



**Fold Housing
Association**

38th AGM

Chairperson's Report

23rd June 2015

Welcome to Fold's 38th AGM, marking the completion of Year 3 of the current corporate planning cycle. We will reflect on the key achievements of the association in 2014/15, against our original business objectives, amidst significant change in our sector and in the face of a challenging business environment.

Business Context

We are all very concerned with the current impasse at Stormont and hope the Executive can find a way forward. A failure to reach agreement will result in potential hardship for our tenants as well as putting future business income at risk. We are now preparing for the next phase of welfare reforms to be rolled out by the UK Government and we must respond to the new challenges these will no doubt bring.

We welcomed the new impetus that DSD Minister Mervyn Storey MLA has brought to the sector. We were delighted that he could join us to mark the handover of our general needs housing scheme at Lawnbrook, in early summer. In a short space of time he has progressed consultations on:

- Tenant engagement guidelines, which I am pleased to say were already being followed at Fold
- A revised regulatory framework which is less prescriptive, supports an environment for more innovation and, to the liking of Lenders, is more in line with GB guidelines.

He has also given a commitment to streamline procurement and introduce a rent policy which will not curb our capacity to borrow more money. In a year when the Fold Board committed to taking our private borrowings above the £100m mark, this is a key matter if we are to continue developing at the current pace.

We were equally pleased to have the Health Minister visit our Telecare Service Centre where he was able to inspect our Telehealth business and see, at first hand, the excellent work being done by our call advisers and triage nurses. His visit coincided with us reaching the milestone of 1 million patient monitored days under the service.

In 2014 Fold sought a judicial review of the Department's decision to cease around £580k of Special Needs Management Allowance (SNMA) funding for Housing Associations. The court hearing has unfortunately been delayed until September 2015 resulting in continued uncertainty around our award winning Housing with Care service. Elsewhere, the unoccupied supported apartments at Gngangara continue to draw heavily on the finances of our Care Services Department.

We welcome the positive indicators that our economy is slowly recovering. With the recent changeover to the new district council structure we look forward to working more closely with local public representatives on key issues such as planning and regeneration, together with employment generation initiatives. In this regard our Visteon regeneration project in West Belfast provides an unprecedented opportunity for Fold and Belfast City Council to show the rest of N. Ireland what can be achieved on an inner city and previously highly contaminated site.

Robust Financial Performance

We continue to carefully manage our finances. During the year we made strides in the development of new methods of saving. Our VAT recovery special purpose vehicle, Fold Properties, will generate nearly £200k of savings from this year's development projects. We have continued to identify and reduce waste. Meanwhile costs have been controlled against a backdrop

of growth in housing stock. Some of the notable financial movements in the last 12 months include:

A 4 % increase in Fold's surplus from £5.3m to £5.5m

A 4% growth in Fold's asset base from £400m to £418m

A 4% growth in Fold's turnover to £39.4m.

Housing Association Grant (HAG) drawdown of £12.8m

A rise in Fold's pension deficit from £3.7m to £5.6m

In late 2014 we negotiated a new and additional £35m loan facility with Barclays Bank Plc, bringing our total private borrowings to over £107m compared with the combined £600m total private borrowings of our sector. I am also pleased to report that our loan covenants remain adequately covered and our External and Internal Auditors confirm the association to be in very good health. We are proud of the fact that Fold was the largest residential developer in N Ireland last year, helping to sustain the local construction industry.

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Growth and Innovation

We had a very successful year in our development department despite setbacks in the key signature projects at Visteon in Belfast and Drumalane in Newry. Delays in obtaining a planning permission for the Visteon site, coupled with the late withdrawal of the most economical bid for building Drumalane, contributed to a loss of 255 units from the year's original target bid. It meant our development team had to move heaven and earth to bring alternative development forward within the timescales.

This they did, by fast tracking phase 1 of Rathgill in Bangor and by successfully executing a competitive design and build procedure in Londonderry. Including 40 new-start homes within the first phase of the Oaklee/Fold's joint development at Hannahstown, we managed to commence on site 336 new homes. This accounts for around 17% of the overall N Ireland social housing development programme.

At the same time we completed two important advance land purchases in Ballycastle and Coleraine and progressed our planning and project approvals for projects due to commence in 2016. This should help us achieve a new start programme in excess of 350 homes in the year ahead.

We would like to commend our fellow developing housing associations and all our development partners in the DSD and NIHE's DPG, in managing to raise our combined housing output over the year by 60% to 2013 new starts. Together we exceeded the 2011-15 Programme for Government targets by 20% with 6,101 social housing starts and 3,965 new shared ownership homes.

We welcomed confirmation that Northern Ireland's developing housing associations have been proven to have the largest development output compared with our counterpart housing associations in all other parts of the UK. Additionally, when compared with Scotland and Wales, we do so by drawing down a lower level of HAG.

We would also like to commend our Accord partners in completing another successful year of collaboration. Together we achieved an onsite total of 483 new homes, equivalent to 24% of the total NI Social Development Programme. We also managed to complete a number of key strategic procurement exercises which will benefit member associations and their tenants for years to come.

Handovers during the year were unfortunately pegged back to 184 homes mainly because two Belfast developments namely Pembroke and Torrens experienced significant delays. Builders on both projects ran into financial difficulties and sought Credit Voluntary Agreements with their banks. Work in the meantime on both sites has slowed down to such an extent that achieving handovers on these sites in 2015 may well prove challenging.

On a positive front we successfully tendered our third competitive Design and Build project during the year and established a housing plus function which straddles all our directorates. We are looking forward to augmenting our core housing and development offering with a number of advice, employment and wellbeing assistance programmes. We will see these take shape through 2015/16. We will also be launching our first Shared Futures schemes on 3 new developments in South Belfast and Cookstown under the Together Building United Communities Scheme.

As already mentioned this year, with the advice of PWC, we set up Fold Properties, a special purpose vehicle and subsidiary of the Fold Group for the recovery of VAT on our technical design services. In line with best practice we appointed an independent board member, Peter McGuinness, to oversee matters along with other selected board members from the Fold Board. It is estimated that Fold Properties may realise VAT savings of around £474k in 2014/15. These savings will naturally rise and fall each year, depending on the size of our development programme.

The reform of local government in N Ireland will doubtless give local people and their elected representatives on District Councils a greater say in key decisions affecting their communities. With greater control comes additional responsibility especially in respect of planning decisions involving social housing. We anticipate some delays in planning decisions through 2015/16 as planning staff find their feet in the new local government structure and while councillors settle into their new roles. We will be working directly with councils, and through NIFHA, to assist planning staff and councillors alike to try and ensure any delays are kept to a minimum.

Making sure Fold's customers have the best homes and support systems

Our Property Services team have a well-established 3 year cyclical and major works programme. This helped deliver around £8.5m of works and services across our housing stock during 2014/15. At the same time the response team responded to over 13,000 calls, with a call-out performance above DSD targets in most cases.

In the latter stage of the year, we took the decision not to proceed with a number of major and cyclical maintenance projects as the tender returns did not represent good value for money. The projects have instead been listed for retendering early in the New Year.

For some time, we have been concerned at the effect of rising fuel costs on our older tenants and residents, many of whom are already living in Fuel Poverty. The Fold Board took the decision this year to install Solar PV Panels on all sheltered and supported housing schemes where the site conditions made it viable to do so. In partnership with Action Renewables we expect to complete phase 1 of the rollout of panels before the government incentives are reduced in October whilst the rest will follow over the following 12 months. Close to 100 installations are expected in all.

Having cleared the initial capital, servicing and financing costs, we will then pass on the full benefits to our older tenants and residents. This is another first for Fold and illustrates our commitment to providing value for our customers and significantly improving Fold's carbon footprint. In 2015/16 we plan to look at additional solar panel options for our general needs tenants.

As already mentioned the Accord Group made significant progress in collaborative procurement and joint working during the year. We successfully retendered our Measured Term Contract for response repairs and were pleased to appoint the experienced contractor D. Martin on more sustainable terms. In this most vital role D. Martin will be responsible for 10,000 Accord properties right across N. Ireland. Initial reports from tenants and staff indicate a very good quality of work as well as high levels of customer care and attention.

Accord also procured a number of key contracts and services including landscaping, window cleaning, and various types of housing stock inspections. Looking forward to 2015/16, our main collaborative re-procurements will include design consultants, boiler and lift servicing and shower adaptation contractors.

Fold continued to rollout our Communications Technology infrastructure (ICT) Strategy which is a £4m investment in our Information and ICT and services for the period up to 2017. This includes upgrading storage and software systems, expanding our reporting options and modernising our website and security systems. Fold now has 627 tenant ICT users and our website receives around 60,000 hits per annum.

Excellent Housing Management

For the third year running Fold's housing management performance came out on top in DSD's housing association league table report for larger associations. Voids were as low as 1.1% ,with a net arrears figure of 3.66% and of our 755 new allocations and relets, 85% were turned around within 2 weeks. These results confirm our housing team to be operating at the highest performance level. When you further consider our exceptionally low rent write-offs compared with other large associations in our sector, you get a true sense of the team's commitment to proactively managing debt while also assisting tenants to self-manage their finances.

We were delighted to see the results of our latest tenant survey, whereby:

- 89% were satisfied/very satisfied with the overall service provided by Fold
- 88% were satisfied/very satisfied with the quality of their homes
- 84% and 85% felt their rent and service charge respectively represented value for money
- 85% felt Fold had friendly and approachable staff

Within sheltered housing:

- 96% were satisfied/very satisfied with the Scheme Co-ordinator's support planning
- 94% felt safe and secure in their schemes
- 96% felt their schemes were easily accessible

In terms of learnings, we saw that 5% of general needs tenants felt Fold could do more to deal with tenants exhibiting anti-social behaviour and 4% felt Fold could offer more support. We will reflect on the valuable feedback on this and other areas for improvement and develop appropriate action plans in conjunction with our tenant forums.

Following a review of our Tenant Engagement Policy during the year, we rolled out a series of initiatives aimed at giving tenants a greater say in how we design and plan our services. Our 3 Area Panels are now well established. We were delighted to have participating tenants feedback

progress at our two Annual Tenant Forums. It is encouraging to note almost all aspects of best practice from the DSD's Tenant Engagement Strategy Document are already in place within Fold. We are hopeful our TBUC initiative will also provide a new impetus in establishing more active engagement with our general needs communities.

We introduced a new tenancy fraud policy during 2014/15 to ensure our homes are occupied by people legally entitled to live in them. Our housing team continue to be vigilant in this area.

We operated a number of pilot schemes across our sheltered schemes, aimed at enhancing and sustaining independent living in the face of increasing age and illness. We have continued with the rollout of our Lottery funded I-Pad classes across all sheltered schemes. The programme has helped older people in some cases in their 90's, to access and use the internet. We piloted private pay support services, covering cooked meals and apartment cleaning. These have proved very popular enabling us to roll them out further next year.

Our award winning Floating Support service, delivered in partnership with the Northern Trust and Supporting People, goes from strength to strength. We saw funding commitments double in the year such that 560 older people in the community will now avail of the service. , we are convinced that, coupled with Telecare, we are a key enabler for the Housing and Health aspiration of keeping more people in their homes, where they can better contribute to their communities.

Welfare Reform continues to dominate our Housing Agenda. Prior to the current impasse in N Ireland, we had been actively participating on behalf of the social housing sector in a Department lead working group to agree a process for implementing discretionary payments. Should the Stormont parties fail to agree a way forward and welfare reforms are instead implemented by the UK government in line with other parts of the UK, there will be significant hardship for those general needs tenants who will be affected. There will also be implications for Fold's business insofar as bad debts may increase along with legal actions against those unable to fully pay their rent. This is even before we consider the impact of further cuts currently being unveiled by the UK government. In order to meet this challenge, we are enhancing our reporting, customer contact and payment systems. We are also reviewing staff training together with new partnerships to extend the advice we can offer. We are including single bedroom accommodation on new developments as well as offering employment assistance under our Housing Plus agenda. These are difficult times for our tenants but we are there to support them.

I would like to thank our Board representative, Deirdre Hamill who is retiring having completed two terms in office. I would also like to mention Jim Morrison who resigned earlier in the year. They have both provided a most valuable contribution to Fold's continued success. The election of a new tenant representative to the Board will be completed by September 2015.

Innovative Personal Centred Care and Support

Sadly the Housing-with-Care team have had to contend with reducing revenues on the back of a severe drop in referrals by Health Trusts throughout the year, in response to cuts in funding by the Health and Social Care Board. At the same time the team has experienced higher levels of agency spend than would normally be the case. These factors combined with continued voids at Gngara HWC have seen financial performance reduce to an almost breakeven position and reversing these variances is a priority for 2015/16.

Our challenge to the DSD and its decision to withdraw SNMA has been delayed three times but we now expect our Judicial Review case to be heard in September 2015. Nonetheless the Department cut SNMA by a further 20% for 2015/16 and have advised of their proposals to cut SNMA altogether at the end of March 2016. The Fold Board remains fully committed to defending

the rights of our residents and their families and righting the wrongs behind the decision to end SNMA.

In recent years we have sought to modernise and refurbish our HWC schemes, to keep them fresh and inviting for residents. In this, its thirtieth year, Millbrook received a facelift with residents and their families having a say in its enhancement. We were delighted that relatives of residents held a fundraising dinner at the Clandeboye Lodge to mark the milestone, with monies raised going towards the residents' comfort fund.

We greatly appreciate the dedication and hard work of all our staff employed in our HwC schemes and those in support roles. We continue to receive very positive RQIA reports on the quality of care following both announced and unannounced inspections. I should also pay tribute to the team in achieving HIQA registration for both HWC schemes in the South of Ireland, a not insignificant achievement.

We continue to provide over 12,000 day-care places at our four centres at Millbrook, Avondale, Seven Oaks and Manor Court. In the government's new Transforming Your Care (TYC) agenda, these services remain a critical delivery model. However, the Health Trusts have made clear their intention to tender the services going forward and given that the Fold schemes are already operating at less than or in some cases at breakeven point only, we are concerned for their future. We will be carrying out a fundamental review of the service in 2015/16.

We regretted having to retire Fold's Brain Bus service after 5 years of operation. The service, for those suffering from dementia, was innovative and very well received by residents and service providers alike. However in the absence of previously committed revenue funding from the Health Trusts, the service would only have drawn too much on critical Care Services finances. We are very proud of those Fold staff who tirelessly championed this service and helped people with dementia to enhance their lives. We are also very grateful to Atlantic Philanthropies both in providing the initial capital funding for the project and in allowing Fold to re-invest the legacy receipts in our ongoing core dementia services.

European Leaders in Assistive Technology

During the year Fold retained a Telecare and Telehealth combined customer base of 23,000. The Board approved a marketing and sales plan for the business during 2015/16. A key component of the new plan was the transfer of our sales office in the ROI from Clones to Dublin to support value added opportunities with the Health and Safety Executive (HSE) and key local authorities. We look forward to the opening of our Fold Telecare Dublin office at the end of the summer. We expect to build on the success of securing advanced telecare and track-and-trend pilot schemes with the HSE in 2015.

The Remote Telemonitoring NI (RTNI) contract with all local health trusts enters the penultimate year of a 6 year contract in 2015/16. We are now achieving around 500,000 patient monitored days per annum through the managed service contract. Our triage nurse resource is now well embedded within our full staff complement. The TF3 consortium of Tunstall, S3 and Fold is now focussing on the replacement contract and the associated tendering process in which Fold will take the lead. An independent evaluation by QUB into the impact of the RTNI project is expected to commence in 2015.

The Board appreciates the dedication of the call handling team who are on hand throughout the year, day and night, often taking charge and showing great initiative in the face of very challenging incidents. They are a critical part of the Fold team.

Enabling People to keep living at Home

Fold's Staying Put service, performed very well during the year exceeding most NIHE targets and helping around 550 families to complete disabled facility grants (DFG's). The team had to absorb a 10% reduction in Supporting People funding, yet still managed to grow their share of the overall Home Improvement Agency (HIA) referrals. In the same period, clients recorded satisfaction levels of 96% with an equivalent proportion claiming they could never have successfully applied for a DFG without Fold's assistance.

In response to customer demand we launched a new private pay service in 2014/15. The new service will offer a fast track technical support service for those private householders with the means to pay for vital adaptations to their home and who value the project management expertise of Fold's Staying Put team. The level of uptake in 2015/16 will indicate whether a market exists for this service moving forward.

The Employer of Choice

Fold employs over 800 staff across 110 locations in Northern Ireland. During the year, under Gillian's leadership, our HR team delivered an extensive training and development programme, a large proportion by way of e-learning. E-learning now encompasses health and safety, budgeting, project management, business writing and time management. Altogether we invested around £225k during the year in training and developing our staff.

We successfully integrated our Competency Framework and Code of Conduct into the managers' performance management frameworks. We are now rolling the framework out to cover officer grades across Fold.

The HR Department conducted a survey of Fold's staff with the following highlights:

- 95% said they belonged to an organisation they were proud of (up 5%)*.
 - 90% were satisfied with their current job (up 9%)*
 - 87% believe their line managers give them sufficient support (up 10%)*
 - 94% believe they get the necessary training to do their job (up 5%)*
 - 94% feel Fold staff are professional in their jobs (up 6%)*
 - 91% feel Fold promotes equality of opportunity (up 8%)*
 - 92% feel Fold protects their health and safety (down 3%)*
- ()* versus 2011 results

In summary the survey reflects very high satisfaction levels, among a positively engaged and well trained workforce, proud of their achievements with Fold.

The Health and Safety Committee continued with their focus on measures aimed at making our homes and office accommodation safe for all. Repeated fire protection and health & safety risk assessments found our housing stock and offices to be in a high state of safety awareness with few risks. All corrective works have been prioritised. We were disappointed to record 6 Riddor incidents during the year. This included 3 falls affecting residents in our HWC schemes and is the first time such incidents have had to be recorded under Riddor. Fold has fed the learnings of these incidents into its Falls Care Services Strategy.

Fold embarked on a new continuous improvement journey in 2014/15 adopting 6 Sigma quality methodologies in partnership with the NI Centre of Competitiveness to achieve process improvements in a diverse range of projects. These included medication administration, project management of the social housing development and annual maintenance programmes and the reduction of sickness and absence. Positive action plans emerged from each project which have

since been implemented. The 6 Sigma initiative proved to be a winner at the Annual CIH Awards and we are rightly proud of that. We plan to run further projects in 2015/16 aimed at reducing staff turnover and HWC voids and agency spend. We also plan to train all staff from officer grade and above to 6 Sigma 'yellow belt' level.

We were re-accredited under Customer Service Excellence (CSE), with the assessor again highlighting best practice in customer care consistently across the various business streams. This was followed up by further re-accreditations under ISO9001, ISO20000 and ISO 27001. We also retained our TSA Code of Practice for our Telecare and Telehealth services.

We formalised our benchmarking capability in joining the UK housing benchmarking club Housemark. This required an extensive data populating phase in early 2015. We have only just received back the comparators and look forward to testing our performance and costs against best-in-class in the UK.

On the complaints front we received 93 complaints over the 12 months and across a 30,000 customer base. This compares with 105 complaints in the previous 12 month period. 76% of complaints were processed within the target of 20 working days.

On the procurement front, we forged ahead on behalf of Accord members in areas of corporate services covering stationary, agency and food supplies, achieving savings of between 5% - 8%. We are concerned at CPD and DSD plans to introduce standard Z-clauses for the sector. We feel strongly that associations should have the autonomy to tailor contract addendums to suit the needs of the association based on previous learnings. We will continue to promote this view directly and also via Northern Ireland Federation of Housing Associations (NIFFHA).

We developed a new Marketing Strategy for Fold during 2014. This included differentiation of key business streams and services within the Fold Group. The strategy was developed through staff focus groups and with external marketing assistance. It incorporates an action plan with details of Fold's marketing mix plans for the year ahead. One of the first actions involved the procurement and appointment of a PR agency to assist staff in maximising marketing opportunities and in dealing with potentially negative PR incidents. MCE were appointed to this role. We are now regarded in the sector as a serious user of social media.

Fold Ireland

As you will know, Fold NI and Fold Ireland are two entirely separate associations albeit working towards a common goal 'of providing the best possible housing, care and support,' on either side of the border. A number of our senior team continue to manage the Fold Ireland business under a service level agreement. This requires travel to Dublin on a regular basis. We completed our first formal SLA with our sister organisation this year. I know the Chairman of Fold Ireland and the rest of his Board are very appreciative of our assistance.

Peter Gibson and Alice Quinn generously volunteered to be our two Board representatives to sit on the Fold Ireland Board. We are very fortunate to have such dedicated members attending both Boards. As you know, Fold NI and Fold Ireland are two entirely separate associations albeit working towards a common goal 'of providing the best possible housing, care and support' on either side of the border.

Fold Board

From time to time, our members reach their membership time limits necessitating the recruitment and election of new members and this year we were delighted to welcome Lorraine Campbell onto

the Board. Lorraine will be followed by Peter Ewing in September, coinciding with the retirement of Arthur Halligan. Arthur will have been with us for 11 years having served as Chairman of both the Audit and Finance Committees. His guidance, backed up by years of service with NIHE, has been invaluable to Fold. While he has one more Board meeting to attend, it is right we honour his contribution now at this AGM. We will be thanking him again formally at a dinner in September. Peter will then take over the role of the Chair of the Finance Committee and Treasurer of Fold. As I mentioned earlier we also appointed Peter McGuinness as independent board member on our Fold Properties subsidiary.

Conclusion

Fold Housing Association is in a very healthy position, well placed to capitalise on the opportunities which lie ahead. We have excellent and willing people, strong management and an inspiring, albeit challenging, Board. The strength in our people enables us to remain committed to growth and being the provider of choice for families and others in need of housing, care and support.

In conclusion 2014/15 has been another successful year for Fold. I know the Board would wish me to place on the record our thanks to the Chief Executive, the senior management team, and all our staff for the excellent efforts they continue to make on behalf of the organisation. Any success we enjoy is due to their hard work. I am delighted that John was recently awarded an OBE in the Queen's Birthday Honours list for his services to social housing in N Ireland, an honour well deserved and which the Board are very proud of.

Thanks again to my fellow Board members for your support and shared wisdom during the year. You make an invaluable contribution to Fold's ongoing success and I know this work represents a substantial commitment of your time to attend Board and subcommittee meetings, not to mention so many other extracurricular activities.

Finally, thanks to our stakeholders, to the Department, the Housing Executive, NIFHA, our voluntary and statutory partners, our tenants and their representatives on the Board. Your support is vital if Fold is to continue to prosper.

Diana Fitzsimons
Chairperson
Fold Housing Association