |
| Golden Rules | <p>Suite of financial and treasury Golden Rules approved by Board annually</p> <p>All Golden Rules achieved in last two years</p> <p>Rules maintained in challenging financial context, strategic decisions taken to maintain headroom where possible</p> | <p>Continue to maintain and comply with Golden Rules</p> | |

*Based on findings from Tenant Satisfaction Measures (TSM)



Delivering the plan

Monitoring and reporting

Our Executive and Senior Leadership teams will maintain oversight of this strategy, with an annual progress report delivered to NCHA Board.

Governance and review

This strategy has been approved by the NCHA Board in March 2024 with a review to take place in March 2026

