



# **Housing Corporation Assessment**

**Agudas Israel Housing Association (LH3673)**

**Date of publication: February 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 demonstrates a strong commitment to continuous improvement and to effective and efficient service delivery. Given the context in which it works and the available resources it achieves high quality outcomes.**

## **DEVELOPMENT**

Development with Housing Corporation funding

Green

**The association demonstrates a good performance by achieving or exceeding its annual targets, maintaining good progress against targets during the year and delivering quality housing that meets our standards.**

*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 Association**

Agudas Israel Housing Association (Agudas Israel) is a black and minority ethnic (BME) association which was founded in 1981 as a campaign organisation to draw attention to the housing problems of the orthodox Jewish community in north Hackney. The association was registered with the Corporation in 1986.

Agudas Israel is the only association aiming to provide affordable housing for the orthodox Jewish Community. The strict religious requirements of the community govern how and where members of the community live. The association's main geographical focus is Stamford Hill in the London Borough of Hackney, where the association is responding to the housing and special needs of the orthodox Jewish community.

Agudas Israel owns over 450 units in the London boroughs of Hackney, Barnet and Haringey and in Salford in Greater Manchester. Its plans for growth are focussed on these boroughs.

Agudas Israel's activities include the provision of supported housing for people with special needs, accommodation for elderly members of the community, large housing units for extended families, a mother and baby home, temporary accommodation and the development of properties for sale mainly on a shared ownership basis. There is very high demand for the association's dwellings.

**Viable** – Regulatory Code part 1

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

## **Housing Corporation Assessment**

Despite a sizeable operating deficit on its residential care homes operation, Agudas Israel's audited accounts for the year ending 31 March 2005 show that the association is financially viable. It comfortably passes the benchmarks for the Corporation's key financial indicators, and the accounts show improved operating results compared to the previous year. Cash flow generation is particularly strong. Grants and donations have a significant positive impact on the association's overall surplus.

Looking forward, Agudas Israel's five year financial forecast shows a substantial change in the association's financial profile, with forecast net current liabilities. This is as a result of the association's projected growth plans over the next four years. Despite this, the association has adequate current undrawn loan facilities to cover home ownership developments. The association's growth leads to a major increase in its debt and a resulting decline in key financial indicators. However, projections indicate that the association will remain viable and will be able to service the additional debt associated with its growth plans, provided it can generate the forecast sales income from its home ownership development programme.

Agudas Israel's finances are not affected by the Decent Homes Standard as the association already complies. Recent national changes in rent restructuring policy affecting larger properties should have a positive impact on the association's long term financial viability. Agudas complies with rent restructuring criteria.

## **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**

Agudas Israel is governed by a board of 12 members supported by housing services, finance and development, and remuneration sub-committees.

Agudas Israel has implemented changes to its board and governance arrangements bringing it in line with good practice in respect of length of service, equality and diversity and skills appraisal.

As a BME housing association, board members are almost entirely local active members of the orthodox Jewish community with a range of skills appropriate for an association of its size and with its business objectives. There are three tenant board members. Two of the board members are women. Attendance levels have improved to 77%, but need to improve further to demonstrate a satisfactory level of commitment. The association has recognised this and continues to take action to improve attendance.

Discussion and minutes show a proper consideration of business risks. The association's approach to risk is appropriate to its size and complexity. The board reviews its approach periodically to reflect changes for the association.

Our review of the association's self-assessment of compliance with the Regulatory Code in 2005 confirmed broad compliance.

The association is continuing to develop its resident involvement strategy. It has two successful resident associations, one of which represents leaseholders. Its strategy also includes mechanisms for tenants to influence service reviews and improvements and these have been successful.

Agudas Israel continues to work towards meeting our requirements relating to equality and diversity.

**Properly managed** – Regulatory Code part 3

**The association demonstrates a strong commitment to continuous improvement and to effective and efficient service delivery. Given the context in which it works and the available resources it achieves high quality outcomes.**

#### **Housing Corporation Assessment**

The association has a small but effective management team, with the chief executive taking a leading role in most areas of operation.

Services are tailored to the specific needs of the orthodox Jewish community. Its religious and community support services enable the association to provide for a wider range of their community's needs than is common in most other associations.

Agudas Israel was included in the Housing Corporation pathfinder round of inspections in 2002. Our inspectors found that the overall performance of the association compared well with other associations and that it had a strategy for improving services further. The association has now completed its follow up action plan.

The association's performance indicators for 2005 show that it is in the top quartile nationally for most indicators, although repairs performance indicators are in quartiles two and three. The association outsourced the majority of its repairs to a property management provider which has improved service provision. Agudas Israel has a track record of very low voids and good arrears control. Tenant satisfaction is high at 94%.

Agudas Israel is a member of the Solomon group of housing associations which benchmark and work together on best value initiatives.

#### **Development with Housing Corporation funding**

**The association demonstrates a good performance by achieving or exceeding its annual targets, maintaining good progress against targets during the year and delivering quality housing that meets our standards.**

#### **Housing Corporation Assessment**

Agudas Israel had an allocation of just over £3m in the year 2004/05. It is meeting its cash planning targets.

For 2005/06 Agudas Israel has been given one in-year allocation of just over £390 k for an extension to provide four extra units to Fradel Lodge in Hackney, a housing scheme for Jewish elders. This is on top of an existing allocation given in 2004/05 for the building of a new wing to the lodge.

Agudas Israel has bid for funding, under the specialist funding route, for the 2006/08 National Affordable Housing Programme.

The association will continue to be considered for funding provided schemes offer value for money, are in line with our strategic priorities 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 Agudas Israel Housing Association:

- Inspection action plan, follow up and completion, June 2005, January 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](http://www.housingpis.co.uk) )
- Inspection report ([www.housingcorp.gov.uk/resources/inspection.htm](http://www.housingcorp.gov.uk/resources/inspection.htm) for Housing Corporation reports or [www.auditcommission.gov.uk](http://www.auditcommission.gov.uk) for Audit Commission reports)
- Extracts from the Public Register ([www.housingcorp.gov.uk/resources/register/select.htm](http://www.housingcorp.gov.uk/resources/register/select.htm))
- Rent information and other key facts and figures ([www.rsrsurvey.co.uk](http://www.rsrsurvey.co.uk) and [www.dataspring.org.uk](http://www.dataspring.org.uk))