

# BERNOCIA

Business as usual...



...annual report 2016/17

# Big changes but... it's been business as usual.

## Welcome

Last year's annual report ended as the merger between Bernicia and Four Housing approached.

The merger went ahead as planned in June 2016 which means this is our first annual report as a bigger and stronger group.

Needless to say our year was dominated by bringing the two organisations together and keeping our promise it would be business as usual while this happened.

Inevitably, lots went on behind the scenes but despite this we remained committed and determined that our tenants and customers would see no difference in how they did business with us.

When two organisations come together, in many ways it's a new starting point.

From our new starting point in June 2016 we've made great progress. By April 2017 we'd introduced new working arrangements across all functions of our business, brought together our IT systems and were on target to fully complete our integration plans by October 2017.

We're now operating as one organisation, governed by a single Board with staff sharing common ways of working and using the same systems and processes.

Our involved tenants started to work together and put a lot of time and effort in over the year to help us get to where we are and also plan for the future.

Because we're working as one, we wanted to present our annual report to you as one. Therefore our involved tenants thought the best way to do this was to show you how it was 'business as usual' during 2016/17.

This means our report is a bit different this year. It's short, snappy and full of combined information that shows, despite the changes, it was business as usual and 2016/17 was another successful year. We're basically starting with a clean sheet so it's not possible to make comparisons to previous years. This is our baseline position that will allow us to track our performance going forward.

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We hope you enjoy reading our report.

# Staying compliant with standards

The first thing we want to assure you about is how we continued to meet the standards set by our regulator, the Homes and Communities Agency (HCA). All housing associations have to comply with these standards.

## Economic standards



### Value for money

During 2016/17 we brought in a new value for money strategy. This shows we are a low cost organisation, in comparison to other housing associations, that delivers good quality services and builds new homes.



### Rent

Our rents are set in line with the HCA rent standard and government policy. 2016/17 saw the first year of the 1% rent reduction for the majority of our tenants.



### Financial viability & governance

We received the highest rating from the HCA for both governance (G1) and viability (V1).

## Consumer standards



### Home

Over 94% of our tenants were satisfied with improvements to their homes and 95% with their last repair. 100% of our homes had a valid gas safety certificate at the end of 2016/17.



### Tenancy

We worked hard to make sure our homes were re-let fairly and as quickly as possible and have made good inroads in reducing the number of long term vacancies. We also did well collecting rents, keeping arrears under control and reducing the amount of money lost from empty properties.



### Neighbourhood and community

We worked with a range of partners to make sure our estates continued to remain clean, tidy and safe places to live.

Through grant schemes and flexible budgets we invested £120,000 in local projects and initiatives.



### Tenant involvement and empowerment

We continued to work closely with our tenants on a range of levels. Our involved tenants told us they felt fully engaged and empowered in our integration and future planning processes.

We reviewed our approach to complaints to make the process easier for our tenants and customers. Learning from complaints, along with compliments and comments, helps us improve and get more things right first time.

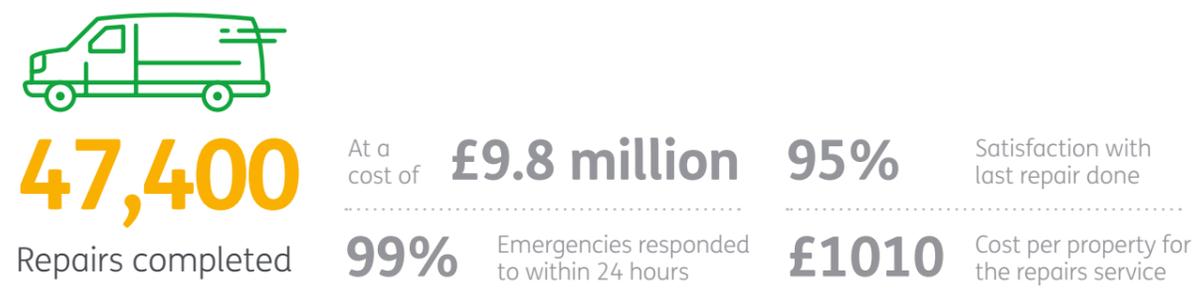
# Continuing to invest and perform

Our main priorities for the year were to deliver our investment plans, continue with good customer service and maintain performance. Here's what our year in numbers looked like.

## Our homes



## Repairs



## Planned maintenance



## Health and safety



**100%**

Properties had a valid gas safety certificate at the year end

## Contact and feedback



**146,000**

Telephone calls handled

**1033** Compliments received

**351** Complaints made

**99%** Timescales met for handling complaints

**21** Learnings from compliments and complaints

## Income



**99.54%**

Rent collected

**£1 million**

**2.82%** Current rent arrears

**1.67%** Rent lost through empty properties

More cash collected than expected in our business plans

## Benefits to our tenants



**204** New homes provided

**208** Tenancies at risk of failure turned around by our Intensive Housing Management Team

**13** Apprenticeships created by us and our contractors

**929** Aids and adaptations installed at a cost of £117,000

**160** Participants in the Newcastle United Foundation Kicks programme

**45** Households saving £300 a year due to a new biomass communal heating system

**£122,000** Additional income and grants secured for tenants

**152** New learners at our two Learning Hives

**£120,000** Invested in community initiatives

**275** Work experience and school engagement opportunities provided



# As always delivering value for money

Doing the right things and doing them right is what we continued to do during the year. By controlling costs, maintaining performance and creating efficiencies we have produced a healthy surplus that will be reinvested in homes and services.

Our statutory accounts report a turnover in 2016/17 of £75 million - £54 million of our income comes from rents...

Rents are set using a government formula.

...which means we can provide more new homes for people who need them.

For the period 2015/20 we have approved plans for **476 new homes** at a cost of **£45 million**.

...which pays for the management and maintenance of your home...

During 2016/17 our operating costs were **£54 million**. Our management costs of **£570 per property** compare well with an average of **£950 across the housing sector** in 2015/16.

Spending money wisely

...leaves some surplus...

This leaves a statutory accounts surplus of **£15 million**. Our lenders expect us to achieve this level of surplus. Exceeding their requirements allows us to borrow more money.

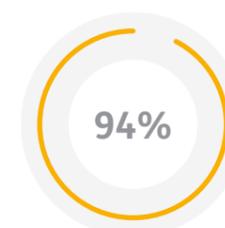
...and alongside the sale of some properties...

We also sold **25 shared ownership** properties for **£1.943 million**.

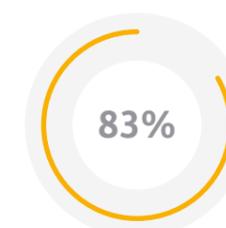
We know that we spend money well because you've told us that you're happy with our repairs service, improvements to your home and that your rent provides value for money.



satisfaction with repairs



satisfaction with home improvements



satisfaction with value for money for rent

# Remaining financially strong

It wouldn't be business as usual if we didn't show you what income and expenditure from our social housing operations looked like during 2016/17.



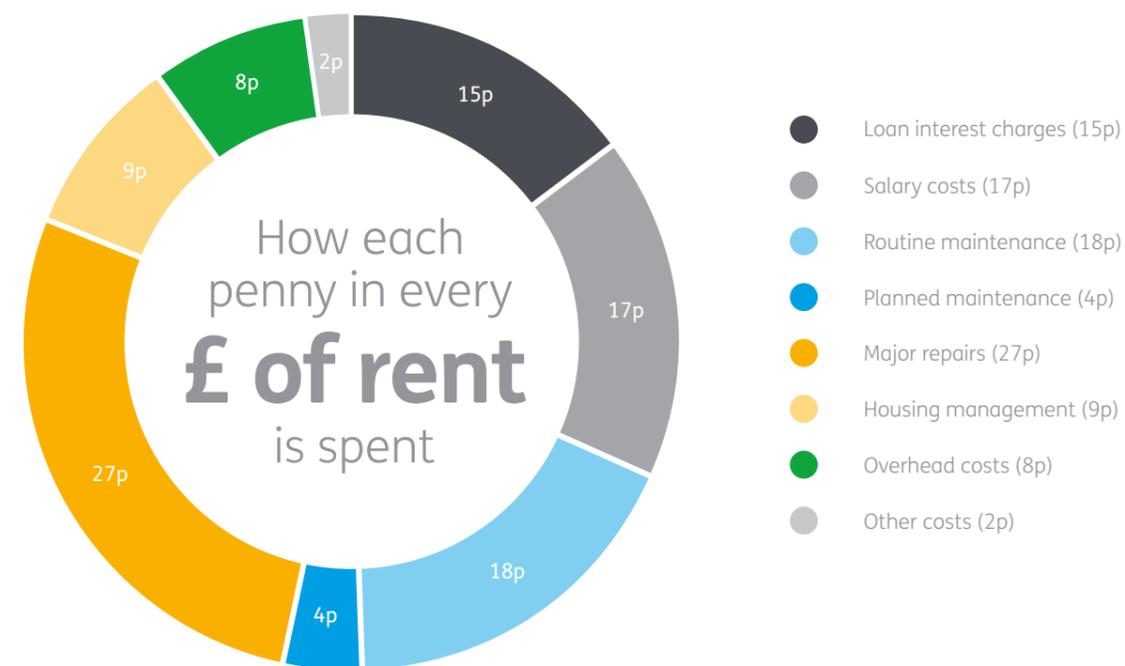
## What comes in:

	£000's
Rents	53,876
Service charges	5,420
Water rates commission	299
Other income	611
Sale of internal services	1,044
Surplus on accommodation sale	783
Surplus on sale of other assets	316
Office rental income	268
<b>Income</b>	<b>£62,617</b>



## What goes out:

	£ 000's
Salary costs	9,329
Routine maintenance	9,823
Planned maintenance	2,267
Major repairs	14,914
Housing management	5,019
Overhead costs	4,366
Other costs	883
Loan interest charges	7,893
<b>Expenditure</b>	<b>£54,494</b>
<b>Cash Surplus</b>	<b>£8,123</b>



# Business as usual

We think so. We've continued to invest in existing and new homes and delivered good services evidenced by high levels of satisfaction. Through improved performance on things like reducing the number of empty properties we managed to collect **£1 million** extra than assumed in our business plans.

## Job done?

No, we've still got lots more to do in 2017/18 and are already underway with a number of things including:

**October 2017** Completing our integration plan by **October 2017**, which means rolling out the Bernicia brand and moving to consistent contact arrangements i.e. telephone number, website etc.

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

**Consulting our tenants** on simplifying Bernicia's structure.

Working with our involved tenants on their future approach to involvement and engagement.

**5 Year Plan** Producing a new **5 year plan** for our housing service.

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

**£14.3 million** Investing **£14.3 million** in existing homes.

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

Employing a further **12 apprentices**.

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

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**.

We hope you enjoyed reading our report.

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**As always any  
feedback is welcome.**



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IN PEOPLE**

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