

straight
forward

Using our financial strength to make a difference

Our 2015-16 annual review

MEETING THE CHALLENGES

Our review of the year

There's no denying that our industry's faced some significant challenges over the last year. But we're pleased to say we've met those challenges from a position of strength.

Over the last few years we've been working continuously to improve efficiency across all aspects of our organisation. That's helped us to deliver good surpluses year on year, and we ended 2015/16 with a surplus of £22m. And that's great news as we've been able to achieve our number 1 priority of building more new homes, despite the government cuts we've experienced.

In total we invested £70.2m building 436 new homes with just £3.9m coming from government grant. And our plan is to increase that number and build a further 2000 homes over the next 5 years.

This strength not only gives us the freedom to achieve our home building targets it also means we can invest in our existing homes and help improve the life chances of our most vulnerable customers.

Overall last year we spent over £7m on home improvements including, new kitchens, bathrooms and heating systems. And a further £1m enhancing our communal areas.

Government cut backs have continued to put a strain on many household budgets. And over the last year our tenancy sustainment team have helped more than 300 customers improve their circumstances by securing a total of £676,000 in additional income. They've also helped to keep them on track by providing things like budgeting plans, help into work or training or referrals to other support agencies.

Our brilliant team of people continue to work hard to deliver our corporate ambitions. Our board is clear that our purpose is to provide homes for anyone who can't afford to rent or buy on the open market, to help improve the lives of our most vulnerable customers and to build more homes to end the housing crisis.

And I'm confident that by working together and maintaining our principles of efficiency we'll be able to do just that.

Finally, I hope you enjoy this round-up of some of our highlights and successes from the past year. And a snapshot of some of the people who live in the homes and communities we build and manage.

Mark Perry
Chief Executive

Building new homes

Everyone needs a home, somewhere they can feel safe and secure and build the foundations for the rest of their lives. And our most important role is to provide homes for those who can't afford one. In April 2015 there were more than 25,000 people on housing waiting lists in our operational area but only just over 1500 affordable homes were built in that financial year. That's why our number 1 priority is to build more new homes and we'll develop more than 2000 over the next 5 years.

Last year we built 436 homes, that'll go a long way to meeting the housing need in our operational area. The tenures are a mixture of affordable, social and market rent and shared ownership. In total we invested £70.2m with just £3.9m coming from government grant. We also picked up a couple of awards along the way...

Our £40m regeneration of a deprived area of Basingstoke, Popley Islands, won the Regeneration category for the South East region at the annual Royal Institution of Chartered Surveyors (RICS) Awards.

And our development at Longcroft Road, Kingsclere achieved a Bronze Award in the Considerate Constructors Scheme's National Site Awards.



Here's highlights from a couple of our new build developments:

HIGHLIGHTS

"The site at Shepherds Spring Lane is much better suited to provide housing for local people than being used as a recycling centre. They are very well designed attractive homes, with a high quality finish and excellent individual touches, we need more like these." **Cllr Sandra Hawke (Portfolio Holder for Housing and Environmental Health)**

HIGHLIGHTS

Sirocco Park, Eastleigh

Working with a section 106 agreement with Bellway Homes, we took land once used by Pirelli as a cable works and transformed it into 109 affordable homes.

Our first development in Eastleigh, Sirocco Park's a mixture of 2, 3, 4 and 5 bedroom homes - 71 for affordable rent and 38 for shared ownership.

Officially opening the new development with a Halloween themed event brought local residents and other stakeholders together. And the local Mayor even lent a hand by judging the kids costume competition.



Both of these new developments were given 5 of out of 5 stars for high performance; window glazing, walls, roofs, floors and low energy lighting. Overall they were awarded SAP rating level B. Using energy efficient materials helps reduce heating and lighting bills for our customers.

Shepherds Spring Lane, Andover

We aim to be as efficient as possible building new homes. This year we were able to buy land at a 44% discount from our local authority partner, Test Valley Borough Council, saving us £140k on development costs.

The new development has 10 affordable rent homes and 9 shared ownership homes,

built in partnership with the contractor F E Chase. Two of the units were adapted for disabled residents.

Councillors and Test Valley housing staff visited to meet some of the new residents and have a tour inside their homes.



How do we do it?

Because of the efficiencies we create across our business we're able to fund 40% of our development programme through our surplus. This puts us in the enviable position of being able to keep building new homes without a reliance on government grant.

First market rent schemes

Last year we combined providing a new revenue stream and creating new homes, when we embarked on the transformation of two empty offices into 112 apartments for market rent. The development took just over 12 months and this year customers moved into Dextra Court in Basingstoke and Pipers Court in Camberley. Our market rent product offers customers better value for money, with a higher build quality and more security, than they would find in the private rented market.



Dextra Court in Basingstoke



Pipers Court in Camberley



Moving into Pipers Court in Camberley Lorraine Keogh was very excited;

"I've been looking for the right place to move to for over a year and now I've found it. I've been very impressed with Sentinel's service. They were amazing answering all my questions, even going above and beyond to help me with a parking space close to the building as I work for the British Red Cross as a trainer and have lots of equipment to carry to and from my car."

129

Top sales performance

Demand for our shared ownership homes has soared giving us our best ever year for sales proceeds and surplus. We've streamlined our processes making them more efficient. Our homes have taken on average just 5 weeks to sell meaning our customers can move into their homes faster and we get the sales income more quickly.

We helped **129 families** buy a home of their own.

Like **Samantha Leak** whose growing family needed a bigger home:

578 254

new homes at Chapel Hill in Basingstoke

new homes at Shinfield, Reading and Goch Way, Andover

Joint ventures

Working together with key partners on joint ventures allows us to share risk, and operate more efficiently by reducing our procurement costs, due to efficiencies of scale. It also allows us to take on larger schemes which may have otherwise stalled in the market. This all helps contribute to our ambition of building more new homes.

We established a joint venture with Barrett David Wilson, through which this year we've gained full planning permission for 578 new homes at Chapel Hill in Basingstoke. The site which has been in demolition phase is set to start building homes over the next few months.

This approach has also led to a further 2 joint venture agreements with other developers at Shinfield and Goch Way for another 254 new homes, including 51 for outright sale.

Our building programme's making a significant contribution to much needed new homes and we're the 6th largest developer of affordable homes in the country for our size.



Staying financially strong

Remaining efficient

in all our business practices is imperative so we can use our surplus to build new homes, support vulnerable customers and invest in communities.

Over the last few years we've been driving improvements across all aspects of our service delivery.

Maintaining an effective risk management strategy is something we take very seriously and we continuously check and review our plans against market conditions to make sure they're robust enough to stand up against any potential threats.

In the 2015 July Budget the Chancellor reduced the amount we can charge for rents by 1% each year for the next four years.

So how did we respond?

Well, we remain determined to deliver on our number 1 priority to build more new homes. And to help us do that we've made £2.2m of efficiency savings and re-shaped our development programme.

This means we can still continue to build more **new homes.**

We're aiming for 600 a year, but we'll rethink the numbers for the different types of home we build. Increasing the number of homes for private sale will give us the extra income we need to build more homes for people who can't afford to rent or buy on the open market.

£4000,000

efficiency savings in HomeTeam

Efficiency savings

Our operating costs are very low when compared to our peer group and they continue to reduce as we become more efficient. Last year it cost us £2,100 to manage and maintain each of our homes placing us comfortably in the top 25% of best performing landlords nationally.

We've restructured 3 of our teams this year: Finance, Communications and Development. Now we have the best people with the right skills and behaviours to deliver our business in the future. The combined savings of these new structures is £218k.

We've driven significant efficiency savings across our operations, including a £400k reduction in our HomeTeam in-house maintenance department.

We've done this by;

- Undertaking more work in-house, using the skills of our own resources rather than paying subcontractors.
- Improving time management - reducing downtime and travel and fuel costs while increasing productivity.
- Getting better information from the first call has helped reduce wasted visits for inspections to see what work is needed.
- We worked closely with our building materials supplier so all our standard products and one-off special items are now available from the same depot. That's helped save time and cut costs considerably.

Brilliant people working together

our people are our best asset

fully engaged and constantly improving themselves and our business.

This was evidenced when we were recognised as one of the **Top 100 Sunday Times Best Companies** to work for. We're thrilled with this award as it's based on staff feedback and shows that our people enjoy working here and feel valued and recognised. It's a good addition to our Investors in People gold that we were awarded previously.

Many good ideas came forward on our Dragons Den day. We now have members of our leadership team working with the 'pitchers' to develop these ideas into business improvements.



rewarding our people

Our people do a great job and so we offer a great benefits package. To make each person's true value transparent to them we introduced Total Reward Statements. As well as basic pay information (we set salaries at the median level within the sector) everyone can now see what each element of their benefits package is worth.

And we've refined our pensions benefit. We closed our defined benefit pension to new members and now offer only the defined contribution scheme. This is a competitive scheme where we match employee contributions up to 10%.

We've also become more efficient in how we recruit people by introducing an end-to-end digital recruitment solution. **This has saved us around £40k in recruitment costs.**

And we've continued to focus on our positive culture and good change management principles. We've expressed what great management at Sentinel looks like by publishing management behaviours and training all managers in coaching skills.

Here's Paul's example of how coaching is helping us work more effectively

'I think I was very task orientated before the coaching. I wanted to get things done quickly so I directed people on how to do things.

I wasn't a particularly good listener, I was already thinking about my response to the issue I was trying to achieve. And I believed if someone came to me I needed to know all the answers. I think that sums up before, when you're a manager or leader there's a pressure to know everything and be able to say this is how it can / will be done; now I don't think like that.

The coaching sessions were confidential and we talked everything through in a safe sharing space. It was a very supportive environment. I learnt that people have the same issues as me, I wasn't alone. It was thought provoking, looking at how you can change things you've done in the past. We've built up a network of people now and we're challenging and sharing.

I'm a better listener now. I let people finish what they're saying. I listen to understand instead of listening to reply. I use silence more. I leave a gap to give people the chance to come up with ideas. I question more. Instead of coming up with an answer I use a question. It's really made a big difference.'

Vibrant communities and satisfied customers

142,506 calls taken

Our customers are the reasons for our being. As well as building new homes, we're dedicated to creating and maintaining sustainable communities where people choose to live and can flourish.

We really value feedback, it helps us learn from customer experiences and shape our services for the future. Last year our scrutiny panel, See3Sixty, reviewed how we communicate with our customers. They analysed data and statistics, interviewed a range of staff and customers and benchmarked our service against other providers.

Here's their recommendations and our responses;

- Help staff work more efficiently while out and about - We've rolled out mobile devices to 33 front line staff. This technology means they can work more efficiently with access to real time information to discuss with customers. And it's reduced the need for trips back into the office - so we've cut CO2 emissions too
- Offer a wider range of online self service options for customers so they can manage their own accounts and tenancies - We're improving our internal housing systems and part of that development will give customers access to a range of online services 24 hours a day 7 days a week

- Get to know how customers prefer to be contacted and communicate with them through those preferred channels - Getting customer contact right first time means we can save time and money. We'll use this customer insight in our new housing management system so we can work more efficiently and improve the experience for our customers

27,047

emails dealt with by call centre teams

Customer satisfaction

Getting things right first time not only makes us more efficient it also creates more satisfied customers. Our overall customer satisfaction scores are going from strength to strength improving by 4.3% last year to 81.8%.

Staying in touch

Overall last year our 2 call centre teams took 142,506 calls and dealt with 27,047 emails.

Maintaining the high standard of our homes

We pride ourselves on providing high quality, safe homes and they all meet the government's decent home standard and have a valid gas safety certificate. Whenever possible we use energy efficient materials to keep utility bills low for our customers and reduce CO2 emissions.

Last year we spent £1.65m giving:

266 families a new kitchen	nearly £1m
And 283 a new bathroom	£650k
We installed 334 heating systems	£1m
195 air source heat pumps	£1.7m
We replaced 159 individual roofs	£1m
And 15 roofs on apartment blocks	£250k

We also revitalised and re-let over 500 vacant homes.

With an investment of over £250k we upgraded 2 of our sheltered schemes: Hedge Croft in Yateley and Rosefield Court in Hartley Wintney. Now the buildings are more efficient with improved insulation above all ceilings and new high efficiency LED light fittings. Both of which will help lower customer's utility bills and drastically reduce the carbon footprint of the building.

Overall last year we spent over £7m on planned maintenance and a further £1m enhancing our communal areas.



Making our homes more affordable to keep warm

We work hard to find ways of helping to reduce fuel poverty. Last year we took advantage of the government's Renewable Heat Incentive Scheme (RHIS) to transform nearly 200 heating systems, helping to reduce bills for our customers. Many of the homes are in rural areas where a traditional gas heating system isn't possible. Outdated solid fuel or storage heating systems were replaced with new renewable technology which is much cheaper to run and offers more controllable warmth. The efficiency of these new systems have improved the environmental scores of the homes from 36 (band F) to 66 (band D) significantly reducing their CO2 emissions.

The project cost £1.7m, 30% of which comes from the government's RHIS. We worked with local firm Faulkners to install the Mitsubishi Electric Ecodan air source heat pumps which will save customers around £500 a year on their heating bills.

It's making a big difference to customers like Andrew Jankowski;

'Its amazing the whole system was installed in just 4 days, Faulkners did a great job and now I've got a really lovely even heat around my home. I love the fact that its eco friendly and affordable, I'm expecting my bills to go down by 1/3 each year.'



Efficient landlord services

We've reduced the time it takes us to re-let an empty home by 4.5 days, reducing our lost income through empty properties to 0.6% a year. And putting us in the top 25% performers in our peer group.

	Top 25% performers	Sentinel
Re-let time	22 days	21.5 days
Lost income	0.59%	0.6%

March 2015

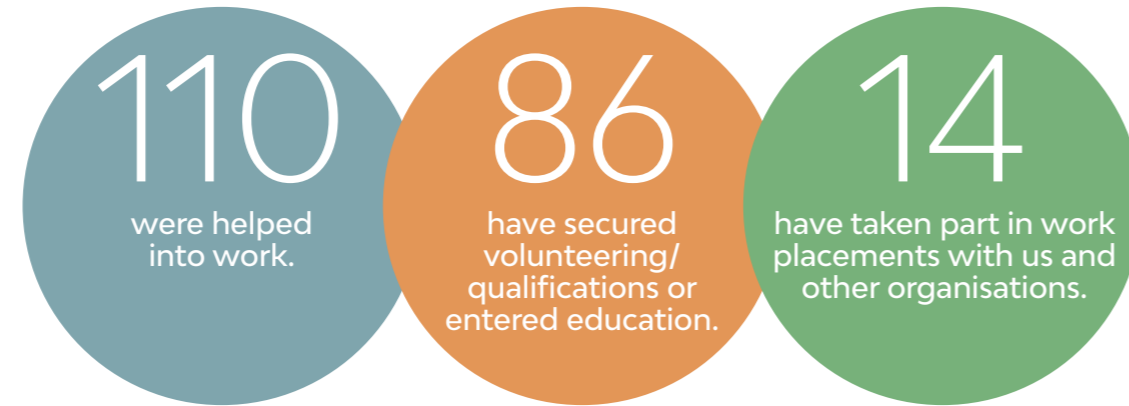


Reforms to the welfare system Supporting our communities

Understanding how our customers will be affected by Universal Credit is vital to our business. We need to measure the potential risk of customers not paying their rent, how much this could affect our income, and have a plan in place to prevent against higher rent arrears.

That's why this year we worked in collaboration with our partners at Basingstoke and Deane Borough Council to run a direct payment pilot in a small test area. Using the results of this we've been able to adapt our plans to meet the challenges we could face.

Over the last 3 years our Support Towards Employment Programme (STEP), funded by a Big Lottery Fund grant, engaged with 300 local people.



This brings a social value of around

£1,089,093

using the HACT wellbeing valuation tool.

We also launched our **'Making it Happen Fund'**, offering financial help and support to groups who want to deliver activities in our communities.

Local groups, charities and voluntary organisations have been given the chance to apply for grants of up to £10,000 from a pot of £60,000 to run projects in our communities.

Projects must fall into one of the funds 3 key themes;

Social inclusion	Financial inclusion	Digital inclusion
<p>We want all our communities to be great places to live. So we've looked for projects that help communities develop their own sustainable groups or support activities that aim to build inclusive and cohesive communities.</p> <p>For example projects that promote social inclusion by providing opportunities, for those who are at risk of isolation, to feel part of their community.</p>	<p>Anyone can experience money problems. We want our customers to be able to manage their own finances. But we understand that this is hard.</p> <p>We've looked for projects that could help us make basic financial products and services available to everyone.</p> <p>Or projects that could help our customers to benefit from affordable credit, easy to open bank accounts and have a better understanding of how to make the most of their money.</p>	<p>Access to the digital world is becoming more and more important. So we want all customers to have online access and be able to make the most of technology in their everyday lives.</p> <p>We understand the barriers that some of our communities may face, so want to support projects that could help them find a solution.</p>

Helping support our most vulnerable customers is really important to us. If someone is unable to pay their rent they're referred to our team of 4 tenancy sustainment officers. They can offer them support to reduce their debts, pay off the rent they owe and increase their independence.

Over the last year we've helped our customers secure **£676,000** of additional income.

Overall we've helped 319 customers improve their circumstances.

Here's Valerie's story

Valerie lived in her home for 49 years with her mum who she looked after and nursed until she died.

All the bills were in her mums name and were paid by direct debit and they shared a joint tenancy.

After her mum passed away things got into a bit of a muddle for Valerie who's dyslexic and struggles with reading, writing and understanding forms. She had no idea she was being charged for under occupancy, and arrears built up on her account.

After attending a pre-court meeting with us she was referred for support to our tenancy sustainment officer Lisa.

Lisa contacted Hart District Council and explained the situation to them and arranged an appointment for that day to apply for a discretionary housing payment to help with the under occupancy charge.

Valerie got enough money to clear nearly all her debt to us, but it didn't stop here. Lisa worked with Valerie through all her household expenditure looking for efficiencies. She found Valerie's water bill was in credit by over £600. She helped Valerie claim it back so she could pay off the outstanding rent she owed. She also helped her save another £20 each month by ending her landline contract for a phone she didn't use.

Lisa then helped in applying for working tax credits which she's waiting for a decision on.

Valerie said

'I'm so happy with the work you've done with me, I never realised how helpful you were. I haven't laughed so much in a long time; I've been so overwhelmed with everything.'

£4074
better off

The overall impact of our TSO work with Valerie has left her £4074 better off. And we're now supporting her to find a more suitable home to reduce her bills even further.

A first class business

To achieve our ambitions we must have a strong modern business infrastructure.

We want to offer our customers digital services using the most suitable technology.

We work hard to be **a partner of choice** and to continuously build on our excellent reputation.

Understanding our customers and services

This year we surveyed all customers through our Sentinel Census to find out what our customers need from us and how this will shape our services over the next 5 years.

We're part way through this major project identifying where we exceed the standards we need to deliver, and considering if we can re-allocate resources to other priorities.

Doing It Differently

Last year we launched our Doing it Differently project which aims to use technology to improve our services and make us more efficient. As part of the project we've mapped 150 business processes and re-designed them. We're designing a digital service based on customers self-serving. This will allow us to focus our resources on value adding services, giving staff time to invest in those customers who need it most. We're investing £800k in IT applications to support our digital services. We expect to significantly reduce the cost of routine transactions like payments and repairs.

We're a major investor in the local and regional economy

Our relationships with the Regulator, Funders and key Local Authority partners continue to be strong. We've mapped all our stakeholders, identifying relationships to nurture and progress to help us build more new homes. In 2015-16 we injected £102m into the local economy, making a major contribution to jobs and growth.

Our impact on the world

We believe it's important that we look at the wider impact of our organisation's actions on the communities where we work. Here's a flavour of what we achieved through our **Corporate Social Responsibility** strategy last year.



Healthy eating school project

We joined up with food charity Inspiro to run sessions in a local junior school to teach children about the importance of a healthy diet whilst having some fun too.

Charity partnerships

Last year our brilliant staff raised £8500 for Hampshire and Isle of Wight Air Ambulance. HIOWAA fly 365 days a year, day and night, providing an efficient, prompt response to road traffic collisions, sporting accidents, collapses and many other incidents throughout Hampshire and the Isle of Wight. It costs them over £230,000 a month to maintain their life saving service, and they receive no government or Lottery funding for routine operations.

Our staff voted for St Michael's Hospice in Basingstoke to be our new charity partner in September. Here's what we've been doing so far for them.

Reducing our footprint

We're lowering our carbon footprint wherever possible and this year we met our target of recycling 95% of our reactive waste. We're also recycling 80% of waste from empty homes and donating suitable items to local furniture projects for them to upcycle. And we'll soon be using a WEEE skip to recycle all our electrical waste.

Our HomeTeam trades now cover specific geographical areas so they can work more efficiently cutting their mileage and CO2 emissions.

We no longer use any hazardous materials, making a vast improvement to our carbon footprint as all our supplies are now biodegradable.



And finally

We're proud of our achievements over the last year. We know our strengths and we also know we can always do better.

WE'RE

Our focus for the next year will be to build more new homes that suit a range of budgets. To achieve that we'll work even more efficiently and generate the surplus we need to meet those ambitions. We'll continue to invest in our existing homes and communities and to do all we can to improve the circumstances of our most vulnerable customers.

PROUD



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