MOVING FORWARD
ANNUAL REPORT 2013/14
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Our Annual Report for 2013/14 carries the title 'Moving Forward'. This reflects not only the huge progress we have made as an organisation, but also the sense of entering a new era through our partnership with Isos Housing.

The Board is justifiably proud of Cestria’s progress as it continues on its journey to being one of the best performing housing organisations in our region and I would like to pay tribute to our staff team for the hard work that has gone into achieving these results. The feedback from our Customer Service Excellence accreditation report gives the Board great confidence that its vision of a committed, empowered and customer-focused workforce is being realised.

The Board is also grateful to the many tenants who give generously of their time to help drive improvement in our services. In particular, Board members have enjoyed greater levels of engagement with the Cestria Reference Group during the year, building on the already excellent working relationship with our Tenant Scrutiny Committee.

The Board itself, in addition to overseeing the transformational changes taking place at Cestria, has maintained its commitment to excellence in governance. Following an independent review of Board skills, we have changed the format and frequency of Board meetings to ensure that we use the skills and experience of Board members for the maximum benefit to Cestria.

As we plan for the future, I would like to thank my Board colleagues for their support and commitment; it is reassuring to have such a strong team to drive the future success of the organisation.

David Butler
Chair
It is my great pleasure to introduce Cestria’s Annual Report for 2013/14.

It has been a great year for the organisation, and significant progress has been made towards our three strategic priorities of Providing Outstanding Service, Shaping our Communities and Growing our Business – and this is in the context of an operating environment which remains hugely challenging.

As you peruse the pages of this report, I am sure you will be struck by the scale of Cestria’s achievements. We have delivered our best ever performance in letting our properties, and our income collection has remained amongst the very best despite the fears associated with the impact of Welfare Reform. Our performance improvement activity is proving very effective, and we are focussing on our maintenance performance currently, to ensure that our tenants receive a service that rivals the very best.

In last year’s Annual Report, I noted that we were awaiting the outcome of our Customer Service Excellence accreditation, and I am pleased to report that we achieved that national standard with flying colours. This was one of a number of areas of our business that achieved external accreditation during the year, including Leaders in Diversity and TPAS accreditation of our Tenant Scrutiny activities.

Our community investment activity continues to thrive, with notable successes in our new Digital Inclusion Service, “Online Owls”, and our Enterprise and Money Management activity. In anticipation of the potential impact of Welfare Reform on our communities, we strengthened our Financial Inclusion team last year, and this has certainly been a factor in helping our tenants to cope with the continuing pressure on their incomes and cost of living.

We are also pleased by the way in which our programme of new homes is growing. We now have a programme of over 200 new homes in the next few years, to ensure that the homes we provide will meet the needs of our community into the future. We have also begun to offer some of our core services to a wider section of the community, notably our gardening services, as we begin to develop a range of activities that will contribute to our future financial success.

We have delivered all of this whilst also delivering greater efficiency, and we have reduced the real cost of our services by over 10% in the last three years. This in turn has resulted in greater capacity to pursue our strategic objectives. However, we are conscious that there is still more we can do on efficiency. That is why the Board has been exploring the potential benefits of a partnership with Isos Housing Group.

The business case for the Partnership is compelling, and the Board has agreed that it is the best way forward for Cestria. Work is now underway to enable the two organisations to join together to ensure that efficiencies are achieved to enable further investment in services, communities and new homes in the future. We expect the Partnership to come into effect in the autumn of 2014.

You will see from this report that it is an exciting time for Cestria, with much to celebrate. I would once again like to pay tribute to the combination of talent and hard work displayed by our staff and Board that enables us to continue to thrive. I am also indebted to our partners and key stakeholders who contribute so much to our success, and in particular, to our tenants who continue to give freely of their time to ensure that we continue to learn and grow.

Thank you to everyone who has contributed to making this an exceptional year for Cestria Community Housing Association.

Paul Fiddaman
Chief Executive
OUR VISION, VALUES AND STRATEGIC PRIORITIES

Our Strategic Plan 2014-17 sets out our key objectives and our commitment to ensure our priorities moving forward are focussed in line with our tenants’ aspirations.

Our Vision:
Creating safe, happy and vibrant communities

Our Strategic Priorities:
✦ Delivering Outstanding Services
✦ Shaping our Communities
✦ Growing our Business

Our Values:
We believe in:
✦ Customer focus - Listening to customers and involving them in everything we do.
✦ Honesty - Being open, honest and transparent with people.
✦ Efficiency - Seeking Value for Money in delivering our services.
✦ Excellence - Learning and continually improving what we do.
✦ Respect - Treating people fairly and valuing diversity.

Our People:
will be:
✦ Passionate
✦ Committed
✦ Caring
✦ Ambitious
✦ Innovative
We continue to focus on improvement in the delivery of services and have introduced mobile working for our Choice Based Lettings team which will support the delivery of this service when visiting customers in their homes. In addition, we also further developed our performance pages on the intranet for our staff and managers to monitor the impact of Welfare Reforms on income collection and demand. We are also currently reviewing our administration arrangements to improve further our services for customers.

Due to the changes identified through Universal Credit, we have led a partnership approach to support those who live within our communities in respect of becoming digitally included, through the project ‘Online Owls’ which has been a great success, and is continuing.

‘Project Domus’, previously mentioned, will drive forward improvements in respect of responsive repairs going forward and more will be reported in respect of outcomes, in next year’s Annual Report.

Our new Greener Generations Strategy will support the drive to deliver environmental sustainability ambitions.
Equality and Diversity

Our equality and diversity work continues, following the successful award of both ‘Investors in Diversity’ and ‘Leaders in Diversity’ accreditations during 2013. Some of our other achievements in this area, over the last year have been:

❖ Achieved the Equality Standard (Gold) Accreditation.
❖ Retained Disability two Ticks status.
❖ Launched ‘Equal but Different’ Leadership Group.
❖ Shared our good practice with numerous other housing associations.
❖ Launched 365 Days of Equality and Diversity at Cestria, which celebrated/raised awareness of E&D throughout the year.
❖ Continued to deliver the ‘Staff Mentoring Programme’ through the Housing Diversity Network.
❖ Published an E&D Annual Report.

Our partnership work with Chester-le-Street MIND continues and we are currently looking to develop alternative referral pathways to assist those who may be experiencing mental health difficulties.
Our Journey to Excellence continues...

Our Customer Services Strategy, ‘Our Journey to Excellence’ demonstrates our commitment to put customers first and deliver excellent customer services. A great outcome has been achieved this year, when we were awarded the ‘Customer Service Excellence’ accreditation with 14 compliance plus elements due to our innovation and ground breaking approaches to the delivery of services to our customers.

Our customer focus continues through the implementation of a Customer Relationship Management system which will enable us to understand our customers’ journey when they contact us or we contact them. This has already delivered efficiencies within a short time of implementing, and we are seeing great benefits for the Customer.

We celebrated the opening of a joint venture with Durham County Council, where their customer services staff work hand in hand with our customer service team at our ‘Cestria Hub’. The unique approach has ensured we continue to provide an effective service delivery for our customers, where they can resolve their queries for Cestria or the Council, at one visit.
The progress we have made during the year has attracted national recognition.

Some examples of national recognition have been:

- Successfully achieving Customer Service Excellence on our first attempt, achieving 14 compliance plus elements as part of the Accreditation.
- Obtaining Leaders and Investors in Diversity.
- Obtaining TPAS Scrutiny accreditation award for Tenant Scrutiny Panel, being one of the first 3 organisations nationally to achieve this accreditation.
- Winner of award for ‘Outstanding Financial Communications’ at the Housing Association National Accountancy Awards 2014.
- Chartered Institute of Housing (North East Awards) Best Back office Team (runners up) for our IT Team.
- Go On North East Digital Skills Awards – for Online Owls in the categories of: ‘Innovative Partnership’ (shortlisted), ‘Spreading the Word’ (runners up) and ‘Helping People Get Online’ (our officer Paul Bainbridge);
- Shortlisted finalist for the Chartered Institute of Housing (National Awards) IT Team of the Year at the 2014 Housing Heroes Awards.

- Alarm (public sector risk management) recognition for the successful delivery of our Strategic Risk Management Framework (highly commended).
- Shortlisted for the Chartered Institute of Housing Tenant Engagement Individual of the Year and a further category of Inspirational Colleague of the Year (our officers Angela Knox and Michelle Fortune).
During the year, we conducted our biennial (STAR) survey which gathered the views and priorities of our tenants which helped inform the review of our Strategic Plan, to ensure we continue to focus on customer priorities.

Our Tenancy Sustainment service is going from strength to strength with 68 tenancies being maintained as a result of our added support and care, leading to significant efficiencies for Cestria.

Following a Tenant Scrutiny review of the Adaptations Service we reviewed the service delivery and developed a partnership with Durham County Council to speed up occupational therapist assessments for those who required assistance and gained savings in excess of £40,000 per annum on installation of major adaptations. A Tenant Scrutiny review also commenced during the year in respect of the furniture service. The outcomes from this review will be shared going forward.

**Development and Regeneration Programme**

During the year, to help improve the accommodation offer within our communities, we secured £3 million to support the redevelopment and regeneration of 88 obsolete homes which alongside our new development programme delivered 11 homes in 2013/14 with a further 205 funded for development through support from the HCA and Durham County Council.

**Investment Programme**

Our improvement programme during the year delivered the following:

- 251 heating installations
- 288 homes received environmental works
- 758 homes received external works

Alongside this within the minor works team, we also installed floor prevention measures to 13 homes that were being severely affected by storms and flooding.
Financial Inclusion

Our Financial Inclusion Team welcomed a permanent Welfare Reform Advisor in 2013 to assist tenants who are under-occupying their homes. In the year the team helped 424 tenants with a wide range of financial problems and concerns. This is a 73% increase on advice cases in the previous year.

The team also delivered the following initiatives in the year:

✦ Created a new ‘Money Talks’ newsletter for tenants and the wider community to provide advice and information on everything from saving money to changes at the Job Centre.

✦ Enterprise and Money Skills week held in the Summer with 17 young people from the local area. Two of the participants went on to gain an apprenticeship with Cestria.
• Our third advice day in partnership with Durham County Council and other advice agencies to deliver targeted support to under-occupying tenants.

• Annual Home Contents take up campaign with a further 158 tenants expressing an interest in the scheme.

• Continued to work closely with our debt advice partners FISCUS who supported 64 tenants with debt issues. Total debts of over £300,000 were consolidated and a further £10,000 written off by creditors.

• Formal partnership developed with Durham Education Business Partnership who trained seven members of staff to become Business Ambassadors who have delivered career focussed sessions to 14 to 16 year olds in local schools.

• Worked with New College Durham to undertake a full rebrand of the Financial Inclusion Service to launch in late 2014.

• Delivered 25 sessions to a range of young people on setting up and running a successful business as well as important financial lessons for later in life.

• 20 people joined Cestria on a work experience placement.
Welfare Reform

At the end of March 2014 we had 535 tenants with spare bedrooms who were therefore subject to the so called ‘bedroom tax’.

After completing a programme to visit all tenants under-occupying their homes and facing a cut in their Housing Benefit from April 2013, we focussed on helping tenants to maximise their income, downsize or find work to help them pay the shortfall.

Alongside this we applied for and received Discretionary Housing Payments for over a third of affected tenants. In total £105,000 was paid to tenant rent accounts, helping to reduce the amount due from tenants and the risk of rent arrears accruing.

Digital Inclusion

In the knowledge that our tenants and other residents of Chester-le-Street will have to apply for benefits online under Universal Credit we have been running a projects called ‘Online Owls’. This has been part funded by the Big Lottery Fund and in the first 6 months of the project to March 2014 over 200 residents have signed up to the project.

Training has been delivered through a range of methods including 1-2-1 home visits – 50 of these have been carried out by our volunteers and training sessions have covered topics ranging from online banking to ‘techy tea’ parties and using facebook.

"The various sessions not only enable you to enhance your knowledge but also gives you the opportunity to socialize with a wide range of nice people."

"I have no hesitation of recommending the Online Owls Project courses to my friends and neighbours and have already done so."
Apprenticeship Fair
Following on from the success of a jobs fair held last year, Cestria held an apprenticeship fair in August. Together with a range of partners over 100 people attended the events. Through this event a total of six apprentices were recruited in Business Administration and Grounds Maintenance. A formal apprenticeship programme has been developed to ensure a regular intake of apprentices.

Community Partnerships
We pro actively work with others for the benefit of our communities and some initiatives during the year have been:

- Delivering improvements across a range of indicators for local environmental estate quality in partnership with Keep Britain Tidy.
- Completing our second neighbourhood profile and holding a range of community conversation events.
- Supporting volunteers to deliver various activities for the whole community at the ‘Top House’ Sacriston. Other partners including One Point (SureStart and Connexions) are working with the community to deliver a variety of family support activities.
- Working with the Pelton Fell Community partnership to develop, create, and launch the successful ‘Wonderfell Week in Action’, based around a clean green and safe environment. A charter which captures aspirations, was developed and delivered to all residents who had the opportunity to sign up to the charter on the launch day. Following the launch, a successful week of action was rolled out in the area.
- Supporting Police with the Chester-le-Street Activity Week initiative.
Development and regeneration activities expanded significantly during 2013/14 through the forging of new and strengthening of existing partnerships with Durham County Council, private developers and funders including the HCA.

During the year, we completed 11 new homes and started on site with 95 utilising £3 million of grant support from the HCA to support the delivery of 205 new affordable homes over the next 2 years.

As part of our growth strategy, our development tenure offer has been extended into low cost home ownership as well as our geographical coverage by completing our first scheme outside of the district and opportunities to extend our coverage and tenure further continue.

In order to improve our investment planning approach, we completed a stock condition survey in December 2013 and have recently trained our in house team to deliver an annual programme of surveys going forward.

We developed and launched our first environmental sustainability strategy, Greener Generations, which has five green themes of: Greener Generations, Resources & Recycling, Engagement & Education, Energy & Efficiency and Nature & Neighbourhoods. This will enable us to respond to the environmental challenges we face and become a business that encourages and enables excellence in sustainability across all business sectors.

Our grounds maintenance service has been expanded to enable private customers to benefit from our services across the district as part of a programme of services expansion, which Cestria hopes to deliver over the next few years as part of its diversification strategy.
Apprenticeship Programme

We have recruited a further six apprentices and have plans to develop the programme further over the next year. We have strengthened the programme this year by delivering regular apprenticeship classes covering subjects such as; managing money, CV creation, career mapping and interview skills.

We have also established an internal mentoring programme giving the apprentices the opportunity to receive valuable support and advice on a one to one basis from current members of staff across the organisation.

In addition, we have developed a structured work placement programme to provide opportunities to young people in our communities, providing them with valuable experience to strengthen their job prospects.
Sunday Times Top 100

We successfully achieved number 72 on The Sunday Times 100 ‘Best Not-For-Profit Organisations to Work For’ as well as being named runner up in The Best Companies Innovation and Engagement Practice award. In addition, we also achieved Best Companies 1 Star Accreditation, demonstrating our staff feel Cestria CHA is one of the UK’s best workplaces.

This was our first year to apply for a place on the list and with nearly 900 companies from across the UK entering, making it into the top 100 is a major achievement and demonstrates excellent levels of engagement within our organisation.
Staff Benefits

We offer a wide range of benefits to staff through our Rewards Strategy, which helps us to attract and retain the best people. Over 50% of our staff have received money back after paying for treatment for dental, optical, physiotherapy, consultations, and other health related appointments via our company paid Health Cash Plan.

Over 15% of staff have purchased a bike via Cestria’s Cycle to Work Scheme and 6% of staff have made savings on childcare by signing up to Cestria’s Childcare Voucher Scheme.

Other popular benefits include:
- Zumba
- Free Staff Events
- On site Tea/Coffee making facilities
- On site showers
- Shopping discounts
- Flexible working
- Local Government Pension Scheme

Training

All staff across the organisation have continued to receive training in a variety of subjects including Health and Safety, Wellbeing and Customer Service.

We have also continued to support staff with their own personal development by funding external courses and qualifications.
Our Strategic Approach
to Value For Money (VFM)

The Board sets the strategic direction of the Association in relation to VFM. During 2013/14 we continued to deliver the objectives set out in our Value for Money Strategy. Our key objectives from the strategy are:

**Our VFM Journey**

In June 2013 our Value for Money Group was re-branded as the ‘Fit for the Future’ Group, to focus on the strategic direction of the Association in relation to value for money. The remit of the group, consisting of staff and Board Champions is to reduce cost, improve performance, increase quality and ultimately increase customer satisfaction.

During the year each of our service teams developed Value for Money Plans, identifying both cashable and non-cashable efficiencies and during the year, 97% of actions from these Plans were implemented, creating significant efficiency savings. Our Board monitor the implementation of the actions identified in these plans on a quarterly basis and each year, these plans will be renewed.

**Performance Management and Continuous Improvement**

During 2013/14 we continued to benchmark our performance with others and deliver our Performance Management Framework to ensure that we have an efficient method of delivering performance.

We completed our first lean systems service review on our void process during 2012/13, and this resulted in a reduction in re-let times. Void rent loss also reduced, which equates to an annualised saving of £158,459. Since then there has been a continued downward trend in re-let days and void loss, in addition to a slight increase in customer satisfaction. Our second service review is now underway in respect of the responsive repairs service and key objectives of this review are to design a modern, fit for purpose, efficient and effective responsive repairs service that will deliver ongoing improvements in customer experience, performance and cost.

Our Tenant Scrutiny Committee conducted their second service review during 2013/14 and the eight Tenant Service Improvement Groups review our performance and provide feedback on any proposed changes to service delivery. The Tenants Reference Group, consisting of approximately 95 tenants, of which approximately 30 meet each month, also continues to make a difference.

Our staff have received training on mapping of our customer journeys to enable us to take significant improvements to the delivery of our services. We have conducted a review into how we handle repairs telephone calls and Choice Based Lettings calls, which has resulted in an action plan of improvements. We also have a panel of tenants who have carried out mystery shopping on our Income Management Service and this has led to a number of improvements being identified as a result of their recommendations.
Re-investment of Value for Money Efficiencies

In conjunction with our tenants, we have re-invested some of our efficiency savings back into the community by establishing a Community Investment Fund with the criteria being that the project needed to support our tenants and the communities in which they live. Applications were shortlisted by a tenant panel which were then subject to an overall vote at the annual Tenants’ Conference. The projects with the most votes were awarded grant and this has led to an annual overall donation of around £15,000.

Some examples of the projects we have funded over the past two years are wildlife areas in the local school, tools for a young gardening club, development of a women’s group to help build confidence in women who are socially excluded, and transport for members of a disabled group to go to Blackpool.

We have also established a group of tenants who have followed up on how our money has been used to benefit the community. This is an added benefit of bringing people together and establishing new contacts and friendships.

In addition to the above, we have also used some of our efficiency savings to fund a dedicated Welfare Reform Advisor who initially visited all tenants who were affected by Welfare Reform, namely the ‘bedroom tax’. More recently the member of staff has been supporting tenants in considering their options, including maximising their income.
Effective Procurement

During 2013/2014 we have continued to be efficient and effective at how we procure which has led to procurement savings which equates to around £1.9m.

At the outset of any procurement activity we also consider the social value which we are leveraging through our contractors and suppliers. The social value we have gained during the year has been via a number of different mechanisms. These have included support for our community initiatives and grant obtained to deliver employability projects.

During the year we have also been involved in a number of different projects and initiatives including:

 froze Implementation of an e-procurement system to ensure we can drive forward further efficiencies and have an even better centralised approach to procurement.

 froze Continued strengthening of our relationship with a number of different consortia resulting in efficiency savings for the association as well as driving forward social value through use of the consortia frameworks.

 froze Having a live procurement register with a forward plan of the next five years of procurement activity, ensuring we have a pro-active not reactive approach when it comes to procuring goods, services and supplies.

 froze Launching ‘Procurement Professionals North East’ which is a regional practitioners group for procurement professionals.

Being a finalist at the ‘National Go Procurement Awards’ resulted in an extremely positive outcome for all the hard work delivered by the team and we have also been shortlisted as a finalist for Chartered Institute of Purchasing and Supply (CIPS) Supply Management Awards 2014.
Efficient Assets and Return on Investment

On 31st December 2013, 100% of our properties achieved the Governments’ decent homes standard. During the year, we commissioned a new independent Stock Condition Survey which informed our business plan review for 2014 and which we will continue to update over the four years using our in house team who have been trained by Savills on surveying properties.

During 2013/14 we developed a Sustainability Model which enables us to achieve value for money, plan for the long term renewal of our stock and supports clear asset management decisions. The model takes into account neighbourhood sustainability and tenant satisfaction, using analytic techniques and Geographic Information System (GIS) to create simplified presentations of complex data, driving clear decisions.

We have improved the energy efficiency of our properties year on year, achieving an average Standard Assessment Procedures (SAP) rating of 68.5 in 2013/14 which compares to a social housing average of 60.

Our Development Strategy also defines our plans for new build which ensures that we continue to provide high quality properties for our current and future tenants, including ensuring that new build properties are built to a high standard of energy efficiency, reducing fuel poverty.

We have included specific understanding of return on assets for different property types in different locations in the extended version of the self assessment available on the web-site. This analysis will enable us to make decisions on whether we hold stock in its current form, dispose of it to another provider or (when vacant) on the open market, or convert it to another tenure.

Effective Systems and Processes

During 2013/14 we completed the implementation of a Customer Relationship Management System which has resulted in a significant reduction in the number of telephone calls from customers during the year as we are able to monitor and learn from customer contact to improve how we deliver this service.

Our dedicated performance pages on our staff intranet supports the focus of performance as all staff are able to view ‘live’ performance which is updated automatically. Again we developed this in-house performance area a number of years ago, with, savings of around £18,000.

Towards the end of 2013 the launch of our new Digital Inclusion Project, ‘Online Owls’ in conjunction with key partners, secured funding of around £9,000. Our goal is to encourage as many residents to get online by offering free courses across the district and we provide residents with information and support on how and where they can go to get online or seek further assistance.
Social Return on Investment

In addition to cost and performance measures, we actively seek to assess the social and wider economic return on investment. The model we are using will be measuring the social return from the investment on community projects we engage in, such as Family Learning, Employability Schemes, Tenancy Sustainment and Financial Inclusion. The model will also be used going forward to appraise and rank any potential projects to ensure investment is directed into the right project and outcomes are maximised.

Grants and Inward Investment

During 2013/14 we achieved a total of £6,596,067 inward investment from grants which includes Gap Funding, new development, Big Lottery and North East Procurement. We have also recovered £1,769,044 of VAT on investment in our properties under our VAT Shelter Scheme.

Strategic Plan, Financial Planning and Management

We have placed a greater emphasis on VFM measurement and outcomes as part of our budget process and we have achieved a real reduction in combined management, maintenance and investment costs of almost 10% over the last two financial years. This performance exceeds the target of 3% that we set in our Strategic Plan.

We have also achieved a real saving of 7.3% on budgeted expenditure during the budget process for 2014/15. We consulted with tenants and staff during the Strategic Planning Process to ensure that their priorities and aspirations are captured, and we linked our investment and budgets to these priorities.

Financial Strength and Future Efficiencies

During 2013/14 the Association was awarded the highest rating of V1 from the Regulator for Financial Viability. This is testament to our financial strength.

Discussions have been taking place between the Association and Isos about forming a partnership as both organisations believe that they could achieve more together than they could on their own.

Values for Money Plans for 2014/15 have been developed for each Service Area. The implementation of the actions from these plans will be monitored closely by the Fit for the Future Group and by the Board. In total, 68 actions have been identified which aim to create significant cashable and non-cashable efficiency savings.

Full Self Assessment

We conduct a self assessment in respect of overall VFM and the document is produced in consultation with the Board, the Executive Team, senior management, tenants and the Scrutiny Committee. The VFM Self Assessment is available on our website.
Financial Planning and Management

Over the last two years we have placed a greater emphasis on VFM measurement and outcomes as part of our budget process. We have achieved a real reduction in combined management, maintenance and investment costs of almost 10% over the past two financial years.

We have also achieved a real saving of 7.3% on budgeted expenditure during the budget process for 2014/15. We consulted with tenants and staff during the Strategic Planning Process to ensure that their priorities and aspirations are captured, and we linked our investment and budgets to these priorities.

Our pre-transfer business plan originally forecast that we would have drawn down £21 million by 31st March 2014. Actual total debt as at 31st March is £8.0 million. This reduction in debt drawdown is testament to the strong financial management that we have in place and the efficiency savings that we have made. This has led to capacity within the business plan which has allowed us to include the development of around 500 new properties in our current business plan.

Financial Strength

The Association’s Business Plan continues to demonstrate that the Association’s finances are strong and that we have sufficient resources to deliver all of our priorities in our five year Strategic Plan. We have now received a total of around £42m from the Homes and Communities Agency as part of a Gap Funding Agreement, 2013/14 being the final year in which we will receive funding. Additionally, we have benefited from cash receipts of around £11 million under our VAT Shelter arrangement, which allows the Association to recover VAT on its improvement programme expenditure.

The Association also enjoys attractive terms under its funding deal, giving access to a £45 million loan facility through the Royal Bank of Scotland. This will be used to finance the organisation for the next 30 years as we invest over £380 million in our properties and commence new development.

During 2013/14 the Association was awarded the highest rating of V1 from the regulator for Financial Viability. This is testament to its financial strength.
Future Investment

Our improvement programme continues to deliver high customer satisfaction. In December 2013, all of our properties met the Government’s Decent Homes Standard and we have provision in the business plan to maintain this standard and provide future investment.

During 2014/15 we plan to spend:

✧ £0.9 million on new kitchens, bathrooms and re-wiring
✧ £0.7 million on new heating systems
✧ £0.7 million on boundary walls and fencing
✧ £2.8 million on new roofs
✧ £0.2 million on investment in garage sites
✧ £0.2 million on sheltered accommodation
✧ £1.0 million on structural works.

During 2013/14 we carried out a stock condition survey of our properties. This helps us plan for the next 30 years of investment in our properties. Average investment over the 35 years of our business plan is £3.7 million per annum, in addition to £3.0 million per annum on repairs and cyclical works.

The business plan has provision of around £45 million for development of around 498 units. This includes completion of a new sheltered scheme of 57 new homes in 2014/15.
### Income & Expenditure Account for the Year ended 31 March 2014

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<tr>
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<th>2014</th>
<th>2013</th>
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</thead>
<tbody>
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<td>£0,000</td>
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<tr>
<td><strong>Turnover</strong></td>
<td>16,570</td>
<td>15,611</td>
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<tr>
<td><strong>Operating Costs</strong></td>
<td>(11,760)</td>
<td>(9,802)</td>
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<tr>
<td><strong>Operating Surplus</strong></td>
<td>4,810</td>
<td>4,397</td>
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<tr>
<td><strong>Surplus on sale of housing properties</strong></td>
<td>517</td>
<td>416</td>
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<tr>
<td><strong>Surplus on ordinary activities before financing costs</strong></td>
<td>5,327</td>
<td>4,831</td>
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<tr>
<td><strong>Interest receivable</strong></td>
<td>5</td>
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<tr>
<td><strong>Interest payable</strong></td>
<td>(422)</td>
<td>(451)</td>
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<tr>
<td><strong>Surplus for the year</strong></td>
<td>4,910</td>
<td>4,362</td>
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### Balance Sheet as at 31 March 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>£0,000</td>
<td>£0,000</td>
</tr>
<tr>
<td><strong>Housing Properties</strong></td>
<td>28,454</td>
<td>21,546</td>
</tr>
<tr>
<td><strong>Other Tangible Fixed Assets</strong></td>
<td>1,344</td>
<td>1,589</td>
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<tr>
<td><strong>Total Fixed Assets</strong></td>
<td>29,798</td>
<td>23,135</td>
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<tr>
<td><strong>Stock</strong></td>
<td>243</td>
<td>270</td>
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<tr>
<td><strong>Debtors</strong></td>
<td>3,751</td>
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<tr>
<td><strong>Cash</strong></td>
<td>317</td>
<td>2,452</td>
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<tr>
<td><strong>Creditors: Amounts falling due within one year</strong></td>
<td>(3,350)</td>
<td>(1,300)</td>
</tr>
<tr>
<td><strong>Net Current Assets</strong></td>
<td>961</td>
<td>4,963</td>
</tr>
<tr>
<td><strong>Total Net Assets</strong></td>
<td>30,759</td>
<td>28,098</td>
</tr>
<tr>
<td><strong>Creditors: Amounts falling due after more than one year</strong></td>
<td>8,000</td>
<td>10,500</td>
</tr>
<tr>
<td><strong>Pension Fund Liability</strong></td>
<td>970</td>
<td>2,630</td>
</tr>
<tr>
<td><strong>Capital and Reserves</strong></td>
<td>21,789</td>
<td>14,968</td>
</tr>
<tr>
<td><strong>Total Funds</strong></td>
<td>30,759</td>
<td>28,098</td>
</tr>
</tbody>
</table>
Where did our income come from?

- **74%** Rents
- **22%** Homes and Communities Agency Grant
- **4%** Miscellaneous income, including Sale of Housing Properties

How did we spend it?

- **53%** Repairing and improving our properties
- **14%** Developing new properties
- **13%** Staff costs
- **2%** Bank interest
- **18%** Other costs (premises, equipment, postage, stationery, advertising, telephones, heating and lighting etc)
Our Board and Business Excellence Team monitor achievements of Cestria’s objectives by measuring each service team’s performance against a series of performance indicators. Targets are agreed each year that are designed to manage development and deliver continuous service improvements. Our performance against the key indicators is detailed below.

Repairs performance has generally been on or near to targets set. The indicators demonstrate that a high proportion of repairs were completed right first time, were on time within seven days on average.

<table>
<thead>
<tr>
<th>Key performance indicator</th>
<th>Target</th>
<th>2013/14</th>
<th>2012/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average time taken to complete a responsive repair</td>
<td>6 days</td>
<td>7 days</td>
<td>7 days</td>
</tr>
<tr>
<td>% of responsive repairs completed on time</td>
<td>99.10%</td>
<td>96.63%</td>
<td>96.68%</td>
</tr>
<tr>
<td>% of repairs where an appointment was made and kept</td>
<td>99.50%</td>
<td>99.92%</td>
<td>99%</td>
</tr>
<tr>
<td>% of jobs completed first time</td>
<td>97%</td>
<td>97%</td>
<td>97%</td>
</tr>
</tbody>
</table>

Performance against the percentage of rent collected indicator continues to be very strong and within the top quartile nationally.

The number of residents over seven weeks in arrears has decreased substantially.

Despite the Government’s Welfare Reforms increasing rent due from tenants with ‘spare bedrooms’, performance for 2013/14 for rent collection and arrears has exceeded target, resulting in current tenant arrears of 1.77%, only slightly above the Associations best ever performance of 1.75% in December 2009.

Former tenants arrears as a percentage of the rent due has reduced from 1.16% in 2012/13 to 1.02% in 2013/14. This is the lowest level for former tenant arrears since 2005/06.
Outturn performance for 2013/14 for average re-let times and rent loss due to voids both greatly exceeded the targets set. The successful delivery of a lean systems service review of the end to end re-let process has resulted in a reduction of average re-let days from 34 days to 21 days, and rent loss from empty properties significantly reduced.

In relation to Anti-social Behaviour the delivery of the Anti-social Behaviour Strategy Action plan during 2013 enabled improvement in performance in 2013/14.

While short-term sickness absence has reduced, there has been an increase in long-term absence which has resulted in a higher overall absence level. A number of measures are being implemented to support managers in handling absence cases including regular reporting of triggers, revising the policy and procedures, mental health awareness training, and policy workshops for managers.

Voluntary turnover has reduced although remains over the target, with no individual factors being responsible for turnover levels. The target has been recalculated for 2014-15 to reflect predicted turnover. Continued promotion of benefits available to staff and analysis from the Best Companies Top 100 feedback will be used to encourage lower absence and turnover.

Percentage completions on all of the components of the capital programme were on target for 2013/14 reflecting the successful partnership working with our major contractors.

The target date for all properties meeting the Decent Home Standard was 31 December 2013 and this was met and we exceeded our strategic plan ambitions for new homes through the successful grant allocations.

<table>
<thead>
<tr>
<th>Key performance indicator</th>
<th>Performance</th>
<th>Target 2013/14</th>
<th>2012/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average time taken to re-let an empty property</td>
<td>28 days</td>
<td>21 days</td>
<td>34 days</td>
</tr>
<tr>
<td>Average time taken to re-let an empty property (General Needs)</td>
<td>24 days</td>
<td>20 days</td>
<td>29 days</td>
</tr>
<tr>
<td>Average time taken to re-let an empty property (Supported Housing)</td>
<td>32 days</td>
<td>23 days</td>
<td>46 days</td>
</tr>
<tr>
<td>% rent loss from empty properties</td>
<td>1.25%</td>
<td>1.08%</td>
<td>1.53%</td>
</tr>
<tr>
<td>% of closed resolved anti-social behaviour cases</td>
<td>95%</td>
<td>95.71%</td>
<td>95.41%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key performance indicator</th>
<th>Performance</th>
<th>Target</th>
<th>2012/13</th>
<th>2011/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Voluntary leavers (turnover rate of staff)</td>
<td>5.50%</td>
<td>8.15%</td>
<td>4.55%</td>
<td></td>
</tr>
<tr>
<td>Days lost per employee due to sickness</td>
<td>5.00 days</td>
<td>8.36 days</td>
<td>6.47 days</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Key performance indicator</th>
<th>Performance</th>
<th>Target</th>
<th>2012/13</th>
<th>2011/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of capital programme completed compared to plan - heating replacements</td>
<td>95%</td>
<td>93%</td>
<td>93%</td>
<td></td>
</tr>
<tr>
<td>% of capital programme completed compared to plan - internal modernisation</td>
<td>95%</td>
<td>No programme</td>
<td>96%</td>
<td></td>
</tr>
<tr>
<td>% of capital programme completed compared to plan - fencing</td>
<td>95%</td>
<td>126%</td>
<td>95%</td>
<td></td>
</tr>
<tr>
<td>% homes not meeting decent homes standard</td>
<td>0%</td>
<td>0%</td>
<td>0.7%</td>
<td></td>
</tr>
</tbody>
</table>
GOVERNANCE AND BOARD MEMBERS

Board Members
David Butler (Chair)
Vera Codling (Vice Chair)
Kay Nichol
Linda Henderson Gray
Patricia Rivett
Kevin Kelly
Paul Tinnion
John Williams
Glyn Hall
Tracie Smith (Joined September 2013)
Alan Bell (Joined September 2013)
Simon Wilson (Joined September 2013)

Former Members
Allen Turner (left the Board September 2013)
John Shiel (left the Board September 2013)
Robin Earl (Co-Optee to Audit Committee) (left the Committee March 2014)

Committees
Growth Innovation & Excellence Committee
Vera Codling (Chair)
Kay Nichol (Vice Chair)
Patricia Rivett
Glyn Hall
Alan Bell
Tracie Smith

Audit Committee
Kevin Kelly (Chair)
John Williams (Vice Chair)
Paul Tinnion
Linda Henderson Gray
Simon Wilson

Membership and Remuneration Committee
Linda Henderson Gray (Chair)
David Butler
Vera Codling
John Williams

Board Members Remuneration
Remuneration paid to Board Members during 2013/14 is as follows:

- David Butler: £8,000
- Vera Codling: £4,500
- Kay Nichol: £2,500
- Linda Henderson Gray: £2,500
- Patricia Rivett: £2,500
- Kevin Kelly: £3,500
- Paul Tinnion: £2,500
- John Williams: £2,500
- Glyn Hall: £2,500
- Robin Earl: £2,312
- Simon Wilson: £0
- Tracie Smith: £0
- Alan Bell: £0
OUR EXECUTIVE MANAGEMENT TEAM

Chief Executive
Paul Fiddaman

Director of Housing and Communities
Paul Stephens

Director of Finance and Corporate Services
Martin Warhurst

Registered Society under the Co-operative and Community Benefit Societies Act
(30116R)

Advisors
Auditors – Internal
Beever and Struthers
St George’s House
215-219 Chester Road
Manchester
M15 4JE

External Auditors
PricewaterhouseCoopers LLP
89 Sandyford Road
Newcastle upon Tyne
NE1 8HW

Funders
Royal Bank of Scotland
3rd Floor, Kirkstane House
139 St Vincent Street
Glasgow
G2 5JF

Bankers
Royal Bank of Scotland
2nd Floor, Keel Row House
1 Sandygate
Quayside
Newcastle upon Tyne
NE1 2NG

Solicitors
Trowers and Hamlins
Sceptre Court
40 Tower Hill
London
EC3N 4DX
If you would like information in another language or format such as Braille, audio or large print, please call the number below.

Bowes Offices
Cestria Community Housing,
Bowes Offices, Lambton Park,
Chester-le-Street,
County Durham  DH3 4AN

Opening Times
Monday-Thursday 8.30am - 5.00pm
and Friday 8.30am - 4.30pm

The Cestria Hub
Cestria Community Housing,
166 Front Street,
Chester-le-Street,
County Durham  DH3 3AZ

Opening Times
Monday-Thursday 8.30am - 5.00pm
and Friday 8.30am - 4.30pm

Tel: 0191 385 1900
www.cestria.org

Freephone 0800 587 0001