



Enhancing Life Chances

## Circle Housing: Proposed Merger with Affinity Sutton August 2016

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We would like to take this opportunity to thank members for their interest in our merger with Affinity Sutton and look forward to discussing this in detail. We believe that this will bring great benefit to current and future residents, enabling us to build 50,000 homes in ten years, get 4,000 people into work every year and help 15,000 young people to get a better start in life.

In this briefing we have provided an overview of our proposed changes, along with answers to the advance questions kindly submitted by members. It must be noted that the merger is entirely separate to our current governance review as we work to simplify our group structure in line with our promise to the HCA.

### Our Merger Plans

Circle Housing is seeking to merge with Affinity Sutton, another charitable registered provider, in autumn 2016. This proposal is driven by an acute shortage of housing in the UK and our ambition to address it.

The merger of Circle Housing and Affinity Sutton will:

1. **Build more homes.** We are aiming to build 50,000 homes over 10 years making the organisation one of the **largest house builders** in the country.
2. **Affordable homes.** 2/3 of these homes will be much needed homes for rent and shared ownership in line with our social purpose.
3. **Provide greater Financial Strength.** This will allow us to make large scale investments such as the close to £1bn that we will need to fund our Merton regeneration plans.
4. **Improved services and better value for money.** We will provide efficient, flexible, customer focused service.
5. **Create a regional structure** that ensures we continue to play a major role in our communities through local decision making and close working relationships, while responding to our residents' desire for more online and self-serve services.
6. **Transform lives by investing more in people and places.** We will become one of the country's biggest providers of employment services and help 4,000 people a year into work. This includes the possibility of increasing directly employed repairs and maintenance staff that could be locally based and reduce our reliance on contractors and sub-contractors. We will also help 200 young people into apprenticeships and support 15,000 children to get a better start in life.

We have consulted with all residents across both Groups about the merger and the outcomes of this consultation formed part of our considerations ahead of our formal decision to merge. Alongside this, we have also held a number of meetings with the senior Council officers, the Leader of the Council and relevant portfolio holders and parliamentarians about our plans.

We hope to receive consent from the HCA and FCA in the coming months, with a view to formally merging in the autumn, subject to final approval from our respective management boards and shareholders.

### **What benefits will the merger bring to Merton?**

The housing association sector is facing unprecedented change —the current operating environment and emerging policy narrative make that clear.

Our merger plans mitigate the impact of these changes on our separate businesses. They will enable us to preserve our core social purpose, support our existing residents and communities and respond positively to the current environment. Together, we will be utilising our combined financial strength and historic grant investment to forge a new relationship with Government and wider partners. Ultimately this will help meet the demand for increased new homes whilst continuing our commitment to our core social purpose.

As the largest single social landlord in England we will have the capacity to deliver 50,000 homes over ten years; the resources to invest in neighbourhoods where we own homes in order to transform places; and the ability to assist our residents into work and training to transform lives.

In Merton, the merger, alongside our proposed governance changes, will:

- Provide the financial security and strength to regenerate our estates in Merton, including providing additional high quality homes through greater partnership working with the Council on broader development priorities.
- Enable us to continue to invest in our community in Merton and support more people into employment and training
- Provide significant numbers of new local jobs, particularly through our regeneration plans
- Allow us to build on the more than £150m that we have invested to date.

As a part of this, in Merton we will continue to:

- Maintain a local office, with a dedicated local team and Head of Housing
- Ensure that local accountability and scrutiny is embedded to help us continue to improve and achieve high levels of customer satisfaction
- Progress our ambitious plans to regenerate High Path, Ravensbury and Eastfields Estates
- Be accessible to stakeholders
- Deliver significant social and community investment

## **What will this mean for residents in Merton?**

Continuing to improve our customer service will be a priority for the new organisation. At Circle, we are already continuing to improve the way we deliver our services with a professionally staffed service centre supporting the majority of residents who contact us digitally and by phone. Our locally based housing team will continue to visit residents in their homes – the most local service provision a person can get.

Affinity Sutton has a strong track record for customer satisfaction which last year stood at overall customer satisfaction of 83.4% and satisfaction with repairs at 89.6%.

### **Local Accountability**

Circle Housing is currently setting up Regional Panels which will be responsible for monitoring and influencing the delivery of services in that region. They will also influence how we invest in local communities. The panels will consist of 8 to 12 members – a mix of residents and other local stakeholders/independents. Key areas of activity will include:

- Contributing to neighbourhood planning, ensuring local issues are understood and addressed through service and asset management plans.
- Helping develop Circle Housing's view on investment in new affordable homes in the region, giving Circle Housing a better understanding of the local market and opportunities for growth.
- Contributing to decisions on how the social value budget is allocated, in accordance with the priorities set by the Management Board.
- Reviewing the role of Circle Housing in managing successful neighbourhoods, including crime and anti-social behaviour, and voids, through local performance information, in partnership with the Regional Housing Director.
- Working with the Regional Housing Director to monitor landlord services, ensuring the effective delivery of objectives and paying attention to value for money principles.
- Working as appropriate with Circle Housing to support and contribute to local stakeholder relationships.

In Merton, this will be complimented by our proposal to introduce a Community Panel, which we are currently discussing with the Council.

Alongside this, we will retain our visible commitment to the area and this includes:

- Maintaining an office in the Borough, with a dedicated local team.
- Greater focus on visiting our residents in their homes: being more visible in our communities and less office based.
- A Head of Housing: we will continue to have a dedicated local Head of Housing who will hold day to day responsibility for our operations in the Borough and ensure members' enquiries are promptly addressed.
- Seek to employ local labour as part of our repair service.
- Continue to work in partnership with the Council on a range of activities and to develop much needed new homes across a range of tenures.

- Use the financial strength of the group to ensure the regeneration plans are achieved.

### **What are the benefits to Merton Council?**

The proposed changes have a number of advantages for Merton Council:

- Our regeneration plans will require an investment of around £1bn, an investment that can be guaranteed through the ability of both Circle Housing and the merged group to be more flexible financially.
- This increased financial strength will allow us to support wider housing ambitions of our key partners like Merton, including the potential regeneration of Morden Town Centre
- We will be able to deliver an improved and consistent service while maximizing efficiencies of scale
- A greater local focus on service provision.
- Retained local accountability as detailed above.