

BERNÍCIA

Annual Report 2017/18
www.bernicia.com

Business as usual... and a bit more



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**Good year
for new
homes**



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.....
**Unique
social
enterprise**



During 2017/18 our aim was to make sure we continued to...



Deliver



Perform



Invest



Build



Help

... while at the same time, we importantly developed and finalised our plans for the future.

Welcome

In our 2017/18 annual report we look back over another busy year that's absolutely flown by.

Over the past 12 months we successfully put the last pieces of our integration plan in place. We couldn't have done this without the help of our involved tenants who worked hard to produce common service standards which now include repairs by appointment for everyone. A big thank you to all who helped.

At the same time our involved tenants developed their own new arrangements to check and challenge that we do what we promise.

The last year has been a very important year for Bernicia with the appointment of a new Chief Executive, the simplification of the group structure and the launch of a five year Corporate Strategy - 'Housing People, Helping People'.

Our report again this year includes highlights of how we delivered against our plans, how we performed operationally and financially and what difference our 'bit more' made.

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We hope you enjoy reading our report.

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Did we do what we said we would?

At the end of last year's report we set out a list of things we planned to do in 2017/18 – let's see how we got on.

Completing our integration plan by October 2017, which meant rolling out the Bernicia brand and moving to single contact arrangements including telephone number and website.

All done and communicated to our tenants.

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Continuing to work with our tenants to develop our future service offers and delivery methods.

Complete with new service offers published in our Spring 2018 newsletter. We now offer appointments for most routine repairs to everyone.

Consulting tenants on simplifying Bernicia's structure.

We did this during August – October 2017, with simplification taking place in February 2018. It's estimated that £22 million in savings will be made over the next 30 years as a result of simplification.

Producing a new 5 year plan for our housing service.

Our plan was produced to support the objectives of our Corporate Strategy – Helping People, Housing People. It sets out our ambition to deliver exceptional housing services that are modern, simple and easy to use for our tenants, customers and staff.

Starting on site with another 167 new homes and completing 144 new homes.

We actually started on site with 209 homes and completed 137. Seven homes provided by private developers, that we expected to be completed in 2017/18, were delayed.

Investing £14.3 million in existing homes.

Our £14 million investment programme was successfully delivered with works to 3019 homes being completed and 95% satisfaction achieved.

Buying and starting the implementation of a new IT system that will enable us to deliver more services on line, at times that are more convenient to you.

After a rigorous selection process, Aareon QL was purchased. An implementation team was set up to configure the system to meet the requirements of you, future tenants and customers and our staff. Our planned 'go live' date for the new system is April 2019.

Investing in and developing our staff so they can respond to different challenges, expectations and needs.

On average 3.57 training days were undertaken by each member of our staff at a total cost of £246k. Our Investors in People Gold award was reviewed and reaffirmed.

Employing a further 12 apprentices.

We actually employed 12 apprentices and 1 estate services trainee.

Assessing the results of a health check of our properties and estates and developing plans to help make sure our homes continue to be places where people want to live.

Our plans this year concentrated primarily on one estate in Ferryhill which needs attention. This is a 2 year project that started in April 2018.

How did we do?



Planned maintenance

Invested in 2019 existing homes

£14m £16m

Major components included:

Kitchens renewed

453 551

Bathrooms replaced

301 396

Roof coverings/roofline/
rainwater goods fitted

1286 1127

Heating systems replaced/upgraded

361 1268

Electrical upgrades completed

592 492

Windows/doors installed

270 397

Grants gained to improve energy efficiency

£333,000
£332,000

Satisfaction with improvement works

95% 94%

Again, our main priorities for the year were to maintain our performance, deliver our investment plans and continue with good customer service.

Here's what our year in numbers looked like.

■ 2017/18 figure

■ 2016/17 figure



Our homes

Social houses owned

13,611 13,460

Managed on behalf of others

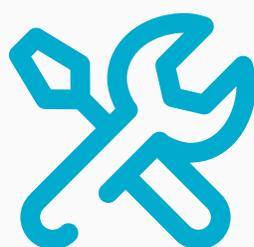
127 104

New homes started on site

209 309

New homes completed (either built or acquired)

137 204



Repairs

Repairs completed

46,500 at a cost of £8.5m

47,400 at a cost of £9.8m

Satisfaction with last repair

95% 95%

Emergencies responded to within 24 hours

100% 99%

Cost per property of the repairs service

£1011 £1010



Contact and feedback

Telephone calls handled
147,200 146,000

Compliments recieved
826 1033

Complaints made
277 351

Timescales met for handling complaints
99% 99%

Learnings from complaints and compliments
20 21



Income

Rent collected
99.13% 99.54%

Current rent arrears
3.09% 2.82%

Rent lost through empty properties
1.56% 1.67%

More cash collected than expected in our business plan
£1.2m £1m



Benefits to our tenants and communities

137
New homes provided.

152
Tenancies at risk of failure turned around by our Intensive Housing Management Team.

769
Aids and adaptations installed at a cost of £90,942.

246
New learners at our two Learning Hives in Bedlington and Newbiggin-by-the-Sea.

600
Work experience and school engagement opportunities provided, creating £525k in social value.

13
Apprenticeships created, equivalent to £340k in social value.

£70m
Five year investment framework established with an emphasis on local supply chains and the creation of apprenticeships.

£127,000
Additional income and grants secured for tenants.

£109,200
Invested in community initiatives.



Lettings

Properties relet
1584 1543

Average time taken to relet a property
33.6 days



Health and safety

99.96% properties had a valid gas safety certificate at the year end

This related to 5 properties where we could not gain access, but were dealt with during the first two weeks of April 2018.

What does value for money mean?

For our tenants, it means getting the best possible home and services for the money paid in rent and charges.

Our aim is to keep rents affordable, homes properly maintained, estates well managed and services accessible and responsive.

Our rents are set using a government formula, with 2017/18 seeing the second year of the 1% rent reduction.

Average rents in 2017/18

Bedsit	£62.64
1 bedroom	£67.82
2 bedroom	£75.66
3 bedroom	£82.46
4 bedroom	£92.73
5 bedroom	£94.53



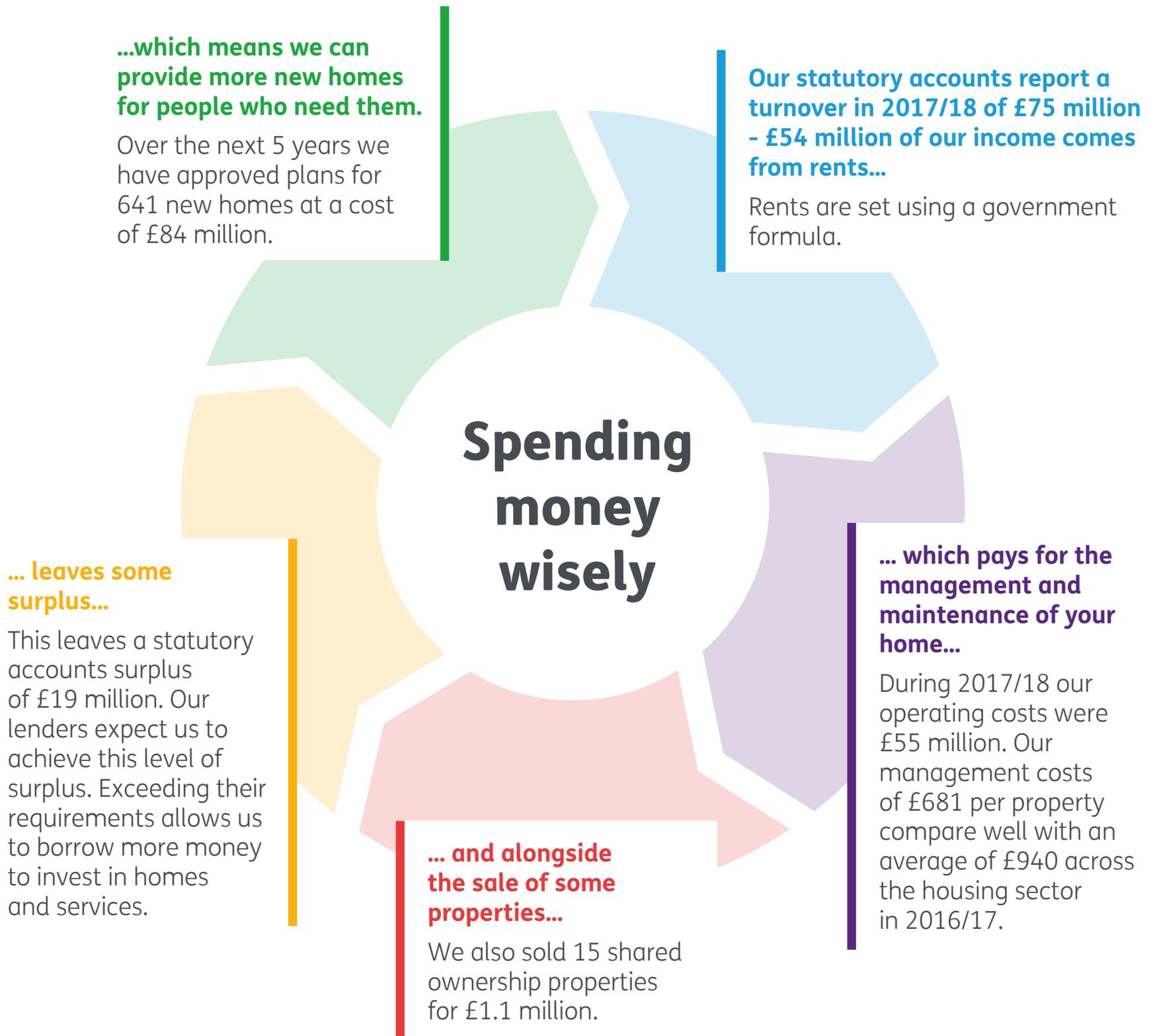
Saving money through energy efficient homes

The average SAP (Standard Assessment Performance) rating for our properties is 70.86 which demonstrates a good level of thermal efficiency. The government's target for average SAP ratings is 69 by 2030.

Tenant satisfaction in key service areas such as repairs, improvements and lettings is 95% or above.

For us it's about doing things efficiently so savings can be generated and reinvested in doing more to help our tenants, communities and the north east region.

Once we've generated more to reinvest, it's about spending wisely by doing the right things and doing them right.



Against a target to save £6.8m by 2020, as detailed in our merger business case, it was reported in April 2018 that £6.6m per annum in savings and efficiencies had already been achieved. This has created extra resilience in our business plan to provide additional capacity to improve our homes and services and withstand future challenges.

Money well spent...

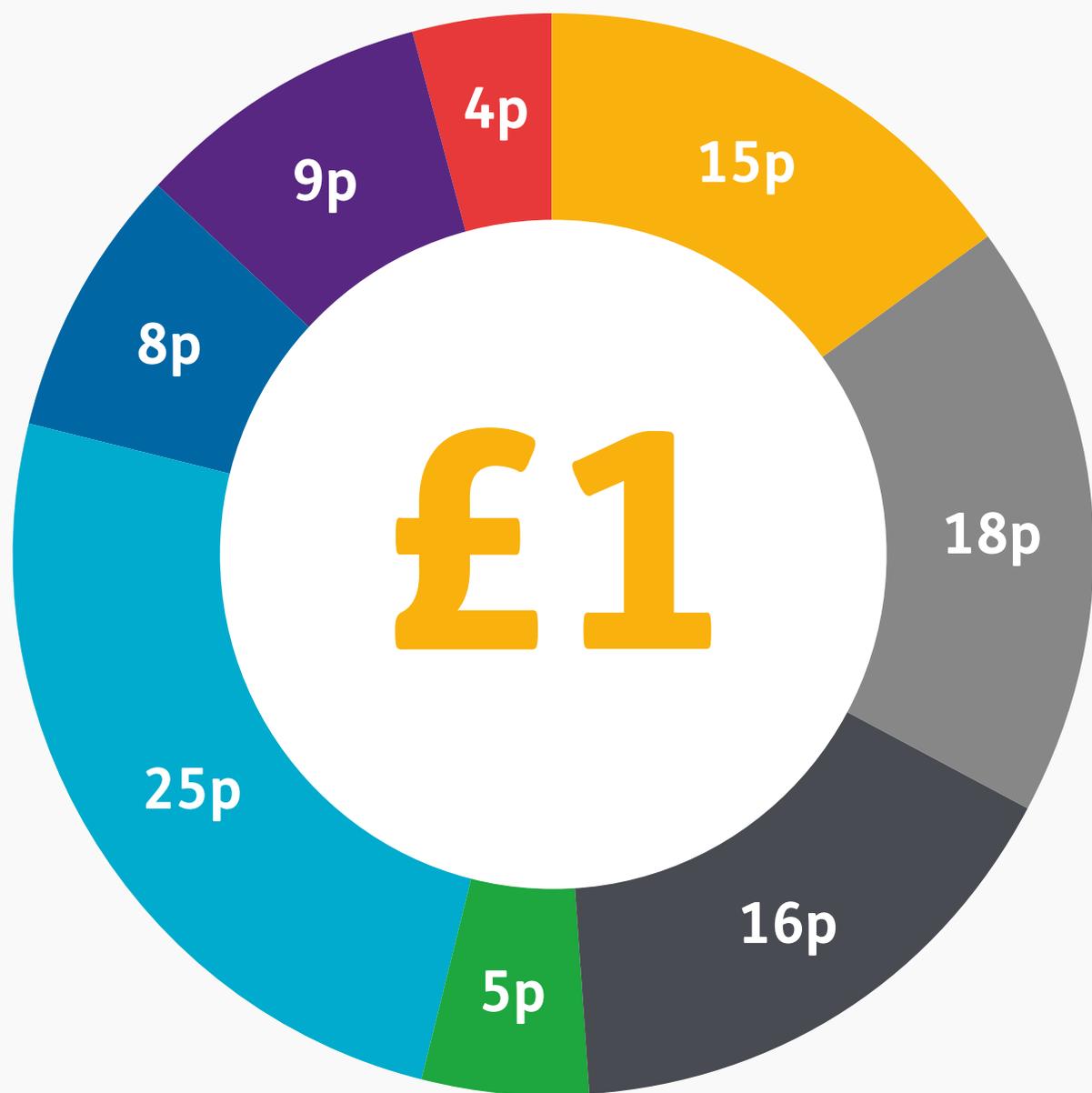
Despite the second year of the 1% rent reduction and other challenges, we remained financially strong with a healthy £8m cash surplus being generated from social housing operations.

Here's what we collected (income) and what this was spent on (expenditure) during 2017/18.

What comes in...	£000's	What goes out...	£000's
Rents	54,184	Salary costs	9,818
Service charges	5,346	Routine maintenance	8,533
Water rates commission	294	Planned maintenance	2,722
Other income	1,192	Major repairs	13,481
Sale of internal services	136	Housing management	4,573
Surplus on accommodation sale	1,530	Overhead costs	4,696
Surplus on sale of other assets	(6)	Other costs	2,227
Office rental income	205	Loan interest charges	8,769
Income	62,881	Expenditure	54,819
		Cash surplus	8,062

We do not operate for profit, the £8 million surplus made last year will be reinvested to maintain homes, improve services and help finance much needed new homes.

How each penny in every pound of rent was spent...



- Loan interest charges (15p)
- Major repairs (25p)
- Salary costs (18p)
- Housing management (8p)
- Routine maintenance (16p)
- Overhead costs (9p)
- Planned maintenance (5p)
- Other costs (4p)

What else?

It's been another good year for new homes with 137 completed and 209 started on site.



New bungalow ideal for Christine and Stephen

Mother and son Christine and Stephen Warwick are enjoying the benefits of a specially built Bernicia bungalow which has improved their quality of life.

Widened doorways and main corridor, a wet room and level entrance ways to and from the front of their new build Bedlington bungalow are ideal for wheelchair user Christine.

Her son Stephen, cares for his mother full-time and both have settled into life well in a quiet neighbourhood near Bedlington town centre.

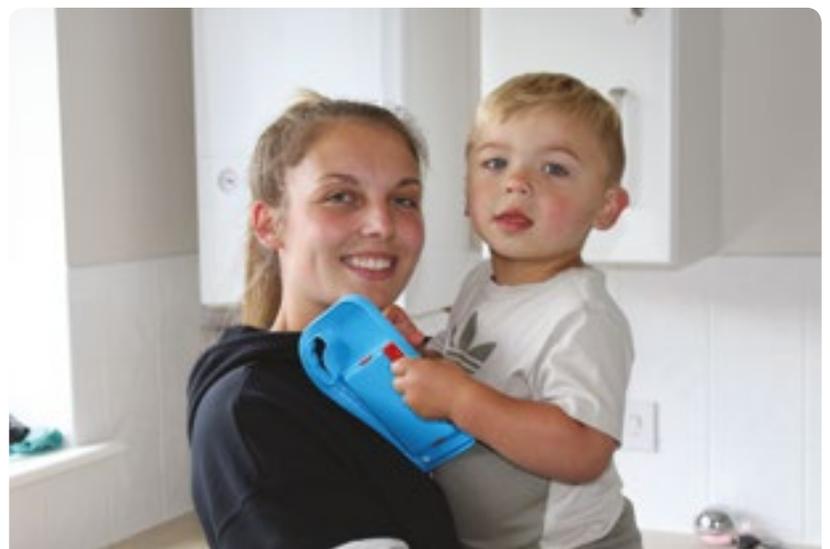
"It's ideal, there's no steps to get up to the property - Bernicia have been brilliant, I couldn't say anything other than that," said Christine, who is a trophy-winning member of the Northern Ice Wheelchair Curling team.

"The car port is great for my car because I don't have anyone blocking the driver's door.

It's excellent, there's no issue with steps to get to the property, wide doorways inside with nice big rooms.

It's nice and quiet around here. My son is now my carer and we're both very happy living here."

Swinside Gardens, Bedlington
A mix of rented and shared ownership,
2 bed bungalows now provide homes for
8 households.



Bright future for Toni and Carter in new Wideopen home

Young mum Toni Kent and her two-year-old son Carter are loving the extra space of their new build Bernicia property in Wideopen.

The two bedroom town house-style property with its back garden and gated front area is ideal for her son and their pet dog, after leaving a smaller private property in Forest Hall.

"It's perfect for us," said Toni. "It's a large house, two good sized bedrooms, an upstairs bathroom and downstairs toilet, with a good family sized kitchen and a cosy living room.

The service from Bernicia has been brilliant. I've had two telephone calls from them since we moved in to ask if I was happy with everything."

Toni's home is ideally located for getting her son to nursery and for her commute to work at a Tyneside call centre.

Bridge Court, Wideopen
On a former school site, our own Planned
Team built 8 new homes. In total our
team built 22 properties in 2017/18.

We continued to help fund and support a number of successful social value projects that again have gone from strength to strength.

During 2017/18: Initiative's in Berwick included...

Berwick Community Trust

- a charity working to secure a vibrant and prosperous Berwick upon Tweed provided employment advice and guidance to 144 new start participants and gave out 403 food parcels from the food bank they have operated since 2013.

Children's Safety Education Foundation

- an organisation that helps improve child safety delivered the Money Wise Project to 400 students aged between 11-16 at the Berwick Academy.

Berwick Kicks

- a weekly football programme facilitated by the Newcastle United Foundation attracted around 53 participants every week. The programme incorporates lifestyle workshops and coaching qualifications.

Learning Hives at Bedlington and Newbiggin saw:



246
new learners



208
CV's produced



76
qualifications
achieved



113
job interviews
secured



67
job outcomes

What's new?

Unique social enterprise

By providing an empty shop unit on a peppercorn rent, Millie and Harriet are on the verge of realising their dream in launching a unique social enterprise designed to help people in Berwick.

The Northern Soul Kitchen based in West Street, Berwick is a community café where unsold, edible food donated by local shops and suppliers is turned into healthy, affordable meals.

Payment for the food can be in a variety of ways – either a cash donation of any amount or a commitment of time and/or skills. Basically its pay as you feel – do some washing up in return for a nice warm bowl of soup or do a bit of DIY and enjoy a nutritious plate of curry.

The Northern Soul Kitchen is run by volunteers with the objectives of:

- Avoiding edible food going to landfill.
- Helping tackle food poverty.



- Inspiring local people to improve their diet and health.
- Encouraging people to volunteer and learn skills.
- Creating a community where everyone is welcome.

We wish Millie and Harriet every success with their venture.

Sharing stories

Residents at Sleekburn House, a retirement housing scheme in Bedlington completed a project on Life Books with Digital Voice for Communities. The project ran over several weeks, during which people shared stories of their families, occupations and interests.

The stories were captured using digital technology and presented to the participants in both hard copy and digital format. The digital format enabled pieces of music, readings and songs being sung by residents to be included to bring the stories to life.

The project was a huge success and is something we'd like to repeat in other retirement schemes.

What's the verdict?

Who better to answer than our involved tenants...



Delivering

'Bernicia has delivered its plans and promises set out in the 2016/17 report. We've enjoyed working on new service standards and confirming our priorities and are looking forward to holding Bernicia to account for delivering against these.

Helping to influence and inform service standards I feel is valuable and helps to improve services.' Liz Anderson



Performing

'Performance has remained good, this has been reviewed by our groups on a quarterly basis. Investment in new and existing homes has been met in terms of budgets and numbers.

Getting involved to monitor and scrutinise performance does help make improvements to our services and importantly maintain excellent customer standards.' Fred Simpson



Investing and Building

'Social rents are significantly less than those charged in the private sector. Value for money and financial strength has been demonstrated both in the money that has been saved up to 2018 and the healthy surplus that has again been generated in 2017/18.

This allows Bernicia to offer good quality affordable accommodation and services and build more new homes. I'm passionate about monitoring how Bernicia adheres to its value for money principles to get the best for tenants.' Audrey Pepper



Helping

'Bernicia has again showed that investment in wider community support is worth doing. Through the role of tenants in awarding community grants, good returns on investment have been made. There have been some fantastic results in supporting people into employment and improving their life skills.

Personally I've had positive feedback from people in our communities about how their families benefit from the projects Bernicia help to fund.' Derek Trotter

What's next?

As always there's lots more to do and we're already underway with a number of things including:

- Undertaking a large scale satisfaction survey. Complete by February 2019.
- Producing a 5 year strategy setting out our approach to managing and developing supported housing by October 2018.
- Developing the new IT system to increase self service via mobile applications and portals, ready for implementation April 2019.
- Providing 84 new homes.
- Delivering a £13.2 million investment programme.
- Preparing a business case to bring the South of Tyne area repairs service in house.
- Implementing a common approach to Estate Services through consistent service standards and monitoring arrangements.
- Continuing to develop our sustainability plans to ensure our homes and estates remain places where people want to live.

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Now that we have common service standards, systems and processes in place, an important task this year is working with our involved tenants to undertake a self-assessment of how we comply with our Regulators Consumer Standards. This exercise will be complete and the outcomes published by October 2018.

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We hope you enjoyed reading our report and you visit our website www.bernicia.com to check out our latest news and read our Housing People, Helping People Corporate Strategy.



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