

Merlin
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15

16

ANNUAL REPORT TO CUSTOMERS

Welcome

Our core business is the management and maintenance of our current homes and investment in new ones

Our vision is to be a world class organisation providing homes in communities people aspire to live in



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Introduction

A STEP CHANGE TOWARDS BEING WORLD CLASS

I am very pleased to welcome you to the 2015/16 Annual Report to Customers. This report highlights the further improvements in results for the year ending 31 March 2016. Merlin's performance this year reflects our values and ongoing focus on delivering better services for you. It is always the intention to put our customers at the heart of what we do. Developing the right plan together has given us another strong year of improving performance during what has been, and continues to be, a challenging operating environment.

This year we have rightly seen Merlin deliver a step change to make its financial viability much stronger, develop new homes and increase efficiency. Customer satisfaction has increased by 4% to 87%. We believe that increasing efficiency and increasing customer satisfaction can go hand in hand; especially when customers are involved in making key decisions about priorities.

The performance highlighted in this report is the result of an ongoing focus by staff and involved customers to see services delivered right, first time.

We believe that working together is the key to continued service improvement. This is the second year that our customer involvement structure has been in place. The Customer Assembly and four portfolio groups have continued to evolve and work with staff to shape, scrutinise and hold Merlin to account.

Our Customer Assembly and Portfolio Groups support Merlin in making key decisions about policies which directly impact our customers. The annual report this year follows the same format with a focus on the four Homes and Communities Agency consumer standards:

We start with customers and work backwards

- Involvement and Empowerment
- Home
- Tenancy
- Neighbourhood and Community

By engaging with these standards we are committed to working together and valuing your contributions to help make Merlin a world class organisation.

The Customer Assembly and Portfolio Groups have approved this report. Any comments or suggestions on improving the way it is presented are welcome.

We are always interested in getting more customers involved. If you would like to understand the various ways you can engage and make a difference, please get in touch.

In closing, I would like to express my thanks and congratulations to customers who give their time, hard work and commitment on a voluntary basis to support and challenge staff and to Board colleagues who have also delivered these results.

Best regards

Ian Hanstead
*Independent Chairman
Customer Assembly
20 September 2016*



Highlights of the year



4% INCREASE
FROM LAST YEAR



ALREADY
COMPLETED
IN 2015/16



MORE **SUSTAINABLE**
AND ENERGY
EFFICIENT



IN THE **PIPELINE**



£1.7m INCREASE
FROM LAST YEAR

About us

MERLIN - AT - A - GLANCE



Number of homes
8,500



Number of our residents aged over 55
6,063



Number of bed spaces at our specialist youth housing scheme

21



Number of people waiting for housing in our main operating areas
27,187



Annual repairs carried out
20,732



Number of people living in our homes
17,600



Number of staff
398



Number of apprentices
16

Our ambition

MERLIN'S WORLD CLASS OBJECTIVES ARE:

CONTINUOUSLY STRENGTHEN THE ORGANISATION

This includes:

- Greater operating surpluses
- More non-emergency digital contact with customers
- Investors in People Silver in the next two years
- Great Places to Work by 2019
- Continued investment in apprenticeships
- Development of a graduate programme
- One day a year for each member of staff to undertake Corporate Social Responsibility activity

PROVIDE HOUSING AND RELATED SUPPORT SERVICES RIGHT FIRST TIME

This includes:

- **90%** customer satisfaction
- **75%** of customers satisfied with the way their complaint was handled
- National recognition for our Customer Assembly
- Community investment focus on getting people into work
- Investigation of the creation of a Charitable Trust to further our community work

DELIVER REPAIRS AND MAINTENANCE RIGHT FIRST TIME

This includes:

- Achieving **90%** customer satisfaction with repairs
- Keeping **99%** of all appointments
- Ensuring homes are painted at re-let and potentially carpeted without increasing re-let times

INVEST RESPONSIBLY IN OUR CURRENT HOMES AND NEW ONES

This includes:

- Increasing the average thermal efficiency of 900 Pre-cast Reinforced Concrete homes, as well as our other properties
- Completing the regeneration programme for our independent living schemes
- Providing customers with a better understanding of the cost of their heating bills with smart meters in **80%** of our homes
- Achieving OHSAS 18001 by March 2017
- Gear up so we are developing **300 homes** per year by 2019

WE THINK IF WE HIT THESE FOUR TARGETS, WE'LL BE WORLD CLASS:



Operating margin

34%



Overall customer satisfaction

90%



Satisfaction with repairs and maintenance

90%



Staff engagement

75%

The big issues

AN EXCITING BUT CHALLENGING HOUSING ENVIRONMENT



POLITICAL

- **Brexit** - impact
- **Welfare Reform** - Universal Credit
- **Devolution** - opportunities to work with regional partners



ECONOMIC

- **Investment** - new homes and regeneration
- **Rent reduction** - impact on business plan
- **House price rises** - demand for affordable housing



SOCIAL

- **Housing shortages** - South West needs 21,000 new homes per year to 2031
- **Competition for school places** - investment in communities
- **Employment** - opportunities to be employer of choice



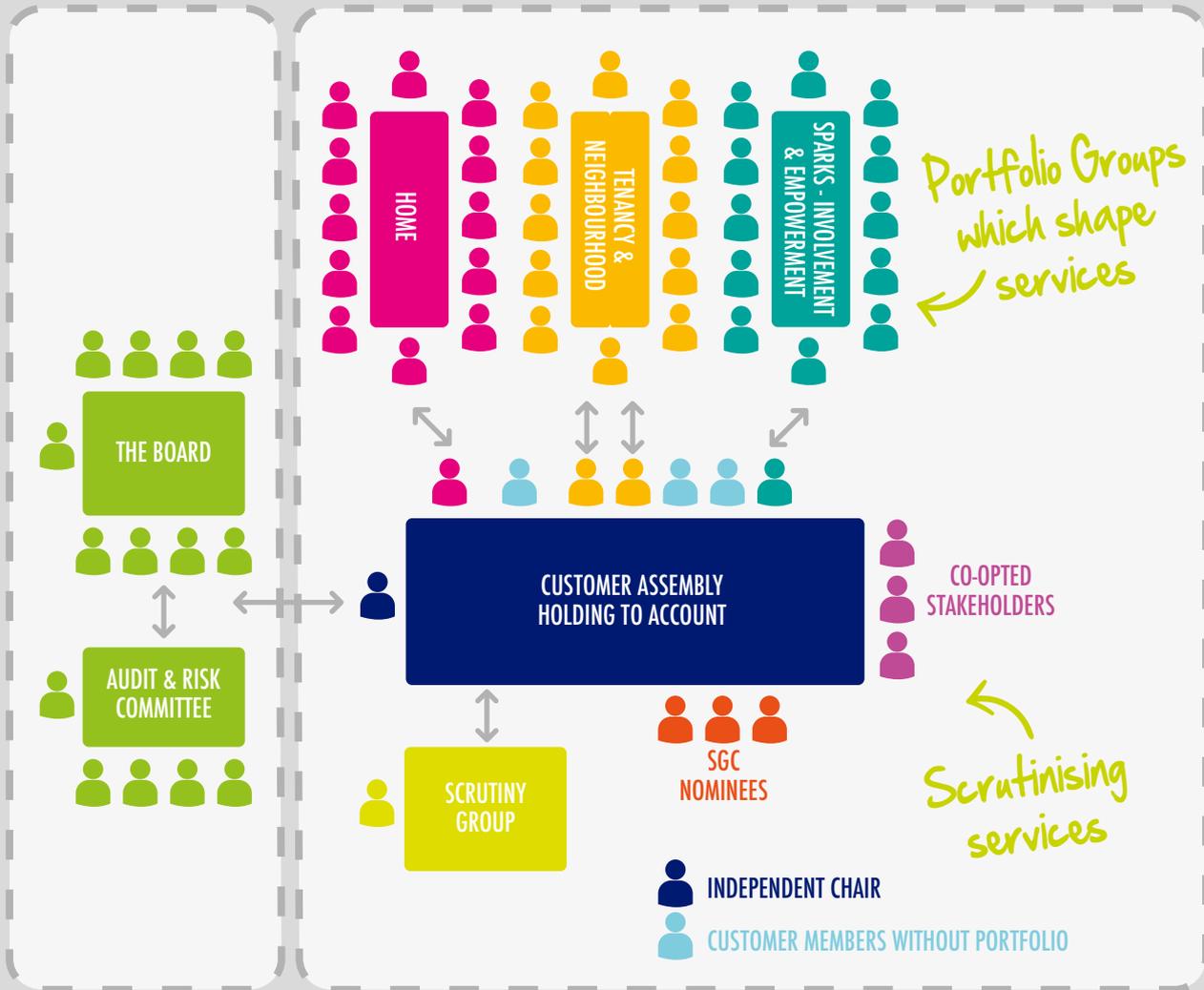
TECHNOLOGICAL

- **Channel shifting** - on line service accessibility
- **Digital media** - new communication opportunities
- **Value for money** - reinvesting in technology which can make services more efficient



How we are organised

CO-REGULATION STRUCTURE



Co-regulation

HOW CUSTOMERS REGULATE AND SHAPE OUR ORGANISATION

We need customers to be involved

Our customers are the reason the business exists and we always want to make sure we're delivering services that really work for you. To do that, we need customers to be involved.

CUSTOMER ASSEMBLY

Central to the involvement framework, the Customer Assembly oversees the work of the Scrutiny Group and portfolio groups. By having a direct line of report to the Board, the Assembly can support the Board in its responsibility for ensuring we meet the Homes and Communities Agency consumer standards. The Assembly embraces the views, aspirations and priorities of customers.

SCRUTINY GROUP

The Scrutiny Group works with members of the three portfolios by taking a closer look at services. The task and finish approach of this group means customers can get involved in one report or a series of reviews. Scrutiny reports contain recommendations for service improvements which, when agreed, are put into clear action plans and signed off by the Customer Assembly.

PORTFOLIO GROUPS

Our three portfolio groups shape and review our service delivery. They are aligned to the HCA consumer standards, against which the performance of all social housing landlords is monitored. Representation on the portfolio groups is drawn from other involvement groups such as Community Action Groups, the Independent Living Forum and resident forums.

Each group has responsibilities for reviewing, shaping and improving our service delivery in key areas.

-  **Involvement and Empowerment (Sparks):** Monitors the involvement of customers and the training they get, customer services, complaints, understanding and responding to the diverse needs of our customers.
-  **Home:** Looks at quality of accommodation and repairs and maintenance.
-  **Tenancy:** Looks at allocations and mutual exchange, supporting tenancies and all matters relating to tenancy rights and responsibilities.
-  **Neighbourhood:** Looks at management of anti-social behaviour, neighbourhood management, local area co-operation, and working in the community.

Each group feeds back into the Customer Assembly.

Sparks Portfolio Group

SPARKS PORTFOLIO GROUP

Driving the
right culture

TENANT INVOLVEMENT AND EMPOWERMENT (SPARKS)

'Sparks' are customers just like you – they are the group who drive Diversity, Equality and Inclusion (DEI). They are responsible for tenant involvement and empowerment as a portfolio group of the Customer Assembly. Members have diverse needs and backgrounds, all with different skills and abilities.

Sparks have spent twelve months learning about Diversity, Equality & Inclusion – they now have a comprehensive work plan and meet monthly to drive it forward.

So what have they achieved?

- Being positive role models for the mental health DVD called Stamp out Stigma, and supporting the planning and delivery of Mental Health Month 2015 and 2016 – this won a Stamp out Stigma Award.
- Inputting to the presentation delivered to the Health and Wellbeing Board on mental health and attending on the day to put the case forward for housing being on the Board by supporting the workshops. We didn't make it onto the Board, but housing do now have representation on the strategic panel where we can contribute.
- Putting together, preparing and delivering a mental health conference for customers in conjunction with partners in March 2016. We gave talks on the day, and led service improvement workshops from which we have owned and helped implement recommendations. These have resulted in an increase in satisfaction across our services for people with ill mental health.

- Carried out two diversity audits on offices from which recommendations for accessibility improvements have now been passed to facilities management for action. This came from a customer complaint which the group took up.

What are the plans for next year?

Sparks will be better understanding how each service area works in Merlin so they can try and improve them by removing any inequalities or barriers which exist for our customers. We will have a real focus on improving things for people with ill mental health and will create an improvement plan from which we can hold the business to account!

Customer satisfaction with our service remains a priority so we will be trying to understand and improve our customer services and complaints too. This starts with mapping out the 'customer journey' and will include things like our phone call response times.

We will also be having a focus on understanding more about our LGBT communities and doing a project which will take us to the Bristol Pride march along with lots of our customers and partners. These are exciting times and we hope lots of you will come along on the journey.



Our performance in 2015/16



| Standard | Indicator | How we performed |
|------------------------------------------|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Customer satisfaction | Satisfaction with overall services provided by Merlin Target 84% | We have focused on improving our repair services, getting things right and meeting appointment times 86.8% of customers are satisfied with the services we offer. That's an increase of 4% from 2014/15 |
| | Satisfaction that we listen and act on your views Target 70% | We contacted all customers who asked for a call back on satisfaction surveys 67.7% of customers feel that we listen to them and will act on what they tell us. This is an increase of 2% from 2014/15 |
| Customer service & complaints | We will respond to your written enquiry within ten working days Target 95% | We just missed our target, achieving a 92.2% response rate |
| | Satisfaction that getting hold of the right person was easy Target 90% | 69% of customers found it easy to get hold of the right person, an increase of over 5% on 2014/15 |
| | Percentage of phone calls which we answered within 15 seconds Target 80% | Out of the 6130 phone calls we answered in January we managed to answer 57.4% within the target of 15 seconds |
| | Percentage of complaints responded to within target Target 90% | A total of 83.8% within target, up 23% on the previous year |
| | We will listen to you and treat you with respect and take ownership of your queries Target 90% | In 100% of calls which were monitored, all staff listened to customers, treated them with respect and took ownership of queries |
| Insight | Percentage of customer insight information held on our customers Target 40% | We now hold 46.8% of insight information which helps us to focus service delivery more appropriately, improving satisfaction and value for money |



Home Portfolio Group

HOME PORTFOLIO GROUP

The Home Portfolio Group oversees the work carried out by our Property Investment and Property Solutions teams.

All our plans are scrutinised, shaped and challenged by customers working on the Portfolio Group or through specific focus groups for key developments.

During 2015/16 the portfolio group has been involved in:

- monitoring the quality of accommodation let by Merlin
- a review of the repairs policy following the introduction of repairs contracts for Property Solutions
- monitoring the PRC programme with a focus on customer satisfaction

- a review of asbestos processes and training on H&S
- scrutinising grounds maintenance and cleaning performance
- monitoring complaints and compliments
- monitoring key performance indicators

There is an effective working relationship between Property Investment and Property Solutions staff with good links to the Customer Assembly, the Leaseholders' Forum and Community Action Groups.



DECENT HOMES

At the end of March 2016 our properties were compliant with the Decent Homes Standard which means they were:

- free of health and safety hazards
- in a reasonable state of repair
- fitted with reasonably modern kitchens, bathrooms and boilers
- reasonably insulated

We monitor our properties every year so we know which homes will need to be updated. Some of our PRC properties (already in planned improvement programmes) and homes where customers have decided not to have the work done are not included in this analysis.

REPAIRS AND MAINTENANCE

We are committed to delivering a world class maintenance service, planning routine work and being able to get repairs right first time. During the year we completed 20,732 day to day repairs to your homes with each repair taking an average 4.89 days to complete from initial logging on our system to completion. This means we're one of the best performers in the country.





RIGHT FIRST TIME

Our average cost of each repair was £117, down again from £189 per job last year, which met our target to achieve value for money savings of 10% again in 2015/16.

In 2015/16, 81% of you were satisfied the repair you received was carried out right first time. This is a slight increase from the 79% satisfaction recorded last year. We are working toward 90% satisfaction by 2019.

HEALTH & SAFETY

If you have a gas supply in your home we must ensure it is safe to use every year. This is a legal responsibility and one which we take very seriously. However, unfortunately, sometimes we have to take legal action to access homes to carry out safety tests. We did this in one case during 2015/16. At the end of the year 100% of properties with a gas supply had a Landlords Gas Safety Register (LGSR) certificate.

IMPROVING PRC AND INDEPENDENT LIVING SCHEMES

Our non-traditional housing refurbishment project continued in Filton, Little Stoke and Thornbury during the year, bringing the total completed up to 165.

Residents at Ware Court in Winterbourne and Buckingham House in Filton had their schemes fully refurbished during the year as part of our ongoing refurbishment programme. This included the fitting of wet rooms, the building of a scooter store and windows and doors being upgraded.



DEVELOPING NEW HOMES

With more than 27,000 people waiting for rented housing where we operate, **it is vital that we focus our resources on building new homes.** We want to generate 300 homes each year by 2019.

During 2015/16 we have worked with Bloor Homes to build 17 homes for social rent and five for shared ownership at the Barnhill Gate site in Chipping Sodbury. We also built 30 more properties in Bristol as part of the Weir House development.

We have funded the redevelopment of non-traditional housing sites in Coalpit Heath, Iron Acton and Filton.

We plan to build 30 new homes on the site of our former independent living scheme in Irving Close, Staple Hill and a further 16 properties on the site of Newleaze House in Filton.

HOME STANDARD

This standard shows customers how well we maintain your homes and deliver repairs. We want all homes, new and old, to be in good condition and somewhere people are proud to call home.

*We're investing
in new homes for
customers*



HOME PORTFOLIO GROUP





Our performance in 2015/16

| Standard | Indicator | How we performed |
|------------------------------|-------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Customer satisfaction | Satisfaction with the quality of your home Target 85% | 85% of customers are satisfied with the quality of their home up from 83% in 2014/15 |
| Development | Number of new homes built Target 67 new homes | We have built 79 new homes in 2015/16 |
| Repairs | Satisfaction with the way we deal with repairs and maintenance Target 80% | 82.7% of customers were satisfied that their repair was completed right first time |
| | Decent Homes Standard Target 100% | 100% of all our properties met the Government's standard at the end of the year |
| | Satisfaction with being able to make a repairs appointment Target 85% | 86.6% of customers found it easy to book a repairs appointment. Up from 85.7% in 2014/15 |
| | Satisfaction with repairs appointments being kept Target 75% | This has increased from 82% to 97% over the year |
| Cost | We will complete repairs to a high standard Target 88% | This service standard is collected from customers at the end of each repair job. 100% of customers who responded were satisfied |
| | Average cost of completing a repair Target £100 per repair | In 2015/16 the average cost of completing a repair is £117 . We aim to average £100 per repair |
| | Average cost of completing a void repair Target £2100 per void | It currently costs us £2,066 to complete repairs and prepare properties ready for new customers to move into |

Tenancy Portfolio Group

The Tenancy Portfolio Group oversees the work carried out by our income management and lettings teams.

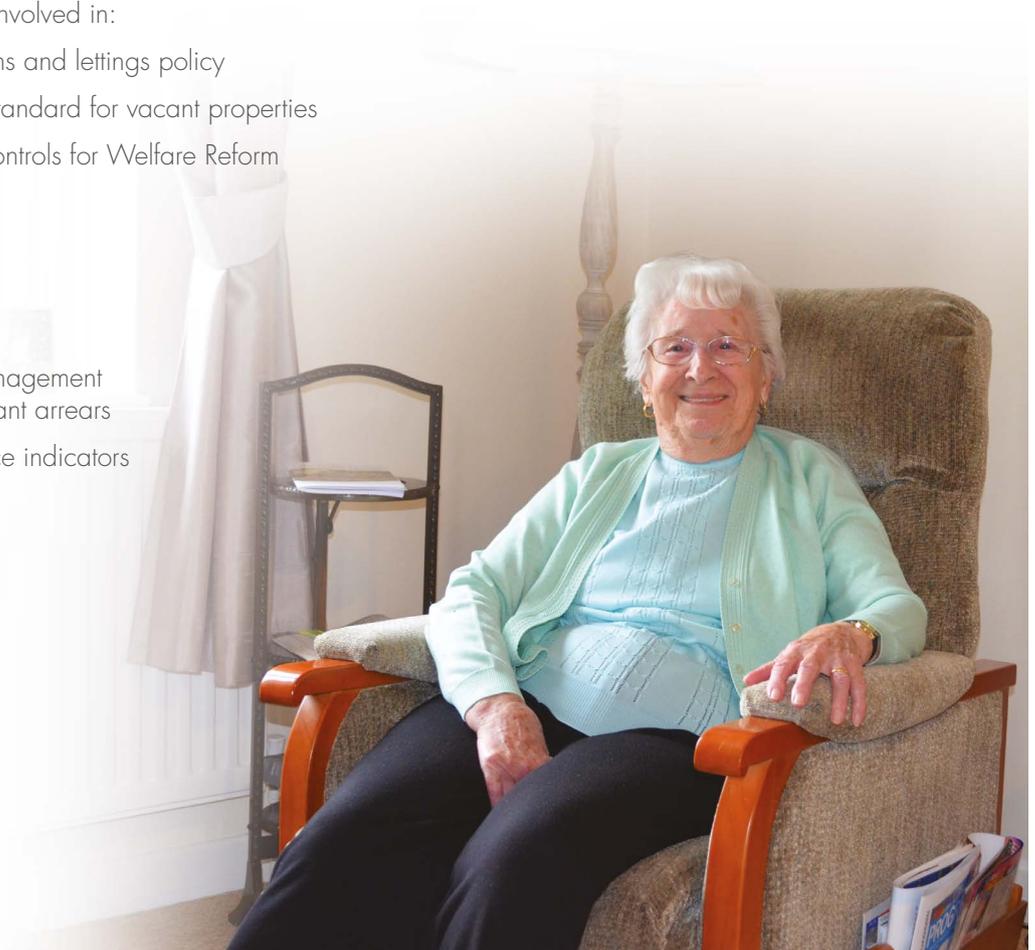
The group has the opportunity to understand our approach for managing the welfare reform changes and helping Merlin shape future plans to manage the impact of the universal credit roll out.

The portfolio group has been involved in:

- the review of the allocations and lettings policy
- the review of the lettable standard for vacant properties
- monitoring our risks and controls for Welfare Reform including
 - bedroom tax
 - benefit caps
 - pay to stay
- monitoring the income management performance of former tenant arrears
- monitoring key performance indicators

COLLECTING RENT AND USING IT WISELY

The average rent for one of our general needs properties – these don't include properties in an independent living scheme or hostel – is now £94.49, an increase on last year's figure of £92.35. We collected £39.7m in rent this year, and with other income our total turnover for the year was £41.96m





Money in

TENANCY PORTFOLIO GROUP

A BREAKDOWN OF EVERY £100 WE MADE THIS YEAR

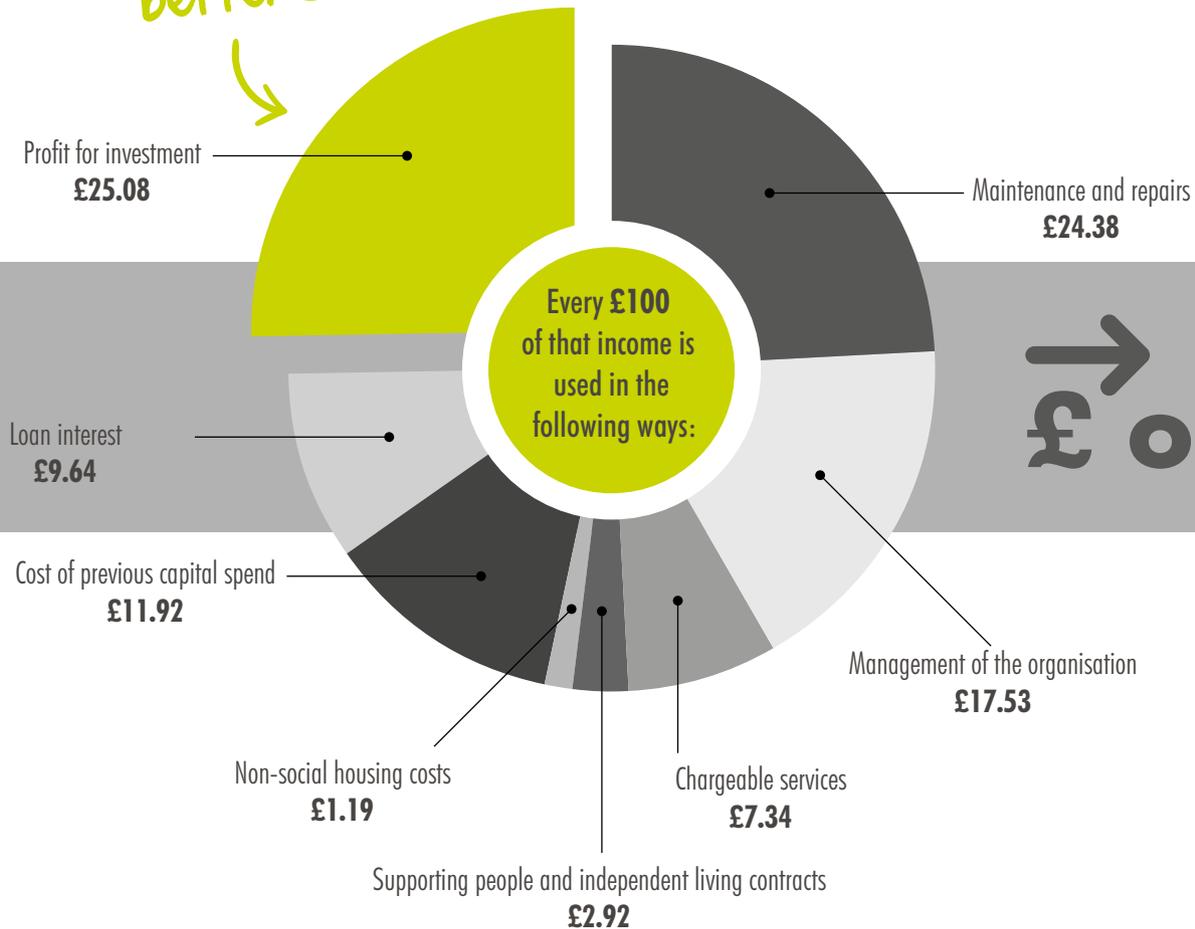


£ in

Money out



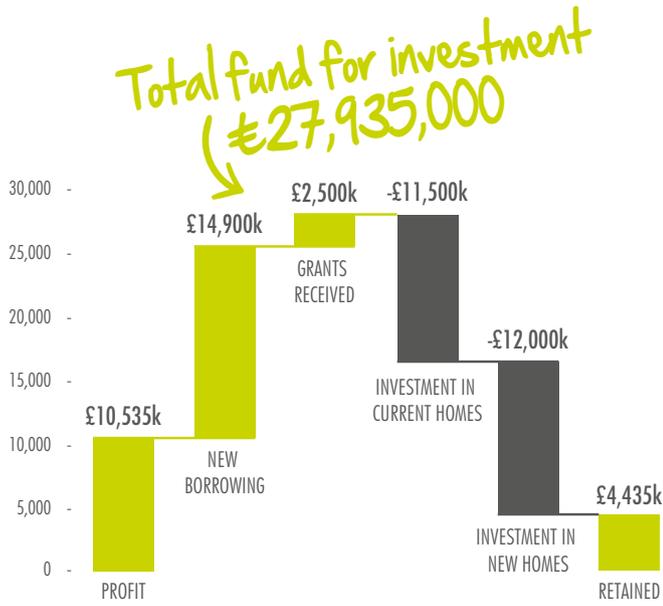
We're pumping this back into better services and new homes





The profit we generated in 2015/16 was just over £10.5 million. We add that to our borrowing and the grants we have received and use it to invest in homes such as new kitchens, bathrooms and other components or to build new accommodation for rent or shared ownership sale.

2015/16 INVESTMENT FUND



We continue to take any arrears very seriously. Without the income from rents and service charges, we would not be able to fund all the work we need to do to improve the homes you live in, the services we provide and fund the plans for new homes in the communities we serve.

This year we wanted our arrears, as a percentage of total rent due, to be lower than 1.45%, which was last year's record result. Due to the hard work of our Income Management Team, this year's performance has improved to an exceptional 0.93% as at 31 March 2016, well within the target of 1.4% and the first time in our history that arrears have dipped below 1%.

Yet there is still a risk of rent arrears rising due to the reduction in the benefit cap to £20,000 and the roll out of Universal Credit. Our continued efforts to support customers in budgeting and managing money are vital. Our average arrears per Universal Credit case was just £293 at the end of the year. This is a great result when compared to other housing associations who are reporting around £900 per case.

DIFFERENT TENANCIES

We have 20 properties let at 'affordable rents' which are set at 80% of market rent. The arrears on these properties are, in fact, lower than the equivalent social rent arrears. We are monitoring the impact of these going forward, to ensure that they remain affordable for our customers.

We have been using fixed term tenancies for tenants transitioning from probationary tenancies for the last year. The impact of fixed tenancies on the average length of tenancy and whether we experience more turnover in the future will need to be monitored going forward.

TENANCY STANDARDS

This standard shows how effective we are at collecting rent, helping customers maintain their tenancies and allocating homes to new customers.

Our performance in 2015/16



| Standard | Indicator | How we performed |
|------------------|------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Income | Current rent arrears Target 1.60 % | Taking into account all customers who currently live in our properties we had rent arrears of 0.93% at the end of March 2016. That makes us one of the best performing landlords in the country. |
| | Satisfaction that rent provides value for money Target 80% | In 2015/16 80.4% of customers were satisfied that their rent provided value for money. |
| Lettings | Average time to re-let properties Target: Average 18 days | It currently takes us on average 23 days to re-let properties, we have missed our target but continue to make improvements in this area. |
| | We will support you through moving into a property and make sure you are satisfied with your home Target 80% | 100% of customers are happy with the quality of our service in this area. |
| Evictions | Percentage of customers who are evicted from their homes Target: No more than 12 evictions | It is our aim to minimise the need to evict customers. In 2015/16 ten tenancies were ended through eviction, six for arrears and four for other reasons. This compares favourably to 21 evictions in 2014/15. |



Neighbourhood Portfolio Group

The Neighbourhood Portfolio Group oversees the work carried out by our income management and lettings teams.

The group takes an interest in our Community Insight strategy and focuses on the outcomes expected from new approaches to insight developed by the Diversity, Equality, Insight and Partnership team in 2016/17. We want to scrutinise outcomes in more detail and the group has been engaged in the changes made in our approach to anti-social (ASB) behaviour during the year. This has led to an improvement in customer satisfaction with the way ASB is handled.

During 2016/17 the Portfolio Group will focus on:

- Improvements to customer journeys including anti-social behaviour (ASB) /complaints
- Improvements to estate management - block inspections
- Improvements to grounds maintenance - overlapping with Home Portfolio Group
- Understanding opportunities arising from the new Community Insight Strategy
- Monitoring Key Performance Indicators

One of the highest scores you regularly give us in our satisfaction survey is satisfaction with your neighbourhood. In 2015/16 88.5% of you were fairly or very satisfied with the quality of the community. This is a great result and higher than many other housing providers of similar size.

We are committed to keeping our communities safe and our ASB Teams are building stronger relationships with their local Police teams. We continue to work in partnership with Stand Against Racism and Inequality (SARI) and other local agencies who help us support customers who are experiencing hate crime incidents.

We received 411 new cases of ASB over the year. Just under 100% of these cases were dealt with within our targets of one day for emergencies and five days for non-emergencies. The team resolved 82% of these cases but when asked, only 39.6% of you were happy with the way we handled your ASB complaint.

Our target for satisfaction in 2015/16 was 65% but we have made changes to the way the service is now delivered and this showed positive results at the end of the year - with satisfaction back close to target at 60%. The only area for improvement being satisfaction with the final outcome - a difficult measure when expectations of the end result can exceed what can be achieved. Work on agreeing realistic outcomes very early in an ASB case is a key learning in this service area.

NEIGHBOURHOOD & COMMUNITY STANDARDS

This standard shows how we manage neighbourhoods and how we work with our customers to make the areas you live in better places. This includes managing ASB, building new homes, maintaining existing homes and delivering cleaning services.

We are committed to safer communities

Our performance in 2015/16



| Standard | Indicator | How we performed |
|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Customer Satisfaction | Satisfaction with your neighbourhood as a place to live Target 89% | We narrowly missed this target with 88% of customers satisfied with their neighbourhoods as a place to live |
| Anti-Social Behaviour | Satisfaction with how ASB cases were dealt with Target 65% When you report ASB, we will contact you within one working day for urgent cases and five working days for all other cases Target 90% | Only 36.9% of customers feel we handle ASB complaints well. We have put new measures in place to improve this We have interviewed 100% of all ASB complainants within target time in 2015/16 |



Looking ahead

WE HAVE A BUSY YEAR AHEAD - HERE ARE SOME OF THE THINGS THE CUSTOMER ASSEMBLY AND PORTFOLIO GROUPS WILL BE DOING:

Reviewing
welfare reform
changes



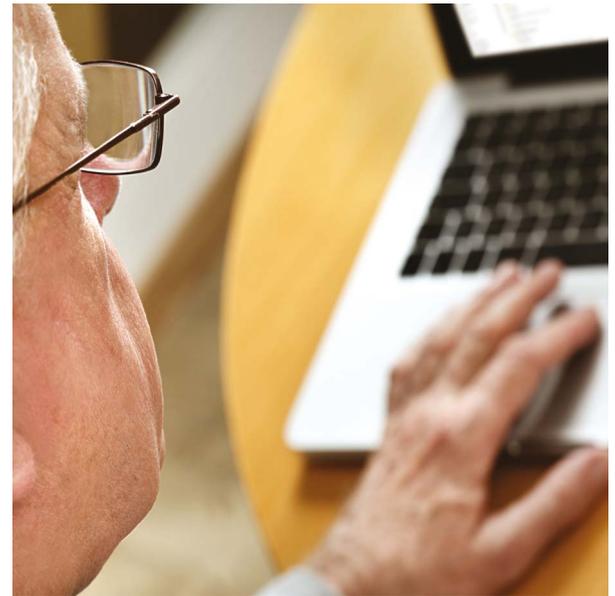
Scrutiny Group reviews:

- Block inspections
- Communal cleaning
- Grounds maintenance
- Window cleaning
- Repairs reporting

New customer service standards



Engaging with **LGBT** communities





Working with **co-regulation groups** to shape and scrutinise service delivery

Reviewing **HCA** consumer standards



New **repairs** policy



Involvement in **policy changes** and plans for 2017/18



Customer Assembly taking reports regularly to the Board



We would be very interested in hearing from you especially if you would like to work with us to make Merlin a World Class organisation.

We are looking for new recruits for all our portfolio groups and the Customer Assembly. There are lots of different ways to get involved with us as we hope this report has shown.





Please get in touch in the following ways:



0300 1232222



enquiries@merlinhs.co.uk



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<https://twitter.com/MerlinHousing>



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