



ANNUAL REPORT
2020-21

ABOUT ISHA

Islington and Shoreditch Housing Association (ISHA) aims to deliver a brilliant service to residents and be grounded in the communities it exists to serve in North London, primarily in Islington, Hackney, and Waltham Forest. We provide and maintain quality affordable housing and manage 2,351 social and affordable homes.



INTRODUCTION FROM BOARD CHAIR

This year has been one of great change and progress for ISHA. I remain extremely proud of the way we have been able to drive forward improvements, all of them underpinned by our vision and plan, despite external challenges.

Our values have led the way in what we have chosen to prioritise in the past year. Anchoring ourselves in North London, and setting residents off on a secure footing, saw us continue to offer housing throughout Covid lockdowns, where other organisations stopped taking on new residents. We also made the decision to offer every new home with carpets and curtains so that those who may arrive with very few possessions can start their new lives in a home that is ready for them to really live in.

Our building safety team worked tirelessly to address the many risks posed to ISHA by historic building safety issues and continues to engage with residents about ongoing work. All our tall buildings have been intrusively surveyed by fire engineers and we have taken action to make those buildings safe whilst we repair them. We desperately need the Government to take a strategic, sector-wide approach and I hope that happens in the year ahead. I do want to thank the majority of ISHA's lenders for their support and for taking a pragmatic approach, particularly in relation to granting covenant carve outs for these vital building safety works and waking-watch costs.

Building safety costs and the uncertainty posed by yet-to-be inspected buildings prompted the difficult decision to pause future development. We are still building some new homes, and we still have some grant to spend in some areas, but we will not be proactively seeking new opportunities for the moment. We must concentrate on our core business of providing a consistent and quality landlord service for our existing tenants and residents.



Despite Covid, I'm proud to have seen resident engagement developing during the year. The Board and I have appreciated the opportunity to meet with residents from the Scrutiny Panel and hear directly from them about ISHA's performance. We were extremely pleased that they can see our appetite to effect change. We have also launched a pilot community development programme, working with contractors to help residents get into employment and holding resident evenings at four blocks.

The Board itself has done much to strengthen and improve our own performance and oversight of the business. As well as our skills and effectiveness, we've ensured we have a new asset management strategy, assurance on the rent and service charge regimes, and a new framework for managing risk. We have also re-financed with the support of our new treasury advisors, Savills.

The strategic plan has already proved its worth and we have delivered much of what we set out to do. Whatever the next year holds, ISHA is in a strong position to face the challenges ahead.

Mervyn Jones,
Chair of the Board



INTRODUCTION FROM OUR CEO

A global pandemic would be challenge enough for most businesses and individuals, but throughout 2020 we were also grappling with the escalating impact of the national crisis in building and fire safety. It angers me that we and our residents have been left to deal with years of shoddy practice by developers and failing regulation and I have said so publicly.

The first Covid lockdown resulted in some disruption to our services, for which I am sorry. When we understood this, we moved swiftly to address the situation. However, I cannot help but be proud of what we have achieved during this time as well. By working with our residents and customers we have succeeded in improving our service across many areas.

Our resident Scrutiny Panel has done an amazing job throughout, holding us to account for our Covid response, and reporting back to us on our progress. When one of them said to me, 'I

"By working with our residents and customers we have succeeded in improving our service across many areas."

think ISHA is in a better position than it has been for years', I knew that we were on the right track.

In the first year of our five-year strategic plan, we have set the foundations for further improvements. We know that repairs remain the key driver of satisfaction for our residents. We are engaging with new, smaller contractors who align with our values and deliver a brilliant service. Importantly, those contractors are also assessed by our dedicated resident repairs panel – both before we make the decision to work with them and throughout their contracts – making sure co-creation of services is embedded and residents receive the service they expect and deserve.

We've worked hard across ISHA to reduce our call waiting times and improve our ability to resolve issues at first contact. We have introduced a new complaints procedure and assessed ourselves against the Housing Ombudsman's Code of Conduct, ensuring learning from complaints makes a difference to what we do as a business.

To continue improving and to deliver on the promises set out in our strategic plan, I'm conscious that ISHA needs the right staff. Ensuring these staff, who share our vision and values, are well-supported to do their job has been another major focus this year. Staff have had the opportunity to co-create their work environment and restructure proposals were substantially reshaped with staff input before they were implemented. The Leadership Team is working with experts to ensure all staff are supported and ISHA is actively anti-racist. Our recent surveys show that staff think the Leadership Team truly believes in ISHA's vision and values. There is much to do in the years ahead, but we are on the right track.

Ruth Davison,
CEO



ABOUT ISHA

OUR VISION AND STRATEGY

In April 2020, we launched our new vision, **to co-create homes and communities where everyone can flourish**, and a five-year strategy to help us achieve this vision. We listened to what residents have been telling us through surveys, resident forums and action days and via our Resident Scrutiny Panel. It also builds on ISHA's organisational values:

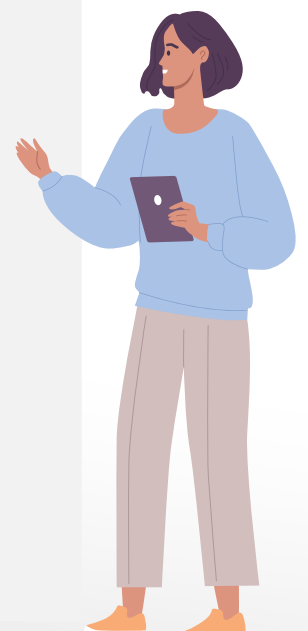
- **Pride in team ISHA**
- **Respect for everyone**
- **Trusted to make the difference**
- **Passionate commitment to customers**

THE FIRST YEAR OF OUR STRATEGY

We want always to provide excellent services because we believe that everyone is entitled to a quality, affordable and safe home. We want to make sure our customer service is right every time, and that when we get it wrong, we fix it. In this first year of our strategy, we have begun the groundwork, and built on what we were already doing, to achieve this for our residents.

THE 8 PILLARS OF OUR STRATEGIC PLAN

- **Safety first** – ensuring our homes are safe
- **Service and satisfaction** – being a consistent and quality landlord, building service delivery that drives satisfaction in partnership with residents
- **Security and growth** – setting residents off on a secure footing and helping create the conditions for people to flourish in their homes
- **Somewhere** – anchoring ourselves in North London, especially Islington, Hackney and Waltham Forest
- **Supply** – building quality homes for social, London Affordable Rent and Shared Ownership
- **Sustainability**
 - Building green and actively seeking to reduce the environmental harm caused by our stock, our building and business practices
 - Stewarding ISHA's assets and finances and taking the long view
- **Staff** – engaging with inspired, high performing staff
- **Systems** – maintaining robust IT and business systems that support the business and its ambitions



SERVICE IMPROVEMENT AND SATISFACTION



RESIDENT SATISFACTION

In 2020-21 we partnered with the Institute of Customer Service to carry out monthly resident surveys. They are an independent organisation with an excellent reputation, and we can be confident that resident satisfaction is independently measured and reported.



Each resident has the opportunity to give their view across the year. This rolling programme gives us greater opportunity to put things right as they arise. These survey results are reported to ISHA's Leadership Team and Board.

2019-20 STAR survey, despite significant challenges including Covid lockdowns and a resulting interruption to our customer service system, a move to new repairs contractors, a national building safety crisis and car parking problems.

Our residents told us that ISHA has done slightly better this year compared to the previous

*"I think ISHA
is in a better position
than it has been
for years."*

*- Scrutiny Panel
member*



61%

of residents were satisfied with the overall service provided by ISHA
(60% 2019/20)



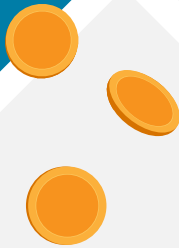
57%

of residents were satisfied with our repairs and maintenance service
(50% 2019/20)



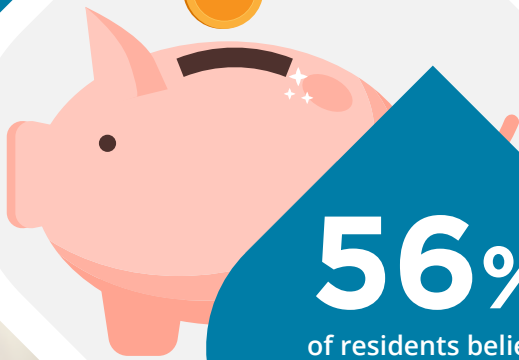
72%

of residents were satisfied with the overall quality of their home
(no comparable figure 2019/20)



68%

of residents were satisfied their home is safe and secure
(57% 2019/20)



56%

of residents believe ISHA's services are good value for money
(no comparable figure)

Only 54% of residents were satisfied with the ease of communicating with us. Residents also told us that resolution of issues at the first point of contact had declined - 86% said that their issue had been resolved at the first point of contact in 2019-20 versus 82% in 2020-21. This and overall satisfaction, below the industry average, is of concern. Safety aside, it is our key organisational focus.



HOW WE HAVE BEEN WORKING TO IMPROVE THAT:

STAFF

We apply values-based recruitment and anyone who wants to work for ISHA must show that our values are ones that they live by too. With previously high numbers of temporary staff, we've recruited to those vacant roles and restructured our teams so we have the right people in place.



We have created a new leasehold team, allowing us to deliver an expert service to residents who own or part-own their ISHA home. We reviewed our complaints process against the Housing Ombudsman's Code of Conduct and expanded this team. Importantly, all staff have received Institute of Customer Service training and we are putting their service improvement plans into action.

SYSTEMS

Having the right systems in place is important for managing our interactions with residents. After residents reported difficulties getting through to our team when staff were working remotely in lockdown, we brought staff safely back into the office and held a remote Resident Forum to look at our response to Covid. This was an extremely helpful session, and our Business Continuity Plan has been updated as a result.

We have further developed our customer relationship management (CRM) software, allowing us to better respond to residents' queries when they first contact us.

"We cannot solve our problems with the same thinking we used when we created them."

- Albert Einstein

SERVICE AND SATISFACTION

When something goes wrong, we all want it remedied first time. Repairs and 'first time resolution' of issues continue to be a big focus for ISHA in improving our service to residents. We are mapping customer journeys and aiming to make them much smoother. We are also now working with smaller local companies who share our values and who are assessed by our resident repairs panel.

We are endeavouring to be responsive to residents' communication preferences, have enhanced our outreach and support teams, and are developing training for Universal Credit claimants as well as employability workshops to help people into jobs.

As part of our approach to improving homes, every ISHA home now comes with window and floor coverings (carpets and curtains) as standard. We have held Resident Forums on cleaning and gardening services and taken action at specific estates based on the feedback. We are also rolling out better recycling facilities at estates where this is possible, working with local authority partners to do so.



We have a proud history of resident engagement, and we are building on and innovating in that area. Co-creation is central to our vision. There are some things we know we need to do without asking: build and maintain affordable homes to keep our communities mixed and thriving and deliver a first-rate repairs service. But how we do those things can always be improved.

We responded to the uncertainty of the pandemic by calling all our older residents and those we knew may be particularly affected by lock-downs. These were not a one-off and continued throughout the year.



WORKING WITH RESIDENTS



RESIDENT PANELS

Our Scrutiny Panel, which reports to the board twice a year and once without ISHA executives or staff present, expanded and was instrumental in improvements we achieved this year. This core group of active residents helps to run our resident forums, which this year were moved online so they could safely continue during the pandemic.

- Our cleaning and gardening forum led to improvements in how we work with local authorities, so we have a more streamlined approach to resolving issues including refuse and parking; specific changes in cleaning processes at some estates as well as a longer-term look at our cleaning services.
- The forum on ISHA's response to Covid led to some immediate improvements as well as changes to our business continuity plan.

During 2020-21 we also expanded our resident involvement beyond the core Scrutiny Panel, activating a new repairs panel and laying the groundwork for new panels on complaints and communications.



COMMUNITY DEVELOPMENT

Working with a student from one of our local universities, a trainee from the Charityworks initiative, and one of our contractors, we set up a pilot community development project. So far the project has held resident events at four estates, run employability workshops and supported residents to make local improvements. We will continue to work with contractors, local authorities, local businesses and education institutions to help our communities.

CUSTOMER FOCUS GROUPS

ISHA staff also held some remote focus groups this year on improvements in building design and car parking. Residents told us what they liked about their new build properties and suggested improvements, which will inform our future design brief.

Parking was an issue raised by many residents as a source of dissatisfaction. We had already made the decision to engage a new parking contractor, but the focus groups helped us to build improvements into the service contract. For example, our new contractor must respond to resident enquiries within a shorter, specified timeframe.



INVESTING IN EXISTING HOMES

REPAIRS AND MAINTENANCE

We know repairs are the main driver of our residents' satisfaction, and that this was previously not good enough.

Following a local tender, four small and medium sized contractors have been providing repairs services for us during the year and we have had positive feedback on their performance. These contractors will support us during our long-term tender process and move to a dynamic purchasing system and will also have the opportunity to tender themselves. We are due to complete this selection of new, local repairs contractors in late 2021.

WHAT WE DID IN 2020-21

Repairs services were affected by the Covid lockdown – at the start of the period we provided emergency repairs only – and some residents were also fearful of allowing contractors into their homes.

Planned repairs and maintenance was put on hold for much of the period too.

During 2020-21, we spent £6.2m on routine maintenance (day-to-day repairs) and £1.4m on planned maintenance – which is work we carry out in a planned way to ensure our homes are of a good standard. This is compared with our 2019-20 expenditure of £4m on routine maintenance and £1.6m on planned maintenance.

WHAT IS A DYNAMIC PURCHASING SYSTEM FOR REPAIRS?

The dynamic purchasing system means that instead of one large contractor providing all services, small contractors can bid to be on our list of approved contractors for specific jobs – so they may bid to do plumbing work, or to provide electricians. This allows us to work with smaller, often local, companies. A panel of residents reviews these organisations' bids to make sure that what they are offering fits with our values and is what residents want. Residents themselves can also nominate companies they feel will do a good job.

We are already seeing improvements in the service delivered to residents, and as the full dynamic purchasing system is rolled out across all repairs areas, we expect things to improve further.

BUILDING NEW HOMES

An important part of ISHA's mission is to develop more quality affordable housing for people in North and East London, and to build more homes in Hackney, Islington and Waltham Forest.

ISHA leads the North River Alliance (NRA), which is a development consortium of North and East London community-based small and medium sized housing associations, with whom we've developed 3,500 homes in 15 years.

With the NRA, we are currently working with North London Muslim Housing Association to develop homes in Enfield and Hackney, as well as other sites for Shian Housing Association and Christian Action Housing Association.

In May, residents moved into 16 new homes for rent at a site at Hoe Street in Waltham Forest. Naseberry Court in Waltham Forest also completed in May,

which has provided 17 new rental homes for local residents in addition to 21 shared ownership homes.

We also:

- Handed over 20 new homes.
- Sold five new affordable shared ownership homes.
- Secured a site at Barrett's Grove in Stoke Newington to develop more affordable homes.



FUTURE PROJECTS

Covid had a significant impact on our development programme and the financial impact of building safety work has also meant that in the near future, we will not be able to develop as many homes as we would like to. However, we still intend to deliver a number of developments, which are already underway or that have specific funding allocated.

This year we will complete building at a site at Parkhurst Road, which will deliver 18 shared ownership homes and 41 for social rent. We have another site at Hoe Street due to be completed in the autumn, which will provide 34 homes for shared ownership, four for rent and a commercial property.

We also hope to begin work this year at Barrett's Grove, which has been funded with offsite contribution and LB of Hackney Right to Buy receipts. The site will deliver 25 new homes.

We will continue to work with local authority partners to help meet the need for new housing in North London.



BUILDING SAFETY

SAFETY

Safety continues to be our number one priority – including managing the many risks posed to ISHA and its residents by the building safety and cladding crisis, affecting buildings across the country.

As a small housing association in London developing new homes for sale, for ourselves and also through the NRA, we have worked tirelessly with residents to manage this issue. This year we established a Building Safety Team to determine exactly what safety issues we face and the risk to ISHA, but also to keep in touch with residents about what it means for them.

All our homes over 18 meters and seven of those below 18 meters have been assessed by fire engineers to establish what cladding is on them and whether the wall systems are built as they should have been. We have made sure those buildings are safe while we repair them, in some cases establishing a waking 24-hour watch. Where we have found issues, we have put interim measures in place, at no cost to leaseholders, and have carried out or scheduled remedial actions.

We have obtained EWS1 certificates for eight of our buildings and nine that have ISHA residents, enabling leaseholders in those buildings to sell their homes if they wish to. We have removed the ACM cladding from Burbage House and Lyme Grove House.

Throughout this process, we have engaged with our residents and will continue to keep them informed. We will be transparent about the progress and outcome of the inspections. At our tall buildings, we have held monthly Zoom meetings for all residents, and have seen our leaseholders' satisfaction that their building is safe and secure improve to 56%, from 30% the previous year.

We have been disappointed by lack of action from Government so far and in its decision to treat private and social landlords differently. Early pronouncements from the new Secretary of State, Michael Gove, seem promising, but we need urgent clarity on the way forward. We thank the minority of developers who have behaved with honour when faced with past mistakes. We also thank the majority of our lenders who have given us covenant carve-outs to allow us to continue to carry out building safety work.

At every site where we find work is needed, we go first to the developer, and so far, we have not had to charge any resident for building safety work. We will continue to pursue this course of action but cannot rule out such costs altogether.

We understand how desperately worrying this is for residents, and we will continue to campaign both individually, with local MPs and alongside the NHF, to pressure the Government and lenders into action.





WHAT IS THE BUILDING SAFETY CRISIS?

After the Grenfell Tower fire in 2017, it was revealed that large numbers of buildings across the UK had been clad in dangerously combustible materials. Many buildings were also found not to be compliant with other fire safety building requirements intended to prevent fires from spreading.

Responding to this crisis, and ensuring resident safety, has required costly remedial work and sometimes waking watches, where buildings are patrolled 24/7, before and during work being carried out.

Government advice has been disjointed and piecemeal, and Government funding for the work has not treated all landlords the same.

Mortgage lenders, struggling to quantify the fire risks posed by different buildings, have ceased to lend money for the purchase of many properties unless their owners can prove the building is safe. This usually requires an 'EWS1' form which can only be signed by a qualified fire engineer, and there are only a few hundred across the country.

While the Government has now said this form is not necessary for shorter buildings, mortgage lenders are still requiring them as the Government has not withdrawn the guidance on which they are based. The situation remains unclear, and while further changes to building safety regulations are expected, their timing is yet unknown. This means the situation for many residents remains uncertain and stressful.



G1 V2 REGULATORY JUDGEMENT CONFIRMED

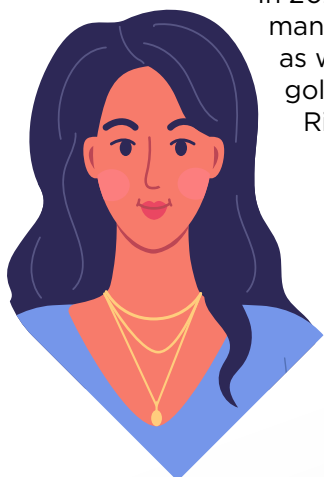
We were delighted to have our G1V2 regulatory status confirmed in February 2021. G1 is the highest rating we can receive for our Governance, confirming we meet the requirements in the Government's governance and financial viability standard. V2 confirms that we meet the Government's viability requirements with advice that we must manage material financial exposures associated with our development costs.



ISHA'S BOARD

The Board is responsible for the overall strategic direction of ISHA, which includes the approval, monitoring and compliance of key policies and to ensure that the objectives of the association are achieved. The Board met nine times during 2020-21, including two additional meetings due to the pandemic, as well as holding one away day online. The three committees of the Board – Audit & Risk, Development and Remuneration – and the Resident Scrutiny Panel (which reports directly to the Board) each met several times during the year.

In 2020-21, the Board prioritised the management of risk and finances as well as building safety. Financial golden rules were set and a new Risk Management Policy was approved. The risk register and building safety reports were reviewed by the Board at each meeting.



As part of the first year of the five-year strategy, new strategies were approved for Asset Management, Development, Resident Involvement & Engagement, Mergers & Acquisitions, Treasury Management and Value for Money. New governance policies approved included a new Board Appraisal and Effectiveness Policy, Board Recruitment and Succession as well as a Board Skills Strategy.

Three new board members (including two residents) and the Chief Executive were appointed to the Board during 2020-21. As of 31 March 2021, the Board had 12 members – three residents, seven women and five men, and four members identifying as BAME.

To maintain high standards of probity, a new Code of Conduct for Board Members, Staff and Involved Residents was introduced. In March 2021, ISHA adopted the NHF Code of Governance 2020. ISHA is committed to attaining the highest standards of corporate governance and will keep its Board structure and procedures under review. The day-to-day operational control of the association is delegated to the Leadership Team.

The Board remains committed to equality, diversity and inclusion. As well as the Board itself recruiting diverse new members this year, ISHA Board members as well as ISHA staff have taken part in a series of workshops with diversity and inclusion experts from Variety Pack. Staff took part in inclusive leadership sessions and developed an Anti-Racism Action Plan about how staff work with each other, residents and the wider community.



BOARD IMPROVEMENTS

During 2020-21

A new board skills strategy and new skills list approved (linked to the strategic plan)

Extensive work on the risk register clarified the top risks for ISHA and helped to identify assurances for each risk

New appraisal process introduced

New risk management policy approved in January 2021

NHF Code of Governance 2020 adopted in March 2021

Company Secretary role was split from the Chief Executive role (giving Board additional governance support) & CEO appointed to Board

The board induction programme and board members' handbook were updated



REVIEW OF ISHA'S FINANCIAL PERFORMANCE 2020-21

Financially, ISHA has sufficient funds to generate the necessary income to maintain and improve services to our residents and meet loan repayments. To view ISHA's full financial statements for 2020-21, please visit our website.

BUSINESS AND FINANCIAL REVIEW

For the year ended 31 March 2021 the Board reported a deficit of £0.9m (2020: £2.9m surplus). The 2021 result is mainly due to the following exceptional costs:

- £1.5m of health and safety costs. This includes £0.8m of waking watch costs to keep our residents safe while building remediation is ongoing.
- Systems of Belvedere Court and Alexandra Court will need to be removed for building safety reasons. The recoverable value of the partial structure being replaced is nil. We have therefore charged £1.2m of additional accelerated depreciation for the full year as a result.
- £1.5m costs relating to the end of the long-term contract with our former main contractor, MPS Housing Limited (MPS), including legal costs of £0.44m.



The actuarial loss in respect of the pension scheme is £1.6m.

Building safety and service excellence remained the top priorities for ISHA in 2020/21. The Board's ambition to transform ISHA from a well-respected local housing association to a top performing landlord remains the driver of our strategic plan.

ISHA has sufficient funds to generate the necessary income to maintain and improve services to our residents and meet loan repayments.

VALUE FOR MONEY

ISHA's Board remains committed to delivering and demonstrating value for money for both its current and future residents. Our Board has evaluated the association's results and has set targets for where ISHA should position itself.

We have completed the first year of our five-year 2020-25 strategic plan. The Board has targeted improved performance (inputs) and satisfaction (outputs) across the business. It has also clearly articulated the contribution it wants the organisation to make to its residents and wider community in being a community anchor. The Board is aiming to deliver as much social value as possible through the operation of the business, rather than maximising profit and delivering social value as a separate business activity. This applies both to development, and housing and neighbourhoods activity.

Given the very high housing costs in North London the Board has had a long-term strategic intent to keep rents as low as possible. This, it believes, delivers real value both to individuals and the public purse, thus housing benefit or universal credit contributions are kept to a minimum and for self-payers (full or part) there is greater disposable income after housing costs and therefore greater autonomy. It believes this is preferable to charging higher rents and seeking to alleviate poverty through a charitable arm or foundation. ISHA's historically large development programme has therefore been 100 per cent affordable – in line with its strategic intent around low rents. This has necessitated large cash subsidies to development, which it believed to be money well spent.

The association has compared its performance with other housing associations using the Regulator of Social Housing (RSH) Global Accounts 2020 report. ISHA was an outlier on costs when benchmarked against housing associations in England, however, this was mainly due to the exceptional costs incurred during the year (more details in other sections below). ISHA's costs are also impacted by increased costs associated with operating within central London. The association's costs are in line with its London peer group.

As a result of the expected spend on fire safety works and mitigations, the costs are expected to impact our income and expenditure over the next couple of years until remediation work is completed. Our development programme is also being impacted.

Safety is the number one priority of the strategic plan. Cost plays no part in decision-making when we discover a building has defects and need to mitigate the safety risks. However, when looking to remediate the buildings, given that the organisation has already paid once for these assets, we seek recourse to developers where that is possible, rather than to the public purse or leaseholders. This ensures value for money for the organisation, taxpayer, and individual homeowner. We are also lobbying for an industry-wide strategic approach to the issue of remediation.

ISHA's Value for Money strategy statement sets out ISHA's track record on value for money to date against each of the strategic pillars of the plan. It also highlights the plans and targets we have put in place to continue to improve value for money in the future.

**Overall,
we are
aiming to:**

maximise the number of new homes we deliver to help tackle the country's housing crisis.

ensure that the organisation operates as efficiently, effectively, economically and equitably as possible in order to deliver the best outcomes for residents and our community.

ensure that any investment in non-social housing activity generates a level of return appropriate to the scale of the risk involved.

meet a wide range of housing needs, though the delivery of new homes as well as making the best use of our existing homes.

understand the return generated by the assets that we own, ensuring we make the right decisions on where to invest our resources and most importantly maintain and improve the quality of our homes.

show how our business value is being used for social purpose by reinvesting our returns from commercial activity back into creating more affordable homes and improvements to services, existing homes and places.

Islington & Shoreditch Housing Association

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Lien Viet merged with ISHA in 2019. We continue to provide culturally sensitive services and celebrate its history and achievements.