

Strategy 2019

Summary

We are living in uncertain times with local, national and international policies changing rapidly and impacting on our business model. When these political and economic changes are combined with rapid technological innovation we have an even more uncertain environment which brings both opportunities and threats.

The housing sector is seeing big changes. The government has recognised that there is a housing crisis as house prices continue to remain unaffordable. This has led the government to return to capital investment in affordable housing, including social rent, which was cut by the previous administration. We have also had a rent settlement which is very positive for the business as we will return to over inflation increases after 2020. This is bringing higher demands and expectations on the sector which we will ensure we are able to respond to.

We need to be dynamic to be able to respond to these changes. We need to pull together as one team and make sure that we have people who are motivated, skilled and able to deliver efficient and effective services for our customers. Having the best people, the best training and development and the best systems will allow us to rise to the challenges that we face.

There is one year left of the four years of rent decreases after which we will return to inflation-linked increases. Of course, this is no reason to be complacent about costs and we must work hard to provide efficient and effective services which deliver excellent value for money.

We consider one of our strengths to be our strong local presence and involvement with our local communities and we want to ensure that we use this strength to improve the lives of people living in our communities.

We believe that being a strong local organisation brings many benefits:

- We have a strong local focus
- We can get to our homes quickly when needed
- It is easier for our customers to get involved with and shape our services
- Our staff spend less time travelling between homes and areas
- Most of our staff live locally and know the areas and communities we work in well

- We can maintain good relationships with the local authorities and other partners and stakeholders that we work with
- Our surpluses are reinvested locally
- Most of our staff are recruited locally
- We use locally based suppliers and businesses where it delivers value

Changing operating environment

The first step we will consider in this strategy is the changing environment that we operate in and what challenges and opportunities this brings us.

We may previously have been able to think that we do not compete with other organisations, except perhaps for development opportunities. This is not the case. We now compete in a wide-range of ways:

- We compete with housing associations and other organisations for talented staff. As we have grown we have more areas where we are competing more broadly than just with housing associations, this includes operatives, finance, ICT and HR amongst others.
- We compete with others for land and s106 schemes.
- We compete with others for grant funding particularly for development.
- We compete with others for our customers' money – if they spend their money on something else they can't spend it on paying their rent.
- We compete with others when we are selling shared ownership, other low-cost home ownership options and market sale homes.
- We compete with others, both housing associations and private landlords, when we seek to find customers for our homes. We are still able to let our homes but there can be some types of properties which are harder to let as potential applicants can find it difficult to access them through the council waiting lists.
- We compete with others for access to the lowest cost funding.

It is expected that competition will intensify in most, if not all, of these areas in the next few years. One clear example is the competition for land and s106 schemes where we are seeing both councils and for-profit providers now becoming more active in the market. This trend will continue as the borrowing restrictions on councils are lifted.

Rent increases will return to CPI +1% after 2020 which will help us maintain greater levels of investment in existing and new homes.

Increasing competition is the key change in our operating environment. It takes time to respond to changes in competition, so we need to remain constantly vigilant of changes so that we can react as quickly as possible.

The other external factors to note are:

- Brexit – the economic, political and social impacts of Brexit are uncertain. Key risks for us are:
 - how the funding environment might be impacted
 - our ability to recruit enough staff to support our investment plans particularly the delivery of larger planned programmes.
 - the impact on the economy and the housing market
 - the impact on the construction sector and the knock-on effect this will have on our development programme as well as plans for the growth of Silcoa

We have modelled scenarios in our financial plan which show the possible impacts of Brexit and how we would manage them. We have reviewed the operational risks around Brexit through our business continuity committee. We are also aware of the impact that this may have on some of our staff who are EU nationals.

- Grenfell Tower – the tragedy at Grenfell Tower has had, and will continue to have, wide-ranging repercussions across the sector. We do not have any high-rise blocks in our stock, but we will review the findings of the inquiry and Hackitt review and implement any necessary changes.
- Digital –with the continued growth in digital services the trend is that customers expect to get a fast response to their issues and be kept well informed of progress. This has implications for the expectations of our customers. Moving over to digital services is a key part of our plans but we will always ensure that we are accessible to all our customers.
- Uncertainty – the environment in which we operate is more unpredictable and much faster moving than in the past. We need to ensure that we can be dynamic and respond quickly to changes.

Leveraging our advantages

Advantages we have in relation to these changes are that:

- We have excellent local knowledge as we work in a concentrated geographic area. Being a local housing association is core to our identity and we believe that it enables us to provide better services and deliver good value for money
- We have a loyal and committed workforce with great local knowledge.
- We have strong relationships with many of our customers and good customer satisfaction.
- We already operate efficiently compared to our peers
- We have access to lower cost funding than private companies. Even compared to other housing associations we will be able to access better rates if we have stronger finances, currently our funding costs are some of the lowest for any housing association in the country. Related to this we have a large amount of uncharged assets which could be utilised to raise more finance.
- We have our own in-house repairs and maintenance which gives us more control over the quality of services and manages risk, such as contractor failure.

Our strategy should build on these advantages as well as addressing weaknesses.

The most obvious weaknesses are that:

- Our profile as a company is lower than we would like, this is being addressed through the communications and marketing strategy.
- We have a poor digital offering to our customers and can be bureaucratic, slow to respond and do not always communicate well. As the world speeds up, we will be expected to do so also.
- We have extensive data about our customers, but we are not using this to tailor our services.

Key principles

We have identified that the key challenge facing us is the increasing level of competition we face in several different arenas.

To be able to survive and thrive in this competitive, rapidly changing environment we need one thing above all else. We need great people who are motivated, skilled and able to deliver for our customers. We must train, develop and equip our staff with the right tools to do their jobs. This will allow us to deliver on all our other objectives.

To do this, we need to ensure that our people are well trained and clear what their roles are and jobs need to be interesting and engaging. We

also need to make sure that there are good plans in place to manage talent and progression across the group.

We know that we have made ourselves more attractive as an employer, but we cannot afford to become complacent. There are fresh challenges to recruiting good people into the organisation, we are unclear what the impact of BREXIT will be, and unemployment nationally continues to fall. Wiltshire's rate is 2.6% with only 0.6% of these actively seeking employment, while pay continues to rise. We need to make sure that we are attractive to potential employees and one way to achieve this is to raise the profile of the organisation. Raising our profile will also help to attract customers to our rented homes and buyers to our new build homes.

This gives us the first guiding principle of our strategy which is that we need to **ensure our people are motivated, skilled and able to deliver for our customers.**

Our plans in this area are detailed in our group HR strategy.

As well as considering the external environment we also need to remember our purpose as an organisation so that we can ensure that is delivered by the strategy.

Our core purpose is to provide housing to people in need.

To achieve this, we need to provide more housing and make sure that it is occupied by people who are in need. They may be in need because of housing need, vulnerability or financial reasons.

This means our aims should be to maximise the number of homes we are building and make the best use of the homes that we have (in terms of housing people in need).

To maximise the number of homes that we build, whilst getting the best from our existing homes, we need to deliver our services in the most effective and efficient way possible. This will address our core purpose as well as putting us in a position to deal with the increasing levels of competition that we face.

This gives us the second guiding principle of our strategy – to **deliver excellent value for money services.** We want to deliver the right level of service in the most efficient way possible so that we can maintain a strong development programme. Our approach to value for money is detailed in our value for money strategy.

Our focus on value for money combined with falling rents means that we are under pressure to reduce our costs. This cost pressure needs to be balanced with the changing market in which we operate, particularly the changing expectations of our customers.

We know that many of our customers are used to receiving services digitally, like to be able to access services at any time through the internet and expect a quick response. We do not yet have the digital options and often have processes that can make things more difficult for our customers rather than making it easy for them to interact with us.

To adapt to this changing picture, we need to be very clear on who our customers are, how we are going to find them and what services they require. We have a lot of data on our customers which we can use to give us this clarity.

Balancing cost pressures and the need to let our homes means we will have to make difficult decisions about the level and type of services that we provide. Last year we agreed revised repairs and housing offers which make it clear what services we will be providing. We will ensure that the services we do provide will be high quality and meet our objectives. Our customer satisfaction targets are included in our VFM strategy.

These points lead to our third guiding principle which is to **be easy for our customers to interact with**. This does not mean that we will always be able to do what the customer wants, but it means that it will be easy for customers to interact with us, find the information they need, and get a clear answer to their questions. We will not force customers through unnecessary processes. If we follow this principle and are clear on the services that we will provide to our customers, then by delivering on our promises we will maintain high customer satisfaction.

Key projects that will start to deliver on this principle are providing more services to tenants through an online digital portal and making use of our new IT environment to streamline our processes.

To summarise, we will leverage our strengths to:

- Ensure our people are motivated, skilled and able to deliver for our customers
- Deliver excellent value for money services
- Be easy for our customers to interact with

Objectives and actions

These principles will guide our work over the coming years. We will develop those into more specific goals and plans in the rest of this strategy.

The following are the key areas for us to develop in the next few years, they are then followed by specific targets for 2019/20.

Culture and development of staff

We have identified that ensuring that our staff are motivated, skilled and able to deliver for our customers is the first guiding principle in the strategy and needs to be in place for us to deliver our other goals.

The new Investors in People framework gives us a good structure covering the areas we need to develop in terms of culture and staff. We will use the framework as the basis for our work. We are delighted to have achieved Investors in People Silver and are now targeting the Platinum level in 2021.

The framework has the following nine areas within it:

- Leading and inspiring people
- Living the organisation's values and behaviours
- Empowering and involving people
- Managing performance
- Recognising and rewarding high performance
- Structuring work
- Building capacity
- Delivering continuous improvement
- Creating sustainable success

Our strategy in this area is covered in more detail in the group HR strategy.

Improve use of ICT to deliver better value services

In the last year we have completely updated our ICT infrastructure which will now give us a platform to develop improved ways of working that take advantage of the new equipment and software that we have access to.

But ICT is not just about the ICT infrastructure and equipment, it is about how we can use ICT across the whole organisation to improve our systems, processes and ways of working. It is important that ICT is driven by the needs of the business and is not an end in itself.

We have a change blueprint which details the key change projects that we will be delivering in 2019/20 and beyond. This covers:

- Working smarter – this project is about getting value from the new applications and flexibility that we have in our new ICT environment. The key to this will be training for staff so they can use the new applications and develop better solutions within their team which will free up the ICT team to work on more complex system changes.
- Tenant portal – we will develop an online portal which will enable our customers to access our services digitally. The first service which will benefit from this will be the lettings service in 19/20 with other services to transition later.
- Asset management – we don't currently have a single system which holds information about our housing stock which allows us to accurately forecast spend required on our assets over the long-term. This project will specify and implement a new asset management system which will give us better information for planning.
- Data warehouse – we will review how we hold data in the organisation as this foundation will be vital to enable our current and future systems to be able to access data effectively and to ensure that we can keep our data consistent and accurate.
- Document repository – some of our documents are still kept on paper and where we have digital documents they are not stored in a consistent way. This means that there is duplication and documents can be hard to find. We will specify what we need from a document management system and ensure that this is compatible with the tenant portal.
- Re-engineering the lettings service – we will re-engineer the processes in the lettings service this year. This will include building a risk-based model for the service so that customers are assessed at the start of the process and provided with a different level of service based on their needs. We will also implement the service through the online portal.

We are also digitising our repairs handbook so it will be available online

Development of new homes

To deliver our core purpose, we need to maximise the number of new homes we are building whilst retaining our financial viability. The scale and mix of the programme will depend on the need in the area, the funding that is available and the conditions in the housing market at the time. We will follow a flexible, demand led approach where we will seek to maximise the impact of our development programme in a way that reflects the market conditions at the time. More detail on our development plans is in our development strategy.

Use of assets

We have recently updated our asset management strategy which details how we will maintain our homes into the future so that they are places where our customers want to live, whilst delivering the best value for money on our investments. The strategy also covers our other assets such as garages, sewers and commercial properties.

Governance, compliance and control

Underpinning a well-run organisation is strong governance and risk management. When we think about governance this is not just about having a strong board leading the group but is also about how we involve our customers in the running of the group through co-regulation. We do this through having tenant board members, a strong scrutiny process, focus groups and online surveys amongst other involvement methods.

We need to ensure that our governance structure delivers strong governance in the most effective and efficient way possible.

Compliance is a key area for us and we have improved our systems and monitoring in this area in recent years. We have put additional resources into delivering high levels of compliance and will continue to ensure this is a priority area in the future. Similarly, we closely monitor and control H&S risks.

Silcoa

Silcoa is a key part of our service offering to customers and will follow the principles in this strategy. Of primary importance will be ensuring that the services delivered by Silcoa offer excellent value for money for Selwood Housing.

There is a separate strategy for Silcoa, the key focus of this is cost reduction to deliver the most efficient service possible to Selwood.

Risks and risk appetite

The top risks identified in our group risk map are:

- Failure to comply with health and safety obligations
 - Keeping our staff, customers and the general public safe is a top priority for us and we have extensive controls including training, risk assessments, internal audits, accident investigations, lone working protocols and a health and safety panel to manage this risk
- Failure to meet compliance regulations as a landlord
 - All areas of compliance are closely monitored by the board and executive. We mitigate this risk through internal and external audits, staff training, qualified contractors, working with partners such as the Wiltshire Fire & Rescue Service and completeness checks.
- Failure to monitor, anticipate and respond to changes in the external environment
 - Developments are regularly reported to board. The uncertainty around Brexit is raising the risks in this area as anticipating changes is particularly difficult at this time.
- Failure to recruit and retain a staff team that is skilled, motivated and productive within agreed resources
 - We have improved in this area but it is still a risk, particularly in trade roles.

Values

Our values define and underpin how we work. They mean that staff know what is expected of them and customers know what they can expect from us.

- Customer focused – By focusing on our customers we are able to provide a high-quality service with integrity.
- One team – By working as 'One Team' we consider others. It also allows us to work collaboratively to successfully achieve a common goal.
- Honesty – By being honest we can fix issues before they become problems.

- Dynamic – By being dynamic we are able to come up with new ways of doing things, think outside the box and come up with solutions to any existing or potential problems

We have defined behaviours that describe the values further.

Targets for 2019/20

Our objectives and key results for 19/20 are:

Objective: Become easier to do business with

Key results

- Deliver the change blueprint (see above for the contents of the blueprint)
- Complete the tenant conversation and implement actions which will be agreed in an action plan presented to the May board meeting
- Each team to make at least three improvements through the Working Smarter project

Objective: Implement Investors in People action plan

Key results

- Following the achievement of the Silver IiP standard we have created an action plan that will take us to the Platinum standard by 2021.
- Measures of success
 - Increase Pulse score by 10% to 7.6 by Q4 19/20
 - Staff turnover across the group of 15% by Q4 19/20
 - Improve the percentage of staff who understand how their objectives fit with the corporate plan by 10% from a baseline to be set in March 2019.
 - Improve the percentage of staff who would recommend us as an employer by 10% from a baseline to be set in March 2019.

Objective: Raise our profile

Key results

- Implement the communications and marketing strategy which will help us raise our profile
- Measure a baseline for the following metrics and set targets for improvement:

- How current, new and potential employees view the profile of Selwood
- Positive media coverage in local media and trade press
- Social media engagement
- Customer recognition
- Stakeholders recognition

Objective: Improve Silcoa performance

Key results

- 19/20 forecast achieved, both financial measures and KPIs
- Move to new premises completed by the end of July 2019
- Silcoa Pulse score over 7.0
- Ensure that staff are clear on the purpose of Silcoa.

Objective: Deliver core business results

Key results

- Deliver new homes to keep us on an average of 200 homes per annum over a rolling three-year period
- Ensure compliance with all areas of statutory compliance, especially fire and gas servicing
- Maintain low arrears levels of below 1.5%
- Deliver the planned asset programmes
- Maintain customer satisfaction at over 85%