



Housing Corporation Assessment

Raglan Housing Association

L1556

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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’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 association 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 association

Raglan Housing Association (Raglan) started in 1963 on a voluntary basis to provide housing for people with physical disabilities. It registered with the Housing Corporation in 1976 and has since grown into a relatively large association. As at March 2006 it managed 10,049 properties, collected an annual rental income of £38m and employed approximately 365 staff. It is also negotiating to acquire 292 properties in East Sussex from Shaftesbury Housing Association.

Raglan's head office is based in Poole, Dorset. It has three regional offices which provide a more local service to residents and development partners. The association is geographically spread over 103 different local authorities with a significant concentration of stock across the south of England and the Midlands, focusing particularly in urban areas of Southampton, Bedford, Reading and the Bournemouth/Poole conurbation. Most of the housing is general needs accommodation with a significant focus on accommodation for older people, with Raglan owning and managing approximately 1,600 sheltered properties. Additionally Raglan has a special interest in wheelchair accessible accommodation. Raglan has 252 supported housing units, half of which are managed by agents. Raglan's history is reflected in the association's tenant profile, with 38% of residents' households containing someone with longstanding illnesses or disabilities.

Raglan's stock is largely modern, with over half having being built in the last fifteen years. In most areas of operation, demand significantly outstrips supply, although there are some properties which are difficult to let. These are principally schemes with a significant proportion of bedsits and some flats. There are however some areas of low demand such as Charnwood Borough Council and sheltered bedsits in Nottingham and Newark. The future of these properties is being addressed through Raglan's asset management strategy. Options include remodelling, development, conversion to shared ownership schemes, letting to key workers or disposal.

Data from the 2001 census indicates that the average black and minority ethnic (BME) population in the local authorities in which Raglan works is 8.2%, although there is considerable regional variation from 19.2% in Bedford to 4% in Poole.

Raglan has established a non charitable unregistered subsidiary, Raglan Homes Ltd, for the purpose of developing properties for sale, with a view to generating surpluses for investment in its core activities and producing mixed tenure schemes. It has developed some non grant funded schemes, mainly shared ownership, but also including some rented stock. It also owns the freehold and manages over 800 leasehold schemes for the elderly, but has no plans to develop this further.

The association's purpose, as expressed in its 2005/06 business plan, is to 'meet the needs of people in the areas in which we work by promoting sustainable communities, providing quality, affordable homes and high standard services'. The key values underpinning this are:

- Putting customers first.
- Delivering promises.
- Being open and accountable.

- Promoting equality and diversity.
- Being a good employer.
- Listening and learning to improve what they do.

On 1 April 2006 Raglan became a lead Housing Corporation development partner in the Raglan Housing Association Partnership.

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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Raglan’s 2005 financial forecast projects sound operational cash flows and a healthy level of interest cover, sufficient to support an ongoing development programme of 600 units per annum over the short term. Interest cover rises over the long term, partly due to the repayment of high rate fixed debt and partly due to a reduction in assumed development activity to 250 units per annum. In addition, the long term financial position is increasingly influenced by the surplus on sales of fixed assets, predominantly relating to shared ownership receipts.

The association’s 2005 financial profile has weakened in comparison to the 2004 financial forecast, due to a significant increase in major repairs and maintenance expenditure. This is reflected in lower levels of operating margin and interest cover now being projected, although these ratios still remain generally around the median level for south west based associations. However, the differential inflation assumptions built into the 30 year financial forecast are amongst the most prudent of those used by south west based associations.

The borrowing position has a relatively long debt repayment period and exposure to fixed interest rates. These two factors would tend to exacerbate the effects of any prolonged period of very low inflation. However, this inflation risk has now been recognised and part of the loan portfolio has recently been hedged to mitigate this.

Raglan has confirmed compliance with rent restructuring by 2012 and with the Decent Homes Standard (DHS) by 2010. Currently almost 100% of Raglan’s properties meet the DHS and the association is confident that this position will be sustained.

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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Raglan’s board is relatively large, consisting of fourteen members, reflecting the association’s wide geographical spread. The board is committed to reducing its size

to twelve over the next five years. Attendance by members is reasonable, at almost 75% for 2005/06. The board is supported by two standing committees: finance and policy, and project and management; three area committees; plus five advisory panels covering audit, remuneration, complaints, staff appeals and an ad hoc finance panel.

The Corporation carried out a review of Raglan's governance in July 2003. In response to concerns raised by the review, Raglan recruited an external consultant to focus on the quality and effectiveness of governance and since then the organisation has invested significant resources in improving governance arrangements. In particular it has introduced a new style business plan, which determines the strategic direction of the association and sets organisational targets. Organisational performance is well monitored by the board on a regular basis through an implementation plan. Raglan also maintains a rolling action plan arising from its annual governance review and board self-assessment, demonstrating continuous improvement. In our view this represents good practice.

Raglan has also addressed issues of member participation, efficiency and effectiveness at meetings. Board job descriptions and competencies have been introduced alongside a rolling programme of board appraisal, replacing individual members' skills self assessment. Improvements identified for 2005/06 have been delivered. However resident satisfaction with opportunities to participate is low, falling from a satisfaction rate of 57% in 2004 to 45% in 2005/06 and is significantly below the national average. We will be following this up with the association.

Collectively board members have a wide range of skills and knowledge as illustrated in a detailed skills matrix. Two board places are allocated to elected resident representatives and three to members of the area committees, all serving in an individual capacity. Board succession planning and board member remuneration are under consideration.

An equality and diversity review was carried out by the Corporation in December 2003. The review concluded that Raglan was slow in prioritising the issue of equality and diversity and there was little evidence available to demonstrate positive outcomes from the targets set, as required by the Regulatory Code and Good Practice Notes 4 and 8. However the review also found areas of good practice in staff recruitment and tenant involvement. Raglan has responded positively to all recommendations arising from the review. However women remain under-represented on the board (21%) and currently there is no BME representation. This is a concern, bearing in mind the association's areas of operation. There is evidence that the organisation recognises this issue and is taking steps to encourage members of the BME communities onto the board, committees and panels, working towards continuous improvement in meeting its diversity targets. We are monitoring progress.

Raglan's board considers its corporate risk assessment annually, maintaining a rolling process of reviewing identified controls over the highest scoring risks on a quarterly basis. Additionally, the association receives regular updates on the perception of risk in the sector and comparisons with other associations and has published its top six risks in its annual operating and financial review.

The 2005/06 self assessment compliance statement is thorough, clearly evidencing

compliance with the Regulatory Code, focusing on outcomes and the delivery of 2004/05 action points.

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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From 2001 the management team, which had remained virtually unchanged for approximately 20 years, underwent significant change. Recruits from the private sector and housing associations now form a significant proportion of the senior management team. The team has now stabilised, with some turnover. The relationship with the Corporation has improved substantially over the past few years, and is more open and co-operative. Performance management throughout the organisation has also been enhanced.

Two thirds of Raglan's staff are women and just over 7% of staff come from the BME communities, just below Raglan's internal target of 8%. Human resource management is well developed within Raglan. The association places significant importance on ensuring it has a well disciplined, highly skilled and motivated workforce.

In 2003/04 housing services were re-organised with a view to covering the geographical spread of stock more effectively and achieving greater efficiency. As a result housing services moved away from office-based to home-based staff and the number of regional offices was reduced to three. A generic call centre, the Housing Services Centre, has been set up with a view to providing a centralised 'one-stop' service to residents. This includes dealing with repair requests, queries from contractors, applications for housing, tenancy issues, rent and financial enquiries, and complaints about neighbour nuisance. Feedback from tenants regarding the service is good.

Raglan was inspected by the Audit Commission in January 2004 and the report published in April 2004. The inspectors focused on two operational areas, Poole and Bedford. The overall assessment by the Audit Commission was that Raglan's service is satisfactory and that it is raising standards in service delivery. The inspectors reviewed the maintenance, allocations, nuisance, tenant involvement, customer service functions and the organisation's approach to continuous improvement. The report included a number of recommendations to improve service delivery. These were addressed through a comprehensive action plan, with all actions completed by March 2006.

Raglan's 2005/06 self assessment compliance statement acknowledges non compliance in respect of providing information to residents in respect of their rents. The association has an action plan in place to rectify this for future years. The statement also indicates that the association complies with the requirement to work with local authorities to enable them to fulfil their duties.

Response repairs performance was an area of non compliance in 2004/05. Performance for 2005/06 shows a marked improvement in performance for emergency, urgent and routine repairs to around the national average. In July 2006 Raglan entered into three new contracts for the delivery of the maintenance service and expects performance to improve further.

Voids performance was another area where the association fell into the lower quartiles in 2004/05 for both relet time and percentage of voids remaining vacant. However performance for 2005/06 has shown an improvement. Relet times have improved from 45 days to 41 days, just above the national average. Rent lost due to voids has also shown a steady decline with the association now being in the top quartile. Rent arrears performance and rent write offs were around the national mean average for 2004/05 and are showing a small decline for 2005/06.

Tenant satisfaction overall is relatively high. A recent survey showed 79% of residents being satisfied with Raglan's performance and 87% satisfied with their home. Satisfaction with the maintenance service is also very high, around 90%.

In respect of continuous improvement Raglan subscribes to a benchmarking service which enables it to compare service outcomes and processes with its peers. It has also drawn up an action plan in response to a recent tenant satisfaction survey with a view to enhance services further.

Development with Housing Corporation funding

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Working across the South East, South West East and West Midlands regions of the Housing Corporation, Raglan achieved 83% and 143%, respectively, of its 2005/06 start of year cash spend and completion targets of £4.77m and 139 units.

In the South West an impact assessment was carried out on Raglan's recently completed scheme at The Old Shirt Factory, High Street, Chard. This confirmed that the association met its original objectives and successfully delivered a good quality housing scheme.

For 2006/08 the Raglan Housing Association Partnership received allocations totalling £21.2m, for just over 600 units in the South East and West and Midlands.

Raglan will continue to be considered for allocations via the partnership route in the future, 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 Raglan Housing Association:

- Contact with the executive team during 2005/06.
- Performance indicator progress monitoring in year.
- Annual Viability Review.

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)