



Fourth Quarter Statement

How we performed between January-March 2018

As we continue to strengthen fire safety in our housing stock, our fourth quarter performance was in-line with expectations, but below where we would like to be operating. The business took a challenging cost saving target into this quarter and delivered approximately £810k of savings, which has helped us to generate a surplus of £8.1m (16.1%) for the full year. When this is adjusted for the £3m spend on fire safety works, our underlying operating margin has increased 5% year-on-year to 22.1%.

Our Development business achieved strong sales in Q4 of £4.5m to deliver £21.2m in the year, which was above our forecast. Margins also exceeded budget by 3% reflecting a strong market in the North West.

Debt levels at the end of Q4 were £163m, with a further £112m available in undrawn facilities. All external covenants and internal triggers are well within Board approved levels set.

How we supported our customers

We have launched a new customer strategy called Customer First. Over half of our colleagues attended a half-day workshop to explore what we can, and will do, to make sure every customer receives a service experience that is Affordable, Personal, Easy and Engaging. We have 10 new Customer Promises and a suite of refreshed performance measures that evidence where we are succeeding or falling short against our Promises.

So far, we can see a particularly positive effect on customer complaints, which have reduced by 22% compared to the same period a year ago. We set a tough target of having no more than 5% of households needing to make a complaint about our services. In this period, 5.1% of households made complaints, with just 3.9% of those complaints escalating to stage two of our four-stage process.

To enable us to better track customer satisfaction, we centralised all of our customer satisfaction measures. This enabled us to increase the volume of completed customer surveys from 337 in Q1 to 773 in Q4, helping us to hear over 2,500 individual customer views across the course of the year. The new metrics we introduced have performed well: our Net Promoter Score is 59.5 against a target of 50, and our Customer Effort Score is 73.7 against a target of 90. Overall Customer Satisfaction averaged 86% for the quarter, an improvement of 3%.

Many of our customers continue to struggle with rising levels of personal debt. Our Customer Support team, which provides essential information in the areas of Welfare Rights and Debt Management, opened 1,667 new cases across the year. Advocating on behalf of economically challenged customers, they secured financial relief of £4.8m.

Issues with personal debt have translated into a 7% increase in the total number of customers in arrears. However, encouragingly, we have seen a 14% reduction in the volume of customers in high arrears. Customers continue to migrate to Universal Credit, which is impacting rent collection rates. This remains under close management, with mitigation plans in place to both support customers and protect income levels.

In the months ahead, we will launch our new MyAccount self-service portal and a long overdue refresh of our main website. We are exploring technologies that can help us to better respond to customer demand via multiple channels, and are actively reviewing how the role of the Housing Officer must evolve to meet the changing needs of the communities we serve. A new Tone of Voice is being implemented across all customer touchpoints, with new brand imagery that centres around 'everyday lives in everyday homes'. Our Transformation Programme, which is structured around six core areas, includes a programme that specifically addresses how we will evolve the totality of our customer offer in-line with the real needs of real customers.

The year ahead will see us continue to set challenging targets that will evidence our absolute commitment to putting Customers First.