



Housing Corporation Assessment

Cheshire Peaks and Plains Housing Trust L4472

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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, however exposures exist which make it vulnerable to deterioration.

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

N/A

The association has not received 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

Cheshire Peaks and Plains Housing Trust (CPP) was formed to receive a whole stock transfer from Macclesfield Borough Council which took place in July 2006. The principal driver for the stock transfer was to enable funding of stock investment and compliance with the Decent Homes Standard (DHS). The association owns and manages approximately 5,000 homes throughout the borough. Two thirds of CPP's stock is for general needs, the remainder are homes for older people. There are 11 sheltered housing schemes with 380 properties. Two thirds of the stock is comprised of houses and bungalows and there are two blocks of high rise flats. 5% of the stock is of non-traditional construction.

CPP is a registered charity and company limited by guarantee. A significant direct labour organisation (Repairs Service). was included in the transfer . This is managed as an internal division The association is a member of the BLOC Partnership, a Housing Corporation development partner organisation led by Great Places Housing Group.

The initial post-transfer business plan identifies its strategic objectives as being to:

- put customers at the heart of all it does
- perform highly
- develop vibrant communities
- value and develop staff

The association's area of operation is located in north east Cheshire, south of Manchester, and is predominantly rural including 40 villages. However, the majority of the population lives in four towns, where over 90% of CPP's stock is located. There is a high demand for affordable housing. The borough's average score is ranked as 276th (out of 354) in the English Indices of Deprivation (2004). It is one of the most prosperous parts of the UK with low unemployment, though three small areas fall within the top 10% most employment deprived areas in England.

2001 census data showed that 4.5% of the population was of black and minority ethnic (BME) origin, which includes 2.6% of white minority ethnic origin. The average census BME population in the North West was 7.8%. Disability is perceived by the association as a key equality and diversity issue, and significant increases are forecast in the over 65 and over 80 age groups by 2021. There is also emerging demand for housing from EU accession country migrants.

Viable – Regulatory Code part 1

The association meets the expectations set out in the Regulatory Code in terms of financial viability, however exposures exist which make it vulnerable to deterioration.

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CPP is now in the second year of a five year stock improvement programme. As a new stock transfer association it faces a number of risks and exposures in its delivery of the

improvement programme. The association is carrying out a comprehensive review of the original business plan to ensure that its financial plans are robust and realistic in the light of more recent information. A full stock condition survey has recently been completed and the results do not show a major cost variation from the pre-transfer sample survey. The association is also undertaking option appraisals for older persons housing stock, tower blocks and non-traditional medium rise flats. The 2008/09 revision of the business plan will be informed by the outcome of these reviews, which will also underpin the association's asset management strategy. Further work to analyse neighbourhood sustainability is to be completed in 2008/09. The stock condition survey showed that 53% of the stock fails to meet the DHS. CPP expects to achieve full compliance with the DHS by the end of 2010 and this is provided for within its business plan.

A significant increase in management, routine and planned maintenance costs is expected in 2007/08 when compared to the previous year (even after adjusting for the shorter operating period in the initial year). The association has entered into a 15-year lease on a new office development and forecast expenditure has increased to incorporate one-off set up costs relating to this and to the development of new Information Technology (IT) systems. Beyond this, costs are expected to decline in real and absolute terms throughout the forecast, which may be a challenging assumption in the light of inflationary pressures.

CPP aims to achieve lower operating costs through efficiency savings and staff restructuring, specifically in respect of the in-house repairs service. Prior to transfer the service made annual losses; the plan assumed losses for the first two years of operation but progress in reducing these has been good so far and it is now close to a break-even position. The five year financial forecast shows declining surpluses from the disposal of assets as the number of Right to Buy sales falls away. This is beneficial in respect of the long-term sustainability of the association but creates a higher cash requirement in the short term.

Development activity largely remains outside of the plan. There are no development costs included in the forecast although a bid has been submitted to the Housing Corporation for the redevelopment of some land currently occupied by offices. A modest provision for future land banking is included.

The current business plan shows a reduced peak debt compared with the original plan, creating significant headroom within the loan facility. The plan also excludes income expected from VAT recovery which provides additional comfort. Short-term borrowings are expected to rise sharply as the improvement programme gets underway and this borrowing may be sensitive to future interest rate rises.

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 fifteen is composed of five tenants, five local authority nominees and five independents including the chair. A range of skills and experience is evident, including

business and financial management, human resources and organisational development, community involvement, social housing management, property law and local government. The board is supported in its work by an audit committee. It has not created a more extensive committee structure and it is considered that this has helped to build the board's cohesiveness.

The board maintains a strategic focus and is committed to further strengthening its effectiveness. It demonstrated its cohesiveness and independence in dealing firmly with a high profile local issue which generated significant external pressure to alter a policy decision. It achieved a satisfactory outcome ensuring that the association's objectives and interests were not compromised. It has established an annual appraisal process. The first, externally facilitated collective and individual appraisal exercise has been completed and a programme to address the issues arising is being developed.

A risk management strategy and strategic risk map have been in place from the outset. The business plan identifies risks to the achievement of strategic objectives. The association has sought to develop and strengthen its approach since transfer; the board and senior management team have received training from the association's internal auditor. Operational risk maps have been developed and a cross-cutting risk management review group is to be established to provide additional assurance to the board about management of risk and to help embed this within the association's culture. A new business risk assessment procedure has been developed. The association has established satisfactory internal audit arrangements, provided externally, and a wide range of areas have been audited since transfer, including key financial systems. Implementation of recommendations is monitored by the audit committee. The internal auditors' own review of implementation of their recommendations demonstrates a satisfactory rate of implementation in line with target dates.

As a new association, CPP is working to achieve full compliance with the Regulatory Code. The board and senior staff provide clear leadership and there is a service improvement group dedicated to equality and diversity issues. The association commissioned an external equality and diversity review following which the board agreed a revised three year implementation plan in December 2007. The review concluded that there is some difficulty with embedding responsiveness to equality and diversity issues within the association and a revised approach to training is to be adopted to ensure a more practical focus relating to staff roles. The implementation plan is to be further reviewed following the publication of the Corporation's Good Practice Note 8. The association is developing disability and gender equality action plans to comply with the Corporation's requirements. Some equality and diversity targets have been set and are monitored by the board, though further work is to be undertaken and will be facilitated by the implementation of a new IT system. This will be followed up by normal regulatory activity.

CPP has a dedicated community initiatives team to support resident involvement and community development, but all members of staff are seen as the primary focus for involvement at a local level and the association sees involvement as a key means of enhancing its efficiency and effectiveness. The board agreed a resident involvement statement in January 2007 in compliance with the Corporation's policy. This had been developed jointly with tenant representatives and sets out a range of opportunities for different levels of involvement. An impact assessment was reported to the board in July 2007 covering the effectiveness of formal involvement structures and a range of informal

engagement activities including focus groups, open days, surveys and estate walkabouts. The board approved a revised resident involvement policy in September 2007 and the implementation plan is being reviewed. A significant issue arising from the equality and diversity review was the need to improve the representativeness of the existing consultative panel. A key objective of the association's policy is to develop more flexible and wider consultative approaches, such as neighbourhood based consultative forums. A register of residents willing to be consulted on particular issues has been established. A complaints panel with tenant membership has been established to monitor the effectiveness of the complaints procedure. Tenant mystery shoppers are being trained.

The association carried out a baseline STATUS tenant satisfaction survey in 2006 four months after transfer. This showed that 53% of respondents were satisfied with overall opportunities for participation in management and decision-making, compared with a national average of 63% for comparable stock transfer associations in 2006/07. It is reasonable to expect that the association's performance in this regard will improve as a result of the initiatives it is taking.

The association has consistently demonstrated an open and co-operative approach in its relationship with the Corporation and is fully responsive to regulatory requirements and guidance. It will be required to submit its first Regulatory Code compliance self assessment later this year.

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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There is an open and constructive working relationship between the board and the executive. The need for significant cultural change following the transfer was recognised at an early stage and is fully supported by the board. A one year corporate plan is in place for 2007/08 and formed the basis for service plans linked to strategic objectives. A five year medium term plan is under development. A satisfactory framework is in place for performance reporting to the board, though the inherited IT system makes it difficult to analyse performance in the depth required at operational levels. A new integrated housing management and repairs IT solution is being implemented which is expected to address this.

The translation of the board's vision and values into practice through effective implementation of performance management arrangements is a key challenge which is being addressed by the executive. Some restructuring has been necessary to facilitate achievement of core priorities. The association has had to cope with additional pressures arising from difficulties in making satisfactory appointments to certain senior posts. A leadership development programme is in place and tailored management development programmes are in preparation. The move to a new single office for all staff at the beginning of 2008 is also recognised as a real opportunity to change working practices.

CPP has prioritised areas of significant under-performance for review. It has defined a clear framework for continuous improvement focused on outcomes, and with the aim of

embedding an ethos of continuous improvement within its operations and working practices. An initial Delivering Excellence change programme was agreed in November 2006. Service improvement groups were established covering key strategic functions including value for money, equality and diversity, resident involvement, access to housing services and customer care, and asset management with resultant action plans. There has been board member and resident involvement in the work of these groups. A mock inspection has been commissioned to check the reality of change to date. The baseline STATUS survey resulted in the formulation of an action plan to address the issues which arose. The association has reported good progress in its submission to the Corporation on the implementation of pre-transfer promises to tenants.

Following on from a pre-transfer health check of the Repairs Service, the association has carried out a wide ranging review of the service and fundamental structural and productivity issues have been addressed. Operational changes have been introduced to improve customer service and value for money. Response times have significantly improved during 2007/08. A review of the community support service provided to older people was carried out to address concerns about cost. As a result a more flexible tiered service responsive to individual needs has been agreed. A review of voids management was carried out using an external consultant shortly after transfer. The implementation of recommendations was closely monitored resulting in improved performance in reletting of general needs accommodation. An options appraisal for older persons' accommodation is being carried out as there are significant difficulties in letting some of this stock.

The stock investment programme comprises three main elements: door replacement, internal works and external works. The main internal works programme has been procured, employing two contractors on a partnering basis. It became apparent that there was a skills gap in relation to the management of such a large scale partnered programme, leading the association to carry out a full review of the structure of its stock investment team. The external works programme is being separately procured and is to start in spring 2008. Despite some delays the association is confident of achieving its 2007/08 stock investment programme targets for doors and internal works, though it is recognised that close monitoring and management is required to secure consistent performance.

CPP has given considerable attention to the development and implementation of a wide-ranging anti-social behaviour strategy. This includes a witness charter explaining the help and support available from the association, and an innovative witness forum is being established so that former witnesses can provide support to current witnesses.

CPP has clearly established its independence from the local authority whilst co-operating in the development of key strategies. Regular liaison arrangements are in place and the association is keen to be involved in strategy discussions. Macclesfield Borough Council has been selected by the government as a regional homelessness champion. The association delivers the homelessness/housing advice service and manages the housing register under a service level agreement with the local authority and participates in district and county multi-agency forums. In its capacity as agent for the local authority, it has developed a homelessness prevention plan in line with government and Housing Corporation guidance. It plays an active role in the local strategic partnership and is leading on financial inclusion strategy.

Development with Housing Corporation funding

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

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 CPP:

- Executive team contact – October and December 2006, April and October 2007
- Attendance at a board meeting – November 2006
- Annual Viability Review - December 2007

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)