



# **Housing Corporation Assessment**

**Colne Housing Society Ltd**

**LH1651**

**Date of publication: May 2005**

# Housing Corporation Assessment

The ‘traffic light’ system used below illustrates our overall assessment of the society’s compliance with the Regulatory Code and Development performance. A green symbol indicates no material concerns about performance, the society 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 society has a strong financial condition and any exposures are comprehensively mitigated.**

## **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 society demonstrates a strong commitment to continuous improvement and to effective and efficient service delivery. Given the context in which it works and the available resources it achieves high quality outcomes.**

## **DEVELOPMENT**

Development with Housing Corporation funding

Green

**The society 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 society 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.*

*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 society’s board the conclusions we have reached regarding the society’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 society**

Colne Housing Society Ltd is a charitable association, established in 1973. The society owns or manages around 1,700 homes throughout North Essex.

The society operates in six local authority areas and provides mainly general needs housing. It also has 100 supported housing units and 200 homes in leasehold management. Sheltered housing and floating support services are provided and the society is involved in regeneration and community development work. It works in partnership with a number of external agencies in the provision of supported housing.

There is generally healthy demand for the society's properties. It has a small number of properties which are difficult to let and their future is being kept under review. The black and ethnic minority population (BME) within the society's Colchester base is 3.8% and is lower in its other areas of operation. The society has calculated a weighted average BME population of 2.7% across its areas of operation.

The current business plan sets out the society's strategic direction over the next five years. It is planning to grow by up to 150 units per annum, to include a small number of supported housing bed spaces, shared equity properties and housing for key workers. The society intends to continue to operate in an area within one hours driving time from its base in Colchester.

The society is a member of an unregistered joint venture development company, in association with Cotman Housing Association Ltd and Suffolk Housing Society. The company, Icen Homes Ltd, is providing development services to the three member associations. It was incorporated in March 2004 and became operational in July 2004.

**Viable – Regulatory Code part 1**

**The society has a strong financial condition and any exposures are comprehensively mitigated.**

**Housing Corporation Assessment**

Colne Housing Society Limited's financial statements for the year ended 31<sup>st</sup> March 2004 demonstrate an association that is generating a surplus with a strong balance sheet and healthy financial reserves. The society has a good financial record of accomplishment and the forecast financial position indicates continued good performance over the next five years.

The society forecasts (2004 – 2009) growth in its turnover above its assumed level of inflation. Turnover increases despite the requirement to achieve target rents by limiting rent increases to below government guidelines. The foregone rental income is more than offset by planned additions to the society's housing stock, which generates compensating additional rental income.

The society plans to utilise its current financial strength and increase its development capacity. It received annual development programme (ADP) investment via the traditional route as it is not a Corporation development partner within the 2004/06 ADP. It is one of three associations who own and procure their development from Icen Homes Limited.

The society's plans for growth will depress its previously high financial ratios but only to sector norms. Development is part funded by loan finance resulting in increased levels of net debt over the forecast period to 2009, although the overall proportion of capital supported by debt is relatively low. Interest cover is forecast to remain strong. The society's plans demonstrate that it will generate adequate levels of surplus to meet investment in its current stock and support its development programme. The society has more than adequate assets to provide security for the required levels of additional loan funding.

The latest financial plans include routine, planned and major repairs expenditure which is linked to a stock condition survey carried out in 2001. This confirmed that its stock is in a good condition. The major repairs programme is geared to enable the society to exceed the government's Decent Homes Standard (DHS). All the society's properties meet DHS.

We have reviewed the society's risk management arrangements and found that the society has sufficiently robust policies and procedures.

#### **Properly Governed – Regulatory Code part 2**

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

#### **Housing Corporation Assessment**

Colne Housing Society Ltd has an effective board, led by a very competent chair. Its schedule of members reveals a range of relevant experience. We attended a board meeting and members displayed a good understanding of the business, with a generally high level of debate involving all members.

The quality of board papers is high with reports presented in a clear and concise format to inform strategic decisions. The minutes clearly record issues raised and decisions taken.

In line with sector good practice, the board undertakes an annual review of its skills. It also periodically assesses its effectiveness. During 2004, the board reviewed and agreed changes to its governance arrangements to adopt most aspects of new sector guidance.

The rules of the society permit a maximum of twenty members (excluding co-optees). It has operated with nineteen members (including three co-optees). Members acknowledge the size of their board exceeds good practice recommendations but are satisfied the current board and sub-committee structure works well. A view which we

endorse.

We are satisfied with the board's 2004 self-assessment of compliance with the Regulatory Code. The statement confirmed compliance and evidenced that actions outlined in 2003 to improve performance had been implemented, with two exceptions for valid reasons. Areas identified in 2004 for further improvement included tenant involvement and asset management. We are satisfied that progress is being made in these areas.

There is tenant representation on the board and a Housing Corporation inspection in 2002 found that the involvement of tenants in the activities of the society was good. During 2004, the society demonstrated that it was addressing the requirements of the Housing Corporation's new Involvement Policy.

The board has a reasonable gender balance albeit female representation is not as high as within the society's local population. The society's area of operations has a low black and minority ethnic population and there is no distinct minority group. The board has supported the society's involvement in a local initiative to help housing providers throughout Essex to identify and address the needs of its black and minority ethnic population.

A race and cultural diversity progress review demonstrated the society had:

- implemented the action plan arising from a review in 2003;
- complied with the race equality requirements specified within the Housing Corporation Good Practice Note 4 (GPN 4) and;
- made good progress towards implementing the wider equality and diversity requirements in accordance with GPN 8, particularly in respect of gender and disability issues.

A good working relationship between the board and executive management team is evident from our inter-action with them.

### **Properly managed – Regulatory Code part 3**

**The society demonstrates a strong commitment to continuous improvement and to effective and efficient service delivery. Given the context in which it works and the available resources it achieves high quality outcomes.**

### **Housing Corporation Assessment**

Colne Housing Society Ltd has a cohesive, experienced and very competent senior management team which is pro-active in its relationship with the Housing Corporation.

The society was inspected by the Housing Corporation in September 2002 and the inspectors considered the society provided a highly satisfactory service to its tenants. The inspectors also found the society was working for continuous improvement and raising standards in service delivery. The society produced an action plan setting out how it planned to implement the inspectors' recommendations. The action plan has

been fully implemented within the agreed timescale, with implementation very clearly evidenced to the Housing Corporation.

A continuous improvement progress review by the Housing Corporation in 2004 found that best value activity has delivered improvements in the area of rent collection and procurement. The society demonstrated a commitment to continuous improvement in its business plan, through service reviews and in addressing issues identified from tenant feedback.

Housing management key performance indicators in 2003/4 demonstrate a high level of performance, when compared with the national mean average. The society's performance is in the top quartile in eleven out of sixteen areas where a quartile position is reported. There are no comparative areas of weakness. In the areas of dwellings vacant and not available to let, re-let time, average SAP rating, urgent repairs and tenant satisfaction with participation, performance has been consistently in the top quartile for three years. Internal targets are set within the business plan to drive operational performance and achieve corporate objectives.

We carried out a desk top review of the society's asset management strategy. The information available to us demonstrates that the society has an appropriate and effective strategy for managing its assets.

We also carried out a desk top review which focussed on implementation of the supporting people regime. We found that the society was well prepared for implementation of the regime. It had established appropriate systems and controls. Key associated risks had been identified and were being managed. Schemes reviewed by the respective local authorities have been awarded a satisfactory rating.

The board's 2004 self assessment of compliance against the Regulatory Code provides evidence that the society works effectively with local authorities and ensures its own strategies and policies link into regional and sub-regional housing strategies.

#### **Development with Housing Corporation funding**

**The society 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.**

#### **Housing Corporation Assessment**

Colne Housing Society Ltd is one of three associations who own Icen Homes Ltd. A joint delivery mechanism has been put in place to deliver collective targets for 2004/06.

In 2004/06 the society received a new programme allocation of £1.65m, of which £0.75m was the allocation target for the 2004/05 programme. The society achieved expenditure of £0.97m, exceeding its 2004/05 cash planning target of £0.935m. The 2004/05 completion target of 45 units was met.

The society has been more proactive in its programme management since formation of Icen Homes Ltd. Its forecasting has been more realistic and communication with the Housing Corporation has been good. This should be maintained to deliver the 2004/06 programme of £1.65m and committed expenditure of £1.04m.

The society received a satisfactory development compliance audit undertaken in 2003.

### **Sources of information and regulatory activity**

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

- Audited annual accounts
- External auditors' management letter
- Annual self-assessment of compliance with the Regulatory Code
- Internal controls assurance statement
- Five year financial forecast (FV5)
- Performance indicators
- Regulatory and statistical return

2. In addition to the above, the following specific activities were carried out for Colne Housing Society Ltd:

- Development compliance audit (Feb 2003)
- Desktop reviews (Dec 2003) of:
  - asset management strategy
  - supporting people: implementation of the supporting people regime and management of the associated risks
- Meeting with the executive management team (Feb 2004 and Oct 2004)
- Annual Viability Review (Aug 2004)
- Attended a board meeting (Oct 2004)

3. Additional information about the society can be accessed through the "Resources" section of the Housing Corporation website and may include:

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