



Annual Report to HBC Executive Board

October 2019

1. Executive Summary

- 1.1 The operating environment in which HH is working is becoming increasingly challenging. Rather than just respond to changes in our operating environment we have worked hard to try to influence policy as it is being developed. This has been at both a regional and national level.
- 1.2 Over the past 12 months we have delivered several significant achievements and outcomes including:
- The completion of the construction of an additional 32 new homes. This has taken the number of new homes built and acquired since stock transfer to almost 1,200.
 - Embarked on and completed the discovery phase of our transformational project, “Customeyes”, which will transform our services from a reactive to pre-emptive way of working.
- 1.3 We enjoy a strong strategic relationship with HBC, and we continue to be represented and play an active role in contributing towards the Council’s five strategic priorities.
- 1.4 OD3 is a framework for how we run the organisation. There are six Priorities. Each Priority has a clear Strategy which sets out the why, how, actions to March 2020, financial implications and the associated KPI’s:
1. Customer Focus
 2. Places to be proud of
 3. Growth and diversification
 4. Financially viable and well governed
 5. Healthy organisation
 6. Brand and reputation

- 1.5 The Regulator of Social Housing has recently confirmed our assessment as a top performing housing association with the continuation of our V1/G1 regulatory rating.
- 1.6 We aim to provide good services that are both affordable for ourselves and our customers. 87% of our customers think that their rent is good value for money.
- 1.7 Following on from the tragic events at Grenfell, health, safety and compliance has been an enhanced area of focus and resources over the last 12-18 months.
- 1.8 One of our most significant risks is Welfare Reform – particularly UC. We anticipate that our rent arrears and bad debts will increase. We continue to review the provision within our financial forecasts.
- 1.9 During 2019/20 we will undertake a review of how our services are delivered to customers. Our Customeyes programme will transform the way in which our services are provided. We will have implemented a new structure and will be well on the way to more streamlined ways of working that have been co-created with our customers. We will also have a plan of what needs to change going forward.
- 1.10 We will continue to invest in our neighbourhoods and build new homes. We will build 700 new rented and shared ownership homes over the next five years.
- 1.11 We have appointed a new Group Chief Executive, Liz Haworth, and a new Group Board Chair, Clive Deadman.

2. Introduction

Operating Environment

- 2.1 The operating environment in which HH is working is becoming increasingly challenging. In July 2015 the Budget included a 1% reduction in rents for four years to March 2020, a benefit freeze and change to the benefits caps. These together with the roll out of Universal Credit (UC), is having a significant impact.
- 2.2 Halton was one of the first areas in the country to implement the rollout of the full digital service for UC. Like most other RP's, this has had an adverse impact on our rental income collection performance.
- 2.3 Rather than just respond to changes in our operating environment we have worked hard to try to influence policy as it is being developed. This has been at both a regional and national level. Examples include our five submissions to the Work and Pensions Select Committee Inquiry on UC and our lead role across the Liverpool City Region (LCR) on a range of housing, health and wellbeing policy initiatives.

Key achievements

- 2.4 Over the past 12 months we have delivered several significant achievements and outcomes. We are a leading player in several areas because of our innovative approach and solutions to the challenges we face.
- 2.5 Some of our key organisational achievements include:
 - Continued investment in our homes and neighbourhoods: In 2018/19 we have invested an additional £6.4m in improving our customers' homes and neighbourhoods. This represents £156m investment in the 13 years since transfer and has significantly improved the quality of our homes and neighbourhoods.

- Completed the construction of an additional 32 new homes. This has taken the number of new homes built and acquired since stock transfer to almost 1,200.
- Collected 96.3% of income collectable against a target of 95.9% even though there have been issues with the roll out of the full digital service of UC.
- Reassessed and evolved our approach to how we manage and report on health and safety compliance as changes to legislation are introduced.
- Delivered 86% of all customer generated transactions through online self-serve routes.
- Embarked on and completed the discovery phase of our transformational project, “Customeyes”, which will transform our services from a reactive to pre-emptive way of working.
- 91% of our customers said that they would recommend us as a landlord to a friend or family member.
- 89% of our customers rate the condition of their home as good or very good
- At 19.7 days, our voids re-let time remained in the top quartile. This equates to only 0.5% of turnover.
- Retained highest possible regulatory rating (V1 G1).
- Successful lobbying campaign as one of UC pilot areas.
- An average of 71% of our colleagues completed our colleague satisfaction surveys over the year.

Key Partnerships

- 2.6 We have continued to actively support and contribute to a wide range of local strategic partnerships and groups across Halton and the wider LCR. We value the opportunity this involvement offers to influence and contribute to key local and regional strategic decision and policy making.
- 2.7 We enjoy a strong strategic relationship with HBC, and we continue to be represented and play an active role in contributing towards the Council’s five strategic priorities.

3. Our Direction (OD3)

3.1 OD3 is a framework for how we run the organisation. There are six Priorities. Each Priority has a clear Strategy which sets out the why, how, actions to March 2020, financial implications and the associated KPI's:

1. **Customer Focus** - By knowing our customers better and listening to their feedback we will deliver easy, intuitive and personalised services.
2. **Places to be proud of** - We will work with customers to create thriving communities where people choose to live.
3. **Growth and diversification** - We will focus on providing homes and new housing products for a wider group of customers covering a range of tenures, and work with our Local Authority partners to support them with the delivery of their homelessness strategies.
4. **Financially viable and well governed** - We need to satisfy all our financial requirements and maintain compliance with the Regulatory Framework and our chosen codes of Governance.
5. **Healthy organisation** - We need the right people in the right jobs with the right skills. We want to develop talent and support our people to be the best they can be.
6. **Brand and reputation** - We will use our strong brand and reputation to build relationships and strengthen partnerships, so we can maximise opportunities for our customers, communities and colleagues.

4. Cross cutting themes

Governance

4.1 We have a strong, challenging Board who drive the business forward and have been fundamental in setting the strategic direction of the organisation. We operate under the NHF Excellence in Governance Code and expectations and performance are monitored. Our recent assessment of Board effectiveness identified that the Board is operating effectively. A revised Board Skills and

Behaviour Framework was implemented in July 2018. It demonstrates that the skills and behaviour requirements are being met.

- 4.2 We have adopted the NHF Merger Code and we have developed our own Merger, Acquisition and Partnership Policy. Within this context HH continues to explore opportunities for enhanced collaboration and where appropriate, acquisitions.
- 4.3 The Regulator of Social Housing has recently confirmed our assessment as a top performing housing association with the continuation of our V1/G1 regulatory rating.

Value for Money (VfM)

- 4.4 Achieving and demonstrating VfM is integrated into the way we work at HH. It is part of our values. We aim to deliver the best we can by making the best use of the resources available to us. We want to ensure we deliver VfM for our customers, our communities and neighbourhoods.
- 4.5 We aim to provide good services that are both affordable for ourselves and our customers. 87% of our customers think that their rent is good value for money.
- 4.6 There is no doubt that Digital First has been a huge success. However, the further rollout of UC and the Social Housing Green Paper will require additional resources to be deployed to income collection and customer services.
- 4.7 This is one of the drivers for our “Customeyes” approach. This approach will transform the customer service offer from one based on failure to an approach that pre-empts issues before they arise and deals with them in a cost effective, efficient and convenient way that also enhances the customer experience. “Customeyes” will deliver significant efficiency savings that can be reallocated to enable our continued response to ensure the overall net impact of UC on our Business Plan is nil. Through “Customeyes” our aim is to do things better, faster and cheaper.

- 4.8 We have plans to build a further 700 new homes over the next five years at a total cost of £105m.
- 4.9 Our rents remain amongst the lowest in Halton when compared to the other housing associations with homes in the area.

Health & Safety

- 4.10 As a landlord and employer, we have a duty of care to ensure all employees and customers are safe in the environments we provide, whether that is their place of work or their home. The profile of our homes is relatively low risk. Board has assessed its risk appetite in relation to Health and Safety as 'cautious'.
- 4.11 Following on from the tragic events at Grenfell, health, safety and compliance has been an enhanced area of focus and resources over the last 12-18 months. Our approach to how we manage and report upon health, safety and compliance issues continues to evolve as changes to legislation are introduced. Such examples include the Review of Building Regulations and Fire Safety; the Social Housing Green paper and the new Electrical Code of Practice.

Diversity

- 4.12 We are committed to achieving a working environment, which provides equality of opportunity and freedom from unlawful discrimination on the grounds of race, sex, pregnancy and maternity, marital or civil partnership status, gender reassignment, disability, religion or beliefs, age or sexual orientation. We also aim to provide a service that does not discriminate against its customers in how they can access the services provided by HH.
- 4.13 The Single Equality Scheme takes account of the requirements within the Equality Act 2010 and the Public-Sector Equality Duty (PSED). The framework describes in a single document how HH will fulfil its statutory and regulatory requirements to promote equality of opportunity, avoid discrimination,

demonstrating its commitment to placing the promotion of equality and diversity at the centre of every aspect of its work.

Environmental

- 4.14 We aim to reduce the environmental impact of our activities. We acknowledge that sustained change at HH will be best achieved by the provision of facilities, information and guidelines to promote encourage and embed permanent behavioural change in all aspects of the business.
- 4.15 We have achieved an average SAP1 score of 72.8. This is well above the UK average, and is relatively high for a Registered Provider.

Health & Wellbeing

- 4.16 HH welcomes the opportunity to contribute to improving the health outcomes for all those living in the borough through its role on the Health & Wellbeing Board.
- 4.17 In conjunction with the CCG, we have developed a jointly funded role to practically deliver health related initiatives across the neighbourhoods in which we operate. This builds upon the foundations laid in 2016/17 when the focus on developing a strategic approach was developed through a joint Director of Housing & Wellbeing role.

5. Key performance indicators

Actual performance for 2018/19 (Appendix 1)

- 5.1 In 2018/19 we had seven key performance indicators. A summary of performance is included as Appendix 1.

NROSH data submission (Appendix 2)

5.2 Each year HH must submit data to the Regulator of Social Housing. The submission for 2018/19 reflects our strong performance across a range of key measures.

5.3 Some of the highlights of the data submission include:

- The number of homes owned and managed has reduced from 7,048 to 7,035 because of more RTB/RTA sales than new additions.
- The average social rent for a general-needs property is £82.16 (52 weeks). This reflects a decrease of 1.0% compared to the previous year following the rent reduction.
- HH had just 38 empty homes at the end of the year. This represents 0.5% of the total number of homes.
- HH let 579 homes during the year. This represents a turnover rate of 8%.
- HH evicted 72 customers during the year. 70 of these evictions were for rent arrears and two for Anti-Social Behaviour (ASB). This is a reduction of three from the previous year.
- HH sold 50 homes during the year through the RTB and RTA initiatives.

Targets for 2019/20 (Appendix 3)

5.4 There are 15 KPI's that will be calculated and reported to Board from the start of the 2019/20 Financial Year. These KPI's will replace the current Lifeblood Measures (Appendix 3).

5.5 Our key priorities for 2019/20 include:

- We will undertake a review of how our services are delivered to customers. Our Customeyes programme will transform the way in which our services are provided. We will have implemented a new structure and will be well on the way to more streamlined ways of working that have been co-created with our customers. We will also have a plan of what needs to change going forward.

- We will review our customer insight model to ensure real time feedback is gathered, drivers for satisfaction/complaints are understood and learning is used to improve service delivery.
- Strengthening our approach to health and safety and compliance. We believe all our customers deserve to live in places that are safe and secure. We have made significant improvements this year on our approach to health, safety and compliance. However, there is always room for improvement, and we will continue to develop our approach.
- Based on our intelligence, we have several places that need to be improved. During the next year we will undertake appraisals and feasibility studies on these places. We want to make improvements and provide high quality places for all our customers to live.
- As part of our Customeyes Programme we will review the way in which we deliver our responsive repair service. We want to improve our 'right first time' approach and reduce the number of reactive repairs in favour of planned repairs. These changes will deliver a better service and experience for customers as well as being more efficient and effective.
- We will review our approach to Asset Management and continue to invest in innovative solutions and smart technology to improve the energy efficiency and performance of our home.
- We will evaluate our community investment work so we can better understand social value and measure the outcomes.
- We will invest in our neighbourhoods by building new homes – we will build 700 new rented and shared ownership homes over the next five years.
- We will adopt a pragmatic approach to opportunities to build homes with or without grant and/or acquire other social housing.
- OSUK will acquire or build an additional 300 homes over the next five years so that it can achieve a greater profit that can be reinvested into Halton Housing.
- We will ensure that the constitution of our Board remains 'fit for purpose' and is led by an appropriately skilled Chair.

- We will continue to use our experience, as one of the first areas to see the roll out of the full digital service, to inform and influence the wider debate about Universal Credit.
- We will ensure that we have access to secured funding facilities that meet the requirements of our Business Plan.
- We will develop our leaders so that they can provide strong leadership and clear direction.
- We will develop our people to make them more resilient and so that they are able to adapt to meet the changing need of the business.
- We will ensure that colleagues continue to feel valued and part of a community whilst working flexibly.
- We will launch Our Direction (OD3) and embed the new priorities throughout HH.
- We will keep our promises to customers by doing what we say we will.
- We will generate positive external interest by promoting our successes via various social media platforms.
- We will review existing/potential relationships with partners and stakeholders to maximise opportunities and minimise risks.
- We will engage with individuals, network with influences and attend key strategic meetings on a local, regional and national basis.

6. Welfare Reform

- 6.1 One of our most significant risks is Welfare Reform – particularly UC. We anticipate that our rent arrears and bad debts will increase. We continue to review the provision within our financial forecasts.
- 6.2 Our Housing Services Team focuses on those customers who need our help and support the most. It is based around the three key areas of debt recovery, tenancy support and tenancy enforcement.
- 6.3 Through increased levels of automation and our renewed focus, we can mitigate some of the increased costs from UC. Our Digital First Programme

has freed up resources to focus on debt recovery and support those customers who are most vulnerable. We have prudently provided additional costs in our financial plans to cover additional staffing, mobile technology and collection costs.

- 6.4 We have reviewed our policies and procedures to ensure that they are all fit for the future and where applicable have placed a greater emphasis on customers taking responsibility for the choices they make. Underpinning the review is the adoption of our two Principles: choice and responsibility.
- 6.5 Since August 2016 we began to experience the impact of the full digital roll out of UC at around 20 cases per week. The roll out of the service has been difficult to manage and resulted in significant increases in the arrears of those who have transferred to this service. Nonetheless, because of the investments that we have made in our systems and structures, we are achieving our targets. We recognise and appreciate the significant investment made by the Council in providing £177k in Discretionary Housing Payments (DHP) in 2018/19
- 6.6 We are working hard with our customers to keep them informed and to help them to make changes and plan. During 2018/19 our four Welfare Benefits Money Advisors have generated £2.2m potential annual gains for customers including c£400k in back pay and lump sum payments in benefits.
- 6.7 We continue to develop partnerships and we have a place on the Board of our local Credit Union, into which we have invested £100k.
- 6.8 We continue to use our evidence base as an early rollout area to lobby for the changes needed if UC is going to operate successfully. This has included our five separate submissions to the Work and Pensions Select Committee Inquiry into UC. Our latest infographic about UC is attached as Appendix 4.

7. Organisational Changes

- 7.1 Nick Atkin left the organisation on 31st March 2019 and moved to Yorkshire Housing.
- 7.2 After a short interim period, during which Neil McGrath, Deputy Group Chief Executive, acted as Interim Group Chief Executive, Liz Haworth was appointed as Group Chief Executive and started on 1st July 2019.
- 7.3 Liz has previously worked at Torus and brings a wealth of experience in service transformation, people leadership & performance management from her roles within the financial sector, local government & housing organisations.
- 7.4 After 10 years as Group Board Chair, Ingrid Fife retired on 19th September 2019 and has been replaced by Clive Deadman. Clive has a wealth of relevant experience, with a professional career in corporate finance, asset management and regulation. He has served on boards in the housing sector, a hospital trust and consumer rights protection and brings to Halton Housing a range of valuable skills and experience. He also brings a passion for making a difference to people's lives and ensuring we provide excellent services to our customers.
- 7.5 Nicole Kershaw was appointed as Chief Operating Officer in December 2018 and Pauline Jones and Scott Murray have been appointed as Director of Customers and Director of Homes respectively.

Appendix 1: KPI's 2018/19

Measure	Target	Performance	Comments
Income collected from current customers	Cash Collection: 95.93% Arrears: £1.1m	Cash Collection: 96.34% Arrears: £904k	The target has been achieved despite the impact that Universal Credit has had on our cash collection and arrears.
Void rent loss	£166,472	£140,589	547 properties were re-let this year with an average void period of 19.73 days.
Customer Feedback	80%	91.07%	4217 surveys were completed following day to day repairs and gas services. 91.07% of customers said they would recommend Halton Housing as a landlord to a friend or family member.
New Homes Completed	256	256	HH has built 256 new homes since April 2017. This includes 20 new shared ownership properties at Waterfront View and The Old Forge, 4 general needs bungalows at Barkla Fields and 8 houses at Heskin Court completed in 2018/19.
Number of Unsold Homes	0	3	2 properties at the Old Forge and 1 buy back property at Naughton Fields were unsold at the end of March 2019.
OSUK - Return on investment	2.92%	3.24%	The Return on Investment from OSUK to HH was 3.24% for the 12 months up to the end of March 2019. OSUK reported a profit (after interest) of £66K against a budgeted profit of £44.5K for 2018/19.
Employee Engagement	65%	71%	The average response rate of the six employee 'Pulse' Survey's carried out in 2018/19 was 71%.

Appendix 2: Headline NROSH+ Statistical Data Return Information with Annual Comparison

Year as at 31 st March	2018	2019
Number of General Needs Properties <small>Excludes Affordable Rent Properties</small>	5594	5546
Number of General Needs Properties Managed by HHT for other organisations	3	3
Number of Supported Housing Properties	128	128
Number of Shared Ownership Properties	24	44
Number of Intermediate Rent Properties <small>Not included in the General Needs Number</small>	17	17
Number of Affordable Rent Properties <small>Not included in the General Needs Number</small>	1283	1294 ¹
Number of Properties Developed for sale but not yet sold as at year end.	2	3 ²
Average rent for General Needs properties	£82.97	£82.16
Average service charge of general needs properties with service charges not eligible for housing benefit	£4.03 ³	£3.92
Number of Leaseholders	134	136
Number of homes vacant as 31 st March of specific year	54	38
Number of lettings	754	579
Number of evictions	75	72 ⁴
Number of Right to Buy and Right to Acquire Sales	56	50 ⁵

¹ 1216 general needs, 39 supported housing and 39 temporary housing properties at Brennan Lodge.

² There are 2 Shared Ownership properties at the Old Forge and 1 buy back property at Naughton Fields that were unsold at 31st March 2019.

³ The reduction is due to reduced energy bills where the savings have been passed on to the customer.

⁴ 70 evictions for rent arrears and 2 for ASB

⁵ 41 Right to Buy and 9 Right to Acquire.

Appendix 3: KPI's 2019/20

Measure	Target	Comments
Complaints and Compliments	284	This target has been set with the aim to reduce the number of complaints compared to 2018/19 by 10%.
Customer Satisfaction	88%	This is target was set based improving satisfaction from the Customeyes survey conducted in December 2018.
Tenancy Sustainability	93%	This is based on around 500 tenancies ended during the year.
Income Recovery	Current Arrears at year end: £1.285m	To set this target, we have estimated the increase in the number and the potential impact of new UC cases on arrears in 2019/20. This has been based on our experience of the roll out throughout 2018/19.
Liquidity	>24 months	This target is from the Golden Rules.
Loan Covenant Compliance	Interest Cover: >115% Net Debt Per Unit: <£24k OSUK Investment <£31m	These targets are from the Golden Rules
New Homes Delivered	67	This is the number of properties due to be built in 2019/20
Pipeline of New Homes Secured	362	We expect to have 362 properties secured and in contract to be built by the end of 2019/20.
Return on Investment in OSUK	5.2%	HH's Investment in OSUK is expected to return 5.2% in the year. HH's investment in OSUK will increase throughout 2019/20 as OSUK acquires or builds new properties.

Unsold Homes	0	All properties built for sales are expected to be sold by the end of 2019/20.
Colleague Retention	90%	This target has been set based on previous performance and benchmarking information.
Colleague Satisfaction	85%	This is based on improving on colleague satisfaction from 2018/19.
Colleague Sickness Absence	6.5 days	This target has been set based on the 2018/19 performance and benchmarking information.
Repairs right first time	86%	This target has been set based on benchmarking information for this indicator.
Compliance	-	The Health and Safety/Compliance scorecard will be reported in its current form within the Finance and Performance report at each board meeting.

Appendix 4: Universal Credit

The Impact of Universal Credit



Halton
Housing

UC Universal
Credit

24.9% (1,741 tenancies) of Halton Housing's customers are in receipt of Universal Credit, but owe **63.7%** of all our arrears



The **increase** in arrears attributable to UC has risen by **£210K** in the last year

Errors in the processing of UC are adding to delays and costs. Some of these errors include: **10%** of rent verifications being duplicated and **5%** of forms not received on time leading to delays in payment.



Average arrears of customers in receipt of UC have increased by **76%**

Prior to claiming UC, our average arrears balance was **£207**
Post UC, the average arrears balance is now **£365**

Our Debt Recovery and Benefit Support teams have doubled in size to enable us to support those customers impacted by the roll out of UC.



Even after **two years** of Full Service UC in Halton, our customers still have higher arrears than before switching to UC.



The UC Full Service is still unable to identify those who are exempt from non-dependent deductions, leading to incorrect housing costs being paid.

UC is fuelling **personal debt, food bank use, rent arrears and mental distress**

