



2022/23

Annual report to residents



Because good homes
make everything possible



Welcome

This is our annual report to residents, where we look at how we've performed against our targets over the financial year from 1 April 2022 to 31 March 2023.

In March, we announced our intention to merge with Sovereign, and in September both our Boards agreed to merge on 1 October 2023. From then on, we will become one new organisation and we will be known as SNG (Sovereign Network Group). Please be assured, this will not change the way you interact with us or affect your home in any way, but it will help us to invest more in the services we deliver and better fulfil our mission of providing safe, secure, and affordable homes for as many people as possible.

Some of the key highlights from this year include:

- starting to build 1,229 new homes, including 497 affordable homes
- completing 207 affordable new homes
- achieving 100% gas safety compliance on our existing homes for the fourth year running
- beating our satisfaction target for vacant homes we've rented out (84.3% against a target of 82%)
- reaching our rent arrears target of 4.25% by achieving 4.24% in this area
- reducing the time taken to move new residents into vacant homes from 83 days to 52 days (target 50 days).

We're aware that there are some areas where we haven't met our performance targets for the year and will be doing all we can to address these. In particular, the number of residents who reported that they are dissatisfied with our repairs service remained high, at 17.9% (up from 16.9% in 2021/22); and we didn't meet our target for responding to complaints on time which was up slightly from 92.4% in 2021/22 to 93.7% this year.

Residents' trust in us remains below our expectations. This year, we achieved a score of 70.6% (2021/22: 72%) which is below our target of 84.4%. This score was highly influenced by the repairs dissatisfaction rate which was impacted by inflation and the availability of labour. While we were unable to control these factors we're aware that we need to do better for residents and will be looking at how we can improve our performance in these areas.

We've continued to support residents and invest in our local communities. We awarded £145.4k from our Charitable Fund to residents experiencing financial difficulties, recovered £1.82million in unclaimed benefits for residents and financially supported local groups through donations.

You can find out more about our performance in this report and further detail in our published Financial Statements 2023 on our website at www.networkhomes.org.uk/financialstatements.



Performance against our strategic objectives

Our Five Year Strategy sets out our five strategic objectives that have specific targets we're focused on achieving by 2023. Here is an update on our progress.



Increasing the number of homes for people in housing need

Ambition:

Start building at least **1,000** affordable homes by 2023

Progress:

In 2022/23 we started 497 new affordable homes (we've started a total of 1,372 homes since we first set this target in 2020/21)

EXCEEDED



Delivering reliable resident services

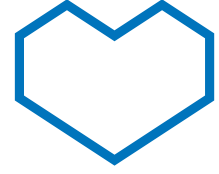
Ambition:

To achieve at least **90%** overall resident satisfaction

Progress:

84.6% overall satisfaction with services (down from 85.4% in 2021/22)

NOT ACHIEVED



Building a great organisation

Ambition:

At least **87%** of our colleagues feel proud to work for Network Homes

Progress:

90% of our colleagues said they were proud to work for Network Homes (up from 87% in 2021/22)*

EXCEEDED

*From internal employee engagement survey held in July 2022





Strengthening residents' trust in us

Ambition:

Improve trust in us by **10%** year on year, with a target of 84.4% for 2022/23

Progress:

70.6% of residents have trust in us (down from 72% in 2021/22)

NOT ACHIEVED



Increasing our financial resilience

Ambition:

Increase operating margin year on year

Progress:

In 2022/23, our social housing operating margin was **16.1%** (down from 19.8% in 2021/22)**

NOT ACHIEVED

** Social housing surplus measures the amount of money left over from renting the social housing homes we manage after we've taken into account the cost of management and maintenance. The social housing operating surplus as a % of total social housing income is called social housing operating margin. The higher the operating margin, the better.





Letting our homes

We rent out and manage over 21,000 homes and we aim to keep the rents as low as possible. In April 2022, we increased our social rents by **4.1%**, in line with the Government's rent standard.

The breakdown of average weekly rent based on region and home size is on page 7.



Highlights



£127.51

average Social Rent
per week across
all homes



£209.44

average Affordable
Rent per week across
all homes



84.3%

satisfaction with
vacant homes
we've rented out
(target 82%)



4.24%

rental income
lost in arrears
(target 4.25% or below)

Average rents per week

This includes homes in London, Hertfordshire and out of London.

Average Social Rent* per week



Bedsit	£101.77
1 bed home	£120.15
2 bed home	£129.15
3 bed home	£142.83
4 bed home	£152.83
5 bed home	£161.04
6+ bed home	£174.72
Average	£129.78

Average Affordable Rents per week



1 bed home	£199.08
2 bed home**	£229.80
3 bed home	£219.57
4 bed home	£239.59
5 bed home	£394.22
Average	£217.58

**Please note: the average rent of a two-bed home is higher because we have more two-bed homes in London, where rents are typically higher, than we have in areas outside London.

Breakdown of Social Rent per region

Average regional Social Rent per week by property size



	London	Hertfordshire and out of London
Bedsit	£104.41	£87.11
1 bed home	£125.48	£105.83
2 bed home	£132.50	£121.50
3 bed home	£146.11	£137.43
4 bed home	£152.99	£151.24
5 bed home	£161.27	£159.28
6+ bed home	£174.35	£179.51
Average	£133.05	£121.96

Breakdown of Affordable Rent per region

Average regional Affordable Rent per week by property size



	London	Hertfordshire and out of London
1 bed home	£220.62	£145.43
2 bed home	£255.47	£185.24
3 bed home	£216.50	£224.14
4 bed home	£239.20	£246.11
5 bed home	£394.22	N/A
Average	£235.45	£183.42

* Social Rent includes General Needs, Housing for Older People, Supported Housing and our subsidiary SW9 Community Housing.

Re-letting homes

When a resident moves out of one of our homes, we want to get it ready for new people to move into as quickly as possible. We aim to do this in 50 days.

There has been a significant improvement in this area. In 2022/23, we took an average of 52 days, down from 83 days in 2021/22 when Covid-19 restrictions continued to cause delays. The percentage of rental income lost during the time that our homes were empty remained roughly the same, at 1.60%, compared to 1.61% in 2021/22.



How we use your rent to maintain your home

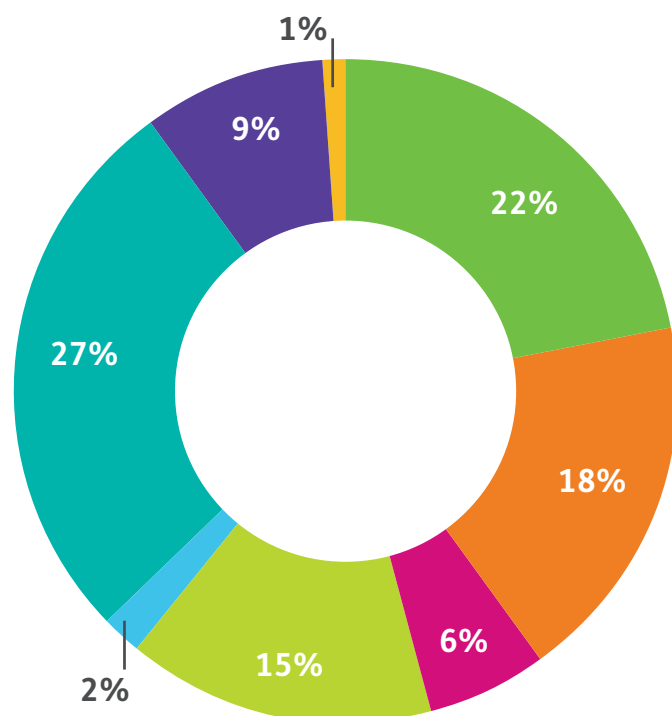
Your rent funds a wide range of services, from the management and maintenance of your home, to covering rent losses and paying interest on our loans. This year, we received £132.2million in rent from the homes we manage.

Of this, £28.8million was spent on housing management and administration, and £50.9million on repairs and maintenance.

Below is the breakdown of exactly what we used your rent for in 2022/23.

What we use your rent money on

	£
● Housing management and administration	£28,797,551
● Routine maintenance (e.g. day-to-day repairs)	£23,582,982
● Planned maintenance (e.g. compliance programme)	£7,458,214
● Major repair (capitalised repairs e.g. replacement of kitchens, bathrooms, boilers, roofs, etc)	£19,889,700
● Payment for leasing properties	£2,584,941
● Interest we pay on loans	£35,516,690
● Unrecovered service charge expenses (the difference between what we pay for services and what we have received in service charge)	£12,400,056
● Rent losses from bad debts (covering the cost of rent arrears where we have not received rent from residents)	£1,792,350
● Reinvested (contribution towards developing new homes)	£187,900
Total	£132,210,384



Maintaining homes

In 2022/23 we spent £50.9million on repairs and maintenance. This includes day-to-day repairs as well as major repairs and replacements such as roofs, boilers, kitchens and bathrooms. It also covers inspecting and servicing your heating appliances, smoke detectors and electrics, as well as fire risk assessments, asbestos surveys and inspections of lifts and sprinklers in buildings.

Most repairs were completed on time, but resident satisfaction is still lower than we would like it to be. This year residents' satisfaction with repairs was down slightly, from 77.2% in 2021/22 to 76.7% in 2022/23. We want all residents to be satisfied with the service we provide and are working hard to improve in this area.



100%

of our homes had a valid gas safety certificate, meeting the target of 100% for the fourth year running



84.4%

repairs completed within target time



38,923

responsive repairs completed*

*Responsive repairs are repairs raised by or on behalf of a resident. This does not include things like planned repairs and maintenance, and work on empty homes in between a resident moving out and a new resident moving in.



76.7%

resident satisfaction with overall repairs



17.9%

resident dissatisfaction with overall repairs (target 15%)





We're progressing well with our building safety programme and the investigations into the tall buildings we own are now complete. Where we have found defects, we have planned for all remedial work to start by 2024 and to be completed by 2027. There is still work to do on our schemes where we do not own the building or have full responsibility for all aspects of its safety. You can find more detail about these arrangements here <https://www.networkhomes.org.uk/section106>

We have External Wall System (known as EWS1) certificates for 2,140 properties across 59 of our own buildings and EWS1 certificates for 1,091 properties across 43 buildings we don't own. (The EWS1 certificate is a mortgage valuation tool that leaseholders require when buying, selling or re-mortgaging an apartment in a multi-storey, multi-occupied residential building.) You can find all our EWS1 certificates on our website at www.networkhomes.org.uk/mybuildingdocuments

We've completed remedial work at six sites including Morrison Court, Hindon Court, Park Heights, Albermarle, Bree Court and Langhorne House. We're also planning to start investigations into our high priority buildings under 18 metres tall in 2023.



Reliable resident services

You should be able to rely on the services we provide, which is why one of our five strategic objectives is to work towards 90% resident satisfaction, as well as reducing dissatisfaction to no more than 10%. This year, 84.6% of residents who completed a service feedback survey were satisfied with our services, a slight drop from 85.4% in 2021/22.

Complaints

We welcome all feedback from residents. If you're dissatisfied, we want to know so we can investigate what's happened, try to put things right and improve our services where we can. We received 1,466 complaints at stage 1 or 2 this year, a 23.6% increase from the 1,162 we received in 2021/22.

Most of the complaints we received, 93%, were successfully resolved on time at the first stage of the complaints process. This is an improvement on the previous year but still below our target of 95%.



93.7%

of complaints responded to within target time (target 95%)



94.9%

of first stage complaints were responded to on time (target 10 working days)



97.1%

of second stage complaints were responded to on time (target 20 working days)

If a resident is dissatisfied with the outcome of our complaints process, they can take their complaint to the Housing Ombudsman. This is an independent service that resolves disputes involving the tenants and leaseholders of social landlords. In 2022/23, we received 22 decisions from the Housing Ombudsman following their investigations, with them finding us at fault in 17 cases.



Stage of complaint	Number of complaints received in 2022/23	Number of complaints resolved in 2022/23*	Number of complaints resolved on time 2022/23	Percentage of complaints resolved on time 2022/23
Stage 1 – responded to by the Management Team	1,164	1,185	1,103	93% (target: 95%)
Stage 2 – responded to by an Executive Director	272	273	265	97% (target: 95%)
Total	1,436	1,485	1,368	92%

* There is a difference between the total received and total resolved due to resolving some complaints that were received in the previous year.

Strengthening your trust in us

Trust is partly driven by how residents feel about us as a landlord and partly by how reliably we deliver our services. This year, we achieved a score of 70.6% (2021/22: 72%) which is below our target of 84.4%. This was influenced by the repairs dissatisfaction rate which was higher than last year and partly due to the ongoing disruption caused by inflation and availability of labour.



Involving you

We want to hear a wide range of opinions and ideas from residents so we can tailor and improve our services. During 2022/23, we invited residents to take part in a variety of discussions and engagement activities which has helped us think differently about our services and approach.

In 2022/23, we carried out 13 consultations through Local Resident Panels, online focus groups and surveys. We're using the feedback on the issues discussed, including environmental sustainability, damp and mould, and supporting mental health, to inform the way we provide services to you.

Once again, the largest consultation was our Resident Choice Survey, which helped us understand how residents prefer to access our services. A total of 1,136 residents shared their feedback through this survey, which was incredibly valuable to us.

We also get feedback from our 49 formally Involved Residents. They are ambassadors for their community and are involved in reviewing services. They also support local communities by putting forward ideas for activities, attending online events, helping to carry out fire alarm tests and looking after communal gardens. And they provide valuable local insight about the best ways to engage with residents where they live.



1,253

residents shared insights during consultations and surveys



7

residents registered to join us on visits to schemes we manage across London and Hertfordshire in the Big Building Check



8

residents attended open board meetings



36

scheme meetings



18

residents on our Local Panels





Supporting people and local communities

We invest our profits back into providing more affordable housing as well as financial support, employment and training, and community initiatives. We do this because we understand that strong communities go hand in hand with good homes to form the foundations of a great quality of life.

With the lifting of Covid-19 restrictions, we were able to restart several of our community activities and provide funding for several local community events.

Our Mental Health Liaison Team supported 213 residents in London and Hertford, achieving a 95% satisfaction rate and improved mental health amongst the people we worked with.

Below are some of the highlights from 2022/23.

Activities and new initiatives

- **Summer events** - held two summer events where we were able to meet residents face-to-face and talk about issues that are important to you.
- **Community Forest** - worked with Nichola, our resident Sustainability Ambassador, Wates and Brent Council to plant a community forest in Wembley.
- **Winter event** - two residents joined volunteers from Network Homes to deliver gifts to residents in Hertfordshire during the festive period.

Local community donations



£172k

donated to Stockwell Park community centre



£1.5k

for a defibrillator at Rectory Park



£5k

towards the Black History Month 365 Fund



213

residents supported by our Mental Health Liaison Team



£3.5k

on computer equipment for communal lounges in Older Persons Schemes



£5k

to support young digital entrepreneurs



£15k

to support Community Alliance Broxbourne & East Herts in empowering local community groups



Helping residents to claim benefits

Our Welfare team work hard to make sure residents receive the benefits they are entitled to, and it's been another busy year. Overall, we were able to access a total of £1.82million in unclaimed benefits and grants, helping 740 residents.

Welfare highlights



£992,074

recovered in Housing Benefit



£383,044

recovered in Universal Credit



£80,567

recovered in Personal Independence Payments



£62,247

recovered in Attendance Allowance



518

residents supported in London



222

in Hertford

Supporting residents through our Charitable Fund

We also support residents through our Charitable Fund, which was launched in April 2020. In 2022/23, we spent £165k supporting 524 households and ten community initiatives, an increase of £87k on the previous year.

Just under £15k went to support community initiatives and over £145k went directly to residents experiencing financial difficulties.

This included energy vouchers, food vouchers, replacement of essential broken household goods and other forms of financial support.

You can read more about the Charitable Fund, including eligibility criteria and how to apply, at www.networkhomes.org.uk/charitablefund



524

households supported through the Charitable Fund



£14.8k

to support community initiatives



£145.4k

to support residents experiencing hardship, including:

- **£30.6k** on white goods
- **£43.8k** on rent arrears
- **£22.1k** on food vouchers
- **£29.7k** on furniture
- **£5k** on energy supplies





Supporting residents with employment and training

We're committed to making sure that local people benefit from the development and regeneration work we do in their area. We work with our contractors and councils to create job opportunities for those living in the communities we work in.

This year, we created 1,525 jobs on our construction sites, and 263 of these roles were filled by local residents. That's a 53% increase on last year and 24 extra jobs for local people. We also created seven apprenticeships for residents in the local community.

In addition, we hosted three Construction Insight events in July 2022, sharing insights into the career options on offer as a result of our work to build new affordable homes, as well as tips for finding a job in the industry. We also delivered several workshops for Construction Youth Trust students.



Building new homes

Good homes make everything possible, so we've made it our mission to provide safe, secure and affordable homes for as many people as possible.

One of our strategic objectives is to increase the number of homes for people in housing need, with an aim to start on 1,000 affordable homes by March 2023 and to build even more if we can. This year, we started 1,229 new homes of which 497 will be affordable. We also completed 207 brand new affordable properties for residents to call home. We now own and/or manage 21,176 homes.

Breakdown of the 207 affordable homes we built this year:



79

Affordable Rent



82

Shared Ownership



46

London Living Rent



New homes coming soon

- We started construction on 497 affordable homes in London as part of our Strategic Partnership with the Greater London Authority (GLA).
- We also started construction on our two largest development projects to date – Merrick Place in Southall and Northwick Park in Brent.
- At Merrick Place we will build 575 new homes, including 174 that are affordable.
- At Northwick Park we will build 654 new homes, including 323 that are affordable.



Our finances

We've remained financially strong despite the current economic pressures and continue to be attractive to investors. This means we can continue to provide affordable homes, improve services to residents and plan for future development.

We made a net surplus of £5.2million (in 2021/22 it was £9.6million), our turnover was £243.1million (in 2021/22 it was £218.1million) and our operating margin was 16.1% (in 2021/22 it was 19.8%). Our total operating surplus has gone down by £3.9million to £39.2million. Although we had higher rental income, this has been offset by higher operating costs and fewer property sales.

If you want to know more about our finances, you can read our full Financial Statements 2022-23 on our website at www.networkhomes.org.uk/financialstatements.

We hold the top G1 rating for governance and V2 rating for financial viability from the Regulator of Social Housing. This shows that we are successfully meeting governance requirements and effectively managing the risks associated with a large pipeline of affordable homes, building safety challenges and other investment requirements for our existing homes.



£5.2m
net surplus



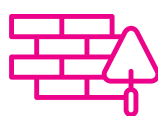
£243.1m
turnover



12.4%
operating margin



£513.6m
reserve



£153m
invested in new homes



£19m
invested in existing homes

We received our income from a range of sources including:



£156.4m

in rent, service charge and grants



£28.9m

in other social income*

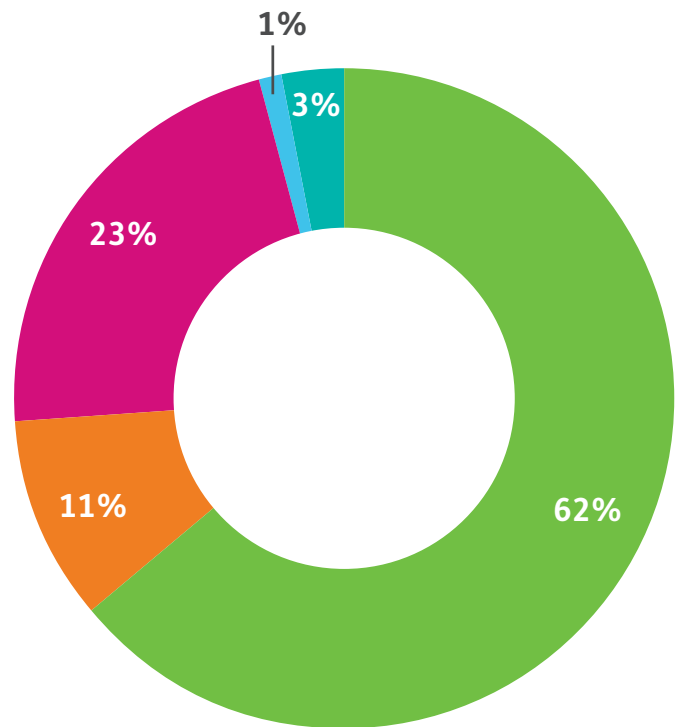


£57.8m

in non-social income+

Below is a more detailed summary of where we received income from in 2022/23:

Network Homes income	£
● Social housing income (rent, service charge and grants)	£156,449,000
● Other social income*	£28,857,000
● Non-social income +	£57,816,000
● Revaluation of investment properties	£246,000
● Other income (restructuring of loans, interest receivable)	£1,547,000
● Surplus on sale of properties	£8,675,000
Total income	£253,590,000



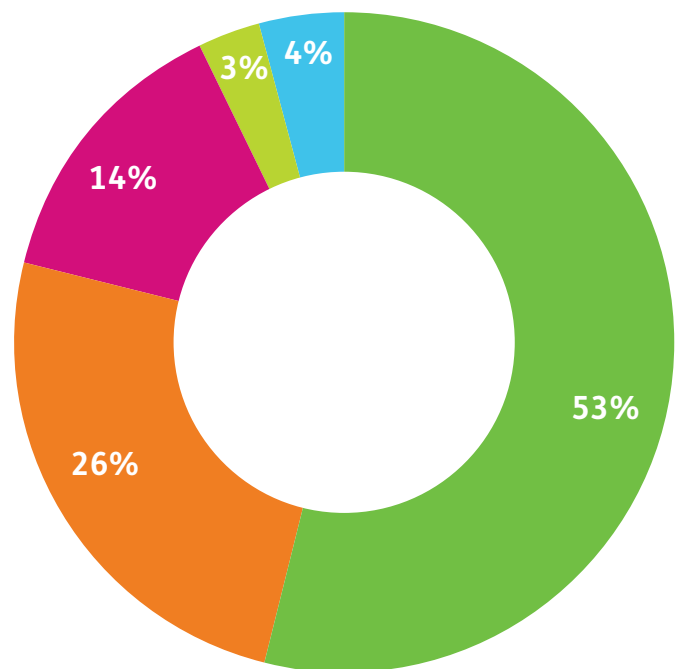
*Other social income includes fees from agency contracts, build to rent income and sale of shared ownership properties.

+ Non-social income includes rent from commercial properties, and income from market sale properties and construction contracts.



Below is a summary of how we spent our income in 2022/23:

Network Homes expenditure	£
● Social housing costs	£131,755,000
● Cost of properties sold	£64,261,000
● Loan interest payments	£35,516,000
● Other social costs	£6,721,000
● Non-social costs	£10,142,000
Total expenditure	£248,395,000



Value for money

We believe our work should deliver value for money. By constantly monitoring our services for ways we can improve value for money, we are ensuring that the money you pay in rent and/or service charges is being used as efficiently and effectively as possible, to deliver high quality reliable services.

As a housing association, we are required by the Regulator of Social Housing to publish a Value for Money (VFM) statement annually, which sets out our approach to value for money. **You can read our Value for Money Statement 2022/23 on pages 16 to 18 of our Financial statements published on our website at www.networkhomes.org.uk/financialstatements.**

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