



Customer Annual Report 2015/16

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90 YEARS

of housing, care and opportunity



Welcome to our Annual Report

Over the past year everyone at Midland Heart has been working extremely hard to adjust the business to respond to the huge amounts of change taking place. Whilst we know there is more to do I am really pleased that this report shows there have been significant successes and improvements for the benefit of our customers over the past year.

We have been looking at how we do things to make sure we continue to provide a range of housing options to our customers in a way which balances great customer service, excellence and value for money.

An example of this is the recent launch of our Customer First program which is focused on targeting our resources in the right areas, resolving customer queries more quickly and ultimately improving our customer satisfaction. Our new Customer Hub has been set up to make sure we do as much at the first point of customer contact, customers only need to contact us once when reporting an issue and we get things right first time. Already we have seen examples where customers have contacted us and not needed to again because of our new ways of working. Alongside this we have a newly set up People team focusing on all complex issues relating to a tenancy or behavioural issues and a Place team responsible for ensuring our neighbourhoods and communal areas are continuously managed to a high standard.

We have also been looking at our Care & Support part of the business to ensure we continue to deliver great services to customers who have experienced homelessness and older customers who can benefit from specialist support and accommodation. Just one of the many examples is Saltbrook Place, which celebrates its first anniversary this year. The scheme is a successful partnership

between Midland Heart, Dudley Metropolitan Borough Council and the Homes and Communities Agency, offering its residents structured support and accommodation with an extensive range of facilities enabling them to make the transition to a settled home. Since the scheme opened it has been at full occupancy and has supported 158 residents through the service.

The changes we are making will also enable us to continue to invest in improving our existing homes and importantly, build new homes which include affordable home ownership opportunities such as shared ownership. Last year we continued our commitment to help people who want to get on the property ladder, but are not ready to pay for their home outright. It gave the opportunity to buy a share between 25 % and 75 % and just pay rent on the remaining share. A successful partnership in 2015 resulted in a development with Westleigh Homes and consisted of two or three bedroom homes marketed at a minimum of 35 % share. The development was successfully sold to customers who could not ordinarily afford to purchase on the open market and who fitted the approval criteria.

We will continue to keep you informed about the improvements we are looking to make and I assure you we remain committed to helping our customers to live independently by providing housing, care and opportunity.

Ruth Cooke
Chief Executive Officer



Summary of the year



86.6%
2014/15 84.7 %

Overall customer satisfaction



89.5%
2014/15 88.2 %

Satisfaction with repairs



76.5%
2014/15 56.1 %

Satisfaction with
complaints handling



94.1%
2014/15 89.4 %

Routine repairs
completed on time



20
2014/15 25 days

Average days to
re-let properties

Providing homes enabling people to live independently



Midland Heart are a leading Housing Association, delivering homes and services across the midlands, that enable people to live independently. We provide and maintain homes for more than 70,000 people. We own and manage more than 32,000 homes across 54 local authority areas.

We support independence by:

- Providing choice through new forms of tenancy such as shared or home ownership
- Ensuring there is the right care and support available to help people live independently in a safe way
- Helping to support people into work e.g. through joining up our money advice and employment and skills teams

Over the last year customer satisfaction has increased, routine repairs have been carried out more quickly, the number of days a property is empty has reduced and there has been a reduction in complaints. It has been an extremely successful year and this has ensured customers have received even better services. We have housed as many people as we can which is crucial given the increase in homelessness and the shortage of homes.

However we do realise that external pressures are still high for our customers and also for us as an organisation. This means that Midland Heart needs to achieve savings of around £10 million per year just to make sure we can deliver what we do currently which is why we have launched our Customer First program to ensure that we are targeting our resources in the right areas.

Rent arrears were at 4.75% at the end of this year; this figure was maintained as it was also 4.75% at the end of 2014/15. This is a positive achievement considering factors in the external environment such as welfare reform that are impacting upon our customers. This figure was supported by the strong performance of our Money Advice Team raising additional income for our customers in General Needs housing and Care and Support.



We provide and maintain homes for more than 70,000 people.



We own and manage more than 32,000 homes across 54 local authority areas.





330
new homes



594
new bathrooms.



1,340
new kitchens

New Homes

We have built over 330 new homes this year and aim to deliver up to 4,500 homes by 2020 dependent upon take up of the Right to Buy Scheme and the number of properties that are released.

During 2015/16 we also increased our spend on planned works from £9.6 million in 2014/15 to £19.2 million in 2015/16. This allowed us to complete 1340 new kitchens and 594 new bathrooms.

We are now working with developers and home builders around improving customer experience when they move into newly built properties. We are also reviewing our internal processes for customers to report any issues, and for our team to respond more effectively to them.



We aim to deliver up to 4,500 homes by 2020



85.7% of customers were satisfied with New Lettings



92.7% of customers were satisfied with the New Homes service



Our top 5 areas where we built homes were:

- Dudley
- Nuneaton & Bedworth
- Birmingham
- Wolverhampton
- Charnwood



Complaints 2015–2016

We recorded our lowest ever volume of complaints at 51 per 1000 properties compared with 87 per 1000 properties the previous year.

Customer satisfaction in our Customer Service Centre was also maintained despite a huge amount of change in preparation for our new specialist Customer Hub.

Grand Total: 1,277
Upheld: 805
Not Upheld: 472

63%

Upheld

37%

Not Upheld

This year saw the launch of Customer First as part of our new corporate strategy to deliver our vision to help people to live independently, to support people to get their foot onto the home ownership ladder, and everything in between.

We recognise a key indicator as to whether we have succeeded is through the complaints we receive.

During 2014/15 there were 2,305 complaints raised. We recognised that this was unacceptable and we responded by enhancing our focus on complaints across all levels of the organisation to truly understand where and why we were failing.

Throughout 2015/16 there has been more focus on root cause analysis to increase awareness of the main drivers of complaints across all areas of the business so that we embed an appetite to learn from our mistakes and then address them through appropriate service improvement activity.

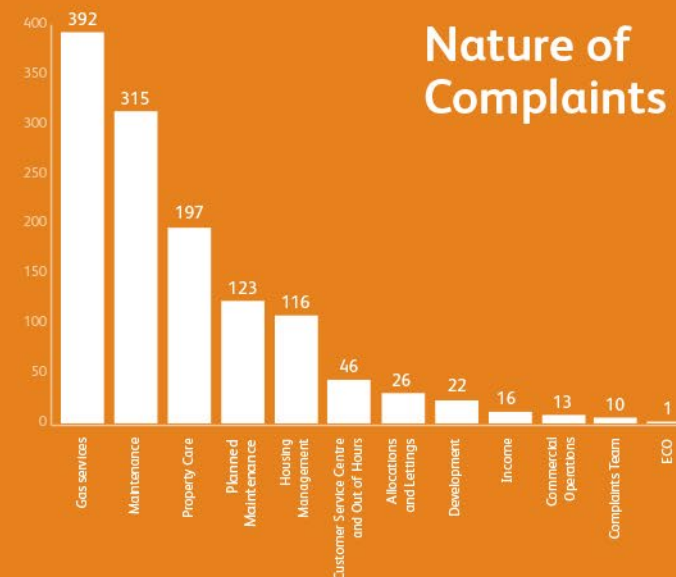
As a result, during 2015/16, we have seen a 45% reduction in the number of customers who have raised a formal complaint. Through customer participation, we have conducted mystery shopping exercises and scrutinised how we deliver our complaints service, providing assurances that the reduction in volumes are representative of the improved service standard.

During 2016 we will also be launching our new Complaints Policy and carrying out a review of our Service Standards.

We are also proud to launch our new Customer Hub, a ground breaking and leading edge approach to repairs and call handling, which is a first in the sector and which we are sure others will want to follow. The 'Hub' will be staffed by specialist teams to improve the service that we deliver to our customers. It will be focussed on empowering our staff to complete as much as possible at the first point of contact, ensure customers only have to contact us once when reporting an issue and that we get things right first time. This will enable us to be more proactive when delivering services (rather than reacting to things that have gone wrong) and this in turn will lead to higher levels of customer satisfaction and an improved service experience.



Nature of Complaints



What are our customers saying?



“The housing officers who dealt with me were brilliant. They weren't just renting out a property, they knew a lot about the local community as well. They told me, for example, where I can shop and they gave me advice about a removal company that was half the price of the company I was planning on using”

(Midland Heart Customer about Lettings)



“They way they speak to the customer is very helpful, and the information they provide you, I was very pleased”

(Midland Heart Customer about Income)





“The person was very professional. He acknowledged and took on board what was going on and dealt with the enquiry. He gave me a direct date to phone back and if the issue hadn't been resolved by then he gave me the means to contact him personally so he can follow it up”

(Midland Heart Customer about Customer Service Centre)

Improving our services

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“They made us feel like we were somebody, they didn't ignore our enquiry. My enquiry was professionally taken care of”

(Midland Heart Customer about Customer Service Centre)





10,946 Customers feeding back through surveys



5 Customer and Communities Committee representatives



5 Customers on Scrutiny Commission



34 Customers on Scrutiny Panels

Customer Engagement

Customer Engagement at Midland Heart is an important part of what we do and how we ensure that our customer's views are represented and influence the decisions we make, to keep delivering excellent services.

Our new Customer Engagement Strategy will continue to have a clear focus on the scrutinising our services and to ensure that the Scrutiny Commission provides a varied and complementary range of scrutiny and involvement options. We will use the data we collect through surveys, complaints and trends of contact to ensure we continuously understand what our customers think to improve services.



33 Customers in consultation - Task and Finish Groups



8 Customers involved in inspecting our services



14 customers were involved in mystery shopping exercises



Homes and Communities

People & Place

The Place Team is responsible for ensuring our properties and schemes are places where people want to live both now and in the future. We will do so by ensuring our places are safe, clean and well maintained. Our Place Team will be identifying and/or responding to risks of tenancy failure for new and existing tenancies, provide professional and timely interventions to resolve tenancy breaches before they pose a risk of harm to others, cause damage to our assets or result in tenancy failure.

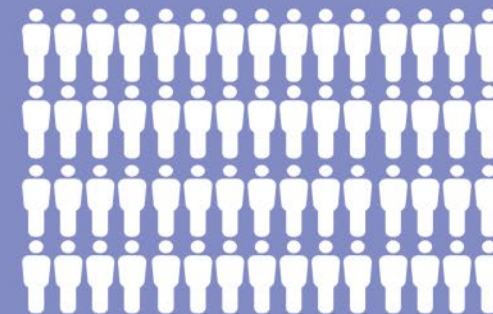
The team will provide a professional tenancy service responding to customer service requests that could not be resolved at the first point of contact. This year we saw satisfaction with communal services increase to 83.7 % from 82.9 % the previous year.

At Midland Heart we also launched a People Team who will focus on all complex issues relating to a tenancy or behavioural issues. Through a case management approach, our team work to reduce the harm caused by anti-social behaviour, reduce the risks our vulnerable customers might experience, prevent risk of damage caused to homes and to detect tenancy fraud. This year we have recorded our highest ever levels of satisfaction with anti-social behaviour handling at 68.1 % against 58.3 % last year.

Getting a Home

We have continued working with our local partners to offer customers as much choice as we can through our online services, enabling less people waiting for properties and more customers into our homes.

83.7%
Satisfaction with communal services



30,716
No. Customers on housing register



Average bids
for Midland Heart
properties



Of bids
are made
online



46%
Families with
young children



38%
Single people



83.3%

Satisfaction with our
Restorative Justice program

“The response I had was good
and she came around and talked
to me and the neighbour and
since then the situation has
been very good”

(Midland Heart Customer about Restorative Justice Service)

Restorative Justice

Our Restorative Justice initiative is a project with funding
Police and Crime Commissioner and other partners.

It is delivered in conjunction with West Midlands Police and Castle Vale
Community Housing with an emphasis on bringing individuals into
communication with each other and to work with them to resolve issues in
a positive and empowering manner.

Satisfaction with our Restorative Justice programme during 2015/16 was
83.3% and following a project review it was found that this was 23%
higher when compared to standard anti-social behaviour approaches. It is as a
consequence of these high levels of success that it has been agreed that we
will extend the project for a further twelve months.

The project, which was initially restricted to covering the local policing units of
Birmingham West, Central and North will now be extended to include the
whole of Birmingham.

68.1%

Satisfaction with anti-social
behaviour handling



“What they did was very good, they
did help to get us together to
resolve it and the neighbour
promised that she would keep
her peace”

(Midland Heart Customer about Restorative Justice Service)





We continue investing in our properties every year to make sure they are at a decent standard and you can enjoy your home. Over the last year we have spent:

Actual Spend

| | |
|----------------------------------|--------------------|
| Routine maintenance (day to day) | £22,095,000 |
| Planned maintenance | £6,657,00 |
| Major Works expenditure | £4,436,000 |
| Total spend on repairs | £33,188,000 |



89.5% overall satisfaction with Midland Heart as a landlord



GAS SAFE

Repairs & Maintenance

Right Homes, Right Place

This year under our Right Homes, Right Place initiative we have already started to consider the future options for properties where more money is spent than income received. The options for properties where only a small surplus is generated will also be considered. This will allow Midland Heart to invest in developing more cost effective homes that better meet your needs and expectations.

Customer Hub

The Customer Hub will use specialist teams and new systems to ensure that we are able to do as much as possible at the first point of contact when you log a repair. We have also introduced a new Fire Risk Team within the Assets Directorate, ensuring that customers remain safe within their homes and communities.

New ways of working

We have now secured a new way of delivering our planned maintenance contracts, known as "Enveloping". This ensures that whilst carrying out work where we may use scaffolding, we carry out all repairs we can when onsite. This ensures we spend repairs money more wisely and do not have to keep visiting your property, as well as ensuring your home is in a maintained and good condition in out of sight areas.

5,636

surveys carried out this year checking the quality of our properties



“He was very cheerful and polite and worked very quickly. He got on with the job, tested it and asked me my opinion of the work. The whole operation went very smoothly. We explained to the lady at the call centre that it wasn't an emergency but we would like it done, so she booked us in as soon as she could which was 3-4 weeks, but that didn't matter”

(Midland Heart Customer on Repairs)



Value for Money



We continue to make sure we measure our Value for Money performance in a clear and transparent way, using a set of core information year on year. This is set out in the table below using the new Financial Reporting Standards.

| Measure | |
|---|--------|
| Operating costs per home* <i>(The average amount of money that it costs Midland Heart to maintain the upkeep of one of its properties)</i> | £3,185 |
| Management costs per home* <i>(The average amount of money that it costs Midland Heart to manage one of its properties)</i> | £897 |
| Management costs as % of turnover <i>(The % of management costs in relation to the income that Midland Heart receives)</i> | 19.1% |
| Operating costs as % of turnover <i>(The % of operating costs in relation to the income that Midland Heart receives)</i> | 70.4% |

*General needs homes only

It is important to note that in 2015-16 we undertook a number of investment initiatives aimed to reduce cost in future years. As per our Fit for the Future Corporate Plan, we have already ‘banked’ £7.6m in 2016-17 (expected to save £8.2m in total with further planned savings of £13m in 2017-18. .

Average re-let times

We ranked 5 out of 13 for how quickly we let out our properties and we saw the largest improvement of the group over the period, a 17 % reduction (excluding one organisation in our benchmarking group).

Moody’s (our credit rating agency) has said that by making savings early we will be in a strong position and well placed to continue to thrive. The impact of rent reduction alone will result in a potential loss of £43 million over the next four years, meaning that we need to make savings of around £10 million per year to maintain our current financial position. The overall shape of the savings is set out below and is tracked at board level:

| What | 2016-17 | 2017-18 |
|--|------------|------------|
| Empty properties and mutual exchanges | £100,000 | £750,000 |
| Closure of regional offices, creation of new touchdown points and having officers working in the community | – | £350,000 |
| Managing our income and any loan arrangements | £1,425,500 | £2,251,500 |
| Savings through procurement of goods and services | £300,000 | £800,000 |



Case Studies

Property repairs to over
11,613
units of our general needs stock



Lean Voids (General Needs)

Void loss reduction in 2015-16 of £373k against a forecasted reduction of £240k

We have already seen significant improvements in re-let times, coming down from 29 days in 2013-14 to 19.7 days in 2015-16. As part of our voids review we have:

- Developed a streamlined way of working, fewer handoffs and faster processing.
- Developed an electronic package for capturing weekly updates of progress on properties. This has enabled Team Leaders to review where and when delays occur and to challenge them accordingly.
- Completed a successful pilot in the Wolverhampton region where Surveyors inspect the property during the Notice To Quit (NTQ) period and complete a void schedule before the property is void. This has been rolled out across all regions.
- As part of the pilot, key safes were fitted at the properties during the NTQ period meaning that customers leave their keys in the key safe rather than send them into the office by post or hand. This was successful and resulted in less keys going missing. This has been rolled out across all regions.
- Developed an in-depth electronic Sustainability Checker whereby Lettings Officers capture essential applicant information, including affordability, support needs and risk assessment. This then collates into a Support Plan indicating areas of concern that need to be addressed. Several providers have declared an interest in purchasing this package.
- Major digital improvements on the Midland Heart website allowing customers to give their NTQ on line, confirm attendance at viewings and to express interest in properties.
- Use of a Dialler system to notify applicants of appointments. This has reduced the number of missed appointments.
- Introduction of 'Hard to Let' budget, allowing Lettings Officers to target "problem" properties before they become long term void.

Maximising Our Customers Income

£521k additional income was raised for customers in Care & Support and £1.7m of additional benefits for General Needs customers, £665k of this relates to Housing Benefit.

We have specialist Care and Support and General Needs Money Advice services. For Care and Support, we received and responded to 341 enquiries and referrals to the service in 2015-16. We have raised a total of £390,812 for customers in Older People's Services and an additional £130,589 for customers in Extra Care. The total amount raised was £521,401.

Within General Needs we provided money advice to 776 customers (an increase of 4%) and out of those customers, 99% sustained their tenancy. We assisted in securing £517k of Discretionary Housing Payment (DHP) for customers living with the impact of Welfare Reform and overall £1.7m of benefits of which £665k was Housing Benefit. We issued £1,500 of Tesco vouchers to customers, 30 fuel top ups for those affected by fuel poverty and issued 55 food bank tickets.

Expansion of Property Care (In-house Maintenance Team)

Expanding Property Care will result in savings of £5.3m over 10 years.

In April 2012, our in-house maintenance team, Property Care, was set up.

Property Care primarily operates within our Birmingham region undertaking responsive and void property repairs to over 11,613 homes of our general needs stock.

Since Property Care's inception customer satisfaction has increased by over 4% and has been externally recognised and accredited by the Housing Quality Network (HQN) with best in class performance. Following an intensive appraisal we now intend to expand this service to the Midlands North region which encompasses the Black Country, Wolverhampton and Staffordshire with the addition of a further 6,610 homes.

We forecast that this phased expansion will result in savings of £5.3m from April 2017 over a 10 year period.





Where each £ comes from

| | |
|--------------------------|-----|
| Social Housing Rents | 70p |
| Grants and Other Income | 12p |
| Service Charges | 8p |
| Supporting People Income | 10p |

Where does your Money go?

Every £1 of your rent money is used to provide services to keep your home in good repair and keep you safe and secure within it. We also use a small part of your rent money to make sure we can continue to make sure the organisation is strong, so we can build new homes and invest in our current homes.



How each £ is spent

| | |
|--|-----|
| Repairs and Planned Investment | 19p |
| Staff Costs | 29p |
| Loan Interest | 17p |
| Housing Management and Other Overheads | 24p |
| Environmental Services | 10p |
| Rent loss due to bad debts | 1p |



Regional Office Closures

A decision was taken to close our regional offices in Coventry, Leicester, Wolverhampton and Stoke on Trent. The offices closed in June 2016.

This new approach is part of our 'Fit for the Future' program and is expected to deliver cashable savings of £400,000 each year. These savings will contribute to off-setting the £42m reduction in income as a result of the annual 1% rent reduction for the next four years. The overall number of customers choosing to access services through a face to face visit in our regional offices had been very low. Regional Office visits accounted for just 1.8% of customer contacts in January 2016.

£400,000 savings each year

