

Report to Stockton Council's Place Select Committee

11 June 2018

Title:	Scrutiny Review Consolidation of the Thirteen Housing Group
Report of:	Chief Executive, Executive Director of Service Delivery & Development and Director of Neighbourhoods
Status:	For Information

PURPOSE

The purpose of this report is to provide information in relation to the five questions to the Place Select Committee are looking at in relation to the Scrutiny Review of the Consolidation of the Thirteen Housing Group which are:

1. What was the rationale for the consolidation of Thirteen Housing Group, and how did this effect tenants / leaseholders in Stockton-on-Tees?
2. What have been the key issues / challenges post-consolidation in terms of the delivery of services, and how are these being addressed?
3. How does Thirteen engage with tenants / leaseholders (including communication of services and addressing concerns raised)?
4. What arrangements are in place regarding operational and strategic engagement with the Council? Are they effective?
5. What are the key features of Thirteen's investment programme, and how is this aligned with Council priorities?

In addition, at the Place Select Committee on the 11 June we will share a short Powerpoint presentation and an Impact Report that has measured what Thirteen have been doing in Stockton over the last financial year for further background. We have also enclosed some hyperlinks to further background information about Thirteen at the bottom of this report as well a number of appendices.

1. What was the rationale for the consolidation of Thirteen Housing Group, and how did this effect tenants / leaseholders in Stockton-on-Tees?

- Thirteen previously had five separate Partner Companies within the Group and by nature this increased bureaucracy and duplication, and was not an effective use of money and resources. The Regulator of Social Housing (RoSH) was increasingly keen to see that groups operated within streamlined, less complicated and less risky structures to drive efficiencies and value for money, and enable more effective risk management.
- By far the greatest benefit of collapsing the structure was the ability to release capacity across the Group. Moving away from the original structure of four housing associations would save on borrowing costs and release this capacity by consolidating the assets, loans and covenants into one association, so that more could be reinvested within the Tees Valley. Another key driver was to deliver consistently good services to customers, regardless of their property type or where they lived.
- There was a potential threat that local relationships, partnerships, knowledge and focus would be lost when the Partner Companies were consolidated in terms of the strategic and operational relationships that exist with local authorities, and also in the arrangements that would exist to ensure local representation was maintained and the customer voice at Thirteen Board was heard. As a result (even before consolidation) regular meetings were established between Thirteen and SBC with representatives at a senior level including the Chief Executive of Thirteen. The agenda covers progress around the new homes development programme, regeneration schemes, investment and improvements within Thirteen stock and quarterly updates on Thirteen performance.
- The Thirteen Customer Council plays a key role in scrutinising decisions and performance of the group. The Chair of the TCC is represented on the Thirteen Board and brings challenge from a resident perspective and will be attending the Place Select Committee with us.
- Since consolidation our performance has been improving and we continuing to listen to tenant and customer feedback through engagement and involvement to improve what we do. The Board has also set some stretching targets within the Strategic Plan 2018-2023 to improve performance further.
- In November 2017, our Regulator (RoSH) carried out an 'In Depth Assessment' of Thirteen. As you may be aware, a co-regulatory

approach is taken. This means that our board are responsible for ensuring that we manage the business effectively and we comply with all regulatory requirements. The Regulator undertakes its regulatory engagement in a few ways and one of these is an In-Depth Assessment (IDA). An IDA is undertaken every three or four years involving close consideration of compliance, accurate records of assets and liabilities and detailed and robust stress testing. It is a bespoke piece of work and considers a housing associations viability (ability to meet financial obligations), approach to value for money and governance. It involves an assessment of risk profiles, exposures, financial strengths and weaknesses, governance and delivery of value for money. We had never had an IDA before and ours commenced in November. We received the outcome in February and we were graded as:

- **G1** (the highest grade for governance) meaning we meet the Regulators governance requirements; and
- **V1** (the highest grade for viability) meaning that we have the financial capacity to deal with a reasonable range of adverse scenarios.

2. What have been the key issues / challenges post-consolidation in terms of the delivery of services, and how are these being addressed?

Legal Structure

- The legal structure of Thirteen Housing Group is much simpler with fewer subsidiary boards and a clear line of sight in terms of oversight and accountability to the main Thirteen Board following consolidation. The Board is supported by three committees and two subsidiary boards being:
 - Audit & Risk Committee
 - Treasury & Investment Committee
 - Remuneration Committee
 - Thirteen Homes (subsidiary company)
 - Thirteen Commercial Services (subsidiary company)

Consolidation and reshape

- Consolidation provided the opportunity to review our management structure and this was a big focus for the organisation post April 2017. The Leadership Team was reviewed to create a simpler structure and three new directorates (from five) were created:

- **Service Delivery and Development** – including all neighbourhood and tenant services, delivery of new homes, customer service, care and support and business development.
 - **Property Services** – repairs, investment, estate maintenance and asset management.
 - **Resources** – finance, business support, IDT, people and governance services.
- This has created the framework for the review of the rest of the organisation and this was largely developed and delivered by April this year. The reshape focussed on getting the right resource in the right places to ensure we are delivering the services our customers want whilst offering value for money. A new operating model has been implemented as from April 1 2018 to ensure that neighbourhoods are at the heart of everything we do. More information about the new neighbourhood operating model is outlined below.

Performance

- **Repairs** continue to be the area where we have most customer feedback and where we have the most day-to-day transactions as a business (and where we spend the most money for tenants) and we have focussed on this over the last year to improve our performance. A new repairs system was launched in September 2017 and this has resulted in much better outcomes for tenants allowing more flexible repair times, text messaging to confirm appointments and clearer repair definitions. We are now seeing the impact of the new repairs system with progress being made on all of the key measures; average calendar days taken to complete a repair and 'First Fix'. 86,129 repairs were completed over the year. Productivity has increased including 'right first time' jobs. Customers rated satisfaction with the service at **9.6 out of 10**. Importantly we remain at 100% gas compliance and our customers rated their satisfaction with our gas services at **9.5 out of 10**.
- **Customer Experience** - In terms of 'Customer service' we have maintained progress on key areas of contact and complaints. In the Contact Centre, within the quarter, 82% of calls were answered within 30 seconds, a steady increase within the year and above the 75% target for 2017/18. This is a significant improvement compared to pre-consolidation. Over the last six months average Call Wait Time has regularly been below 30 seconds. Satisfaction remains high for the gas and repairs service. The average time taken to respond is around two

days and over 98% have been answered within the 5 day timescale. This is a huge improvement compared to pre-consolidation. Underlying reasons behind complaints are analysed by the Customer Relations Team, who liaise with the appropriate service area to inform improvement actions and plans. It should be noted that compared to the number of interactions and transactions between Thirteen and our customers (over 36,000 per month) the number of complaints is low.

- **Rent arrears** are maintaining a 'steady state' despite ongoing challenges around welfare reform and universal credit (See appendix A and B for gross and net arrears). Thirteen continues to provide support to residents to help them manage their tenancies successfully including:

Money Advice

Our Money Advice Team helps customers manage their finances and make the most of their money. This year, we have also employed additional staff to help customers who have problems with Universal Credit. Outcomes for Stockton include:

- **291** money advice cases dealt with
- **£495,278** benefits gained for claimants
- **£400,433** social value gained in the area
- We invested **£280k** into our Local Housing Discretionary Scheme benefitting **522** customers in Stockton
- Our **Universal Credit conference** in May brought over 90 delegates together to share learning around the implementation of UC

Employment Support

Thirteen provides support for people aged 15 to 29 to find work, training and education. The New Directions service works with young people and businesses across Teesside to successfully match young people with jobs, apprenticeships, training and work placements. In Stockton:

- **264** people signed up to the New Directions programme
- **153** people received an offer of employment, apprenticeship or training.
- **156** people took up the offer of employment, apprenticeships or training.

- **Voids**

There is natural turnover within the housing stock although we do find some properties more difficult to let than others. Voids overall for the group at times are higher than we would want and is a key area of focus. Appendix C outlines vacant properties to let. Appendix D shows vacant properties available to let. Appendix E shows average re-let times. Appendix F shows the net difference between re-lets and terminations.

- **High Rise Safety**

The high rise block at Anson House suffered a fire in April 2017 that sadly led to a fatality. Immediate measures were taken to increase fire security on this and the sister block at Hudson House and all properties were treated with intumescent paint to increase fire resistance.

Structural concerns emerged in January following an in depth inspection of the structures earlier this year and these were mitigated by installing equipment to detect potential gas leaks, removing gas cookers and developing a programme to strengthen the structure of both buildings.

Following the Grenfell tragedy, we were advised in June 2017 that Kennedy Gardens had the same type of cladding fitted and we made emergency arrangements to remove it within 2 days. Staff teams were out all weekend to liaise with residents and additional fire security measures were put in place. The replacement cladding programme will commence in July.

We have recently completed a full option appraisal on all 18 high-rise blocks within the Group. As a result, we have agreed to demolish 2 blocks in Stockton at Anson and Hudson, and 3 in Middlesbrough. We have appointed a specialist team to work with residents to plan for this and find suitable rehousing options. Residents and ward members were advised of this on 6 June.

3. How does Thirteen engage with tenants / leaseholders (including communication of services and addressing concerns raised)?

- Thirteen engages with customers in a variety of ways to ensure we listen to their views and improve our services:
 - **Thirteen Customer Council** – is the overarching body of involved residents that reviews performance and holds Thirteen to account

- **Scrutiny Panel** – undertakes 3-4 in depth reports on issues that impact on tenants. Last year this included the repairs service and income management. The recommendations are reported to the Thirteen Board by the chair of the Panel and the adopted action plans are monitored by Audit and Risk Committee.
 - **Estate Walkabouts** – last year we undertook 215 estate inspections. Residents and ward councillors are invited to attend these sessions.
 - **Newsletters** – these are sent to every tenant and ward members at least twice a year. The latest draft issue that is about to be issued to tenants to the meeting is attached at appendix G.
 - **Consultation events** – we carry out specific consultation events when required, for example on propose new development schemes or regeneration proposals.
 - **Star Survey** - this is an independent survey of tenants views about our services. We complete this twice a year and report the findings to the Board.
 - **Customer Relations team** - is a dedicated team focussing on resolving customer complaints and ensuring we learn from poor customer service. The Leadership Team also visits a number of customer cases every month.
 - **Self Service portal** – ensures our tenants can access a number of services on line 24/7.
 - **Neighbourhood Teams and the role of the new co-ordinators** – our new operating model, launched on 1 April brings our services much closer to the customer. Neighbourhood co-ordinators are responsible for a much smaller patch, but carry out all of the key services relating to the estate and are therefore the key point of contact for tenants.
- The satisfaction levels among customers give us a good indication as to the effectiveness of the services we provide and also where we need to make improvements. In the latest results:
 - **9 out of 10** customers said they are happy with the quality of their home
 - **9 out of 10** customers said their rent provides value for money
 - Our customers rated their satisfaction with our gas services at **9.5 out of 10**
 - **Over 85%** of our customers would recommend us to others

4. What arrangements are in place regarding operational and strategic engagement with the Council? Are they effective?

- **Monthly update meetings** – these are attended by the respective Chief Executives and Executive Directors and provide updates on issues that are of relevance between the organisations. They are very positive and provide an informal platform to exchange views.
- **Quarterly Board meetings** – these meetings report progress on the Thirteen development and Investment programme, regeneration schemes such as the Victoria project, and general estate management performance within Stockton. They are attended from Thirteen by the Chief Executive, Executive Director and the Director of New Homes Delivery. From SBC, the Director of Economic Growth and Development and the Housing Service Manager. The meetings are very productive and foster a sense of joint working to deliver the agreed priorities.
- **Support to various council partnership boards** – Thirteen is represented on a number of SBC strategic and partnership groups.
- **Relationships with ward councillors** – we maintain good relationships with ward councillors, they are invited to estate walkabouts, we have hosted 6 monthly Councillor Sessions to keep them advised of general progress within Thirteen. Councillors are briefed personally by senior managers when specific events take place (such as the events at the high rise), and we respond directly to ward councillor enquiries via the Neighbourhood Manager. A copy of the most recent briefing presentation for Stockton Ward councillors is attached at appendix H. We attend resident groups with ward councillors at Kennedy Gardens, Low Grange and Parkfield and have advised all ward councillors of the new neighbourhood co-ordinators in their patches.

Generally these relationships are positive and productive.

5. What are the key features of Thirteen's investment programme, and how is this aligned with Council priorities?

- We are committed to continued investment in repairs, maintenance and improvements to properties to ensure we maintain homes to a decent standard. This includes investment in environmental works, where appropriate in tandem with the council. Regeneration in key areas is also a priority and we have worked in partnership with the council to redevelop Swainby Road, develop proposals for the Victoria Estate and the completion of the Parkfield regeneration. We have a healthy development programme to provide new homes and work closely with

the council's team to develop accommodation for a range of requirements and tenures to help address housing needs in the Borough.

Investment in Homes

- Throughout 2017-18, we carried out **£7,350,000** of improvement to homes throughout Stockton, this included:
 - **114** new kitchens installed
 - **49** new bathrooms installed
 - **320** boilers installed
 - **284** window installations
 - **88** door installations
 - **220** roof installations
- We also spent **£5m** on environmental improvements, which included boundary schemes and work to improve neighbourhoods for our customers and the people living around the homes we manage.

Repairs in Customer Homes

- Thirteen implemented a new repairs system in September 2017 which has helped to better allocate repairs jobs, ensure a better service for customers and increase customer satisfaction. We invested £8m on repairs and maintenance in the Stockton area last year. This includes, repairs, voids, electrical testing and gas servicing.

Across the Tees Valley:

- **86,129** repairs completed (since October 17)
- **97.79%** repairs completed on the first visit (since September 17). This is a huge improvement compared to pre-consolidation.
- **9.6 out of 10** for customer satisfaction with repairs services provided.

Developing New Homes

- Over the year, we have developed new homes for people across Stockton. This includes new developments at Parkfield, Urray Nook, Morley Carr Farm, Green Lane, Queensgate, Swainby Road and the Dales, as well as empty homes to bring them back into use for local people. The development of new and empty homes supports the

regeneration of the Stockton area and helps more people access affordable homes. This year we have also started on site at Alma Street and Phase 3 of Parkfield.

No. of Units	Affordable Rent	Shared Ownership	Other
125	94	25	6

Appendix I has more detail on the individual sites being constructed across Stockton by Thirteen with additional investment planned.

6 How will the recent internal re-organisation within Thirteen effect the partnership with the Council and tenants / leaseholders?

- The reshape of our services has introduced a new Neighbourhood operating model which we believe will bring our services closer to our tenants and customers. Tenants told us that they wanted our staff to be more visible in neighbourhoods, helping them to deal with the issues they face on a day-to-day basis. We have therefore reduced the number of properties our Neighbourhood Co-ordinators manage from around 850 to 300/350. We have decentralised responsibility to this team so they now deal directly with lettings, rents and income, anti-social behaviour and of course, estate management. This will allow a greater understanding of the patch and a better response to local issues and individual needs.
- Local Councillors will have a named Neighbourhood Co-ordinator to contact as the first point of call. This will improve communication and visibility on our estates.

BACKGROUND INFORMATION

- Thirteen's Strategic Plan for 2018-23 can be found via the following link: <https://www.thirteengroup.co.uk/page/vision-and-values>
- Further information on Thirteen's performance can be found via the following link: <https://www.thirteengroup.co.uk/page/our-performance>

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Appendices:

Appendix A: Arrears - Gross

Appendix B: Arrears - Net

Appendix C: Vacant Properties To Let

Appendix D: Vacant Properties Available To Let

Appendix E: Average Relet Time

Appendix F: Net difference between relets and terminations

Appendix G: Draft Stockton Tenant Newsletter

Appendix H: Stockton Ward Councillor Presentation – Autumn 2017

Appendix I: New Homes under development