



Housing Corporation Assessment

Cotman Housing Association
L0284

Date of publication: July 2007

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

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. 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

Cotman Housing Association (Cotman) is an Industrial and Provident Act society with charitable rules, founded in 1970 and registered with the Housing Corporation in 1975.

Based in Norwich, the association owns and manages approximately 1,300 properties within eight local authority areas. Its stock consists of rented general needs and sheltered homes, shared ownership, and leasehold schemes for the elderly.

The association operates in areas where there is a small black and ethnic minority (BME) population, ranging from 0.8% to 3.2%. Demand for properties is generally strong across all areas.

The association's mission statement is to maximise the housing options available to people in housing need; to provide its residents with the highest standard of appropriate high quality, well designed and maintained affordable homes; and to ensure that its tenants are given such specialised housing care and support as is required.

It approved its current 2007/2011 business plan in February 2007. The plan sets out its key objectives to :

- provide homes for those in housing need in Norfolk and Suffolk;
- offer those in housing need a mix of housing tenures;
- provide high quality and well designed homes;
- maintain the association's homes to a high standard;
- ensure the association's homes are affordable to those in housing need;
- facilitate care and support for the association's residents; and
- enable residents to have their say in the way their homes are managed.

Cotman meets its development aspirations through various joint development working. Together with Colne and Suffolk Housing it established Icen Homes a joint venture company in 2004, and has entered into a development partnering agreement known as Key Communities with Bedfordshire Pilgrims Housing Association, which is a Housing Corporation development partner.

Viable – Regulatory Code part 1

Cotman Housing Association meets the expectations set out in the Regulatory Code in terms of financial viability.

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The board of Cotman has reviewed its strategic financial options for the future and envisages that the most effective way forward, whilst maintaining its independence, is to work in formal partnerships with other associations.

The association continues to plan for a period of development growth. During this period the association will experience pressure on its profitability and other operating margins. However the forecast is that the association is able to manage the

consequences at the levels assumed and maintain its viability.

Cotman plans for its turnover to increase steadily, in real terms, over the next five years. Operating margins generally remain healthy throughout the forecast. The association's assumed loan funding of its development programme is finely balanced with the need to support additional interest payments. The association will need to carefully manage the programme if it is to achieve the planned increase in its housing portfolio without impacting detrimentally on its viability.

Cotman has agreed a revised interest cover covenant with its lender. This covenant will come under pressure as additional loans are taken on to fund the development and maintenance programmes. Development is now supported by an assumed higher average grant rate than in the past. In order to maintain interest cover compliance the association will need to carefully monitor performance and take appropriate early action on its housing management operations.

Cotman's rents are on average already restructured within the government's rent guidelines. The association has enjoyed a small financial benefit implementing rent restructuring. We anticipate the association outperforming its business plan in regards to rental income.

The majority of the association's housing stock was built after 1974. As at 31 March 2007, 98% of properties met the Decent Homes Standard. Its programme of planned maintenance is designed to achieve full compliance by 2010.

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 Cotman comprises 11 members with a range of skills and experience appropriate to its size and business activities. It also meets our requirement for tenant representation at board level. The board is supported by an audit committee and special interest groups consisting of board members and staff to work on specific initiatives. Meetings are well attended.

The association has adopted sector good practice for governance. The board conducts an annual review of performance, skills and effectiveness. Formal board self appraisal, individual reviews and individual development targets are also in place. The board will review the effectiveness of this process at a board away day in November 2007. Members are offered a comprehensive package of training. Recent events include housing law; equality and diversity; preparing for inspection; and supporting families through education and fleeing domestic violence. Cotman introduced board remuneration in July 2007.

Cotman has an equality and diversity strategy and policy which is reviewed on an annual basis and incorporates targets in key areas. Equality and diversity was subject to a best value review during 2007 and the association is in the process of implementing the

recommendations of this. The board received equality and diversity training during 2006/07, and this is now being rolled out to all staff.

Cotman has confirmed compliance with our involvement policy for the housing association sector. It undertook a best value review of tenant involvement during 2006/07. This will be subject to further review at its neighbourhoods and communities strategy special interest group away day in September 2007.

Cotman demonstrates a commitment to tenant involvement and provides a range of opportunities. Involvement in its management is encouraged via resident associations, a residents forum and a residents forum panel. Residents associations are provided with an initial set up grant and the use of facilities. Cotman established a residents forum in 2005, the group consists of around 60 members. At the heart of the forum is the forum panel which has a current membership of eight, of which the elected chair and vice chair serve on the board. A member of the forum also sits on a development interest group enabling residents to contribute to the development of new homes.

The association provided a satisfactory statement of compliance with the Regulatory Code in July 2007. It confirmed compliance, provided evidence of year on year improvement, and identified areas for ongoing development.

Cotman has satisfactory risk management arrangements in place, and risk matrices which cover the eight areas which it consider are its key risks. The board reviewed its approach to risk management in February 2007 and considered its current approach to be effective and appropriate.

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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Cotman has an experienced and established executive management team who works openly and co-operatively with the Housing Corporation.

Cotman has established effective partnership arrangements and strives for continuous improvement. Together with several other associations it formed 'New Alliance' in 1995. This partnership has worked on various projects including staff and board member training, the introduction of new technology, joint purchasing and best value reviews. This has provided benefits to Cotman in terms of achieving cost savings, building relationships between officers, and developing good practice. Resident involvement and equality and diversity were subject to review in 2006/07. From 2007 reviews will be undertaken based upon the Audit Commission's key lines of enquiry.

Performance indicators for the year ended March 2006 demonstrates that performance has continued to improve in a number of areas notably in respect of the average energy efficiency, re-let times and dwellings vacant and available to let. Repairs performance is again within the upper quartiles. In contrast, rent arrears and rent collection are below the national average. Cotman has set targets for improvement in these areas by

December 2007.

The last tenant satisfaction survey was conducted in 2004. The results confirmed that 81% of tenants were satisfied with the overall services provided and 56% were satisfied with the opportunities for participation and decision making. A further survey is due to be undertaken in September 2007.

An inspection of Cotman in June 2002 concluded that the association was providing a satisfactory service to its tenants. Its lettings service was rated as good, as was its tenant participation structure.

The association has confirmed full compliance with the Corporation's requirements in relation to anti-social behaviour and tenancy management: eligibility and evictions.

Cotman contributes towards neighbourhood renewal, regeneration and local authorities enabling role in conjunction with its local authority partners and other agencies. Examples include involvement in the regeneration of a strategic area of Norwich, the development of a domestic violence scheme and two learning difficulties scheme in partnership with Norwich City and Breckland councils.

Cotman operates a choice based lettings scheme in Kings Lynn and Great Yarmouth areas and is continuing to work with its local authority partners to introduce a choice based lettings scheme throughout its area of operation.

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.

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Through its traditional programme in 2006/07 Cotman achieved 100% of its targets; delivering 15 new homes at a spend of £900k. A further projected spend in 2007/08 of £200k is expected, providing 12 new schemes.

For the 2006/08 partnering programme as part of the Key Communities Partnership, Cotman received a total allocation of £2.2m to provide 46 new homes. In 2006/07 it met its expenditure target of £600k. In 2007/08 the association is projecting a spend of £1.1m to complete on 28 new homes.

The standard of the association's communication and forecasting is now effective and timely showing considerable improvement since joining the Key Communities Partnership.

The association will continue to be considered for allocations provided that schemes meet regional priorities, are suitable, offer value for money and are deliverable.

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;
- 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; and
- Annual efficiency statement.

In addition to the above, the following specific activities were carried out for Cotman:

- Executive management team contact (ongoing); and
- Annual Viability Review (March 2007).

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.housingcorp.gov.uk/resources/inspection.htm for Housing Corporation reports or www.auditcommission.gov.uk for Audit Commission reports);
- Extracts from the Public Register (www.housingcorp.gov.uk/resources/register/select.htm); and
- Rent information and other key facts and figures (www.rsrsurvey.co.uk and www.dataspring.org.uk).