

thirteen

Managing and building homes

**Annual Report
Summary 2017/18**





“

At Thirteen, we've been working to improve the lives of people in our communities for years. After all, our reason for being is to provide homes, support and opportunities to grow.

”

Chairman's Introduction

Welcome to our annual report summary for the 2017/18 year.

The year hasn't been without its challenges but despite these, we've continued to make great progress. You can read an overview of how we've performed and what we've achieved in the pages that follow, as well as some information about what we have planned for the following year and into the future.

Very soon after consolidation in July 2017, Thirteen underwent its first in-depth assessment by the Homes and Communities Agency (now the Regulator of Social Housing) and I am delighted that we retained our top level G1 and V1 regulatory judgement, confirming that governance and financial arrangements remained strong following the consolidation of the group.

We made significant progress on the delivery of our strategic plan, which has been reviewed and strengthened to ensure the delivery of our mission and four strategic priorities, in

particular focusing on our 70,000 customers who receive services delivered by 1,500 dedicated members of staff.

Learning from customer feedback, we have introduced a new operating model, which puts tenants and neighbourhoods at the heart of our business, enabling us to have a more visible presence, an even bigger impact in our communities and a greater tenants' voice.

It is testament to the work of all members of staff that Thirteen is in a strong position and I am confident that through the delivery of our five-year strategic plan, we can continue to deliver the services our customers want and expect.

George Garlick
Chair



About Thirteen

At Thirteen, we've been working to improve the lives of people in our communities for years. After all, our reason for being is to provide homes, support and opportunities to grow.

We're a caring landlord and housing developer, which means not just that customers are at the heart of our business, but that we understand everyone is an individual.

We own and manage almost 34,000 homes, mainly across the Tees Valley but with some homes and services in County Durham, North Yorkshire and Tyne and Wear.

The range of properties in our neighbourhoods offer something to suit all needs, from renting, buying, or even part-buying a home.

But we don't just offer a choice of home. Extra services are on hand to help people live safely, happily and be part of a real community.



Our Philosophy

Our philosophy is the cornerstone of our strategy, from why we exist as a business, to the behaviours we live by to deliver it.

Our mission

We provide homes, support and opportunities to grow.

Our vision

We are a caring landlord and housing developer. We're for anyone who needs a home and maybe a little help to get it. We're about investing in neighbourhoods and making a major contribution to the regeneration of the Tees Valley.

Our priorities

1. Delivering great customer service
2. Growing our business as a social entrepreneur
3. Contributing to regenerating the Tees Valley
4. Being Team Thirteen – high performing, collaborative and efficient

Our values

We are:

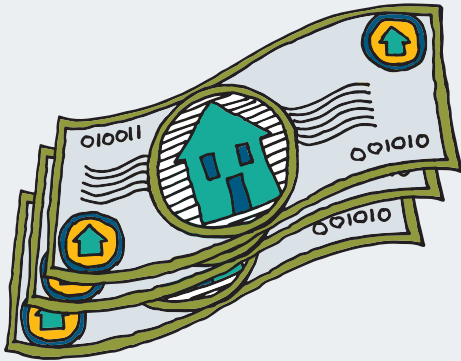
- **Considerate:** in our behaviour
- **Smart:** in the way we do things
- **Progressive:** we move things on

Our values demonstrate our commitment to continually improving services and customer satisfaction.



2017/18 in Figures

Turnover of
£160m



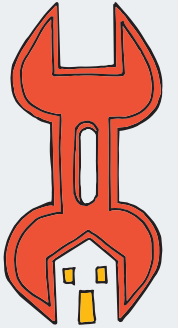
£29m
spent on developing
new homes



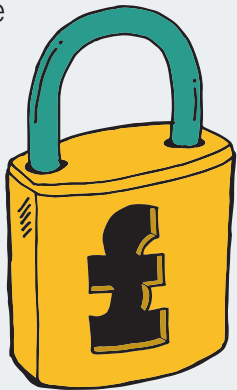
Asset base of
£1bn



£29m
spent on repairing
and maintaining
existing homes



£6.6m
of cashable
savings



100%
gas safety compliance



Over 6,000
people benefitted from
additional services



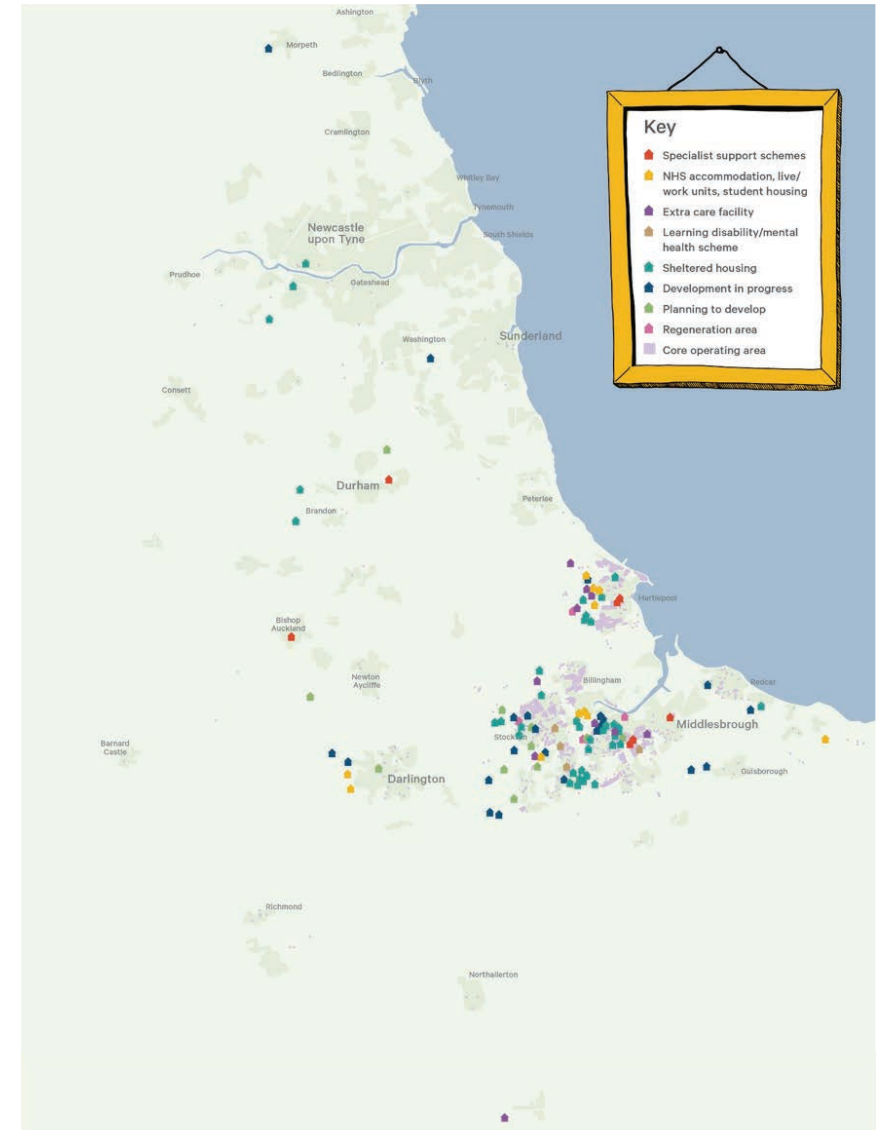
£57m
into the Tees
Valley economy
through spending
on staff and
suppliers



£34m
invested in improving existing
homes and neighbourhoods



Our Operating Area



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Risk and Challenges



In last year's report we spoke about the housing sector facing a period of significant challenge and as predicted, this is still the case.

The Savills Housing Sector Survey 2018 told us that the policy environment has undoubtedly improved over the past 12 months, with the development of homes becoming an increased priority for housing associations.

Others prioritise the management of existing homes, with greater emphasis on compliance and health and safety following the catastrophic Grenfell Tower fire. Alongside this, there are renewed calls to put tenants at the heart of decision-making and provide greater accountability.

Although we are closer to the day when the UK will leave the European Union, we don't yet understand the implications and what the deal is likely to look like.

However following our in-depth assessment and our V1 and G1 rating by the regulator, we have renewed confidence that we are in a robust position to deal with the challenges facing the sector and that we are able to take advantage of opportunities arising.

Our strategic plan for 2018 to 2023 gives us clear direction and ensures we are focused on meeting our priorities as a business, whilst promoting and reinforcing the great work that is going on across the sector.

Operating Review

Thirteen remains financially robust and able to withstand the challenges constantly facing us and in 2017/18, we generated a surplus of £27.7m (2017: £37.5m), which is being reinvested into our existing homes and neighbourhoods, as well as into developing new properties and enhancing services.

- Our operating margin was around 30%, which is in line with our peers in the sector.
- Thirteen's gearing, calculated as total loans as a percentage of total assets less current liabilities, was reduced from 30% to 24%, releasing capacity to build new homes, invest in existing properties and improve services.

Delivering our Priorities

We want to progress, improve and develop even further, providing even more homes and enhanced services to help our properties, services, staff and customers be the best they can be.

Customers are at our core; they're why we exist. That's why we welcome people having a voice.

Our customers, along with staff and partners, told us their areas of priority for the 2017/18 year and what follows is just some of the work we've carried out to meet them alongside each of our key priorities of:

- Delivering great customer service
- Growing our business as a social entrepreneur
- Contributing to regenerating the Tees valley
- Being Team Thirteen – high performing, collaborative and efficient



Priority One - Delivering Great Customer Service

You said it

Improve customer satisfaction, building on the customer service improvements that are already being made.

We did it

We improved satisfaction with overall services by 2.5% and started regular satisfaction testing in key areas such as gas servicing and repairs to ensure we're meeting customer expectations.

We also reduced average call waiting times from 59 seconds to an average of 17 seconds in May and improved complaints management, reducing the response time from 8.3 to just 2.5 days.

Nine out of ten customers said they are happy with the quality of their home and nine out of ten customers said their rent provides value for money.

You said it

Complete repairs the first time and quicker.

We did it

We introduced a new IT system in September 2017 and along with improved ways of working, we made progress on two key indicators. For the month of March 2018:

- A total of 97.7% of repairs were completed right first time
- The average time to complete a repair was quicker at 10.15 days

You said it

Change the ways of working to include weekends.

We did it

We introduced weekend working for some teams and we are looking at piloting later working for others.

You said it

Reduce avoidable contact.

We did it

We carried out more training and education on our internal systems to ensure more customer queries are dealt with at the first point of contact.

You said it

Ensure customers understand the services on offer.

We did it

We introduced a new operating model which puts neighbourhoods at the heart of our services, meaning a more personalised relationship with a neighbourhood coordinator.

We also made changes and enhanced our website to make it easier to navigate and understand what we offer and started to map out our offer to customers even further so we can promote and market our homes and services to our customers and potential customers in the best way possible.



Priority One - Delivering Great Customer Service

Other key achievements in 2017/18:

- We continued to be fully compliant with gas servicing legal requirements, with 100% of landlord gas safety certificates in place
- Our target for customers using the self-service portal was achieved and we are about to start a phase to implement a new digital approach
- Tenancy turnover for Thirteen's standard properties reduced from 11.3% to 10.8%
- We reduced re-let times for standard properties from 65 days to 45 days
- We improved complaints management with a centralised approach reducing the average response time from 8.3 days to 2.5 days and 100% within the target time of five working days
- 511 formal estate walkabouts were completed, enabling us to engage with residents and identify, then rectify any issues
- 3,355 new tenants were contacted within 24 hours of starting their tenancy
- 5,886 tenants were visited within four weeks of starting their tenancy
- 2,688 visits were made to customers in high-rise blocks about fire safety
- 334,389 calls were answered by our contact team

- There were 74 scrutiny recommendations to improve services by our customer scrutiny panel
- 86,129 repairs have been completed since October 2017

Top of our list for 2018/19:

- Deliver phase two of the repairs improvement programme
- Deliver phase two of the debt and income project
- Deliver our operating model with neighbourhoods at the heart
- Deliver our digital blueprint for the benefit of the customer experience programme



Priority Two - Growing our Business as a Social Entrepreneur

You said it

Save money through a more efficient repairs service.

We did it

The property services improvement plan was implemented, leading to a reduction in the number of days to complete a repair, the average time taken and an increase in repairs completed on first visit.

You said it

Make it clear how to access our support services.

We did it

We have produced updated information packs that will support the access to all the different support services. In 2018/19 work is continuing on the branding of this service and to make the information more accessible to the appropriate client group.

You said it

Have a clear understanding of our social impact.

We did it

Analysing any social return benefits has been included at the initial phase of each new project and we are making best use of the Housing Associations' Charitable Trust (HACT) social return model to assess the impact from ongoing pieces of work.

You said it

Include the neighbourhoods team in decisions about housing stock.

We did it

Put neighbourhoods at the heart of the business via our new operating model, ensuring coordinators manage actions associated with their patches.

You said it

Focus on addressing the needs of older people.

We did it

We continued our commitment to accommodation including sheltered housing and extra care schemes and are regularly engaging with MPs about the importance of these services in their constituencies.



Priority Two - Growing our Business as a Social Entrepreneur

Other key achievements in 2017/18:

- The group consolidation and subsequent restructure of the loans portfolio reduced the overall cost of capital and released capacity to invest in new areas of business
- The local housing allowance cap did not become the issue that we anticipated and so we concentrated our efforts on reducing the impact of Universal Credit
- Last year, Thirteen's New Directions programme, which provides support for people aged 15 to 29 to find work, training and education and works to match young people with jobs, achieved a number of successes including:
 - 527 new sign-ups
 - 321 people received an offer of employment, apprenticeship or training
 - 309 people took up the offer of employment, apprenticeship or training
- We reviewed and developed our process for assessing properties that need an options appraisal, such as homes that are difficult to let or those requiring an investment of over £4,000. In the last year we disposed of 15 of these properties and a £150,000 surplus was achieved as a result of the sales

- There were 618 referrals to support services
- £2.7m of benefits gained for claimants
- £1.3m in Universal Credit was gained for claimants

Top of our list for 2018/19:

- Develop a flexible 'grow to own' product that allows customers to rent, part rent and also buy at any time on any home
- Flexible options for differing rent models as a result of de-regulation
- Business growth
- Investigate the feasibility of combined heat and power, working with the bigger industries across the Tees Valley to provide subsidised heating to our tenants
- Supply chain maximisation



Priority Three - Contributing to Regenerating the Tees Valley

You said it

Build affordable homes.

We did it

In the year we achieved:

- 295 on-site starts on affordable new build homes
- 206 completed new build affordable homes.

You said it

Agree a standard for the quality of a Thirteen home.

We did it

The homes standard project is underway, considering the threshold standard including 'kerb-appeal' and communal areas. This is due to be completed in October 2018.

You said it

Include neighbourhoods teams in regeneration decisions.

We did it

Ensured our new operating model puts neighbourhood teams at the centre of decisions about their patches.

You said it

Focus on estate regeneration and reduce empty properties.

We did it

Brought a range of empty properties in North Ormesby, Middlesbrough back to life and started to build new homes in Grove Hill, Middlesbrough, as detailed opposite.

You said it

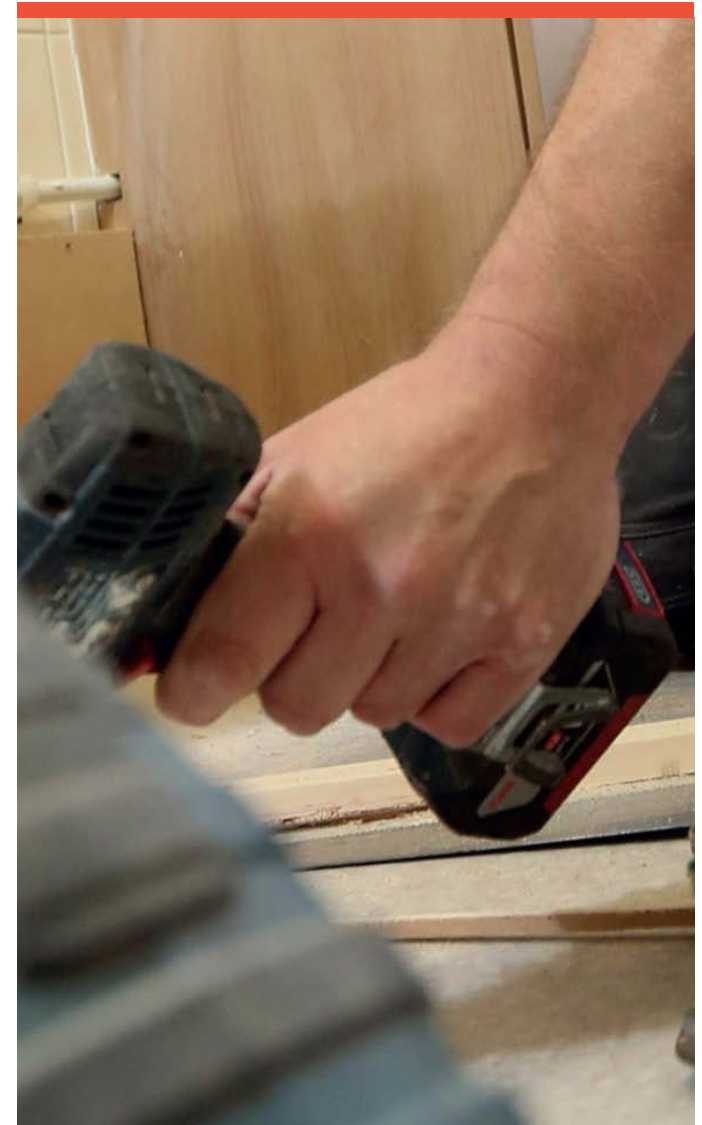
Improve homes needing investment, as identified by our stock condition surveys.

We did it

We delivered £27m of major work and improvements, including:

- 1,728 boilers installed
- 959 windows installed
- 159 doors installed
- 236 roofs installed
- 293 bathrooms installed
- 467 kitchens installed

We also spent £1.08m on home adaptations to help tenants remain in their homes.



Priority Three - Contributing to Regenerating the Tees Valley

Other key achievements in 2017/18:

- We agreed our approach to the management and maintenance of five of our high-rise blocks
- Environmental improvement schemes were delivered in some areas and some activities are still in progress
- Architect development plans for new house types are underway and we now have an in-house architect. The design team took initial plans and upgraded them following consultation with staff and customers. The team is including not just the property but the overall estate environment in its review
- 20 empty properties were purchased and are either occupied or in the process of being refurbished in North Ormesby, Middlesbrough
- Currently 92 new homes are on site at Bishopton Road, Grove Hill, Middlesbrough, with a target completion date of mid-2020
- We implemented a new procurement framework with Prosper (formerly North East Procurement) to help reduce costs and increase value for money in the investment programme

- We continue to work to identify people at risk of homelessness:
 - 449 people/families have been prevented from becoming homeless
 - 669 referrals have been made to the Key Step homeless project
 - 11 formal homeless cases have been dealt with
 - 1,458 advice cases have been handled
 - 81 people have been helped from supported accommodation into a home
- We published new neighbourhood plans and focused on promoting the excellent work ongoing within the neighbourhoods, with updated information and impact reports presented to local authorities and councillors
- There have been ongoing enhancements to the sustainability model SM@RT and it is now available on mobile devices and is in an easily accessible dashboard. This means any hotspot areas can be identified and appropriate action taken

Top of our list for 2018/19:

- Deliver our Asset Management Strategy
- Deliver our Development and Regeneration Strategy
- Prepare options to undertake street cleaning in some patches to ensure residents have a high quality environment



Priority Four - Being Team Thirteen

You said it

Ensure we are legally compliant and safe.

We did it

We completed a self-assessment on compliance with all legislation and we continue to have an appropriate set of performance measures, including gas and fire safety.

We also had a full in-depth assessment and maintained a G1 and V1 rating for governance and financial viability from our regulator.

We set up a specific team responsible for cyber security and to help us better understand the threats, prepared for the introduction of the General Data Protection Regulations and reviewed and improved our disaster recovery plan.

You said it

Deliver a continuous value for money (VFM) programme.

We did it

We continue to review our approach to VFM, building on the successes to date, ensuring everyone across the organisation understands the cost of what we do and the value of the services we offer, in addition to providing clarity on how we can deliver services in a more commercial way to drive improvements and savings for re-investment.

You said it

Improve our staff satisfaction levels.

We did it

A recent staff survey with a 79% response rate resulted in an average of 7.6 when colleagues were asked if they would recommend Thirteen as a place to work. The previous result was 7.7 but this was from a lower 56% response rate.

You said it

Deliver the plan and promises made and deliver a tangible and visible impact.

We did it

Introduced annual impact reports showing our delivery and the differences we have made in local authority areas.



Priority Four - Being Team Thirteen

Other key achievements in 2017/18:

- We delivered a reshape of our internal structures to ensure we have sufficient capacity and skills
- Work to review systems and processes is ongoing and e-enablement is now always considered and implemented where possible and appropriate as part of any process review
- The Board now has access to digital packs, increasing efficiency and improving access to information
- We introduced tablets to enable us to work more effectively within the digital environment

Top of our list for 2018/19:

- Implement the organisational development programme
- Start year one of the five-year project on process and systems review
- Deliver year one outputs from the five-year VFM project



Value for Money

At Thirteen, we're always committed to ensuring the best future returns on assets, good practice and procurement methods. This means we can deliver quality goods and services whilst having a clear goal to enable a positive impact on our customers and communities.

Efficiency	2017/18 target £000's	Outcome	Comments
Fleet review	103.2	Not achieved	The review highlighted the need for additional vehicles to improve services, savings were achieved in other areas of the property services directorate to more than offset these additional costs.
Out of hours reduction in call out costs	208.2	Delivered in part	Due to the changes being made part way through the year we only secured £99.5k against the target set.
Group consolidation and refinancing of the loan facilities	656.0	Exceeded	A total of almost £1.6m has been delivered as a result of the refinancing carried out as part of the group consolidation in 2017.

In addition to the targets set in the 2016/17 self-assessment we also delivered efficiencies in the following areas:

Efficiency	£000's
Efficiencies achieved against the targets set in 2016/17	1,667.9
Staff savings from the introduction of the new operating model	919.5
Development team restructure	268.8
Back office savings (staff and systems) following the group consolidation	1228.2
Efficiencies created as a result of the revised governance (board) structure	66.7
Efficiencies delivered following a review of office accommodation	854.9
Savings delivered within property services as a result of staffing restructures and more efficient use of subcontractors	1,087.0
Other efficiencies including a review of service charge income and consultancy fees	468.9
Total	6,561.9



Social Value



More than 6,500 people have benefitted from help from services we provide that are over and above our usual landlord functions.

The social value calculations below provide a snapshot of the added value we create from our everyday activities and some of the great work that has been done to help our customers and neighbourhoods:

- We invested over £1m into initiatives which directly helped customers and communities and funded over 100 projects
- Our money advice services put more than £2.7m straight back into the pockets of residents
- We have secured additional funding of around £0.15m via our contracts with Travis Perkins and Prosper
- The total social value recorded through HACT in 2017/18 was worth over £5.3m
- We put almost £57m into the Tees Valley economy through our spending on staff and suppliers, an increase of around £9m on last year

