**Hexagon Housing Association**

**Board of Management**

**24 November 2015**

**Agenda item 9**

**Q2, 2015/16 Performance indicators**

**LBM: Rosalind Watson**

**Report by the Operations Director**

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| ***1.*** | ***Summary*** |
|  | The report summarises the performance on our key PIs for Quarter 2.  On 7 of the 19 indicators where an annual comparison with Q2 last year is possible, performance improved and on 11 it declined; on one indicator, performance was about the same. |
| ***2.*** | ***Recommendation*** |
| 2.1 | The Board notes the Q2 performance and approves the actions shown in the commentaries in the tables to improve performance where required to meet targets. |
| ***3.*** | ***Highlights of results*** |
| **3.1**  3.1.1 | ***Resident focus***  The PIs with a focus on service to residents again show a mixed picture this quarter, with some improvements compared with last quarter and last year and some deteriorating indicators. |
| 3.2.1 | The method used to collect the information on satisfaction with the repairs service (indicators 1, 2 and 3) has changed as we are now using an external market research company, MEL. This means there is a longer interval between the repair being completed and the resident being asked about their experience of the service; this longer time would tend to lead to slightly lower satisfaction levels as explained in the commentary. Nevertheless on R3, the measure of whether residents said the repair was fixed at the first visit, the results improved. |
| 3.2.2 | The Customer Services PIs on calls answered within target and the rate of abandoned calls both deteriorated in Q2, due to staff shortages resulting from sickness and an unplanned departure of a staff member. It was not possible to fully make up for these absences with our bank staff arrangements. |
| 3.2.3 | The target for responding to emergency repairs was once again consistently met and the “end to end” time for repairs has improved. Complaints performance has started to improve and new staff have now had full training in the complaints management system. There is however still a long way to go to get to our target level of performance. |
| **3.3** | **Safety** |
|  | The gas safety coverage dropped slightly below 100% for the reasons described in detail in the commentary in table S1. All bar one of the gas safety checks outstanding at the end of September have now been done and the one which is outstanding has been referred to solicitors to persuade the resident to provide access. The performance on compliance on FRAs has improved compared with last quarter with no outstanding assessments and only 3 category C “good practice” actions remaining following the FRA review. |
| **3.4** | **Income indicators** |
| 3.4.1 | The income indicators show a mixed position. Arrears in General Needs are a long way from our target. Housing officers have had some recent training in effective arrears management and on preparing for Universal Credit. There is a drive on arrears work to try and improve the position and there will also be a pre-Christmas campaign. We have also made a decision to buy some software to assist in the targeting of arrears work and this should go live in the New Year. In the other rent areas, shared ownership arrears have improved a little and Supported Housing is regularly achieving the target level and is currently doing better than General Needs. |
| 3.4.2 | Overall, the position on voids is improving. As forecast last quarter the void loss has started to improve as the back-log of voids in the disposal consideration process has reduced. This improvement should be maintained as we are no longer considering voids for disposal to fund the development programme. The relet time has also been reduced in general needs, although not in Supported Housing. However void losses have reduced in Supported Housing |
| **3.5** | **People indicator**  Sickness absence has been way off target in Q2, mostly because of long-term sickness. This has had a real impact on the service and although the individuals could not get into work, they were willing to do a bit of work from home towards the end of their recovery period; this is in line with the more proactive management we are taking since the review of sickness absence was done last year. . |
| **3.6** | **Development programme** |
| 3.6.1 | The Development PIs cover all three funding streams:   * 2011/15 Affordable Homes Programme (11/15 AHP) * Building the Pipeline (MHC BTP) * 15/18 programme (MHC 15/18).   We have set revised forecast targets for 2015/16, based on our previous year's performance. We have met the target for 11/15 AHP and MHC BTP, but will continue to report on the conversion position for 11/15 AHP and MHC BTP as the subsidy may change for these programmes. GLA targets for 15/16 are based on the Q1 position in IMS.**Subsidy from “conversions”**  Due to changes in interest rate assumptions agreed by the Board in September, the level of subsidy generated by relet conversions has increased. We have now generated sufficient conversion subsidy to support the 2015/18 development programme. The Board will be pleased to know that relets at Market Related Rents have now stopped, and we are also no longer reliant on void disposal income to support the programme. We are reviewing our approach to assessing properties for disposal and have deployed the services of a consultant to assist.  We had estimated that we would need to relet 275 homes on higher Market related rents and dispose of 48 'uneconomic to repair' properties to support the 3 programmes (11-15 AHP, MHC BTP, MHC 15-18), and we have actually relet 160 homes (58% of the expected number) and disposed of 21 properties (44% of the expected number). This is as a result of the buoyant housing market and its impact on market rents and house prices, as well as the reduced long term interest rate to 4.2%.  **Hexagon subsidy (from operating surplus)**  As at the end Oct we were forecasting to utilise 69% of the Board approved subsidy across the 3 programmes ( a 'saving' of circa £3.1m) As reported in September, the level of subsidy required from operating surplus for the 15/18 programme has been reduced as a result of the interest rate assumptions. In addition, increased market rents and higher surpluses from shared ownership sales have reduced the level of subsidy required.  With regards to conversion capacity 11/15 AHP & MHC BTP are complete. We have generated 37% of the subsidy required for the MHC 15/18. This is ahead of our target. |
| 3.6.2 | **Programme Delivery**  ***MHC BTP***  93% of this programme is on site and 7% is now complete due to Park View completing ahead of programme in March 15. Virgo and London Rd planning delays have been approved by the GLA. Additionally Mitcham Rd has also been approved by the GLA to be reprogrammed for Q4, but we now know that it is likely to complete later, so we are in discussions with the GLA, and RAP will be reviewing the risks at its November meeting. In Q3 we expect, Birchfield, Whitehorse and Kings Highway will complete. Kings Highway will be ahead of schedule by a quarter. We predict by Q3 42% of the programme will be complete |
|  | ***MHC 15/18***  We have now identified circa 174 units, which we are 75% confident will be delivered (i.e. offers have been accepted and lawyers instructed). However, all but two do not yet have planning, and until contracts are exchanged on these sites, they are at risk of being 'lost' to another purchaser. We are considering “subject to planning” deals on these sites in order to secure our interest as early as possible. The revised assumptions for interest and discount rates, approved at the September Board, will be applied.   **Outright Sale** The Board approved the Biggin Hill scheme in September. We are now working towards exchange of contracts. The build contract has been extended by 4 months to allow for sufficient lead-in time for the contractor. A progress report has been provided for Horniman Board. |
| 3.6.3 | **Capital at Risk**  We currently have an estimated £1.259m capital at risk across our shared ownership and outright sale schemes and land for development. A paper also on this agenda sets out a proposal for establishing a pipeline of sites via a land investment strategy. This capital at risk calculation takes account of the land investment assumption of £8m. The current £1.259m capital at risk is well within the Board's agreed limit of £5.7m. |