



Annual Report to HBC Executive Board

October 2020

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 last 18 months we have delivered several significant achievements and outcomes. We have a strong brand and reputation which we will build on with our customers, our colleagues, local partners and within the sector.
- 1.3 Some of our key organisational achievements include:
- The “Customeyes” programme has been concluded. The insight from that work has been used to inform the development of our new Customer Contact and Customer Voice strategies. The delivery plans for both strategies are included in the “Driving our Future” change programme.
 - Completed the construction of an additional 85 new homes to March 2020 and a further 49 expected by the end of September 2020. This has taken the number of new homes built and acquired since stock transfer to almost 1,300.
 - Appointed five new apprentices.
 - Achieved highest possible regulatory rating (V1 G1).
- 1.4 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 strategic priorities.
- 1.5 During the recent Coronavirus (COVID-19) pandemic our priority has been to support and work with our more vulnerable customers and those that are in a vulnerable situation of homelessness.
- At the beginning of March, following the Government’s announcement that each Local Authority would create a Hub to support residents who have to self-isolate with basics like shopping and getting prescriptions, we have

worked with the Council and Halton and St Helens Voluntary and Community Action to coordinate support.

- We have also worked in partnership with Teardrops, a charity which supports the homeless in Halton and surrounding areas to deliver food hampers each week to our more vulnerable customers. We have donated £3,000 to Teardrops to support this work.
- As part of the Liverpool City Region COVID-19 Operational Group we have also donating £2,500 to each of the Widnes and Runcorn Foodbanks, to support our customers.
- We have also worked with the Council to allocate 15 homes to vulnerable people during the lockdown with the aim of reducing rough sleeping and homelessness.

1.6 Our Direction (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 2021, 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

1.7 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.

1.8 One of our most significant risks is the COVID-19 pandemic. We anticipate that our rent arrears and bad debts will increase. We continue to review the provision within our financial forecasts.

1.9 We are now entering the second year of OD3. Building on the strong foundations of 2019/20 we have embarked on the next exciting phase of the strategy, 'Driving our Future'. Customers remain at the heart of all that we do,

we will continue to innovate, maintain a strong focus on our homes (and build new ones), and further strengthen our brand and reputation as a landlord of choice in the borough and beyond.

- 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.

2. Introduction

Operating Environment

- 2.1 Whilst performance is strong, there have been changes to the operating environment, such as the rent reductions announced in 2015 and the Coronavirus (COVID-19) pandemic in 2020. As the environment changes, we will continue to monitor performance to gain assurance that those changes are being effectively managed and mitigated.
- 2.2 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.

Key achievements

- 2.3 Over the last 18 months we have delivered several significant achievements and outcomes. We have a strong brand and reputation which we will build on with our customers, our colleagues, local partners and within the sector.
- 2.4 Some of our key organisational achievements include:
- The “Customeyes” programme has been concluded. The insight from that work has been used to inform the development of our new Customer Contact and Customer Voice strategies. The delivery plans for both strategies are included in the “Driving our Future” change programme.
 - We have continued to demonstrate improvement in the management of health and safety compliance. We have also established a Compliance Committee to monitor progress.

- Completed the construction of an additional 85 new homes to March 2020 and a further 49¹ expected by the end of September 2020. This has taken the number of new homes built and acquired since stock transfer to almost 1,300.
- Appointed five new apprentices in business administration, ICT, joinery and electrical.
- Achieved highest possible regulatory rating (V1 G1).
- Colleague Health and Wellbeing has continued to be a priority, and this has been further validated by the Investor in People (IIP) Health and Wellbeing award we achieved as part of the IIP assessment process.

Key Partnerships

- 2.5 We have continued to actively support and contribute to a wide range of local strategic partnerships and groups across Halton and the wider Liverpool City Region (LCR). We value the opportunity this involvement offers to influence and contribute to key local and regional strategic decision and policy making.
- 2.6 We recognise the value of partnership working across these areas and appreciate how this contributes to the ongoing development of HH and its business as well as how it impacts so positively on the lives of our customers.
- 2.7 We enjoy a strong strategic relationship with Halton Borough Council, and we continue to be represented and play an active role in contributing towards the Council's strategic priorities.
- 2.8 During the recent COVID-19 pandemic our priority has been to support and work with our more vulnerable customers and those that are in a vulnerable situation of homelessness. At the beginning of March, following the Government's announcement that each Local Authority would create a Hub to support residents who have to self-isolate with basics like shopping and getting prescriptions, we have worked with Halton Borough Council and Halton and St Helens Voluntary and Community Action to coordinate support.

¹ 31 completed to July 2020 and 18 expected during August and September 2020

- 2.9 We have also worked in partnership with Teardrops, a charity which supports the homeless in Halton and surrounding areas to deliver food hampers each week to our more vulnerable customers. We have donated £3,000 to Teardrops to support this work.
- 2.10 As part of the Liverpool City Region COVID-19 Operational Group we have also donating £2,500 to each of the Widnes and Runcorn Foodbanks, to support our customers.
- 2.11 We have also worked with Halton Borough Council to allocate 15 homes to vulnerable people during the lockdown with the aim of reducing rough sleeping and homelessness.

3. Our Direction (OD3)

- 3.1 Since 2012, Our Direction has provided the framework for how we run HH. In April 2019 we launched Our Direction (OD3) This builds upon the earlier versions of Our Direction. Our Direction has been designed to be clear and succinct to ensure it is widely understood and embedded across the organisation.
- 3.2 We are now entering the second year of OD3. Building on the strong foundations of 2019/20 we have embarked on the next exciting phase of the strategy, 'Driving our Future'. To support OD3, we have implemented a robust Programme Management Office to ensure its success, and at the very core, underpinning everything is our corporate vision: Improving people's lives.
- 3.3 Customers remain at the heart of all that we do, we will continue to innovate, maintain a strong focus on our homes (and build new ones), and further strengthen our brand and reputation as a landlord of choice in the borough and beyond.
- 3.4 The priorities for 2020/21 take account of a range of drivers including changes in the external environment, regulatory changes, new priorities arising from

Board strategy discussions, and internal factors including the outcomes of the “Customeyes” programme, Investors in People (IIP) assessment feedback and the IT health check.

3.5 OD3 is a framework for how we run the organisation. There are six Priorities. Each Priorities has a clear Strategy which sets out the why, how, targets to March 2021, financial implications and the associated KPI’s. Our six Priorities are:

1. **Customer Focus** - Customers are our key focus. We will listen to their views, understand their needs and preferences, and deliver services that are accessible, high performing and provide value for money. We will be a pioneer for innovative service delivery using insight, digital and Artificial Intelligence, whilst ensuring our visible presence within our neighbourhoods.
2. **Places to be Proud Of** - We will keep our customers safe and continue investing in our existing homes to make sure they are fit for the future and that we minimise our environmental impact. We will build on our role within our neighbourhoods, working with partners to tackle the challenges they face and create places to be proud of.
3. **Growth and Diversification** - We will continue to grow and diversify our business, developing a whole market housing offer which meets a range of needs including those of older people and those starting out on the housing ladder. We will grow our commercial arm, OSUK to generate profits which help protect our business and subsidise our social housing activity.
4. **Healthy Organisation** - We will deliver all of this through our people. We will create an environment where colleagues are valued and listened to, and where they have a strong voice which shapes our future direction. We will recruit and retain people with the right skills, but more importantly the right behaviours to help us deliver our plans. We will invest in our leaders, our people and our IT and create a healthy organisation where everyone can do a great job in an innovative, collaborative, and agile business.
5. **Well Governed & Financially Viable** - Our plans can only be delivered if we maintain our strong foundations. This means being as efficient and productive as we can be, maximising our income and delivering great

performance. It means being well governed, compliant with regulatory and legal requirements and having the financial capacity to fund our plans.

6. **Brand and Reputation** - We will build on our brand and reputation with our customers, our colleagues, local partners and within the sector. We will be the first choice for people looking for a home within the borough and beyond and a partner of choice for those who invest in our neighbourhoods and provide services to our customers. We will continue to be regarded in the sector as a forward thinking, innovative housing provider.

3.6 We are going to build and acquire 1,000 additional new homes for rent, sale, and shared ownership over the next five years.

3.7 We have four Behaviours, which we expect all our colleagues to demonstrate.

1. **We keep our promises** – making decisions and taking responsibility for seeing things through to the end. It means being open and honest, and explaining what is and is not possible.

2. **We work in partnership** – We work in a collaborative way. It means listening carefully to our customers and colleagues and playing our part in the team and supporting each other.

3. **We are innovative and creative** – We challenge how things are done. We are flexible and open to new ways of doing things. We learn from mistakes and continually seek to improve.

4. **We treat everyone with respect** – most importantly we treat everyone with kindness. By being helpful, approachable, and treating people with respect, we can create a place where difference is valued, and where everyone can thrive and enjoy their job.

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 Board Skills and Behaviour Framework was implemented in July 2018. It demonstrates that the skills and behaviour requirements are being met. The assessment of the Board against the Framework was reviewed in 2019 and used to inform the most recent Board appointment.

- 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 We review the effectiveness of our system of internal control each year. Our latest review confirmed that adequate systems of internal control exist and operated throughout the year and that these systems were aligned to an ongoing process for the management of the significant risks facing HH.
- 4.4 Our latest compliance self-assessment demonstrates how HH is fully compliant with all aspects of the Governance and Financial Viability Standard.

Value for Money (VfM)

- 4.5 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.
- 4.6 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.
- 4.7 Within HH we have plans to build a further 708 new homes over the next five years.

Health & Safety

- 4.8 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. The Board has assessed its risk appetite in relation to Health and Safety as cautious.
- 4.9 We have continued to demonstrate improvement in the management of health and safety compliance. Compliance, Health and Safety performance measures are reported to each Board meeting. We have also established a Compliance Committee to monitor progress.

Diversity

- 4.10 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.
- 4.11 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

- 4.12 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. Our Environmental Sustainability Strategy will shape the way the Group considers its environmental impact across all its business activities. Over the next three years it will focus on:

- Our approach to reducing our overall carbon footprint and supporting the achievement of the Governments 2050 net zero carbon emissions targets
- Ensuring the long-term sustainability of our business, our assets and our customers as set out in OD3
- Decarbonisation of our homes
- Reducing our operational carbon footprint
- Seeking opportunities for funding from the Government New Green Home Grant
- How we will measure and report our environmental and sustainability performance

Coronavirus (COVID-19) Pandemic

4.13 As well as serious implications for people's health, COVID-19 is significantly impacting businesses and the wider economy. We have considered the principal risks and uncertainties resulting from the pandemic. Some headline risks that continue to be addressed include:

- The seamless transition to working from home largely because of HH's already well-established flexible working agile culture.
- Emergency repairs and key compliance works have continued throughout the lockdown period. An almost full range of services was resumed on 1st June 2020.
- Only one of the two development sites were shut down for a short period. Fixed prices were in place for all work in progress and an allowance included in budgets for contingencies. The number of shared ownership homes in the development programme is limited and there have been delay on sales completions on a small number of homes.
- Additional monitoring of rent arrears has been introduced. The debt recovery team and welfare benefits advisors are working closely with

customers to maximise take up of benefits and establish affordable payment plans.

5 Welfare Reform

- 5.1 One of our most significant risks is Welfare Reform – particularly UC. We anticipate that our rent arrears and bad debts will increase because of this and the impact of the COVID-19 pandemic. We continue to review the provision within our Financial Forecasts.
- 5.2 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 £65k in Discretionary Housing Payments (DHP) in 2019/20.
- 5.3 We are working hard with our customers to keep them informed and to help them to make changes and plan. During 2019/20 our four Welfare Benefits Money Advisors have generated £2.4m potential annual gains for customers including c£665k in housing related payment benefits
- 5.4 We continue to develop partnerships and we have a place on the board of our local Credit Union, into which we have invested £100k.