



Housing Corporation Assessment

Keniston Housing Association (L1965)

Date of publication: September 2006

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

N/A

The association has not received substantial Corporation funding in the past year.

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.

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

Keniston Housing Association (Keniston) was registered with the Housing Corporation in 1976. Its purpose is to “meet housing need, provide good quality well-managed affordable homes, and deliver the services tenants want.”

Keniston owns around 700 properties, almost all purpose-built since 1970. These homes are mainly general needs, but include around 130 sheltered units for aged residents. Keniston’s main area of operation is its Darrick Wood Estate at Farnborough, in the London Borough of Bromley, which has around 360 homes. It also has modest numbers of dwellings in five other London boroughs and in Crawley in Sussex. Although most of these are areas of high housing demand, the demand for sheltered housing has been declining. Keniston has developed a successful strategy for counteracting this decline and average re-let times for sheltered housing is now 15 days lower than for general needs.

Keniston works in areas of significant ethnic diversity. In its main area of operation, on the edge of outer London, around 10% of the local population are from various ethnic minority communities. In the other London boroughs where the association operates, ethnic minorities account for up to 41% of the local population.

Underpinning its overall aim of providing good quality affordable housing for people unable to find homes in the private sector, Keniston’s main business plan objectives are to :

- Improve resident satisfaction
- Develop community involvement
- Identify ways of developing the business

In May 2006 the association completed a 17 year programme of repairs on the Darrick Wood Estate. Keniston is keen to expand further by taking on additional homes through transfers of engagements from other associations.

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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Keniston’s financial performance for the year ended 31 March 2005 was better than predicted. In the 2005/06 financial year, the association made an operating surplus of £136,800, as opposed to an operating deficit of £253,700 in the 2003/04 year, and its overall deficit for the 2005/06 financial year was £4,900, which was a £400,000 improvement when compared to the previous year.

Forecasts indicate that the association will continue to generate operating surpluses over the next five years, although the projected operating margins are in the bottom quartile for lead regulated associations in London. This is primarily due to expected increases in spending on planned maintenance following the completion of major

repair works on the Darrick Wood Estate. The association should continue to generate sufficient funds to service its current level of debt and comfortably meet its interest payments.

The association's rent plan aims to increase actual rents by the maximum amount permissible (inflation plus 0.5% plus £2 per week) in accordance with government guidelines. Current rents are marginally below target rent. Keniston's projections, which exclude new tenants, estimate that only 60% of their rents will reach target rents by 2012. New tenants pay the full target rent at the start of their tenancy.

Based on information provided in 2006, more than 98% of Keniston's homes meet the Decent Homes Standard. The association plans to carry out a stock condition survey during the 2006/07 financial year, which will improve its estimates of the extent of work that must be completed by 2010. The information will also be used to update the association's asset management database.

Keniston has no developments in the pipeline. The association has engaged a consultant to review its business activities and provide recommendations on the most appropriate forms of development to pursue given the current operating environment and the association's financial position.

For the foreseeable future, the association will need to continue to place a strong emphasis on budgetary control and cost reduction to ensure that its expenditure does not exceed its estimates.

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 association is controlled by a board which has increased in size to 15 members, one of whom is a tenant board member. The board membership provides a good range of disciplines and experiences. The board is actively trying to increase its ethnic diversity and has shown a welcome rise in diversity over the last two years, with the number of board members from ethnic minority groups increasing to three (20%), which reflects the community profile of the areas in which the association operates. Three women also serve on the board.

Board papers are referenced to assess their impact on the association's risk management and a review of key business risks has been completed in 2006.

The board's self-assessment of the association's compliance with the Regulatory Code concluded that Keniston was broadly compliant and showed a clear understanding of the requirements placed upon it. This is consistent with the Corporation's assessment of the association.

Nationally, Keniston has amongst the highest tenant satisfaction with opportunities to participate in the association's management and decision making. A tenant survey

carried out in 2005 found that 72% of residents were very or fairly satisfied with the participation opportunities available to them. The association does not have a formal agreement in place with residents, but instead uses a range of methods to consult tenants. The association has recently reviewed its tenant involvement policy.

Keniston has finished implementing the recommendations of our 2003 Race and Cultural Diversity Review, which found scope for considerable improvement in developing its approach, and we are satisfied with the improvements made.

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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There is a stable management team, and staff turnover is low. The diversity of staff remains low, with only 2.8% of staff belonging to a minority ethnic community. However, we expect that improvements made following our 2003 Race and Cultural Diversity Review will address this imbalance and lead to the association gradually becoming more representative of the communities it serves.

The association carried out a tenant survey in 2005, which found that the percentage of tenants that were very or fairly satisfied with the overall service provided by Keniston had fallen from 91% to 87%. However, the result remains significantly higher than the average for similar associations in London, which reflects well on the service the association provides to tenants.

Keniston's repairs performance has noticeably declined over the last few years, with all types of repairs being completed on time falling to five year lows in 2005. The decline continued for urgent and routine repairs in 2006, though performance in emergency repairs has recently showed some improvement. In 2005 the association made some changes to the way it calculates the figures that caused some repairs previously considered to be completed within target times to now be considered as being completed outside of target times and failing its performance standards. However, this only partially explains the fall and does not reduce our growing concern on repairs.

The association's operating costs have been rising as a planned maintenance programme was carried out. In 2006, for the first time in three years, the cost of running the association's housing generated a surplus rather than a loss. Despite this improvement, the association remains in the bottom quarter of associations in England for its high operating costs. As the association intends to continue a high level of major repairs in the coming years, the board will continue to face the challenge of reducing housing costs while also improving homes and maintaining the quality of its services to the families it houses.

Keniston's last full stock condition survey was completed in 2001. Although this has been updated annually, the association plans to carry out a new, comprehensive survey during the 2006/07 financial year. Currently at least 98% of the stock meets

the Decent Homes Standard and Keniston expect to meet the standard by 2010. The association is now focusing on making additional improvements to its existing stock, and the survey results will be used to feed into a strategic plan towards exceeding the Decent Homes Standard.

Development with Housing Corporation funding

The association has not received substantial Corporation funding in the past year.

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In the 2004/05 financial year, Keniston Housing Association received funding of £350,000 and in 2005/06 £500,000. This scheme reached practical completion in May 2006.

It did not bid for any funding under the 2006/08 National Affordable Housing Programme.

A compliance audit was carried out in 2005 for a major repairs project on one of the phases of the association's estates in Bromley. The outcome of this audit showed "a good performance".

The association will be considered for future allocation provided schemes meet regional priorities, offer value for money and are deliverable.

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
- Business plans
- Financial returns
- Performance indicators
- Regulatory and statistical return
- Annual efficiency statement

2. In addition to the above, the following specific activities were carried out for Keniston Housing Association:

- Performance Indicators review
- Follow up to Race and Diversity review (March 2005)

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

- Performance Indicator information (www.housingpis.co.uk)

- 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)