



Housing Corporation Assessment

Chevin Housing Association (L4160)

Harewood Housing Society (LH1557)

Date of publication: February 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 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 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. 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

Chevin Housing Group is the name of a group formed in 2001 by the merger of the Chevin Group and Chantry Housing Association. In November 2004 Hallam Housing Society transferred its engagements to the group. The group now comprises:

- Chevin Housing Association (Chevin), registered charitable parent of the group, which owns all the general needs and supported social rented stock.
- Harewood Housing Society (Harewood), registered non charitable subsidiary, which owns most of the leasehold and low cost home ownership stock. It also provides management services for private sector leaseholders and co-ownership schemes.
- Synergy Housing Solutions Limited, an unregistered subsidiary. It is the sole procurement vehicle, for new homes, of the Synergy development partnership. Chevin is the lead partner.

The group owns some 6,900 homes which are dispersed across 17 local authority areas in Yorkshire as well as Chesterfield and Bassetlaw in the north midlands. Some 5,000 homes are for general needs renting and a further 1,000 homes are supported housing. The leasehold and shared ownership portfolio consists of a further 900 homes; and leasehold management services are provided to 700 private sector properties in Yorkshire and the north west.

Demand for the group's stock is generally good, particularly in the more rural north and east of Yorkshire. However, the group also operates in some areas where demand declined largely as a consequence of the demise of the traditional coal mining and textile industries. The group's portfolio ranges from new build flats and houses to refurbished homes and pre-1919 terraced stock of variable quality and desirability. Demolition and regeneration has removed the most difficult stock. The group has developed significant expertise in regeneration and this is reflected in its strategic approach to asset management.

The group operates in areas that have distinctly different ethnic compositions. The black and minority ethnic (BME) population of the Yorkshire and the Humber region as a whole was 8.3% at the last census, but at individual authority level this ranged from 3.3% in Wakefield, where the group has its main office and owns over 1,000 homes, to 10.8% in Sheffield where it owns approximately 500 homes. Some areas are likely to have seen significant change in the intervening period due to inward migration, particularly from the European Union states.

The group's main objective is 'building a better future for people and communities'. This is supported by a series of core aims including customer involvement, sustainable communities, efficiency and financial strength, equality and diversity, and good governance.

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 overall financial position of Chevin Housing Group remains strong and financial

planning is based, in our view, on prudent assumptions. There has been some deterioration in financial performance in 2007, using measures such as operating margin and EBITDA interest cover, (which the Housing Corporation uses to assess an association's ability to meet interest payments), as the group delivers its improvement programme whilst at the same time striving to maximise the use of assets to support its development programme.

The group recorded a deficit in 2006/07 against a budgeted surplus. This was largely attributable to the costs of refinancing existing loans as part of a new £30m loan facility. The new facility provides funding for the development programme, for works to existing stock, and has allowed the group to reduce the cost of its existing debt.

The group forecasts growth in turnover of around 5% per year to 2020, thereafter reducing to 3.5%. The development programme is predicted to add between 100 and 150 units per year, with net debt growing throughout the period. The group has significant unutilised security to support further borrowing. The group, through Synergy Housing Solutions, built some 370 new properties for Chevin and the other seven association partners in the development partnership in 2006/07, primarily in the Yorkshire and the Humber region.

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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Chevin operates with a board of 13 members and Harewood operates with eight. We believe the boards comprise of members with the range of skills and experience appropriate for the size and activities of the group. The main board also has an operations committee and an audit committee. Both associations have elected a new chair in the past year.

We believe the boards demonstrate a good understanding of the business of the group. The group's self assessment of compliance with the Regulatory Code for 2007 was comprehensive and provided a high degree of assurance that the group complies with the Code.

The board is undertaking an internal review of its governance, with the assistance of an external 'critical friend', covering the role of the operations committee as well as mechanisms for achieving greater resident involvement in governance. We regard this as an example of a positive approach to continuous improvement.

Resident involvement has been a strength of the group. The group's published annual review of resident involvement demonstrates the impressive range of opportunities open to tenants. In 2006 seven tenant conferences attracted over 400 tenants. Last year, so as to vary the approach and attract different people, community events were held. The group reviews the impact of this engagement.

The group complies with our Good Practice Note 8 in respect of equality and diversity. Our monitoring indicates that diversity performance in relation to board composition and lettings is satisfactory. BME staff form over 6% of the workforce, an increase on the previous year, and this compares well with the BME population of Wakefield (3.3%), where the group has its headquarters.

The group's current risk strategy is based on a financial model which involves managing risks through a contingency fund linked to the budgeting and business planning process of the group. We consider this approach to risk management to be compliant with the Regulatory Code.

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 a strong management team which has effective working relationships with the board and with the Housing Corporation.

The group works constructively in partnership with a number of local authorities. It is a preferred partner in Leeds, working with other organisations to improve the north west area of the city. It is also using New Tools funding from the Housing Corporation to acquire and demolish obsolete private sector stock in south east Wakefield as part of a wider regeneration strategy. It is partnering with Barnsley in a number of regeneration schemes and it is a partner with Gateway, the Hull housing market renewal pathfinder.

Chevin has re-negotiated nomination agreements with all its major local authority partners with the intention of establishing a standard against which to monitor performance. Chevin is actively discussing choice based lettings schemes with several partners. It is already involved in developing the Wakefield scheme, is committed to joining the Leeds scheme and is in discussions with Sheffield.

Chevin takes its leadership role within communities very seriously and offers a range of opportunities to its tenants to improve employment skills and life chances. It offers bursaries for employment training which have, for example, seen individuals successfully qualify in vocational and prospect enhancing skills. It continues to sponsor individuals through driving schools. It is also involved in a project which allows individuals to acquire building skills and gain relevant qualifications while working in their local community.

The March 2007 performance indicators reveal that Chevin generally performs as well as, or better than, the average performance for its northern peer group. The exception to this is the re-let time for all managed stock where performance, at 37 days, is below the northern peer group average of 31 days. When compared with the national average, Chevin's performance falls into the second and third quartiles which tends to reflect the context within which it works.

We believe the group has a sensible approach to continuous improvement, undertaking reviews on a rolling basis. The group uses a lean systems approach where appropriate. The repairs and maintenance service has been re-engineered using this methodology, and it is now being applied to housing services commencing with allocations.

The group, as lead partner of the Synergy development partnership, is actively investigating efficiency in procurement.

The group was inspected by the Audit Commission in October 2006 and the inspection report was published in January 2007. The inspection assessed the group as providing a 'good' two-star service that had promising prospects for improvement.

The inspectors found that the group was a customer focused organisation that operated its business for the benefit of the customer rather than the convenience of its staff. There was a positive track record of change resulting in improved services for customers. The group's staff were professional, motivated, understood and demonstrated the organisation's culture and had the capacity and capability to improve delivery of services. The report highlighted three areas of positive practice: the menu of opportunities for involvement; translated information on leaflets and literature; and the sustainability matrix that supported the asset management strategy.

The inspectors identified a small number of areas where the group could make improvements, such as the aids and adaptations service; the improvement planning process; complaints; and value for money. The group has completed about two thirds of an action plan to address the recommendations made in the inspection report and we expect that this work will be concluded shortly. Work on value for money is linking in to reviews the group in carrying out based on the lean systems methodology. We will continue to monitor the action plan through our continuing engagement.

Development with Housing Corporation funding

The group 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

Chevin is the lead association for the Synergy partnership which comprises eight associations with Chevin undertaking all development for all partners through its wholly owned subsidiary, Synergy Housing Solutions. The partnership received an allocation of £38.2m to produce 886 homes in Yorkshire and the Humber, and £700k to produce 20 homes in the north west, for the two year period 2006/08.

The partnership achieved £19.1m cash spend, 108% of target, and completed 367 homes, 111% of target, in year one of the programme. On performance to date, the partnership should achieve its targets for the second year of the programme.

The most recent schemework compliance audit carried out for Chevin, in March and April 2007, was satisfactory. It highlighted that the group provides good quality housing with one scheme in the partnership being an example of very good design.

The partnership will be considered for future allocations subject to capacity, and a programme of schemes that meet regional priorities and offer good value for money.

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 Chevin Housing Group:

- Annual viability review – December 2007
- Meeting with the chief executive and deputy - November 2007
- Inspection action plan follow up - January 2007 onwards

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)