

Name of meeting: **CABINET**  
 Date: **22 September 2015**

Title of report: **KNH Performance**

Is it likely to result in spending or saving £250k or more, or to have a significant effect on two or more electoral wards?	No
Is it in the <a href="#">Council's Forward Plan</a> ?	No
Is it eligible for "call in" by <a href="#">Scrutiny</a> ?	Yes
Date signed off by <u>Director</u> & name	Jacqui Gedman - 11/09/15
Is it signed off by the Director of Resources?	David Smith - 10/09/15 <i>Debbie Hogg on behalf of</i>
Is it signed off by the Assistant Director - Legal & Governance?	Julie Muscroft - 11/09/15
Cabinet member <a href="#">portfolio</a>	Councillor Cathy Scott - Housing and the Relief of Poverty

Electoral [wards](#) affected: ALL

Ward councillors consulted: N/A

Public or private: Public

## 1. Purpose of report

- 1.1 To update Cabinet on the services, outcomes and outputs for tenants delivered through Kirklees Neighbourhood Housing (KNH) over the last financial year.

## 2. Key points

- 2.1 KNH is an arm's length management organisation, which is wholly owned by the Council. This means that ownership of all the housing stock and land, remains with the Council and the tenants are Council tenants.
- 2.2 The Council commissions KNH to implement Council policies.

- 2.3 The attached annual report to Cabinet and Council, is part of the governance arrangements, which enable the Council to hold KNH to account. This is supported through a variety of mechanisms including :-
- a. Councillor representation on the Board of KNH. There is a direct line of accountability through the Council political nominees from each party on the KNH board. This strengthens direct accountability to the Council.
  - b. Direct reporting to the lead Portfolio holder/Place by AD for Streetscene and Housing and KNH Chief Executive.
  - c. Monthly reporting to the corporate resource briefing on the management of the Housing Revenue Account.
  - d. The Assistant Director (AD) of Streetscene and Housing has a primary role in holding KNH to account. This has been supported by internal mechanisms, including monthly liaison and quarterly reviews.
  - e. In addition to the representation of tenants and residents views by Councillors, KNH has challenge from Kirklees Federation of Tenants and Residents Association (KFTRA); Published annual reports with feedback channels available; Independent surveys which check tenants' perceptions. On an annual basis an independent comprehensive survey takes place to gain the views of over 500 randomly selected tenants.
  - f. The existing 5 year management agreement with KNH is due for renewal in March 2017.

2.4 The attached report looks at achievements against and progress towards

- The Council's core housing management and maintenance contractual requirements of KNH.
  - Successes included tenant satisfaction of 86%; days taken to re-let homes down from 36 days to 29 days; the number of empty homes at the year-end continues to show positive progress and was down by 61 to 254; rent arrears held by former tenants reduced from £1.7 million to £1.59 million.
- KNH's contribution to Council and its partner's strategic priorities.

2.5 The report also highlights opportunities and challenges including, but not limited to, national policy changes, welfare reform, localism and the related budget implications.

### **3. Implications for the Council**

- 3.1 The management and maintenance of Council housing is delivered effectively in Kirklees within the allocated resources.
- 3.2 The perception of tenants and residents is positive towards the Council/KNH.

### **4. Consultees and their opinions**

N/A

**5. Next steps**

KNH take on board feedback from Cabinet and continue to work in partnership/work towards delivering the Council's strategic objectives as outlined in the delivery plan.

The report is shared for full Council debate in October.

**6. Officer recommendations and reasons**

Cabinet note the achievements of the last financial year and the basis on which KNH are commissioned to deliver services/outcomes.

**7. Cabinet portfolio holder recommendation**

The portfolio holder, Councillor Cathy Scott, would like Cabinet, to note the achievements of the last financial year and the basis on which KNH are commissioned to deliver services/outcomes.

**8. Contact officer and relevant papers**

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KNH performance report – please see Appendix A.

**9. Assistant Director responsible**

Kim Brear, Assistant Director, Streetscene and Housing.





# Annual report to Kirklees Council, 2014-15

August 2015

*Quality Homes and Services in Successful Communities*

## Foreword by Dave Harris, Chair of KNH

On behalf of the Board and our staff, I am proud to present this annual report to the Council on the performance of Kirklees Neighbourhood Housing for the 2014/15 financial year. It tells the story of yet another year of strong achievements and hopefully gives a real sense of the quality and breadth of the services we provide to tenants and the communities in which they live. I hope the value for money appendix also shows that we do this with a constant eye for efficiencies and that our performance compares well with the best social housing providers. That tenant satisfaction with our services and support remains consistently high is especially pleasing for all of us, as that is the foundation of all we do.

KNH is part of the Kirklees family and together we are here to help deliver the Council's corporate priorities and support our most vulnerable communities as they come under increasing stress. We should all be proud of our 23000 Council houses, do everything we can to keep them decent places to live in and to protect them for future generations. Demand outstrips supply with over 10000 people wanting a Council home. Given the current environment facing social housing providers this demand will unfortunately not be met. The question 'where are our children going to live?' that underpinned the Council debate on the Kirklees Housing Strategy at full Council in November 2014 remains unanswered. The housing crisis continues and affordable good quality homes remain out of reach of far too many of our residents.

The Council has recognised that we need to build more homes. We need to build a range of different homes to meet particular needs. We need to provide homes for our ageing population. We know that a decent home is a major factor in everyone's health and wellbeing. We especially need to build more Council houses so people have truly affordable rents and a secure and decent home in which to live and bring up their families. This is at the heart of the Housing Strategy and KNH is working closely with the Council and other partners to try and deliver as much of this as possible given current circumstances.

The future is more than challenging. Several recent announcements of changes in national housing policy will make the task of meeting housing need more difficult for all of us. The four year rent reduction, announced in the July budget, will reduce the money in the HRA available for housing investment in Kirklees by £24M. Together with all social housing providers our 30 year business plan has been overturned at a stroke and will have to be revised downwards. This will have a negative effect on individuals and communities at a time when they need our support the most. In such times partners have to work ever more closely together, examine other ways of delivering services and use all the creativity and commitment we collectively have in planning for the future. KNH will continue to play its part in this and I hope this annual report gives you the confidence that we are a financially sound, well led, value driven company, with dedicated staff ready and willing to move forward on a wide range of long term partnership projects with you over the coming years.

I would like to thank our staff, our Council colleagues, other Partners and my Board colleagues for the hard work they have all put in over the past year. Special thanks to Cllr Cathy Scott, our Cabinet Member, for all her support and encouragement and to all our Councillors who have helped our work in their communities with their knowledge and commitment to improving the lives of our tenants.

Finally a very special thank you to Simon Rogers, our Chief Executive, who retires in December. Simon has led KNH since it was formed in 2002. He has done it with skill, dedication, compassion and consummate professionalism. He has helped many people along the way. Without his contribution KNH would not be the excellent organisation it is today. We have already begun the search for our new Chief Executive and Simon's proud legacy is that his successor will build on the strongest of foundations as we work with the Council in meeting the challenges to come. Simon goes with the very best wishes of all of us for his future journey.

Dave Harris  
Chair of KNH  
August 2015

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*The cover photo shows Cllr Cathy Scott, Kirklees Council’s Lead Member for Housing, opening the newly refurbished retirement living scheme at Denham Court, Batley*

## 1.0 Purpose of this report

1.1 This report sets out the activities and progress Kirklees Neighbourhood Housing (KNH) has made during 2014/15. It also sets out how KNH can continue to deliver services for the Council to help meet its objectives over the coming period. The report is set out in the following sections:

2.0 Background

3.0 Context and governance

4.0 Meeting the Council's requirements for housing management

5.0 Contributing to the Council's strategies and priorities:

- Economic resilience
- Health and well-being
- Early intervention and prevention

6.0 Our plans for the future

1.2 Also included at appendix 2 is our Value For Money report which sets out our approach, achievements and next steps in achieving efficiencies.

1.3 At appendix 3 is our Maintaining our Equality Duties 2015 report. This sets out what progress we are making in achieving our equality objectives as an employer and in the communities with which we work.

## 2.0 Background

2.1 KNH is a housing management company, 100% owned by Kirklees Council, set up in 2002 to deliver the Council's Housing Strategy for 23,000 homes. In managing the Council's homes, as well as nearly 200 for other partners, KNH is one of the largest housing organisations in the country, and the tenants remain tenants of the Council, not KNH.

2.2 The current management contract commenced in April 2012; the current contract expires in March 2017.

2.3 KNH's mission - *Quality Homes and Services in Successful Communities* – reflects the fact that whilst we are a provider of services for the Council's tenants, we also have an essential role to play in helping individuals and communities develop and prosper. KNH manage some of the most deprived areas of the borough; in partnership with the Council, the positive way in which we engage with communities and other organisations will be increasingly important as we tackle the challenges ahead and work with individuals and communities to help them do more for themselves and each other.

2.4 The Council's Delivery Plan for KNH identifies the key areas of work for the organisation; it is outcome focused and provides clear links to the Council's vision and priorities.

- 2.5 Performance management of KNH in the Council sits with the Place Directorate and is the responsibility of the Assistant Director of Housing. There are quarterly performance review meetings involving the Council's Lead Member for Housing, Assistant Director of Housing, KNH Chair and senior managers. The reviews focus on the key performance indicators as well as KNH's contribution to Council strategies and priorities; they review progress and policy to ensure that risks are taken into account and appropriate actions are taken to ensure outcomes are achieved. These business meetings are complemented by regular meetings with the Leader of the Council and Lead Member for Housing involving the KNH Chair and other Board members, as well as meetings with other senior political figures and the Council's Chief Executive, Directors and Assistant Directors. Coupled with this are a range of more informal relationship development sessions to ensure KNH is playing a full and active role as part of the Kirklees family.
- 2.6 KNH employs 380 staff, with a senior management team of three supported by five heads of service. The senior team, in common with other public service bodies, has reduced significantly over recent years.
- 2.7 KNH have sought to operate as an employer of choice and have, over several years developed our approach to Investors in People (IIP). Following a detailed inspection in late 2014, we were awarded IIP Gold, the highest level of achievement. For the first time, we also entered the Sunday Times 'Top 100 Companies to Work For' award. We were shortlisted in late 2014, and were awarded 90<sup>th</sup> place in the Top 100 Not For Profit section in February.
- 2.8 There continued to be significant challenges during 2014/15. For instance, the continued impact of welfare reform coupled with the more general economic climate saw a further 1300 tenants seek support for financial advice. Over the last two years, over 10% of tenants have sought and received debt advice from KNH staff. The roll out of Universal Credit is expected to present challenges to customers, and KNH is planning with the Council how those challenges can be met. There is no doubt that KNH, along with every other housing provider, is dealing with a set of circumstances that have had a profound impact on the delivery of services, and continue to do so. However, in spite of these and other challenges, for 2014/5 KNH can report a positive set of results.

### **3.0 Context and governance**

- 3.1 KNH is run by a board of 15 non-executive directors; all are volunteers. Five members are appointed by the Council; five independents are appointed through a recruitment and selection process; and five are tenant representatives. The Board has overall responsibility for the strategic management of KNH.
- 3.2 During 2014/15, the Board continued to take a rigorous approach to the governance of the company. As well as ensuring that Board members have the right skills and attributes to succeed through their appraisal and training programme, the Chair and committee chairs have a prominent role in supporting the rest of the Board in driving improvement and holding the executive to account.

3.3 KNH's purpose is to meet the Council's requirements as set out in The Council's Delivery Plan for KNH and we seek to do this through the delivery of our mission: **Quality Homes and Services in Successful Communities**. This report updates the Council and other partners on progress during the last financial year in three areas:

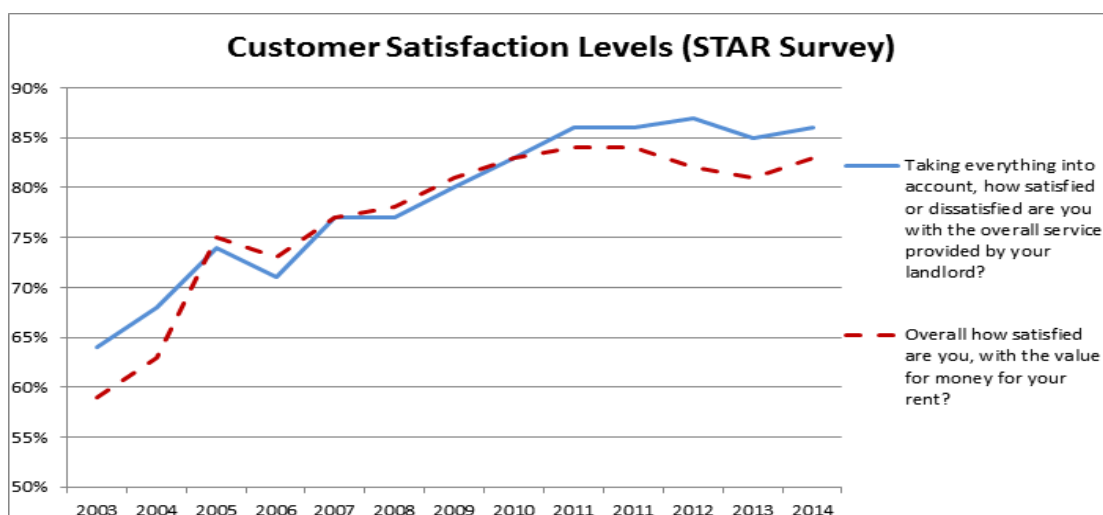
- how KNH is delivering the Council's requirements for housing management
- how we contribute to the Council's housing and related strategies and add value more widely to the Council's corporate objectives and those of its partners
- how we plan to assist the Council further to help meet its strategic objectives in the medium term

## 4.0 Meeting the Council's requirements for housing management

This section looks at how KNH is meeting the Council's requirements, as set out in the Council's Delivery Plan for KNH. The table at Appendix 2 shows how KNH has performed over the last two years against key performance indicators and against a benchmark group. This section looks at the main areas of housing management performance, including tenant satisfaction, rent collection, repairs, and the management of empty homes.

### 4.1 Tenant satisfaction with KNH services

4.1.1 The view of tenants on the service provided by KNH is a key indicator of service quality. An annual survey is carried out by an independent organisation to a national standard, known as the STAR survey. The graph below shows how overall satisfaction and satisfaction with KNH's value for money has changed since 2003.



- 4.1.2 The survey questions are based on a nationally agreed set to enable benchmarking. In late 2014, 2,800 tenants were randomly selected for survey, 850 responded, a response rate of 30%. The statistics referred to in this report are from this source.
- 4.1.3 In the past year, overall tenant satisfaction with the service provided by KNH rose by 1% to 86%. Overall satisfaction is clearly linked to tenant satisfaction with the repairs service (85% satisfied) quality of their home (83% satisfied), and that KNH listens and acts on views (65%). Satisfaction with value for money has also increased over the past year from 81 to 83%.
- 4.1.4 Satisfaction with KNH listening to tenant views and taking them into account rose from 62% to 65%. Whilst this is an improvement, it is an area requiring continued work as the result is below that of similar organisations.
- 4.1.5 Satisfaction with the neighbourhood remained at a similar level to the previous year at 84%, but has increased from 80% over the last five years, a reflection of the investment into neighbourhood improvements, Streetscene services such as grounds maintenance, and the work of KNH's popular estate caretaking service. Recent satisfaction rates show little variation between neighbourhoods – something that has not always been the case. However there will be major challenges in maintaining this level of satisfaction given funding changes in the near future.
- 4.1.6 In 2014/15, the survey showed 83% of tenants are satisfied with the quality of their home. Given the very high value tenants place on the repairs service, the partnership between Building Services and KNH is crucial to maintaining a cost effective, highly valued repairs service with high levels of satisfaction. During the last year, satisfaction with the repairs service showed an increase of 3% from the previous year to 85%. This equates to some of the best performers for repairs services nationally.
- 4.1.7 In autumn 2014, KNH was re-accredited with the national Customer Excellence Award, and following a full review, was reaccredited in July 2015.
- 4.1.8 KNH's telephony service through the Support and Information Team has faced another challenging year. The team received almost 120,000 calls in the year, a small reduction compared to the previous year. However the length and complexity of calls increased, with call waits at over 2 minutes and call times lasting over six minutes. This change has continued since 2013 and the introduction of welfare changes.
- 4.1.9 We reviewed the team during the year and call wait times so far in 2015/16 are now reducing to around 1 minute. Quality checks, carried out by a group of customers, shows the quality of service has remained high. As well as calls made to customers to assist them with bidding for homes, a wide range of housing and other concerns are dealt with by the team

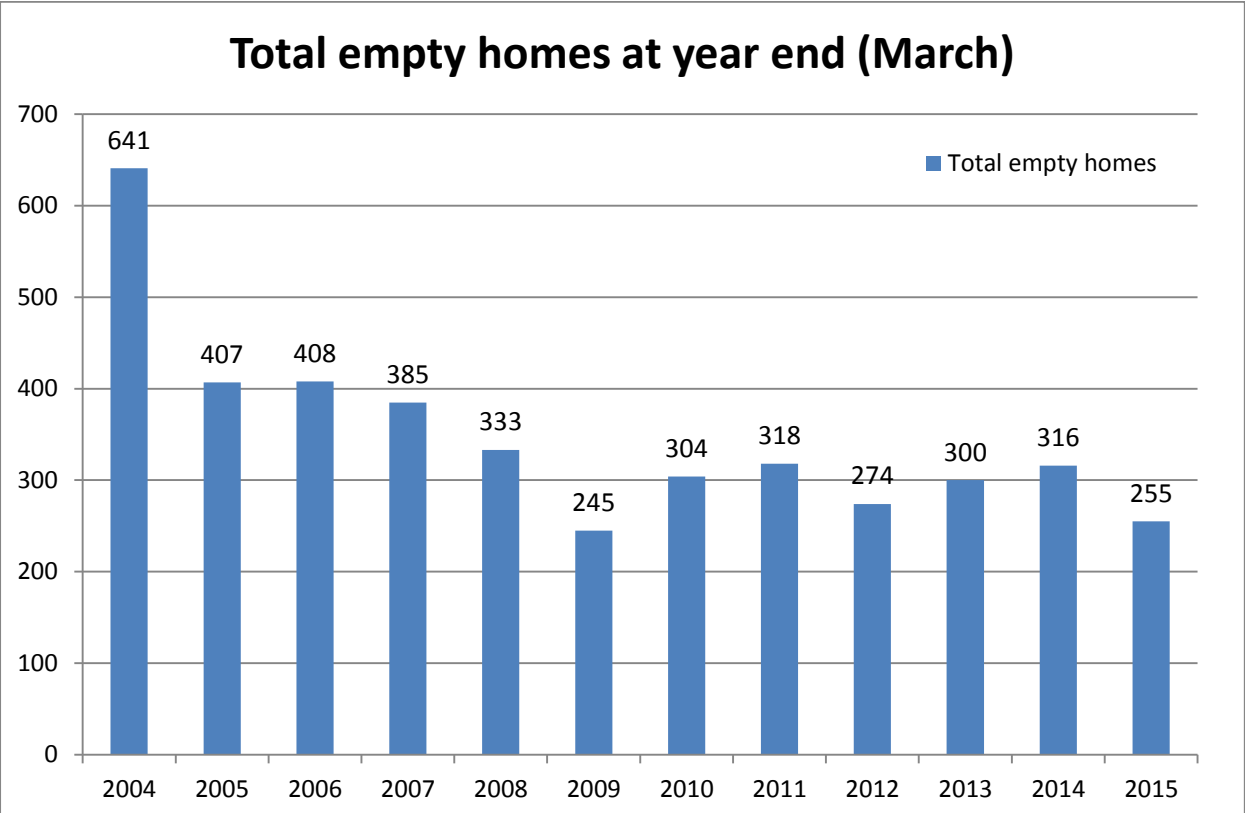
## **4.2 Empty homes**

- 4.2.1 There was a significant improvement in empty homes performance during the year. In total 2497 homes were re-let during 2014/15 with just 255 empty at the end of March – just over 1% of the total stock. Since last year this is 61 fewer empty homes – a reduction of nearly 20%. In

contrast to last year, the first year of the under occupation charge, tenancy terminations decreased by around 11% with houses in particular turning over less frequently.

- 4.2.2 The average time taken to re-let a home reduced from 36 to 29 days, a reduction of 7 days and 20% quicker than last year. The reduction in turnover has helped this performance, but comprehensive reviews of the lettings process in partnership with Building Services – whose time to repair empty homes reduced by 3.5 days - has had the major impact. The improved performance generated an additional £300,000 for the HRA.
- 4.2.3 The lower levels of stock turnover brought the pattern back in line with historical trends. However, Kirklees turnover is relatively higher than many other areas. This may in part at least be policy driven, and it can mean that people are more able to find solutions to their housing problems. However, it also has a direct impact on costs as empty homes need to be repaired, and there are significant costs associated with the re-letting process.
- 4.2.4 KNH's 'Homefit' team continue to work with tenants under-occupying to help them find new homes more suited to their needs. Over the past year, 112 tenants with two or more spare bedrooms have been helped in this way. Another 106 found smaller homes through the allocations process.
- 4.2.5 Although the improved performance shows KNH are making more efficient use of the Council's homes, there remain 10,000 applicants on the housing waiting list, many with limited prospects of finding a suitable home as demand far outstrips supply.
- 4.2.6 KNH fully recognises the need to continue to maintain pressure in reducing empty homes numbers and re-let times. Together with Building Services colleagues, the 'LEAN' review undertaken in this last year took out unnecessary procedures and inefficiencies, but there is more to be done. In addition we will continue to work with Council colleagues to review and update allocations policies to aid more efficient letting of homes. In order to help people help themselves we are making major efforts to support mutual exchanges – in the past year 72 homes were let through this route compared to 60 in 2013/14.

As the graph shows, empty homes numbers have reduced compared to historical trends



## Homefit – matching housing to tenants' needs



*Homefit Officer, Sarah Jowitt, with a tenant whose life has been transformed by the service*

A lady we helped last year lived in a three bedroom property and was really struggling to pay the under-occupation charge since her son and daughter had left home. She was unable to heat the property or pay for any food.

Only a year or so ago she was in work but due to ill health, she had to give up her job as she worked with heavy machinery. She was struggling to get used to living on benefits, rather than a full time wage. She became more withdrawn and her health deteriorated as she became more isolated as she could not afford to go out other than to medical appointments. Her mum was also very unwell and needed care and support, which our tenant could not give her.

When one of our arrears recovery officers visited her, they noticed that she was really struggling and managed to get her a food parcel and some credit for her gas and electric. They also made a referral to the Homefit team. A Homefit officer registered her application for Choose 'n' Move and helped support her with bidding for properties. It was not long before she had an offer of a bungalow nearer to her mum and the team arranged a removals service to help her on the day. They also helped her contact the utility companies so she could get settled into her new home.

This lady now lives only a few streets away from her mum. She can walk to see her every day and both of them benefit from the new arrangements. She is no longer paying the under-occupation charge and so is better able to afford to eat and to heat her home. She seems much more confident and loves that she has a bungalow, where she feels much safer, as she still has blackouts and falls. She is extremely thankful for the extra support from Homefit and would not have had the confidence or resources to sort her move without our support.

By staff from different teams working together, this lady now has a fresh start in a property that is more affordable and manageable for her. The effect on her mental health has been overwhelmingly positive and she can now begin to try and re-build her life.



## 4.3 Income collection

- 4.3.1 KNH is responsible for the collection of the Council's £80.6 million annual rent debit, including the 4.5% rent increase. **By the end of the year, 100.5% of the £80.6 million rent due had been collected.** In other words all the rent due in the year was collected as well as a substantial proportion of rent arrears. KNH are members of a northern benchmarking group including over 20 Housing Associations, ALMO's and Councils. For this last year KNH's performance on rent collection was the best in the group.

### *Summary of rent collection*

	2013/14	2014/15
Rent collected as % in year debit (excluding historical debt*)	99.5%	100.5%
Rent collected (including historical debt *)	96.8%	97.2%
Current rent arrears (including historical debt)	£1.700 million	£1.594 million
Former arrears cash collected	£357,000	£369,310

*\*Historical debt includes as yet uncollected debt on current tenant accounts*

- 4.3.2 Working in close collaboration with the Council, KNH was braced for the impact of welfare reform, and in particular the under-occupation charge. The challenge was to maintain rent collection rates whilst at the same time balancing the very real needs of tenants whose incomes had fallen and who were also having to find additional finance to cover additional costs.
- 4.3.3 The Council agreed to continue to fund additional debt advisers, and their role, as well as greater support for the rent collection team, has been critical to this success. The number of debt advice referrals increased again to over 1300 cases, with increasingly complex multi-debt cases. However the emphasis on prevention is proving effective in the current climate: around £90,000 of unclaimed benefit has been awarded, £25,000 of debt owing to other creditors has been written off, and nearly £50,000 charitable and trust fund payments have been made. All of this significantly reduces financial pressure on tenants leaving them able to pay their rent. Collection rates show that this investment has been value for money, and current benchmarking show KNH to be one of the best performers nationally.
- 4.3.4 A continued increase in the number of tenants on direct debit, now at 7,500, has had the effect of steadying collection patterns whilst helping tenants manage their finances. The implementation of this policy, coupled with the preventative approach has had a very positive impact on rent collection. Significantly, and bucking the national trend, evictions were down from 152 to 147. Not only is this good news for tenants who are able to pay their rent and stay in their homes, it reduces costs and pressures on Council and other services.
- 4.3.5 In addition, KNH have arranged over 120 food parcels, helped 75 families with Christmas presents through the KNH toy store, and collected £369,000 of former tenant arrears, exceeding last year's collection.

- 4.3.6 The use of Discretionary Housing Payments (DHP) has had a positive impact on rent collection. However this can only ever be a temporary solution, and as payments to tenants come to an end in the current year, further pressure will arise in maintaining collection rates.

## **Debt advice team – helping tenants manage the impact of welfare reform**

*Our debt advisors helped more than 1300 people last year*

A 48 year old single tenant went to the Customer Service Centre in an emotional state. She had no money, no gas, no electricity and hadn't eaten for three days. She was extremely distressed, emaciated and depressed and was immediately sent to see the Debt Advice Team at Perseverance House. When she arrived she broke down and was extremely anxious. We gave her a couple of bars of chocolate and a warm drink.

Once she had recovered, we began to see what else we could do to help. After a period of employment, she claimed Job Seekers Allowance but she had a number of deductions taken from her benefit. This left her with insufficient income to meet all of her essential expenditure, which meant she felt overwhelmed, helpless and she ignored calls, letters and people at the door step. As a result, she had built up rent arrears and eviction proceedings were being considered. Bailiffs were pursuing her council tax debt and she was incurring bank charges each month. In addition, she owed around £8,000 to other creditors.

We used a KNH discretionary fund to credit her gas and electric meters and arranged a food parcel. We were then able to reduce the amount of deductions from her benefit and avert further recovery action for rent arrears. We persuaded the bailiffs to return recovery to the Council Tax Section and negotiated a payment plan with them. We applied to Yorkshire Water Community Trust, who cleared her water debt. The bank agreed to refund £60 to her account. Finally, we applied to a charity, who agreed that her income was insufficient so they have agreed to give her an additional £260 every two months to supplement her income. They have also agreed to pay the £90 for a Debt Relief Order. This will result in her being debt free. As a result of the advice and support she received, the tenant was relieved, warm and had food in her cupboards. She has started smiling again.

The introduction of Universal Credit – introduced in summer 2015 in Kirklees – will present very considerable challenges to KNH and the Council in the collection of rents and other charges. We continue to work closely with Council officers to develop strategies and programmes to reduce the risks of lower rent collection rates and support vulnerable people as these changes are introduced.

#### 4.4 Repairs and maintenance

4.4.1 On behalf of the Council, KNH delivered £24m of capital investment and £20m of revenue, funded through the HRA. As a result of the capital investment, over 3,000 homes were improved, including:

Component	Total
Bathrooms	395
Boilers	987
Electrical Systems (Full Rewires)	185
Partial Rewires	355
External Doors	672
Heating systems	436
Kitchens	286
Roofs	278

The purpose of the investment is to ensure that the £250m decent homes programmes that transformed the condition of the Council’s housing stock, and even more importantly gave tenants homes they can be proud of, is maintained and enhanced.

4.4.2 Several large capital schemes were either completed or started during the year. The sheltered housing complex at Denham Court, Batley, was completely refurbished, reducing 34 unpopular bedsits to 18 very popular, state of the art flats. The work was completed on time, under budget and to a very high standard by Kirklees Building Services.

4.4.3 Work also started on the 2,000 home photo-voltaic programme, which will help tenants reduce their fuel bills, reduce CO<sub>2</sub> emissions, but through the tariff arrangements, all costs will be recouped by the council in around 12 years. This and other energy efficiency schemes have resulted in KNH meeting the Council's 30% CO<sub>2</sub> target five years ahead of plan.

## Denham Court – improving homes, improving lives



*Sue Smith, with Cllr Cathy Scott in her beautiful new home at Denham Court*

Residents of Denham Court retirement living scheme in Batley are enjoying the benefits of a major investment in their homes. The nine-month project has involved converting 34 bedsits, which were built in the 1970s and had become dated and unpopular, into 18 spacious, attractive and modern lifetime homes for the over-60s.

The end result is the culmination of lengthy consultation with the residents, and team work has been key to the success of the project. Residents, KNH staff, and staff from several council departments, including contractors Kirklees Building Services, as well as local suppliers, worked together during every stage of the project to make sure that the work went smoothly and that everyone was satisfied with the progress being made.

Each flat has been renovated to a high standard and designed to provide modern, spacious, comfortable and secure homes. All the new flats are up to the Lifetime Homes standard, so if residents have increasing mobility or other needs, they can be accommodated within the new flats without the tenant having to move.

The communal areas have also been improved, with new lighting, furniture and decoration giving them a 'hotel' like atmosphere. The communal kitchen, laundry and hairdressing room have also been upgraded. Outside, additional fencing has been installed, and the residents have planted flowers and shrubs within the grounds to give the final finishing touch to Denham Court.

Residents are thrilled with the results. According to Ted Brooksbank, "the past few months have been similar to the TV programme 'Grand Designs.' What a transformation! The renovation has been an unqualified success and exceeded all our expectations.

His views were echoed by neighbour Sue Smith, who said: "It was well worth the wait and it's lovely being back in such a beautiful home to be proud of."

For Colin Jones, the difference is more than cosmetic: "My new home has made a big difference to my life. There's lots more room and it's not as closed in as much as the old flat. After suffering major health problems over the last two years, I feel my new home will help further my recovery."

- 4.4.4 Other external investment includes around £600k in support of green initiatives such as thermal render, connection to gas networks, narrow cavity insulation and external rendering.
- 4.4.5 In summary, the capital expenditure has ensured Kirklees homes remain above the 'decent standard' with high levels of energy efficiency.
- 4.4.6 In addition to capital spend, over £20 million was spent on revenue works including 70,000 responsive repairs (a small decrease in numbers), gas servicing and repairs to empty homes. Tenant satisfaction with the repairs service increased from 82 to 85%, making the service comparatively one of the best for this measure.
- 4.4.7 Benchmark information from other housing organisations shows that Kirklees costs are relatively low for investment per property and responsive revenue repairs. However, continuing work will be needed to extract greater value from repairs budgets, and there continues to be pressure on damp and condensation resources as a result of fuel poverty.

KNH and Building Services will continue to work in partnership to manage repairs programmes, enabling a focus on high levels of customer satisfaction and value for money, whilst retaining a flexible and efficient workforce.

## 4.5 Value for money

- 4.5.1 A detailed value for money assessment is included as an appendix to this report. Our approach is to follow the Homes and Communities Agency value for money standard which applies to Registered Social Landlords. The standard looks at return on assets – how the investment in homes is adding value; savings made through efficiency measures; and how those savings have been reinvested to the benefit of residents and the wider community. As an arms-length company, KNH is not obliged to follow this route, but it is good practise and provides a challenge to the more traditional approaches to value for money. Some of the key value for money outcomes achieved over the past 12 months and covered in more detail in the appendix, are set out below:
- Reduction in empty homes numbers and in time taken to re-let homes has generated an additional £320k.
  - Improved performance in rent collection has generated an additional £576k (representing extra cash collections on current and former tenant arrears).
  - KNH has delivered around £500k of internal efficiency savings through more efficient working practices (e.g. savings on transport) as well as one off savings from procurement, including reduced insurance costs arising from actions by the Council insurance service.

- The repairs and maintenance contract with Kirklees Building Services has helped deliver significant efficiency savings, with core investment in the housing stock (maintaining decency and planned maintenance), being delivered within the budgets set at the award of the contract in 2006.
- Additional external income to fund energy efficiency measures amounting to around £600k.

## **5.0 Contributing to the Council's strategies and priorities**

### **Economic resilience**

#### **5.1. Investment in the Council's Homes**

- 5.1.1 Covered elsewhere in this report is the performance of KNH, and Building Services in maintaining the Council's homes. However, there are broader economic consequences and benefits arising from this work. Some £50m capital and revenue funding is invested annually. A high proportion (85%) of the work is carried out by Building Services, of whom some 90% of the workforce live in Kirklees. Subject to procurement rules, supplies and services are purchased locally, or at least within the region.
- 5.1.2 Major capital schemes, such as that at Denham Court, are not only improving the lives of residents, they are enhancing the skills base for the teams carrying out the work, aiding the move to a more flexible workforce able to compete more widely to deliver income targets, but also maintaining a healthy supply chain for goods and materials.
- 5.1.3 The recently commenced photo-voltaic programme will provide a two-year work stream for local suppliers – scaffolding for instance –as well as further enhancing Building Services' skills base in the fitting and maintenance of energy efficiency measures – which could be applied to other tenures in future years.
- 5.1.4 A biomass fuel boiler has been installed in Dewsbury providing heat and hot water to 180 homes, reducing running costs and CO<sub>2</sub> emissions. The £400k costs were fully funded through the energy supplier.

#### **5.2 Increasing the supply of new homes**

- 5.2.1 KNH are fully involved in the new housing delivery programme, which followed the Council's commitment to new homes agreed at Council in November 2014.
- 5.2.2 We are examining the potential to develop two small sites with Building Services, the intention being for Building Services to build new council owned homes on the sites. We are also working with Council colleagues to progress other small sites that may be suitable for fast track development.

- 5.2.3 Through 2014/15, KNH staff and Council colleagues have been developing new proposals for more than 60 new affordable homes through QSH (Quality Social Housing). KNH already manage 15 homes supplied by QSH. Their model delivers new high quality homes at affordable rents but without public subsidy, something of a unique model. Construction of 15 new homes will start in Huddersfield in late summer 2015 with a further 49 starting in Dewsbury late 2015 early 2016.
- 5.2.4 During 2014/15, as part of the housing delivery programme, KNH commenced a programme of buying back former Right to Buy homes. So far around 20 homes have been identified, several already purchased, and it is expected some 12 -15 will be bought during 2015/16, enabling the housing needs of families to be met that would not otherwise be the case.
- 5.2.5 Since early 2013, KNH have been managing private rented sector homes for landlords; the numbers are small, but growing. Whilst this generates income, it also helps build the quality of housing management and stock maintenance (for instance by making regular gas servicing a requirement) in what is a fast growing sector. It also enables people on the Council's housing list to access high quality housing that might not otherwise be available to them. This work was shortlisted for a national award.
- 5.2.6 Working in partnership with colleagues in the Council, 27 properties have been improved and re-let through the empty clusters programme, returning formerly empty commercial properties to social housing, let from the waiting list.

### **5.3 Training and employment**

- 5.3.1 KNH has had a programme of apprentice recruitment for many years. During this year, five apprentices were appointed, three of whom have gained employment with KNH or other organisations and two who are continuing with their apprenticeship. We have enhanced that programme by engaging with other programmes such as Headstart and now have four Headstart trainees working with us. We have also set aside funds to support the Headstart programme from KNH's own resources.
- 5.3.2 KNH's employment advisor works closely with the rent collection team to help and support tenants in financial difficulties into work. Over the past year, 530 tenants have been engaged in discussions about employment and training, 44 have been supported into training and 17 into employment through the work of the advisor.

There are many examples of how the service has helped change lives, for instance:

Dave has a partner and two small children and has had a long period without employment. The KNH advisor helped him through the construction skills certification process; he went on to do voluntary work for a local charity, delivering furniture and household items. He was then referred into the Headstart programme and went through the interview and training programme with Calderdale and Kirklees Careers Service. He has now started work with a not for profit organisation working 30 hours weekly. This has changed his life and that of his family.

Given anticipated changes to the benefits system, and in particular the ending of automatic entitlement to Housing Benefit for the under 21s, this area of work will become even more important and will be supported with additional resources.

## Health and well being

### 5.4 Adaptations and improvements

- 5.4.1 During the year, the Council's Accessible Homes Team adapted 889 Council properties, enabling tenants to live more independently and securely in their homes. KNH area staff work closely with the Accessible Homes Team, making referrals and liaising between the various parties. In addition of all the 2,500 lets completed last year, some 20% were moves for medical reasons; over 500 people have had their medical needs met through rehousing to a more suitable home.

Medical Advisory Officers assessed an applicant who was caring for her severely disabled brother, with other complex family circumstances. The property they were living in was totally unsuitable and her brother was at severe risk of falls. He couldn't attend day care and medical appointments and social services were also involved.

The family bid on a 3 bed property through the councils Choose n Move scheme and as they has been awarded high medical priority to move they came top of the shortlist but the property did not have any adaptations. AHT surveyor visited with KNH surveyor to the void property and identified as possibly being suitable for the family/client's needs. Void work was specified by KNH surveyor and adaptation work was specified by AHT surveyor. Both elements of the specified work was ordered to same contractor and carried out concurrently which enabled a speedier completion of the all the work and the family were able to move into to a suitable, fully adapted property much sooner. Not only a speedier solution for the disabled occupant who had become at physical risk but also preventing the more costly social care interventions.



## 5.5 Older People's Support Service

- 5.5.1 The service provides low level support for the over 60s in some 500 retirement living scheme units and for the over 50s in the wider community. In total 744 tenants are supported.
- 5.5.2 The service goes well beyond day to day support but also develops and runs a wide range of activities for residents of the schemes as well as the wider community. Some examples include: games afternoons (including intergenerational events), arts and crafts, the ever popular ukulele lessons and even a 'Reet Yorkshire Day'. In total 188 events were held involving nearly 2,500 residents. These events help keep older people active, connected with their community and neighbours, and residents are also running events; doing more for themselves and others.



*Maryam Nisar from the Older People Support Service, with tenant Beryl Croft, at last year's community fun day at Gomersal cricket ground*

Every year, our older people's service organises a community fun day to bring tenants from the different retirement schemes together with other members of the community. Last year's event attracted over 250 people. Those attending took part in a range of fun and games, including egg & spoon races, Wii games, bowling, bingo, quizzes and competitions. They were entertained by Kirklees Music School over 55s ukulele orchestra, Staincliffe line dancers and the Bradford Bulls.

To commemorate the 70th anniversary of the Normandy landings, there was a '40s theme to the day, including a programme designed by local school children, Caitlin Holroyd and Gilbert Clough, who took part in an art competition run at Gomersal St Mary's.

The aim of the event was to encourage older people to stay active and to bring different age groups together to break down the sense of isolation that older people sometimes feel.

The fun day, which included stalls, a tombola and raffle, raised over £1400 for the older people's support service to improve the quality of life for older citizens living in Kirklees and for two nominated charities. Barclays Bank kindly agreed to match fund £1000 of the money raised.

## **5.6 Tackling Fuel Poverty**

- 5.6.1 Around £600,000 additional income was generated through external funding to support investment in energy efficient measures. Over 100 homes benefitted from thermal render, significantly reducing fuel bills.
- 5.6.2 Gas supplies have been installed to a further 160 all electric properties with 90% of the costs coming from Northern Gas Networks. There is in place a follow up heating programme which, through the installation of highly efficient boilers will also reduce heating bills.
- 5.6.3 Discussions have commenced with colleagues in Public Health and the CCG's about ways in which partnership working could reduce fuel poverty, and thereby reduce costs further downstream as a result of health problems associated with cold damp homes. There is an enormous amount of evidence to show how cold homes are one of the wider determinants affecting health, we are hoping to make progress in this area in 2015/16.

## **5.7 Tackling anti-social behaviour**

- 5.7.1 Living in a safe home in a safe neighbourhood has a positive effect on people's health and wellbeing. The anti-social behaviour partnership dealt with 411 cases last year, slightly fewer than the year before. Most cases reported both to the partnership and Police are 'nuisance' and are dealt with at an early stage, not requiring enforcement action.
- 5.7.2 In addition there is access to mediation; 25 cases were referred this last year. Time taken from reporting to closure is around 65 days, consistent with previous years.

## **5.8 Home from Home**

- 5.8.1 Home from Home aims to meet the needs of people who would otherwise have to stay in hospital or access other care whilst they recuperate or wait for adaptations to their home. In either case, this can leave people in a less than ideal environment, reducing mobility and motivation, and at a greater cost. In partnership with Adult Services, KNH have let two properties for this purpose, helping to reduce pressure on hospital and other care services. A recent review of the programme has identified the need to open up the scheme to a wider age range and generally increase referrals to what is a popular and cost saving scheme.

## **5.9 Plant It Grow It Eat IT (PIGIEI)**

5.9.1 This scheme, formerly lottery funded, has been supported through KNH resources to enable continuity and further development. It encourages communities to develop their own growing space, grow fruit and vegetables and then utilise the produce to enhance diets. It therefore meets several objectives: community involvement, physical activity, and improved diet. KNH's role is increasingly becoming one of assisting communities to take these roles on themselves, to manage and maintain the resource for the benefit of the community as a whole.

### **Early intervention and prevention**

KNH have a wide range of services and projects which assist in early intervention. Examples are identified in this section to illustrate some of this work. KNH work with a very wide range of partners as well as the Council, including; Kirklees sports and recreation, Volunteering Kirklees, Cities of Service, Kirklees Community Learning Trust, Adult Learning, Barclays Bank, to name a few. The work also includes our contribution to the Stronger Families programme.

KNH has a long history of working closely with communities and individuals as recipients of the service; to scrutinise service delivery, as consultees on service developments and in engaging the wider community. The need to enable people and communities to do more for themselves and each other is changing our approach to this work, in much the same way as PIGIE is seeking to do.

## **5.10 Think Smart Recycle**

5.10.1 This partnership with Fusion Housing continues to grow and reach a wider community. The scheme enables tenants to set up home more quickly and supports the sustainability of new tenancies.

5.10.2 There has been a 100% increase in deliveries with 160 people benefiting each month from good quality recycled furnishings and white goods. The average benefit value is around £300 per recipient.

## 5.11 Stronger families

- 5.11.1 The stronger families team in KNH have been lead practitioners for 32 families. Many of the families no longer need support and are successfully supporting themselves. Examples of successful outcomes include 17 families who have been supported because they were at risk of eviction as a result of rent arrears.
- 5.11.2 The programme has been extended for a further four years, with revised criteria, and funding has been agreed for a further year.

## 5.12 Community engagement

- 5.12.1 The Community Engagement Team, together with local housing staff, have run a wide range of activities through the year. These include
- 12 play schemes involving 350 children
  - Nearly 100 activities involving 850 participants
  - Facilitated 16 health and wellbeing activity programmes
  - Worked intensively with 90 volunteers to enable them to take on more
  - Obtained £117,000 funding for community groups
- 5.12.2 The development work at Windybank, Cleckheaton, illustrates some of the success KNH has had towards community and personal, development.
- 5.12.3 Our 'Achievers' programme - developing the confidence and skills to generate community leaders for the future - goes from strength to strength.
- The very first Achievers learning group has been formed; in four months membership has grown 26 people, who aim to reduce social isolation locally through teaching others how to craft.
  - The first cohort of Achievers Ambassadors (Community Learning Champions) received their induction training and are now in action on KNH communities, encouraging people in their local communities to access learning at all levels.
  - 31 KNH tenants have achieved qualifications, assisting them in their community roles and their career aspirations.
- 5.12.4 The tenants' movement in Kirklees, and in particular the tenants' federation (KFTRA), has undertaken a significant change during the course of the year. With support from senior staff in KNH and the Council's Housing Service, KFTRA have completely revised their governance arrangements, developed a new business plan, reduced costs and refocused their work. For instance, they have won two years of funding from Community Partnerships for their "Communities who Can" project, which aims to tackle loneliness and isolation, and improve people's health and wellbeing, making a direct contribution to the Council's objectives around early intervention.

## Windybank community learning scheme



*Participants in the cake decorating scheme, which fostered a love of learning at Windybank*

The refurbishment of the community centre and development of a children's gardening club was the catalyst that generated the community. This was followed by a baking and cake decorating course run by Kirklees College that had practical benefits and generated an interest in learning. The cake courses were followed by cooking on a budget, DIY (which helped engage men in learning), IT and job skills courses. As a result, community members have progressed:

- Three are now accredited sports leaders working with over 40 children
- Five have found employment
- Three are now reading friends at the local school
- Others have gone on to be digital champions, joined weight loss classes or learnt to supervise outdoor activities for children

The case of Windybank shows how, from a small start, in this case cake decorating, people have gone onto to learn, develop and find employment, doing more for themselves and each other. The group won a Kirklees adult learners award in 2014 and in July 2015, the project won a national award for 'most innovative resident engagement project' from the National Federation of ALMOs.

## **6.0 Our plans for the future**

### **6.1 Performance management**

6.1.1 KNH recognise that maintaining high levels of performance is essential to the maintenance of a healthy HRA and therefore the ability of the Council to fund both current and new services. With this in mind, KNH are planning for the following:

- Joint work with the Council and DWP to implement Universal Credit as smoothly and seamlessly as possible, including investigating the potential of monthly debits to match the new UC payment arrangements, which will also reduce collection costs.
- Investigate and respond to the change in Housing Benefit which will end the right to HB for 18 – 21 year olds. This will mean working with tenants to increase access to job opportunities and community involvement.
- Continue to drive down empty homes re-let times through the implementation of further stages of the LEAN review.
- To improve the service for the maintenance of the Council's homes and work with the Council to implement the findings of the housing management options appraisal.

### **6.2 Contributing to the Council's economic strategy**

#### **6.2.1 Investment in the Council's homes**

- In collaboration with Council colleagues, review the opportunities for those retirement living schemes suffering low demand and make recommendations on refurbishment, re-modelling or more radical proposals, including the potential for conversion to extra care.
- Complete the PV programme to 2,000 council homes, and investigate the potential for other energy saving measures to tackle fuel poverty
- Achieve 100% access for gas servicing, currently at 99.6%

#### **6.2.2 Maximise new housing supply**

- Complete a business case for Council new build, in partnership with Building Services, to build new council owned homes on small sites.
- Work with the Council to complete the needs assessments and related investigations for the large sites at Ashbrow, Soot Hill and elsewhere.
- Continue to develop the relationship with QSH to identify and develop sites for further affordable homes funded privately.

- Extend our work with the private rented sector to bring more homes into KNH management, improving standards of management and maintenance and enabling housing needs to be better met. This neighbourhood-focused approach will deliver benefits to the wider community as well as to individuals.

### 6.2.3 Apprenticeships and jobs

- Extend our work with Headstart until March 2016 and, with the Council, examine ways to retain the initiative.
- Extend our employment advice service, in particular to support 18 – 21 year olds who will lose Housing Benefit.

### 6.3 Health and well being

- Continue to work with Public Health and clinical commissioning groups to develop opportunities to tackle fuel poverty.
- Work with partners to develop a better response to the growing incidence of poor mental health.

### 6.4 Early intervention and prevention

6.4.1 In coordination with Adult Services, other Council services and partners, implement our service development pilots:

- Extend the community leadership programme (Achievers).
- Commence the community learning champions programme in autumn 2015.
- Develop the handyperson service for older people, focusing on the prevention of slips, trips and falls.
- Develop community hubs in retirement living schemes.
- Extend the play in the community and summer holidays programme for children.

## 7.0 Further information

If you would like more information about any details in this report, please contact

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## Appendix 1: Performance table

Note for 2014/15, Performance information is available and shown here. Comparative cost information requires processing through the Housemark benchmarking service and will not be available until later on in the year. The KNH fee for 2014/15 was based on an inflation only increase for 2013/14, therefore comparative figures will be similar.

Performance Indicator	2013/14	Upper quartile:English ALMO, LSVT and Met/District councils outside London and the SE with stock of over 10000 homes 2014/15	Outturn 2014/15	Target 2014/15
% satisfaction with services	85% <sup>(1)</sup>	89%	86% <sup>(1)</sup>	85%
% satisfaction with neighbourhood	85% <sup>(1)</sup>	86.6%	84% <sup>(1)</sup>	85%
% repairs appointments made and kept	92.4%	99% <sup>(2)</sup>	95.5%	93 – 98%
% satisfaction with repairs	82% <sup>(1)</sup>	86.6%	85% <sup>(1)</sup>	85%
Average re-let time (days)	36.05	19.83 <sup>(3)</sup>	29.82	30-33
% rent loss on empty homes	1.8%	1.22%	1.4%	1.80%
% rent collected (including historical debt)	96.8%	98.1%	97.2%	96.0%
Notes				
(1) Results from STAR survey				
(2) Proportion of all appointments made that are kept				
(3) Standard relets only				

## Appendix 2: Value for money assessment

### 1.0 Introduction

- 1.1 This appendix provides more information on KNH's value for money (VfM) assessment to complement the rest of the annual report. It is set out along similar lines to the Homes and Communities VfM self-assessment requirement for Housing Associations. It is done in this way not because KNH or the Council are obliged to do so, but as good practice within a tested framework with which performance on VfM can be better explained.
- 1.2 In context, Kirklees HRA turns over more than £85 million annually, and the Council owns approximately 22,500 homes. Of that, KNH's budget amounts to around £14.4 million.
- 1.3 Housing management performance, tenant satisfaction with the overall service, satisfaction with value for money, and satisfaction with the neighbourhood as a place to live, have all been maintained, and many have increased, during a period of cost reductions.

### 2.0 KNH's comparative costs

- 2.1 KNH are members of Housemark, an organisation owned by the Chartered Institute of Housing who run a benchmarking service of which most social housing organisations are members. The Housemark VfM assessment is measured on a peer group basis. KNH's benchmarking group is large council or ex-council housing organisations with more than 10,000 properties excluding those in London and the South East. A summary of the benchmarking is on page 29.
- 2.2 The peer group benchmarking shows KNH have amongst the very lowest overhead costs in the comparator group. Housing management costs are a little lower than average. This is a good result considering that KNH's Customer Service and Value for Money strategies set out to support front line services.
- 2.3 Our approach has been to offer a consistent level of service across the whole area, but to invest in a more intensive service in areas of greatest need and vulnerability. For instance, we have a Young Peoples Tenancy Support Team who manage tenancies for those aged 16 -19. This has resulted in lower turnover of tenancies and fewer terminations for reasons such as eviction or abandonment. In 2014/15 of the 132 new tenancies created, only 12 ended and eight of those were for positive reasons.
- 2.4 The Older People's Support Service provides 494 homes for older people. Good quality accommodation, combined with activities designed to keep residents healthy and active, have been shown to be reducing the need for higher levels of care by Adult Services, and we are working on ways in which this can be accurately measured. The Home from Home project, which provides temporary accommodation to relieve bed blocking by people wanting to leave hospital but who have no place to live, was estimated to have generated net short term savings of £42,00 within the first nine months. Further forecasting upon an extension of the scheme showed a possible saving

of £115k per year. This does not include any calculation of long term savings due to costs for earlier admissions to residential care homes.

- 2.5 Lower than average management costs are affected by the relatively high stock turnover, which for 2014/15 was 11.8%. Additional work by Housemark, commissioned by KNH in 2013 to drill down in more detail on costs, indicates this is characteristic of a number of registered social landlords and local authorities along the M62 corridor. This has an impact across empty homes costs, management of the allocations process, and related activities such as new tenancy visits and re-let times. However it can also mean more people are finding a home to meet their needs.
- 2.6 Resident involvement costs are lower than average when compared to the benchmark group. This cost also includes the costs of the tenant involvement mechanisms funded through the HRA. This element of service was reviewed last year, and a number of changes have been put into place to reduce cost and increase effectiveness.
- 2.7 In terms of service user perceptions, the STAR tenants' survey (a national, independent survey) in 2014 showed that 83% of tenants thought that the rent for their property represents value for money. Satisfaction has risen from 59% in 2003, with a slight increase of 2% in the last year.
- 2.8 Repair and maintenance costs show major works and cyclical maintenance to be low cost compared to the peer group. STAR satisfaction survey data on repairs at 85% (an increase of 3% from the previous year) puts satisfaction with the repairs service in line with top national performers.
- 2.9 Overhead costs as a percentage of direct revenue cost indicators show KNH's approach of supporting front-line services has continued. IT, premises, finance and central overheads are all in line to the best performers.

## Housemark VFM Benchmarked Against Large Housing Organisations (excluding those in London and the south East)

Efficiency Summary for Kirklees Neighbourhood Housing						
Business activity	Cost KPI	Cost KPI Quartile		Quality KPI	Quality KPI Quartile	
		KNH (2013/2014)	KNH (2012/2013)		KNH (2013/2014)	KNH (2012/2013)
Overheads	Overhead costs as % adjusted turnover			Overhead costs as % direct revenue costs		
Major works & cyclical maintenance	Total CPP of Major Works & Cyclical Maintenance			Percentage of tenants satisfied with the overall quality of their home (GN & HfOP)		
				Percentage of dwellings that are non-decent		
Responsive repairs & void works	Total CPP of Responsive Repairs & Void Works			Percentage of tenants satisfied with repairs and maintenance (GN & HfOP)		
				Average number of calendar days taken to complete repairs		
				Average re-let time in days (standard re-lets)		
Housing management	Total CPP of Housing Management			Percentage of tenants satisfied with the service provided (GN & HfOP)		

				Percentage of anti-social behaviour cases resolved successfully		
				Current tenant rent arrears as % of rent due		
Estate services	Total CPP of Estate Services			Percentage of tenants satisfied with their neighbourhood as a place to live (GN &HfOP)		

Quartile key							
	Upper Quartile	Middle Upper	Median	Middle Lower	Lower Quartile	N/A	No Data
Valid dataset							
Small dataset							

### 3.0 Actions to improve

Actions in 2014/15 to improve value for money and reduce costs further include:

- 3.1 We are using a LEAN review of the whole empty homes process in collaboration with the Council's Building Services. We aimed to reduce empty homes rent loss from 1.8% in 2013/14 to below 1.5% by end 2015/16. Last year we reduced this figure to 1.4%, which saved £320,000 for the HRA
- 3.2 Contributing to the Council's objectives – efficiencies which have been made in KNH fee expenditure – has resulted in £638k savings in the year. Savings have made it possible for the KNH Board to allocate an additional £200K to put towards Council priorities in communities like supporting the Headstart scheme to get unemployed people into work. An additional £500K has been allocated from KNH savings to support the Council's housing objectives.
- 3.3 A review with the Council of allocations policy to ensure the most effective use of homes. Projected savings from further changes are more difficult to quantify at this stage. However, each reduction of 1% in stock turnover could release repair costs savings of around £250k back to the HRA.

- 3.4 A reduction in back office costs during 2015/16 through, amongst other things, the rationalisation of KNH office premises. This is expected to release an additional saving of up to £100,000 to be re-invested to further improve working method efficiencies, including IT support, as well as investing in projects to increase availability of debt advice, support for older people and enhanced digital inclusion.
- 3.5 In the emergency budget in July 2015, the Chancellor stated that social housing rents will fall by 1% per year for the next four years. Accomplishing this will pose a considerable challenge to all social housing providers as business plans have typically assumed annual rent increases of CPI+1%. In short, after four years, income levels are likely to be 12.9% lower than has been assumed in previous 30 year plans, and there will be £24.4M less cash in the HRA. Maintaining current service levels and investment plans will not be possible with this income reduction. This change further increases KNH's need to focus on achieving VfM throughout its activities.

#### 4.0 VfM gains and outcomes for service users

- 4.1 Over the period 2011/12 – 2013/14 KNH had a 12% efficiency target set by the Council. In cash terms this equates to savings of around £1.5 million; the target has been met. KNH's approach to reducing costs over this period, as referred to above, has been to identify front line services which were felt to be of high importance. Those services were protected from immediate cost reductions, but were expected to deliver internally driven VfM. Other cost centres, in particular back office costs, were reduced in scale and in staff numbers. This is a continuation of a process that has seen, for instance, the halving of directors numbers to two. In addition there continues to be an approach to ensure there is no duplication with Council services.
- 4.2 In order to reduce costs to the HRA, Direct Debit is now being pushed as the primary method of paying rent. This is the lowest cost method, and a campaign to increase take-up of this method means over 7,500 tenants now pay by Direct Debit.
- 4.3 We have streamlined our mutual exchange scheme to facilitate tenants finding their own housing solutions online. This has resulted in 72 mutual exchanges taking place during the year (an increase of 20% on the previous year). This approach makes savings in staff time letting properties as well as in cleaning and repair cost to every empty home.
- 4.4 The Housemark benchmarking shows KNH's overhead costs to be amongst the lowest of the peer group.

	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>
Overhead costs as % of total costs	17.04%	14.7%	12.77%

- 4.5 The reduction in KNH expenditure has contributed to an increase in HRA balances. This has given greater assurance to the long term maintenance of decent homes and services, and will be used by the Council to support the long term maintenance of the stock, and increase energy efficiency measures. This includes a large scale photo-voltaic (PV)

programme, specialist cavity insulation measures for non-traditional properties, and more investment in renewable heat measures.

- 4.6 In terms of services, additional resources of around £250,000 have been invested in debt and financial advice services provided by rent collection staff in order to manage the challenges of welfare reform. In 2014/15, KNH reduced rent arrears by £100K, collected 100.45% of rent due, provided debt advice to 1300 cases and brought in £160K external income from charities to help with debt relief for tenants.
- 4.7 Savings have also been used to directly help tenants through activities such as helping people to grow their own food and the KNH Achievers programme, which encourages people to take up learning opportunities and improve their employment chances. These upstream activities improve health, community cohesion and help people live healthy, productive lives.
- 4.8 The transfer of resources through efficiency savings from KNH to the HRA has also assisted the Council to be in a sound position to make decisions not only about the future maintenance of homes and services to tenants, but also opens up the potential to develop new services and new supply.
- 4.9 During this period, satisfaction with the service remained high, rising from 83% to 87% over the three years, before falling slightly to 85% in late 2013, and rising again to 86%. The fluctuations in recent years are not statistically significant. During the same period, satisfaction with the neighbourhood as a place to live rose from 80% to 84%. This reflects continued investment in front line and tenant facing services to tackle ASB, improve the maintenance of neighbourhoods through the council's grounds maintenance service – for instance through the work of the KNH estate caretaking team, and investment in the environment of neighbourhoods through the decentralised tenant-led budgets.
- 4.10 Since its introduction three years ago, tenant scrutiny has developed into a constructive and challenging enhancement to the development of services. A series of service enhancements have been identified and the KNH Board has, almost without exception, agreed to implement the findings. Improvements in the lettable standard, communal area cleaning, and better communication with tenants across a range of service areas, have been implemented at no additional cost. Last year, estate inspection and the handyman service were scrutinised in detail.
- 4.11 The repairs and maintenance partnership with Kirklees Building Services has helped deliver significant efficiency savings, with core investment in the housing stock (maintaining decency and planned maintenance), being delivered within the budgets set at the award of the contract in 2006. In the same period the Building Cost Index has risen by about 20%. These efficiencies have been achieved without compromising standards, and tenant satisfaction with repairs has remained high throughout the period.
- 4.12 This has freed up money for key Council priorities with funding being made available, backed by significant external grant funding, for green investment and tackling fuel poverty initiatives. These have directly benefit tenants by reducing fuel bills by around £4 per week. Most notably the Council has been able to commence a large scale solar PV

programme, targeting those at most risk of fuel poverty, a project that has only been possible because of the prudent approach taken to investment over many years.

## 5.0 Investment and return on the Council's housing assets

- 5.1 The existing use value of the Council's housing stock managed by KNH is £460 million at April 2014, an average of just over £20,000 per property. The investment to protect and improve the value of the Council's asset and maintain the decent homes standard following investment of £250 million through the decent homes programme is a key strategic priority of the Council. The investment plan reflects this priority.
- 5.2 The Housing Revenue Account is set out over a long term 30 year planning horizon, with detailed plans for investment over the next five years in support of this overall strategic approach. Excluding refusals, which are estimated at just over 4%, all of the Council's homes meet the decent homes standard.
- 5.3 KNH carry out stock condition surveys on a rolling four year programme, 100% of the external condition of homes is known and over 90% of internal condition. The data is analysed using a sophisticated data base to inform future investment priorities.
- 5.4 Tenant satisfaction with the overall quality of their home has stayed consistently around 83% over recent years.
- 5.5 Housemark benchmarked costs for 2013/14 show major works and cyclical maintenance costs are very good value for money, amongst the best in the peer group. In the period from 2010 to 2014, as a result of focused and consistent investment, the costs of cyclical maintenance have reduced by around 30%, releasing resources in the HRA to meet other Council priorities.
- 5.6 Social value and environmental returns are an important aspect of the investment strategy. As part of this, a focus on improvements to energy efficiency assists in reducing fuel poverty and reducing CO<sub>2</sub>. KNH have a target to reduce CO<sub>2</sub> emissions from the Council's housing stock by 30% by 2020, and this target was achieved in 2014/15.
- 5.7 In support of greater energy efficiency, in 2013/14 KNH fitted over 1,000 energy efficient boilers, installed additional insulation to 1,250 homes, externally rendered 180 homes with highly energy efficient material and installed gas heating to 80 homes previously reliant on electric heating. The installation of gas infrastructure was funded by the supplier. It is estimated that the external render will reduce fuel bills by at least £4.00 weekly. These measures were supported by external investment of over £650,000. The SAP (energy efficiency rating) of the Council's homes is around 70, amongst the best performers, but further investment in 'hard to treat' homes, including the large scale PV programme from 2014/15, will increase the rating and reduce costs for tenants. This investment will also increase the overall value of the stock.
- 5.8 Significant investment was carried out in 2014 to the former Southgate flats in Huddersfield centre. The finished product has revitalised a formerly run down building and is providing high quality low cost homes to over 40 tenants. This regeneration work won a national award for managing energy efficiency and reducing fuel poverty.



- 5.9 As a key supplier of repair and maintenance services, the council's Building Services have consistently developed an extensive training and apprenticeship programme. They currently have 33 apprenticeships and have recruited a further 10 to replace 10 who will be graduating this year.
- 5.10 Over the next year, KNH will work with Council colleagues to analyse in greater depth the cost effectiveness of investment and the relative impact of investment decisions at a granular level.

## 6.0 Summary

- 6.1 KNH have significantly reduced costs over the medium term. The focus on cost reduction has been on overhead costs, and in controlling the cost of the repairs and maintenance service. Both of these are now amongst the lowest in the comparator group. Over the past five years, satisfaction with the service has risen from the mid-70s to mid-80s and remains consistently at that level.
- 6.2 Over the period we have
- Reduced overall costs and in particular back office costs.
  - Improved tenant satisfaction.
  - Increased rent collection performance.
  - Helped tenants with fuel costs through energy efficiency measures.
  - Supported people to manage their finances through an enhanced debt advice service.
  - Maintained high satisfaction and low costs for the repairs service.
  - Enhanced the quality of homes by building on the decent homes standard and enhancing energy efficiency.
  - Introduced pilot initiatives funded from efficiency savings in order to support Council priorities.
- 6.3 In the next few years we will:
- Introduce proposals and efficiencies in-line with the rent reductions imposed by central government on all social housing landlords.
  - Keep under review and take steps to reduce housing management costs, in particular through measures to reduce stock turnover, and improve re-let times.
  - Work with the Council to analyse the stock in greater depth to identify those elements which are not making a positive contribution to the business plan, and develop actions to address this. We are already developing models which can assist us in accurately analysing the relative costs and income at a granular level.
  - In spite of already low costs, continue to control overhead costs in KNH, whilst being mindful of the need to ensure resources are in place to support front line operations. More focus will be brought to working smarter and proactively in order to make best use of available resources.
  - Work with the Council to invest in preventative services which will help people manage successful tenancies, reducing costs elsewhere in the public sector.