



Housing Corporation Assessment

Places for People Group Ltd L4236

Places for People Homes L0659

Bristol Churches Housing Association L0429

Places for People Individual Support L3926

Kush Housing Association L3705

Date of publication: December 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 group 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 group generally meets the standard expected given the context in which it works and the available resources.

DEVELOPMENT

Development with Housing Corporation funding

Green

The group's performance is satisfactory. It delivers housing that meets our standards but has not met all of its targets over the past year. However, the shortfall was relatively small and was caused by circumstances outside its control. The group keeps the Corporation fully informed of problems and keeps its in-year forecasting up to date.

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 group

Places for People (PfP) is one of the largest housing association groups in the UK. It owns and manages around 58,600 properties in England, Wales and Scotland through a number of registered and unregistered subsidiaries. These comprise:

- 38,900 affordable homes for rent
- 3,000 homes for older people
- 2,800 supported housing properties
- 4,800 market rented properties
- 3,700 shared ownership properties
- 5,300 owner occupied properties

The group has recently carried out a rebranding exercise as part of an overall review of the group structure. The group comprises:

- Places for People Group, the registered non asset owning parent, carrying out a range of support services for the subsidiaries.
- Places for People Homes (previously known as North British Housing), a registered subsidiary owning or managing around 47,500 properties, predominantly general needs, active in over 200 local authority areas.
- Places for People Individual Support (previously known as New Leaf Supporting Independence), a registered subsidiary specialising in care and support services, owns a further 1,375 properties in addition to those managed by other group members. Places for People Individual Support also provides support services across the group.
- Kush Housing Association, a registered subsidiary, owning 840 properties and providing homes to black and minority ethnic (BME) people in North East London.
- Bristol Churches Housing Association (BCHA), a registered subsidiary, owns 2,783 properties and manages a further 1,000 properties owned by PfP Homes, predominantly general needs and low cost home ownership schemes, in Bristol and the south west .
- Castle Rock Edinvar Housing Association, registered with Communities Scotland, managing 5,700 properties in Edinburgh and across the Lothians, predominantly general needs housing although a subsidiary provides care and support services.
- Places for People Developments, an unregistered subsidiary specialising in master planning and building new developments.
- Places for People Neighbourhoods, an unregistered subsidiary, has the priority of continually assessing existing and newly planned neighbourhoods to ensure they are 'neighbourhoods of choice'.
- Places for People Financial Services, an unregistered subsidiary, offering personal loans and mortgage services to customers of the group.
- Places for People Landscapes, an unregistered subsidiary, offering landscaping and maintenance services.
- Places for People Resources, an unregistered subsidiary, is a social employment agency for training construction and maintenance workers.
- .Blueroom Properties Ltd, an unregistered subsidiary, managing an average of 800 market rented properties at any given time. This is a commercial arm of Places for People, delivering a range of tenures and commercial opportunities.
- PfP Regeneration, an unregistered charitable subsidiary, carrying out non-housing

regeneration activities, in particular: employment, training and financial exclusion projects.

- Emblem Homes, an unregistered subsidiary, a development company specialising in homes for sale in a variety of environments.
- Places for Children, an unregistered subsidiary, which runs a growing network of child care schemes.

Places for People states that ‘our purpose is to create “Places for People” that properly meet their needs, with the appropriate facilities and services to make communities sustainable for the future’.

The group business plan reflects this and the group as a whole takes an innovative approach to the provision of services to both communities and regeneration agencies.

Viable – Regulatory Code part 1

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

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The group returned a surplus of £14.9m in the year to March 2005, an increase of almost 9% on the previous year’s figure. Surplus as a percentage of turnover now stands at 7.1%, almost double the level of four years ago.

Among the registered members, PfP Homes experienced a slight dip in performance due to reduced returns from the core lettings business, while BCHA saw continuing growth in turnover and surplus and has extinguished its previous accumulated losses. The activity of the unregistered members contributes positively to the group’s overall financial position.

The group has built on its previous success to achieve further reductions in rent losses from voids and bad debts. Substantial savings were also expected from the introduction of the new in-house maintenance service, Renovate. These did not materialise in 2004/05, but major efficiency gains are still expected as the service is rolled out.

The latest forecasts show an accelerated rate of growth in social housing turnover, reflecting the group’s ambitious plans to increase housing output and cater for a range of tenures. Linked to this are the group’s allocations under the New Partnerships and National Affordable Housing Programme and its partnership status under the latter.

In the medium term the group is seeking to compete with the private sector in the wider housing market through a step change in its build for sale programme. It recognises the commercial risks that such a strategy, effectively becoming a major national house builder, will create, as well as the potential regulatory barriers in terms of the Corporation’s diversity policies. We will explore these issues with PfP in more detail over the coming year.

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 structure of the group has evolved as new members have joined. Each of the subsidiaries maintained considerable autonomy within the group and this worked well in being attractive to potential new members. However, the group board identified that this led to it having insufficient control over the performance and culture of the subsidiaries, and slowed the decision making process, adding to potential risks.

PfP is therefore reforming its structure. An assurance and regulation board (ARB) has been established which constitutes the governing body for PfP Individual Support and BCHA as a transitional step with a view towards merging the two subsidiaries. PfP Homes, as the non charitable registered subsidiary, continues to have a separate ARB as does Kush.

Each ARB is made up of three group board members, two executives and two independents. The exception to this is Kush, where the ARB consists of five independents, two group board members, two executives and two tenant representatives. PfP Regeneration's board consists of two executives and three independents. The boards of the other unregistered commercial companies consist entirely of executive members.

In reforming the structure the group is strengthening its control over the subsidiaries, with the group board taking responsibility for strategic direction. The ARB's principle responsibility is that of performance monitoring and operational implementation of group strategies.

The group board is made up of a range of individuals with the appropriate skills and expertise for an organisation of this size and complexity. 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.

The group has an excellent approach to risk management. A comprehensive policy is in place which includes event monitoring and scenario testing. Our assessment of the new governance arrangements is that the group board is providing strong leadership within the group.

Resident involvement in the board at group level is limited to one member, reflecting the diverse nature of the group's business interests. As part of the changes to its governance structure, the group is revising its approach to customer involvement. The intention is to:

- Diversify the range of involvement mechanisms to include focus groups as well as building on more traditional involvement mechanisms.
- Include customers of the unregistered subsidiaries of the group.

Three new panels have been established in order to meet these objectives:

- The Futures Group is made up of customers from across the group's activities. The group was formed to consult on specific issues on future services.
- The National Customer Liaison Panel has been revitalised. Membership is drawn from the area tenant panels and the group board. The intention is to strengthen the link between the group board and tenants.
- The Diversity Board will champion the diverse needs of customers with a

view to strengthening the group's overall response.

The group has a strong commitment to achieving equality and diversity, and has invested substantial time and energy in this area. The group complies in full with Good Practice Notes 4 and 8 which cover our requirements in the area of race and cultural diversity, and equality and diversity.

The group produced a comprehensive and realistic self assessment of compliance with the Regulatory Code in 2006. This identified areas of strength and weakness and included an action plan to address issues.

Properly managed – Regulatory Code part 3

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

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The group has an experienced senior management team which works in an open and co-operative way with the Housing Corporation. The group has a strong approach to continuous improvement and maintains a risk and compliance division which regularly reviews the performance of the subsidiaries. A programme of on site inspections is carried out each year.

Performance indicators to April 2006 are mixed with wide variations within the group. Overall they indicate average performance but leave significant room for improvement. Of particular concern is the ongoing upward trend in relet times across the group. All of the subsidiaries appear in the fourth quartile for relet times when compared against peers, with the exception of Kush which has shown year on year improvement.

Tenant satisfaction levels for Places for People Homes, Individual Support and Kush stand at 76% for satisfaction with the service provided and 53 - 56% being satisfied with the opportunities for tenant involvement. Both Places for People Homes and Kush have risen to the third quartile for overall satisfaction levels. Tenant satisfaction levels for BCHA are steady at 72% overall and 53% for participation opportunities.

Places for People Homes has only 6.6% of its stock which fails to meet the Decent Homes Standard, with Individual Support being 4.8% and Kush 3.84%. These levels have improved since last year and represent second quartile positions. Currently 13.7% of BCHA owned stock fails the standard putting it in the third quartile.

The group has a generally good relationship with the local authorities in the areas it operates in. However, during consultation with stakeholders over the future of Bristol Churches it became apparent that there has been an extremely poor relationship between Bristol City Council and Bristol Churches over a number of years. The group is actively addressing the issues raised by Bristol City Council including a perceived history of poor service delivery within the city and poor strategic engagement with the local housing strategy. Whilst we are satisfied with the group's response to date we are concerned that this strategic relationship had not been addressed earlier and will continue to monitor progress on both service delivery and engagement with the local housing strategy. We have therefore requested that the planned Audit Commission inspection of Bristol Churches be brought forward to

February 2007 in order to establish a baseline from which to monitor progress.

In parallel with the governance restructure, the group has undertaken a fundamental review of its service provision and has moved to a group wide functional management structure. The intention behind this was twofold:

- To make the best use of specialist skills and knowledge across the group.
- To enable a process of cultural change and performance improvement across the group.

The effect of this change is that PfP Homes has become responsible for all of the group's housing management functions within England with the exception of Kush. Pfp Individual Support is now responsible for all supported housing whilst Kush will take a lead role on BME issues.

As part of the group's drive to improve services and generate efficiencies, the repairs and maintenance functions are in the process of being brought in-house (Renovate). The project is closely aligned to the group's neighbourhood strategy and includes extensive use of new technology to maximise efficiencies. This project was short listed for a Housing Corporation Gold Award during 2006. Due to the large and geographically diverse nature of the stock, it is being rolled out in stages.

Development with Housing Corporation funding

The group's performance is satisfactory. It delivers housing that meets our standards but has not met all of its targets over the past year. However, the shortfall was relatively small and was caused by circumstances outside its control. The group keeps the Corporation fully informed of problems and keeps its in-year forecasting up to date.

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The Housing Corporation funds five of the registered housing associations in the Places for People Group: Places for People Homes, Places for People Group, Places for People Independent Support, Bristol Churches and Kush. Together they provide a wide range of housing across the nine Housing Corporation regions. Within the group Places for People Independent Support specialises in supported housing schemes. In 2005/06 the group had development programmes funded through the Approved Development Programme (ADP) in eight regions and New Partnerships in Affordable Housing Programme (NPIAHP) in the North East, London and the South East.

The group achieved a combined ADP/NPIAHP spend of £10.3m against a combined target of £11m. The group completed 187 homes, exceeding its completions target of 178. For the Challenge Fund programme, the group achieved its spend target of £0.5m and its completions target of 90 homes. The group were given allocations for NPIAHP in March 2006 and achieved spend of £0.2m. Across the group, quarterly spend and completion targets were generally met.

A compliance audit visit was carried out at Places for People Independent Support in 2005 and all the schemes audited were found to be satisfactory.

At the start of the 2006/08 programme the group had allocations totalling £23m across six Housing Corporation regions. This will provide 253 homes for rent and 172

homes for sale.

The group will be considered for future allocations as a partner subject to capacity and providing 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 Places for People:

- Meetings with senior management team (quarterly throughout the year)
- Meetings with the chief executive (quarterly throughout the year)
- Attendance at board meeting (December 2005)
- Annual Viability Review (May 2006)

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)
- Inspection report (www.housingcorp.gov.uk/resources/inspection.htm for Housing Corporation reports or 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)