



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

Green

Measuring compliance with the Regulatory Code part 1

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

PROPERLY GOVERNED

Green

Measuring compliance with the Regulatory Code part 2

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

PROPERLY MANAGED

Green

Measuring compliance with the Regulatory Code part 3

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

DEVELOPMENT

N/A

Development with Housing Corporation funding

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. 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 10,700 homes, the great majority of which are houses or bungalows. The association has a substantial building services 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
- 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 a 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 ethnic minority origin (2001 census), though there have been increasing numbers of asylum seekers during recent years. Over half of the association's tenants are aged over 60.

Redcar and Cleveland falls within the Tees Valley sub-region where the North East Regional Housing Strategy has identified a fundamental imbalance in the supply and demand for housing. 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 due to complete its investment programme by March 2008, in line with pre-transfer promises to tenants, and is moving forward with neighbourhood assessments to identify regeneration options for 'at risk' estates.

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 continues to operate broadly in line with its business plan.

Additional regeneration work and some issues, with the management of the stock investment programme, now resolved, have contributed to an increase in peak debt. However this remains within available loan facilities. As the association moves to the end of its investment programme, it will seek to increase its loan facilities to fund regeneration aspirations. Discussions are underway with lenders, with the outcome to be reflected in the business plan to be agreed during 2007.

The investment programme remains the most significant current risk to the association. Plans have been put in place to improve the management and efficiency of the programme however there remains a risk that works may slip further, impacting on promises to tenants or increasing costs. The association is facing the challenge of stock losses through Right to Buy and planned demolition eroding its management cost base. The need to improve efficiency to meet these challenges is reflected in a value for money strategy, underpinning the business and operation planning processes which is focused on delivering identified efficiency savings. It is also exploring opportunities for business development.

The latest business plan (2006) incorporates the demolition and regeneration of two estates. The work is debt funded, with no grant assumed at this stage, although the association does intend to make bids for funding for the 2008/11 National Affordable Housing Programme as a member of the Spirit development partnership.

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 of 15 includes five tenants and five local authority nominees. Recent local elections have led to a change in political control at Redcar and Cleveland. The association is awaiting notification of who its local authority nominees. This potential change will have an impact on the range of skills and experience on the board. However the association has always evidenced a practical commitment to continuous improvement in governance arrangements and to the strengthening of board skills. This should ensure any new board members are quickly effective.

The board has an effective and open relationship with the senior management team, recently expanded to include a regeneration and development director. Reports are generally of a good standard. Work over the last year has taken place to improve the performance monitoring framework, now being introduced.

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 2006 is consistent with the Corporation's knowledge of the association. The assessment concludes that there are no significant areas of non-compliance. The board's statement emphasises that compliance and continuous improvement are seen as integral to the association's activities.

The association has a three year action plan to deliver the equality and diversity strategy adopted during 2005. It complies with Good Practice Note 4 on race equality and

diversity appropriately to its operating context and stage of development. There is a board champion for equality and diversity issues and a strong senior management lead. The association's equality and diversity performance is clearly reported to board quarterly with detailed commentary explaining performance; work is recognised as needed in some key areas to move representation forward. The association's performance has been hampered by a change to an asylum seekers contract previously awarded to the local authority, but now operated by a private company. As a result the association's lettings and staffing ethnicity targets for the future will be lower.

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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Coast and Country Housing 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.

An action plan has been agreed with the Corporation and progress has been made to deliver against the areas identified for improvement. Recommendations made regarding health and safety, information technology and service reviews are considered complete. A fundamental review of the association's repairs service is close to completion, and should deliver efficiency and effectiveness within a modernised service. Work on the association's approach to procurement is underway, but delayed slightly due to staff involvement in the repairs review. Monitoring of the inspection action plan is ongoing.

The association has received money from the National Change Agency to develop a North East Procurement Consortium. Nine housing providers have already committed to the project and consultants have been appointed to deliver a business plan to move the consortium forward.

The association expects to achieve the Decent Homes Standard by 2010. Investment has seen compliance improve from approximately 20% at the time of transfer to 80% at the start of 2007.

The association updated its STATUS tenants' satisfaction survey at the start of 2007. Whilst overall satisfaction is still higher than pre-transfer levels, it remains at around 75% (similar to the satisfaction levels expressed in 2004). Tenant satisfaction with opportunities to participate has fallen from 55% in 2004 to 51%, despite clear initiatives introduced through a tenant participation contract. Aside from the periodic collection of data through the STATUS tenants' satisfaction survey, the association collects data on

satisfaction on a 'day to day' basis using a scorecard system. This system allows satisfaction data to be broken down by BME tenants, tenants with a disability and by gender. The scorecard approach generally shows improving satisfaction with services.

The association is devising an action plan to take forward areas identified in the STATUS survey and is updating its tenant participation and consultation policy to include a community engagement strategy. This strategy will draw together information and direction from various strategies to ensure service delivery for tenants is better co-ordinated. This is an example of the association's approach to embedding continuous improvement through cross-cutting strategic issue groups. The process for improvement has received some attention through the inspection action plan, which has 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 5000 units. Repairs still remain an area where performance is below expectations reinforcing the importance of the ongoing repairs service review. The association has seen significant improvement with the time taken to relet its properties over the last few years.

Development with Housing Corporation funding

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

Coast and Country received their first allocation of Corporation funding, with a successful 'in year' bid for £500k for 12 rented units at Allendale Road. This scheme was bid through the Spirit investment partnership, led by Tees Valley Housing Group, with Coast and Country developing the homes themselves. The scheme started on site in March 2007 and is due to complete in April 2008, it is therefore too early to judge development performance.

Six homes were purchased by their owners under the Right to Acquire home ownership initiative.

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
- Five year financial forecast
- Performance indicators
- Regulatory and statistical return
- Annual efficiency statement

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

- Meetings with the executive management team: March 2006

- Attendance at a board meeting: March 2006
- Annual Viability Review: December 2005
- Audit Commission inspection: April 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.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)