



Housing Corporation Assessment

Circle Anglia Limited (LH4046)

Circle Thirty Three Housing Trust (L0031)

Old Ford Housing Association (L4221)

South Anglia Housing Association (LH4094)

Wherry Housing Association (LH3866)

Russet Homes Housing Association (LH3922)

Mole Valley Housing Association (L4500)

Roddons Housing Association (L4501)

Date of publication: January 2008

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 within 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 its targets over the past year. However, the short fall was relatively small and was caused by circumstances outside of 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. 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 group

Circle Anglia Ltd (Circle Anglia) is a non-asset holding parent of seven registered housing associations and five unregistered entities.

The group was established on 1 July 2005 by the merger of Circle Thirty Three Housing Group and Anglia Housing Group.

The group is now one of the largest housing associations in the country and owns over 46,000 homes. Its stock ownership covers London, Kent, Lincolnshire, Northamptonshire, Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Surrey, Norfolk and Suffolk.

The majority of the group's stock is general needs housing. It also has a portfolio of supported housing accommodation and provides homes for shared ownership, market rent and private sale properties. The group's registered members are as follows:

- Circle Anglia is based in London and is the non-asset holding parent of the group, providing funding and services to the subsidiaries, and employing the staff in the group.
- Circle Thirty Three Housing Trust (the Trust) is one of the largest associations in the London area, owning more than 14,600 homes in over 20 local authority areas across London, Hertfordshire, Bedfordshire and Cambridgeshire. Much of the stock owned by the Trust is in north and north east London. Following a rationalisation of the Group, the Trust received the transfer of 750 homes from Circle 33 Home Ownership, 750 homes from United Women's Homes Association and 370 homes from HTC (a former residents co-operative) in February 2006.
- Old Ford Housing Association was registered with the Corporation in 1999. It is the successor body to the Tower Hamlets Housing Action Trust and it has carried out the redevelopment of three estates in Bow to provide over 1,000 homes. The stock transfer of the Parkside estate into Old Ford Housing Association was completed in July 2007 and consequently it now owns 3,400 properties.
- South Anglia Housing Association (formerly Stort Valley Housing Association) is based in Bishops Stortford, managing over 5,900 homes in Essex, Hertfordshire and Bedfordshire. It was created to manage half of East Hertfordshire District Council's stock. It received the transfer of 1,200 homes from Blackwater Charitable Housing Association, 700 homes from Vange Community Housing and 400 homes from Ryeland Community and Housing in June 2006.
- Wherry Housing Association is a stock transfer association based in Norwich. It received the transfer of Foyer for Ipswich in November 2006. It owns over 5,400 homes, mainly in Norfolk, Suffolk and Cambridgeshire.

- Russet Homes, which joined the group in October 2007, was formed following a large scale voluntary transfer of local authority housing stock from Tonbridge and Malling Borough Council in 1991. The association owns around 6,600 units and operates mainly in the Tonbridge and Malling area, with approximately 100 properties located outside the local authority boundary.
- Mole Valley Housing Association is a stock transfer association based in Surrey, where it owns over 3,500 homes. The association registered with the Housing Corporation and joined the group in October 2007.
- Roddons Housing Association is a stock transfer from Fenland District Council, owning approximately 3,800 homes. It registered with the Housing Corporation and joined the group in October 2007.

The group has five unregistered subsidiaries:

- EPIC Trust, which was formed as Circle 33 Care Trust in 1997, a specialist care and support provider to vulnerable residents both inside and outside the group.
- Your Lifespace, which was set up in 2004 to build and market private properties to cross-subsidise the Trust's affordable housing.
- Old Ford Homes which is a subsidiary of Old Ford Housing Association, created to carry out all transactions relating to the sale or development of land received from the Tower Hamlets Housing Action Trust.
- Commercial Services Circle Anglia, which manages leasehold services and commercial activity on behalf of most of the registered subsidiaries in the group and Anglia Maintenance Services, which is a direct labour organisation and a subsidiary of Commercial Services Circle Anglia.
- Invicta Telecare Services, which provides care and support and telecare services to mainly older people across a range of tenures throughout England. It also provides a telecare service to over 80,000 people across Southern England.

The areas in which the group operates include both some of the most affluent and some of the most deprived parts of the country. There is high demand across all of Circle Anglia's areas of operation. The black and minority ethnic (BME) populations of the local authority areas served by the group vary widely, from 45% in Tower Hamlets to under 2% in most of Norfolk.

The group is a Corporation investment partner for the 2006/08 National Affordable Housing programme (NAHP) and has pre-qualified as an investment partner for the NAHP 2008/11.

Viable – Regulatory Code part 1

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

Housing Corporation Assessment

The group as a whole continues to be financially strong and aims to grow to at least

60,000 homes by 2010. Turnover for the period ending March 2007 rose by 2.5% which was in line with forecast. At the same time its operating surplus rose by 17% to £28m. The overall surplus for same period rose to £31m. This improvement was predominately due to a rise in the sale of fixed assets. Of the total income generated from sales, 63% related wholly to development sales both out-right ownership and shared ownership.

The group has recently established a borrowing vehicle which has resulted in favourable borrowing terms across most of the group. The new facilities have improved margins and covenants which will assist in managing the financing of the group in future years.

Analysis of the group's most recent business model demonstrates that the group will continue to operate a viable business.

The recent addition of Russet Homes to the group, along with the stock transfer of over 9,000 homes has placed it in a powerful position to secure additional debt if required in order to achieve its growth objectives. New and revised stock condition surveys continue to be carried out as new stock is added and stock profiles change. The group's maintenance expenditure is therefore expected to fluctuate as the group invests to meet the Decent Homes Standard (DHS) by 2010. Thereafter an extension will be required for recently transferred stock and the Corporation is aware of this.

The requirement to deliver more homes at lower grant rates, whilst at the same time improving services to homes in current management will require careful balancing. We are satisfied with the progress made by the group in this respect.

The group continues to deliver a development programme at competitive grant rates and in line with government objectives. The group has assumed a ten year development programme and it anticipates that over 65% of its three year development programme will be funded through new loan financing and initial shared ownership sales.

The group continues with a commercial approach to development to help fund its social housing programme. Surpluses generated from its commercial activities are reinvested into the social housing element of the business.

Overall we are satisfied that the group demonstrates a clear business case for its diverse programmes of investment in the sector. We have been kept informed of the Group's overseas strategy.

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

Following a review of the group's governance structure, Circle Anglia is in the process of implementing changes which will result in an increase in group board members from 12 to 15 members, comprising independent members, nominees from subsidiary boards and the group chief executive. This increase was necessary in the short term to ensure that

the three new subsidiaries are represented on the group board. A new inclusive group governance structure is now being drawn up, with an implementation date of 2008.

There are regular board appraisals to ensure that board members have and continue to develop skills and experience necessary to lead an organisation the size of Circle Anglia.

All registered subsidiaries in the group have independent members on their boards and this will be extended to the three new associations which joined the group in October 2007.

The group's 2007 self-assessment of compliance statement with the Regulatory Code concluded that the group broadly complied with our requirements.

Circle Anglia continues to progress the implementation of its equality and diversity policy and the implementation of its BME strategy. The group has been working with a number of BME associations as part of its strategy. We will continue to monitor progress made as part of our standard regulatory contact with the group.

Circle Anglia has a resident participation strategy in place which is being broadened out to include the three new associations that have recently joined the group. The Old Ford board has recently undergone a resident board member selection process. We have advised Circle Anglia that we would like to see set out clearly in next year's submission how the group has been able to use impact assessments in reviewing its tenant involvement statement.

We will continue to monitor how the group as a whole performs against our Regulatory Code.

The group has appropriate risk management arrangements in place.

Properly Managed – Regulatory Code part 3

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

Housing Corporation Assessment

The executive management team is led by experienced senior officers who between them have a wealth of experience and skills which has been instrumental in shaping the group-wide management culture.

Russet Homes which recently joined the group as a second tier subsidiary was inspected by the Audit Commission in November 2006 and found to be delivering a good, two star service with uncertain prospects for improvement. The report was published in March 2007 and Russet Homes is currently working through the inspection action plan.

As part of Russet's entry into the Circle Anglia group, Invicta Telecare which was an unregistered subsidiary within Russet Homes also joined the group as an unregistered second tier subsidiary. Circle Anglia intends to develop the Invicta Telecare operation so that it becomes the main provider of call centre services across the group.

At the end of March 2007, the general performance of the Circle 33, South Anglia Housing Association and Wherry Housing Association have remained satisfactory. However, performance on routine repairs across the Group remain below the average of the group's peers and remain in the third and fourth quartiles nationally. We will monitor this as part of our standard regulatory engagement.

The group continues to develop its approach to continuous improvement and one of the more recent initiative has been the introduction of Questback, a telephone real time' web based satisfaction system which was rolled out across the group in September 2007. This will be used to gauge customer satisfaction in a number of areas such as ASB, lettings and planned maintenance.

The group has given confirmation that it is on target to meet the Decent Homes Standard in 2010 taking into account financial and management capacity with the exception of recent stock transfers. We will continue to monitor Circle Anglia's progress in this respect.

Development with Housing Corporation funding

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

Housing Corporation Assessment

Circle Anglia is a lead Corporation investment partner.

In 2006/08 the association had an allocation of £86.5 million.

In 2006/07 Circle Anglia had a development programme in two Corporation regions: London and Eastern. It delivered a varied programme, including schemes for both sale and rent.

The association's resource expenditure limit of £35.5 million, in London and the eastern region, was exceeded by £17.4 million. Circle Anglia exceeded its completion targets delivering a total of 961 homes against a target of 628.

The association's allocation for 2007/08 is £45.7 million in two Corporation regions, comprising £39.5 million rental schemes and £6.2 million sales schemes. Additional schemes that can take up regional slippage or substitutions within the group's own programme have been identified throughout the year and it is confident the end of year targets are achievable.

The scheme audit carried out in 2006/07 concluded that good quality schemes were being built with attention given to detail and choice of external materials. Similarly, on procedural aspects a satisfactory performance was achieved on schemes audited.

Circle Anglia has pre-qualified as a bidding partner for the 2008/11 NAHP bidding round. Within the partnership there are seven developing, eleven managing and nine owning partners.

The Corporation will continue to consider the group for funding provided that schemes are value for money, deliverable and meet our investment priorities.

Sources of information and regulatory activity

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

- Audited annual accounts, including the internal controls assurance statement
- 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

In addition to the above, the following specific activities were carried out for Circle Anglia Limited:

- Asset Management review (May 06 - ongoing)
- Regular contact meetings with the chief executive and deputy chief executive
- Quarterly programme meetings
- Work associated with merger and stock transfer
- Annual Viability Review 2007
- Old Ford HA inspection action plan completion December 2006

Additional information about the association can be accessed on the Housing Corporation and other websites and may include:

- Performance indicator information (www.housingpis.co.uk)
- Inspection report (www.housingcorp.gov.uk for Housing Corporation reports or www.audit-commission.gov.uk for Audit Commission reports)
- Extracts from the Public Register (www.housingcorp.gov.uk/server/show/nav.489)
- Rent information and other key facts and figures (www.rsrsurvey.co.uk and www.dataspring.org.uk)