



Housing Corporation Assessment

Coast and Country Housing L4342

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Housing Corporation Assessment

The 'traffic light' system used below illustrates our overall assessment of the association's compliance with the Regulatory Code and Development performance. A green symbol indicates no material concerns about performance, the association is either complying with the Regulatory Code or taking sufficient steps to comply with the Code within a reasonable timescale; an amber symbol indicates some material concerns about performance, resulting in Corporation action above the minimum; a red symbol indicates serious concerns about performance.

VIABLE

Measuring compliance with the Regulatory Code part 1

Green

The association meets the expectations set out in the Regulatory Code in terms of financial viability.

PROPERLY GOVERNED

Measuring compliance with the Regulatory Code part 2

Green

The governing body, supported by appropriate governance and executive arrangements, maintains satisfactory control of the organisation.

PROPERLY MANAGED

Measuring compliance with the Regulatory Code part 3

Green

The association generally meets the standard expected given the context in which it works and the available resources.

DEVELOPMENT

Development with Housing Corporation funding

Green

The association demonstrates a good performance by achieving or exceeding its annual targets, maintaining good progress against targets during the year and delivering quality housing that meets our standards.

In preparing this assessment the Corporation has placed reliance on the completeness and accuracy of information supplied to us by the association and other parties. This information was used to inform our risk based approach to regulation and to identify areas of possible non-compliance with the Regulatory Code for further investigation. Our risk based approach also results in low levels of regulatory engagement with some associations, for whom the information provided in this assessment could necessarily be in less detail. We increasingly rely on associations' self assessment.

The assessment has been compiled to assist the Housing Corporation in its statutory duty of regulation of Registered Social Landlords. Our assessment makes clear to the association's board the conclusions we have reached regarding the association's compliance with the Regulatory Code and its suitability to receive public funding. The Corporation accepts no liability whatsoever for the accuracy or completeness of any information or assessment contained herein. No third party may rely on its contents, but must make its own investigations or enquiries.

Description of the association

Coast and Country Housing was formed in July 2002 to receive a whole stock transfer from Redcar and Cleveland Borough Council. It now owns around 10,400 homes, the great majority of which are houses or bungalows. The association has a substantial property maintenance organisation and a Homecall service providing support to vulnerable and elderly residents.

The core aims of Coast and Country Housing are to:

- provide a quality product, which is accessible to all
- create a better future for their tenants and other customers by assisting in the development of sustainable homes and neighbourhoods
- develop and expand the core business
- be viable, well governed and well managed

Redcar and Cleveland is geographically diverse, including the industrial zone of Redcar and other urbanised areas, seaside towns and rural settlements. It is a deprived area with high levels of unemployment and fear of crime. Only a small proportion (1.4%) of the population of the area served is of black and minority ethnic (BME) origin (2001 census). Over half of the association's tenants are aged over 60.

The association is in the final stages of its investment programme, revisiting properties where tenant refused improvement work and other schemes delayed pending regeneration decisions. Redcar and Cleveland falls within the Tees Valley sub-region where the North East Regional Housing Strategy has identified a fundamental imbalance in housing supply and demand. Housing Market Renewal Pathfinder status has been achieved and is having a direct impact on the future of some of the association's housing stock. Low demand was identified as a key risk pre-transfer. A number of estates were identified as at risk and the business plan includes a programme of demolitions to re-balance supply and demand. The association is moving forward with its regeneration options for specific 'at risk' neighbourhoods. The association is a member of the Spirit development partnership through which it is now accessing funding through the National Affordable Housing Programme (NAHP) to deliver new homes in some of these areas.

Viable – Regulatory Code part 1

The association meets the expectations set out in the Regulatory Code in terms of financial viability.

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Coast and Country Housing's financial position is typical of a stock transfer association which has yet to complete its major refurbishment programme. Consequently the association is dependent on debt funding to meet its obligations until completion of the programme, after which it is forecast to meet its interest payments from increasing levels of surplus. The association currently complies with its loan covenants and is forecast to continue to do so. Rent levels are currently below target, with adequate plans in place to

enable convergence with target by the 2012 deadline.

The association has high operating margins and low repair costs compared to its peers. It is leading the development of a North East procurement consortium for housing providers which should generate further savings. A systems-thinking review has been undertaken on the repairs service, which is intended to improve efficiency and quality of service.

The refurbishment programme is intended to deliver compliance with the Decent Homes Standard (DHS) by 2010. The necessary expenditure to complete the programme is incorporated in the business plan, though the Corporation is aware that the timing of works in regeneration areas is dependent on the decisions of third parties and may therefore slip into later years.

The current business plan forecasts that Coast and Country will reach peak debt at the level of existing facilities in 2011, while continuing to meet covenants and interest obligations. This takes into account recent interest rate rises and declining right-to-buy sales, and includes a planned reduction in its development programme to include only those schemes to which it is already committed. At this level of development the business plan appears to be robust. These revisions suggest that the management team is aware of the current risks to the business and is taking necessary steps to ensure continuing viability in the short and long term.

Negotiations are ongoing to obtain additional finance to provide further headroom and potentially support further development. Once the results of these negotiations are known the business plan will be revised accordingly. Provided future development is undertaken cautiously, particularly development involving shared ownership and build-for-sale, we are confident that Coast and Country Housing can manage the risks faced without threatening viability.

Properly Governed – Regulatory Code part 2

The governing body, supported by appropriate governance and executive arrangements, maintains satisfactory control of the organisation.

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The board is made up of a range of individuals with the appropriate skills and expertise for an organisation of this size and activity. Board meetings are constructive with a good level of challenge and debate. Board papers are clear and well written, setting out the risks and potential ways forward on each item of business. A new chair was appointed during 2007 alongside some new council nominee board members. Skills and experience levels appear to have been maintained and improvements in governance arrangements either made or set in motion to strengthen governance control in key strategic areas. The current board of 15 board members has sought agreement from Redcar and Cleveland council to consult with its residents on reducing the board to 12, to include four tenants and four local authority nominees. This consultation is currently underway, with the outcome to be considered at the next Annual General Meeting. In addition a new sub-committee structure was introduced in January 2008 to support the board in delivering its strategic objectives. The new structure recognises the increased importance of

development to the association with a finance and development committee and a performance and policy committee to oversee service delivery. The board has an effective and open relationship with the senior management team and reports are generally of a good standard.

Coast and Country Housing has developed a robust approach to risk management which is now embedded throughout the organisation. The board demonstrates a good awareness of risk. There is an annually reviewed business plan which is well written and coherent. It identifies key risks and sets out clearly the association's strategic objectives and how they are to be achieved. Operational plans and performance management targets cascade directly from these.

The self assessment statement of compliance with the Regulatory Code for 2007 is consistent with the Corporation's knowledge of the association, and concludes that there are no significant areas of non-compliance. We have requested future statements should better reflect the positive outcomes achieved as part of the association's integral continuous improvement approach. The board has indicated it intends to strengthen its role in an ongoing self assessment process.

The association has recently updated its corporate equality scheme and devised disability, gender and race action plans. There is a board champion for equality and diversity issues and a strong senior management lead. Key areas for attention during 2008/09 will be updating the association's knowledge of its housing assets to improve the information held on accessible and wheelchair accessible properties, and investigating increasing the housing provision for single young men. The association's equality and diversity performance is clearly reported to board quarterly with detailed commentary explaining performance. The number of BME staff employed has increased, but a BME board member has not yet been recruited. The association's BME lettings have reduced reflecting the loss of an asylum seekers contract and the fact existing residents are taking up vacancies to allow regeneration of some areas. The association complies with the Corporation's requirement in respect of tenant membership of the board.

The association has an open and co-operative relationship with the Corporation.

Properly Managed – Regulatory Code part 3

The association generally meets the standard expected given the context in which it works and the available resources.

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The association was subject to an inspection by the Audit Commission in March 2006. The report, issued in May 2006, concluded that the association provided a good two star service that has promising prospects for improvement. Strengths in service delivery included a strong understanding of its customer base, the use of customer service standards which enable customers to measure service quality, good performance in gas servicing, the introduction of a lettings standard which had resulted in significant improvements in re-let times and evidence of a value for money culture being embedded across the organisation. The agreed action plan sought improvement in IT, health and safety, service reviews including a fundamental review of the repairs service and

approach to procurement. The work done to deliver the action plan is now complete.

The process for continuous improvement received some attention through the inspection action plan, which included broadening out benchmarking to make it more challenging. Performance indicators are now compared monthly to the top quartile performance of northern stock transfer associations with more than 5,000 units. Repairs performance has seen some improvement following the repairs service review, although further work on productivity is in progress.

The association has led the development of a North East Procurement Consortium with financial support from an external agency. Ten housing providers are committed to the project which is currently appointing its board and senior staff. The consortium intends to become operational in 2008/09.

Stock investment has seen compliance with DHS improve from approximately 20% at the time of transfer to over 88% at March 2008. The majority of homes not yet improved are on regeneration sites. In some cases properties have been identified for demolition, but the future of around 700 homes (6% of stock) is yet to be agreed with the relevant strategic bodies. Decisions on DHS investment will be made once the futures of these homes are certain.

The association updated its STATUS tenants satisfaction survey at the start of 2007. Whilst overall satisfaction is still higher than pre-transfer levels, at 75%, it has not improved since the previous 2004 survey. Tenant satisfaction with opportunities to participate has fallen from 55% in 2004 to 51% in 2007, despite clear initiatives introduced through a tenant participation contract. The association has identified the issues evident from the survey and is working through these with residents. Questionnaires used on a 'day to day' basis with residents who have recently accessed a service, are still reporting better satisfaction results than evident from STATUS.

Tenant Participation Advisory Service has been engaged to review the resident involvement strategy and tenant compact during 2008/09, which will feed into a community engagement strategy. The association undertakes impact assessments, which incorporate a value for money assessment.

Development with Housing Corporation funding

The association demonstrates a good performance by achieving or exceeding its annual targets, maintaining good progress against targets during the year and delivering quality housing that meets our standards.

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As a member of the Spirit development partnership Coast and Country received its first allocations of Corporation funding with successful 'in year' bids during 2007/08. In total they received allocations of £2.6 million for 69 homes. Targets were achieved providing 18 sale homes for £330k and 51 homes for rent costing £2.2 million.

Coast & Country has been awarded allocations of £3.2 million in the main 2008/11 bidding round and £1.9 million in the first in year Regular Market Engagement round.

Fifteen homes were purchased by their owners under the Right to Acquire home ownership initiative in 2007/08. Further claims are forecast for 2008/11.

Sources of information and regulatory activity

The following information is generally received from all associations and is reviewed by the Corporation for each association:

- Audited annual accounts, including the internal controls assurance statement
- External auditors' management letter
- Annual self-assessment of compliance with the Regulatory Code
- Five year financial forecast
- Performance indicators
- Regulatory and statistical return
- Annual efficiency statement

In addition to the above, the following specific activities were carried out with Coast and Country Housing:

- Meetings with the executive management team: May 2007, January and July 2008
- Annual Viability Review: October 2007
- Inspection action plan reviews: June 2007, January 2008 and May 2008

Additional information about the association can be accessed on the Housing Corporation and other websites and may include:

- Performance Indicator information (www.housingpis.co.uk)
- Inspection report (www.auditcommission.gov.uk for Audit Commission reports)
- Extracts from the Public Register (www.housingcorp.gov.uk/resources/register/select.htm)
- Rent information and other key facts and figures (www.rsrsurvey.co.uk and www.dataspring.org.uk)