



# **Annual Report to HBC Executive Board**

**September 2014**

## **1. Introduction**

### ***Brief history***

Halton Housing Trust (HHT) is a company limited by guarantee, a registered charity, and a Registered Provider of social housing that was formed to take transfer of the housing stock of Halton Borough Council on 5<sup>th</sup> December 2005. We operate across Widnes and Runcorn. Almost all of our 6,428 homes are let for general needs.

### ***Key achievements***

Over the last 12 months we have delivered a number of significant achievements and outcomes. We are increasingly becoming a leading player in several areas as a result of our collective efforts and increasingly innovative approach and solutions to some of the challenges we face.

Some of the key organisational achievements include:

- Increased our secured loan facilities from £75m to £130m by raising £60m through two private placements and restructuring our bank loan facility
- Continued investment in our homes and neighbourhoods: In 2013/14 we have invested a further £13.3m in improving our customer's homes and neighbourhoods
- Completed the construction of 70 new homes
- Achieved Investment Partner status with the HCA
- Commenced our second extra care scheme, Barkla Fields in Widnes
- Commenced building hostel accommodation in Widnes
- Purchased an additional 57 properties for market rent through our first subsidiary company, Open Solutions (OSUK) Ltd.
- Continued compliance and adherence to external requirements as evidenced through our updated Regulatory Judgement that has achieved the highest rating in both the governance and viability assessments.

- Completed the delivery of the Improving Customer Experience (ICE) Programme, revolutionising how services are delivered by the Trust.
- Achieved the gold standard in Investors in People including Health and Wellbeing accreditation
- Secured HQN accreditation for our repairs service
- Self-funded our Digital First Programme through revenue cost savings of £500k. This programme will change the way that our customers access our services and how we interact with them and allocate our resources
- Development and implementation of a new employee skills and behaviour framework.
- Continued to play the lead role in a sub-regional Choice Based Lettings Scheme - Property Pool Plus.
- Outperformed our targets in the key operational areas of rent arrears and voids
- Established a Defined Contribution Pension Scheme to be used for auto enrolment
- Started implementing the changes from our governance review

### ***Key partnerships***

We continue to actively support and contribute to a wide range of local strategic partnerships and associated sub groups across Halton. We value the opportunity this involvement offers to influence and contribute to key local and regional strategic decision and policy making.

We also recognise how partnership working across Halton contributes to the on-going development of the Trust and its business, but more importantly in terms of how it can impact so positively on the lives of our customers.

We enjoy a strong and positive relationship with the Halton Borough Council and we continue to be represented and play an active role in the following strategic groups:

- Halton Strategic Partnership
- SSP Chairs Group
- Halton Housing Vision Group
- Halton Housing Partnership

- Safer Halton Partnership
- Children's Trust Board
- Safeguarding Adults Board
- Children and Families Commissioning Partnership
- Urgent Care Board
- Health and Wellbeing Board
- Halton Employment Partnership
- Employment Learning and Skills SSP
- Environment & Urban Renewal SSP
- Thematic Partnership (SSP) Group on Domestic Abuse
- Inspiring Families Strategy Group and the operational working group.
- Halton Domestic Abuse Forum

The Council has five strategic priorities, which are helping to build a better future for Halton. Appendix 3 demonstrates how our work is contributing to each of these.

Our other key partnerships include:

- Widnes Vikings RLFC
- The Valhalla Foundation
- Alzheimer's Society
- Halton Credit Union
- Riverside College Halton

## **2. Our Direction**

### ***Our vision***

We continue to maintain our focus on what really matters through 'Our Direction'. At Halton Housing Trust we do far more than provide homes - we improve people's lives and that's what we continue to do more of.

We've used Scenarios to help us consider how things might change over the next five to 10 years. We've produced different pictures of the future based on those external factors, which will have the most impact on us and our customers; the

strength of the economy and the government's approach to housing and Welfare Reform. What's really clear is that we cannot stand still or ignore what's going on around us.

### ***Strategic priorities***

We have focussed our work around four Priorities:

1. We need to protect current income
2. We need to reduce our costs & drive efficiency
3. We need to focus our resources and services
4. We need to generate new income

We have made more progress in the short term on the first three Priorities. The last one will take more time but will have a significant contribution over the long term.

Our Priorities are linked to four key strategies and a number of key strategic projects that are being implemented in a timely and ordered way. We use our Project Management Framework to make sure that our projects are managed in a controlled manner. Any savings we make are reinvested into the achievement of our four Priorities.

The four strategies linked to Our Direction have been recently updated to reflect the changing environment in which we work.

Our priorities for 2014/15 are shown in the Targets section, later in this report.

There are two Principles, which will help us put these Priorities into practice:

1. First Principle: We all make choices
2. Second principle: We must all take responsibility

We use these two Principles when we are working with our customers.

Every six months we revisit our Scenarios looking for anything new on the horizon, which might alter our plans. We also review how we're performing to see if there are any improvements we can make. We then make changes as appropriate.

Using our priorities, principles and personas we have engaged with our colleagues in developing six key high level behaviours that will enable us to work effectively to deliver Our Direction. The six behaviours are:

- Adapt to change
- Work with others
- Make decisions
- Enjoy your job
- Challenge how we do things
- Take ownership

### **3. Cross cutting themes**

#### ***Governance***

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. We use Campbell Tickell as an Independent Board Advisor to ensure we keep abreast of good practice and focus upon continuous improvement.

During the past year we have reviewed our governance arrangements to ensure that they remain fit for the future.

The key changes that have been agreed include:

- A reduction in the size of the Board from 12 to nine
- Removal of the ring fenced positions on the Board for customers
- All Board Members will be appointed based on their skills, knowledge and experience
- Implemented a maximum term of office for all Board Members of nine years

## ***Value for money***

***Our approach to decision making and the best use of resources:*** We have decided not to produce a separate VFM Strategy. The Scenarios, Priorities and Principles within Our Direction underpin our strategic approach to delivering VFM. By using Our Direction our Board has a basis for making decisions using a framework that is cascaded, understood and utilised throughout all levels of our strategic, operational and decision making processes.

Achieving and demonstrating Value for Money (VFM) is integrated into the way we work at HHT. It is part of our values. We aim to deliver the best we can making the best use of the resources available to us. We want to ensure we deliver VFM for our customers, our communities and neighbourhoods.

We aim to provide good services that are both affordable for ourselves and our customers. We asked our customers if they feel that the Trust offers value for money for the rent that they pay. We are proud that 93% say that we do, and that 93% would recommend us as a landlord to a friend or family member

We have developed our second value for money self-assessment report which has been included within our Financial Statements and will be published in summary form on our website. This report summarises our approach to value for money and includes;

***Return on Assets:*** We have evaluated the return on all of our social housing assets using PAVE (Portfolio Asset Valuation Evaluation) software. All our homes have indicated a positive Net Present Value. We are using the analysis to further explore and identify our lowest performing stock by property type and size and geography to see if there are particular locations or assets that are under-performing.

We are undertaking option appraisals of these targeted areas to determine the most appropriate investment or disposal activity in the future and we plan to incorporate social factors into our assessments to assess the desirability and local amenities

within our neighbourhoods. We recognise that we need to undertake much more detailed work and continue to refine our data.

We have utilised our strong housing asset valuation of £168m to increase our secured loan facilities from £75m to £130m by raising £60m through two private placements and restructuring our bank loan facility. This will enable us to build around 900 new homes at a cost of £90m against which we have either secured or have assumed grant funding of £14m within our business plan.

This year we have achieved Investment Partner status with the HCA and completed building 64 new homes at a cost of £7.2m and received grant of £837k.

***How we compare to others:*** Our headline statutory results current, past and future compare favourably to the Global Accounts of English housing associations.

***Absolute and comparative costs:*** We have used our statutory accounts to compare our key operating performance to the global accounts of English housing associations.

- We recognise that our major repairs costs are high as a result of our continued programme of investing in our existing homes.
- We will continue to review how we allocate our costs between management and repair costs, given that management costs are high and routine/planned maintenance correspondingly low.
- Our rent arrears are significantly lower than the average. Our financial forecast anticipates they will increase as a result of Welfare Reform.
- Void losses are exceptionally low and expected to continue to be so.
- Our operating surplus has increased following a review of our approach to capitalising major repairs costs.

We continue to subscribe to the HouseMark benchmarking club. Overall our 2012/13 report showed an improvement in how our costs and quality of services benchmarked with others in our peer group.



## Rent Levels

Our rents remain amongst the lowest in the Borough when compared to the other housing associations in Halton.

Housing Association	Average Halton weekly rent (incl service charge)
Affinity Sutton Homes	£86.62
Arena Housing Group	£85.70
Halton Housing Trust	£81.69
Liverpool Housing Trust	£83.60
Places for People	£86.06
Plus Dane	£90.59
Regenda	£85.01
Sanctuary	£80.36
Guinness Partnership	£85.29
Riverside	£86.05

**VFM gains - the past and the future:** We have achieved VFM gains of £1.3m for 2013/14 and have plans to achieve an additional £2.0m of gains in the future.

## Health & Safety

As a landlord and employer we have a duty of care to ensure that all employees and customers are safe in the environments we provide whether that is their place of work or their home. We use an independent Health and Safety advisor to ensure compliance with statutory obligations and to offer advice to employees who have any Health and Safety concerns.

We take action to undertake necessary investment work. Examples of this in the current financial year are the programme of fire safety work being carried out at Brunswick, Churchill, Coronation and Centenary Houses.

## Diversity

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 the means by which they can access the services supplied by the Trust.

The Equality Framework 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 the Trust 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***

We aim to reduce the environmental impact of our activities. We acknowledge that sustained change at the Trust 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. Key performance indicators**

### ***Actual performance for 2013/14***

Our overall performance in 2013/14 has been the best since the Trust was formed. We have achieved our challenging targets in our 'lifeblood' areas of income collection and void rent loss.

There are six key performance indicators that are reported to each Board meeting. Five of the six indicators achieved the target set for the year.

Our performance for sickness absence is better than last year but is below where we would like it to be. This will remain an area for focus for improvement for 2014/15.

The results for the six indicators against the targets are included at Appendix 1.

## ***Targets for 2014/15***

In accordance with the approach taken with Our Direction, our framework is designed to report to Board the key activities that should be the focus of its attention.

The ongoing six monthly review of Our Direction ensures that our goals are always current and aligned to the changes that are taking place both internally and externally. Our key priorities for 2014/15 include:

- Delivery of our Digital First Programme. This Programme will fundamentally change how we deliver services to our customers.
- Completion of the Governance Review
- Continue the Acquisitions Strategy for our subsidiary – OSUK
- Explore new business opportunities through OSUK and the Trust
- Continue to develop and streamline policies, procedures and systems that underpin the delivery of our strategies
- Implement additional complimentary modules within our Housing Management system, QL
- Secure grant funding through the Affordable homes programme for 2015 to 2018
- Deliver our development programme
- Deliver our Investment Programme completing most of the work through our own in house teams
- Implement changes to the way in which we manage absence and the general performance of our employees

The Performance Management Framework for 2014/15 has been developed to ensure the delivery of measures against each of the four strategies that are linked to each of the Corporate Priorities. The targets are included in Appendix 2.

## **5. Welfare Reform**

One of the most significant risks the Trust faces is Welfare Reform. We anticipate that our bad debts will increase and we continue to review the provision within our

Financial Plan. We have included a bad debt provision of 2.25% for 2014/15 and 4% in our latest financial forecasts from 2015/16.

To mitigate the potential increase in costs we have undertaken a review of our arrears processes. We are in the process of automating as much of our process as possible to make better use of systems and digital technology and to increase field activity. Through automation we will be able to mitigate some of the increased costs that we anticipate when Universal Credit is introduced (autumn 2014 onwards).

Our Digital First Programme will free up resources, which will be used to focus on income collection and support those customers who are more vulnerable. We have also prudently provided additional costs of up to £500k per annum in our financial plans to cover additional staffing, mobile technology and collection costs.

Added to this we are reviewing our policies and procedures including lettings, rent setting, rent and arrears collection and write offs to ensure that they are all fit for the future. Underpinning the review is the adoption of our two principles choices and responsibilities.

We have already started to experience the impact of the Under Occupation Deduction, which has had an impact on c900 of our customers and £700k of our income. This is having an impact on their arrears, demand for properties and the number of voids. We received £101k in Discretionary Housing Payments (DHP) from HBC in 2013/14. The confirmed DHP fund for 2014/15 is £386k.

We are outperforming the arrears targets that we have set through a combination of our robust processes, early action and supportive approach.

We are working hard with our customers to keep them informed and to help them to make changes and plan for the future. Our three Welfare Benefits Money Advisors have generated £647k potential annual gains for customers. This has included £182k in backdated pay and lump sum payments in benefits and provided advice to 1,066 customers.

We continue to develop partnerships and we have a place on the Board of our local Credit Union in which we have invested £100k. We are working with them to develop payment accounts and facilities to provide affordable white goods and furniture.

The impact of the work that we are undertaking, the controls that we have in place and the delay in the introduction of universal credit has significantly reduced the overall corporate exposure and the residual risk that we have at this current time to welfare reform.

## **6. Annual Report**

At our AGM on 25<sup>th</sup> September we will be launching our annual report for 2013/14. This builds upon the success of the infographic versions of our previous reports by being in video format. It is also available in an abbreviated printed version. The report and link to the video will both available via our website at [www.haltonhousing.org](http://www.haltonhousing.org)

### Appendix 1: Halton Housing Trust KPIs 2013/14

Measure	Target	Performance	Comments
Income collected from current customers	95.3%	96.1%	The Trust has collected £27.7m from a possible £28.8m which include the opening arrears due and the rent charge for the year
Average number of working days lost due to sickness absence	7 days	9.9 days	Whilst performance for the year is still below where we would like it to be, it is better than last year. This area will remain a focus for improvement in 2014/15.
Void rent loss	£174,000	£142,000	Average relet time has reduced to 19 days compared to target of 24 days. This was despite having more void properties than we had expected
OSUK (before tax & depreciation)	£31,000 loss	£42,000 loss	A good result, especially when this was the first year of trading for the Trust's subsidiary. Profits will be generated in future years which will be used to subsidise our social housing activity.
Net new homes (HHT only)	+27	+45	70 new homes have been developed during the year which have been offset by 25 sold through the RTB scheme
Interest cover	83.5%	151.4%	The Trust has comfortably achieved its interest cover target agreed with its funders

## Appendix 2: Halton Housing Trust KPIs 2014/15

Measure	Target	Comments
Income collected from current customers	Cash Collection: 95.4%  Arrears: £1.08m	The target is based on achieving the same arrears level as a percentage of our rent debit as the previous year. The target includes the opening arrears due and the rent charge for the year
Average number of working days lost due to sickness absence	9 days	This area will remain a focus for improvement in 2014/15. A realistic target has been set for 2014/15.
Void rent loss	£166,000	The target for the year is based on achieving an average relet time of 19 days.
OSUK (profit before tax & depreciation)	£19,000	The target for the year is based on all of the 150 properties being acquired by the end of December 2014
Net new homes (HHT only)	+82	This is based on 99 new build homes, three refurbished empty homes less 20 right to buy sales for the year.
Interest cover	140.7%	This target is based on the approved Business Plan approved by Board in March 2014.

### **Appendix 3: Contributing to the Council's Priorities**

The Trust has continued to actively contribute to the Council's five strategic priorities for the borough:

#### *A Healthy Halton*

- The Executive Director of Customer Services is the housing representative on the Health and Wellbeing Board and the Urgent Care Board
- The Trust is working in conjunction with a number of partner organisations including HBC, CCG, Alzheimer's Society and other Housing Associations to deliver "The Living Well in Halton pilot project. This aims to identify elderly residents at risk of falling, being socially isolated and or in the early stages of Dementia to ensure they receive the necessary support and are able access services required. The hope is that the project will prevent residents getting into crisis intervention situations and will support them to live longer independently in their own homes nets
- We continue to support and actively contribute to the "New Shoots" project which is now part of the Wellbeing Enterprise. This provides fresh, good quality, discounted fruit and vegetables to residents of Halton. The Trust collects and delivers the produce to designated pick up points across the borough, as well as storing the food crates between weekly deliveries.
- Trust employees, many of whom live in the borough, continue to receive the free fruit provision within Trust offices on a monthly basis. They have also been offered a free health checks delivered through the Health Improvement Team.
- We are working in partnership with SPARC, who are an organisation that work with young adults with physical or learning abilities on the development of an allotment at Houghton Street. The produce will be sold locally to support the community.
- We support a gardening club at the Naughton Fields Extra Care Scheme including the provision of a purpose built greenhouse in the communal garden area



- We launched Amethyst Living in April 2014, a new service that offers housing related support to older customers living in our homes. It offers a focused but flexible tiered service for customers offering a package of support and accommodation depending on their assessed and agreed needs. The service meets individual needs to maintain customer's independence within the home and challenge the impact of social isolation and loneliness.
- Work has commenced on the development of our second extra care scheme Barkla Fields which will provide an additional 50 extra care homes and five supported bungalows.
- We have worked closely with the Council on reconfiguring our approach to providing adaptations. Minor adaptations are done on demand and through self referral. We have introduced a Gateway service in partnership with the council to ensure that we maximise our stock and facilities in place for people needing major adaptations. This approach has cleared the backlog, provided a more tailored approach to people's needs and reduced the cost to both the Council and the Trust.

#### *Environment and Regeneration in Halton*

- As part of the Trust's NIF the Trust has a five year programme of Investment and Environmental Improvement Works that continue to deliver on an individual neighbourhood level both internal home and wider external improvement programmes. In the last 18 months, we have undertaken considerable improvement works to the internal and external communal areas of the many of our flatted blocks, improving the quality of life for residents. Significantly, we are investing £1.6m in the overhaul of Clapgate Crescent Flats (Halebank Apartments) which will change the entire look and feel of the entire area.
- We have completed 58 new homes. 3 Houses at Kingsway, 22 houses at Russell Road, 12 houses at Lacey Street and 30 houses and 3 bungalows at Linkway. The Trust has also purchased four empty properties that were previously empty for more than 6 months.
- As part of the Homes and Communities Agency's Affordable Homes Programme 2011–15, the Trust are on course to deliver the 17 apartments at Queens Hall, 18

houses and 2 bungalows at Festival Way and 3 Empty Homes by March 2015. This is in addition to the 50 homes at Barkla Fields Extra Care Scheme, 5 supported bungalows and 39 bed-space hostel which are also currently on site.

- As of the HCA's Affordable Homes Guarantee programme we have entered into building contracts to deliver 96 properties of the 170 within this programme.
- The Trust has also just secured additional grant under the HCA's 2015-18 programme to deliver another 290 homes.
- Our focus is currently on acquiring additional sites to ensure we can take advantage of any forthcoming slippage in the wider HCA Affordable Homes Programme and Continuous Market Engagement to bring further investment in new affordable homes into the borough

#### *Employment Learning and Skills in Halton*

- The Trust continues to work closely with employment and skills partners in the Borough through the Halton Employment Partnership (HEP). These include:
  - Riverside College
  - Adult Learning Team
  - Connexions
  - Job Centre Plus
  - Halton People into Jobs
  - Citizens Advice
- We work closely with Halton People into Jobs (HPIJ) and Riverside College in the recruitment of our apprentices.
- The Trust is a member of the Halton Employment Learning and Skills LSP sub-group.
- There are a range of activities to support young people and others to experience work in the workplace environment in areas across the Trust through our apprenticeship programme and through our range of work experience opportunities.
- We were a key contributor in the development of the Employment and Skills elements of the tenders for the new Mersey Gateway Project.

- Construction Services are working directly with Power in Partnership to create opportunities for young people in the borough who are not in employment, education or training to gain practical work experience, whilst continuing to develop key skills. Support is in place to workplace mentoring through our own maintenance technicians.
- As a result of our £8.83 million investment:
  - 23 people were employed who have a Halton Post Code
  - Eight apprentices have been moved into full time paid employment
  - Six local schoolchildren have experienced work place training or placements
- The Trust has again committed to a number of apprentices in key service areas. This is a key part of our succession planning and ensuring we have the skills and behaviours to provide a quality service to our customers.

#### *Children and Young People in Halton*

- The Executive Director of Customer Services continues in her role on the Children's Trust Board and the Children and Families Commissioning Partnership
- The Trust continues to support local groups working with children and young people through the provision of funding through it's Community Sponsorship Fund.

#### *A Safer Halton*

- A comprehensive programme of Neighbourhood Walkabouts
- The Trust has been working with the Police Commissioner in delivering the "Change the Grange Project" which saw ten groups receive funding to reduce crime and fear of crime on the Grange estate in Runcorn.
- Involvement in Community Safety events i.e. Mischief Night and targeted Police/ community safety initiatives
- Attendance on the Police Tasking Vehicle to support the Police with ASB cases

- Active member of partnership forums including the Safer Halton Partnership and Domestic Abuse Forum and the Housing representative on the MARAC and Tasking and Coordination Group
- Ongoing provision of an ASB diversionary budget and delivery of our Diversionary Strategy
- Implementation of a “Local Offer” to address ASB across the Trust’s neighbourhoods with the outcomes monitored by our customers
- Contribute to the successful actions initiated as part of Halton Organised & Serious Crime Group
- Active member of the Inspiring Families Programme with our staff providing dedicated support on a number of cases to support customers in changing their lives