

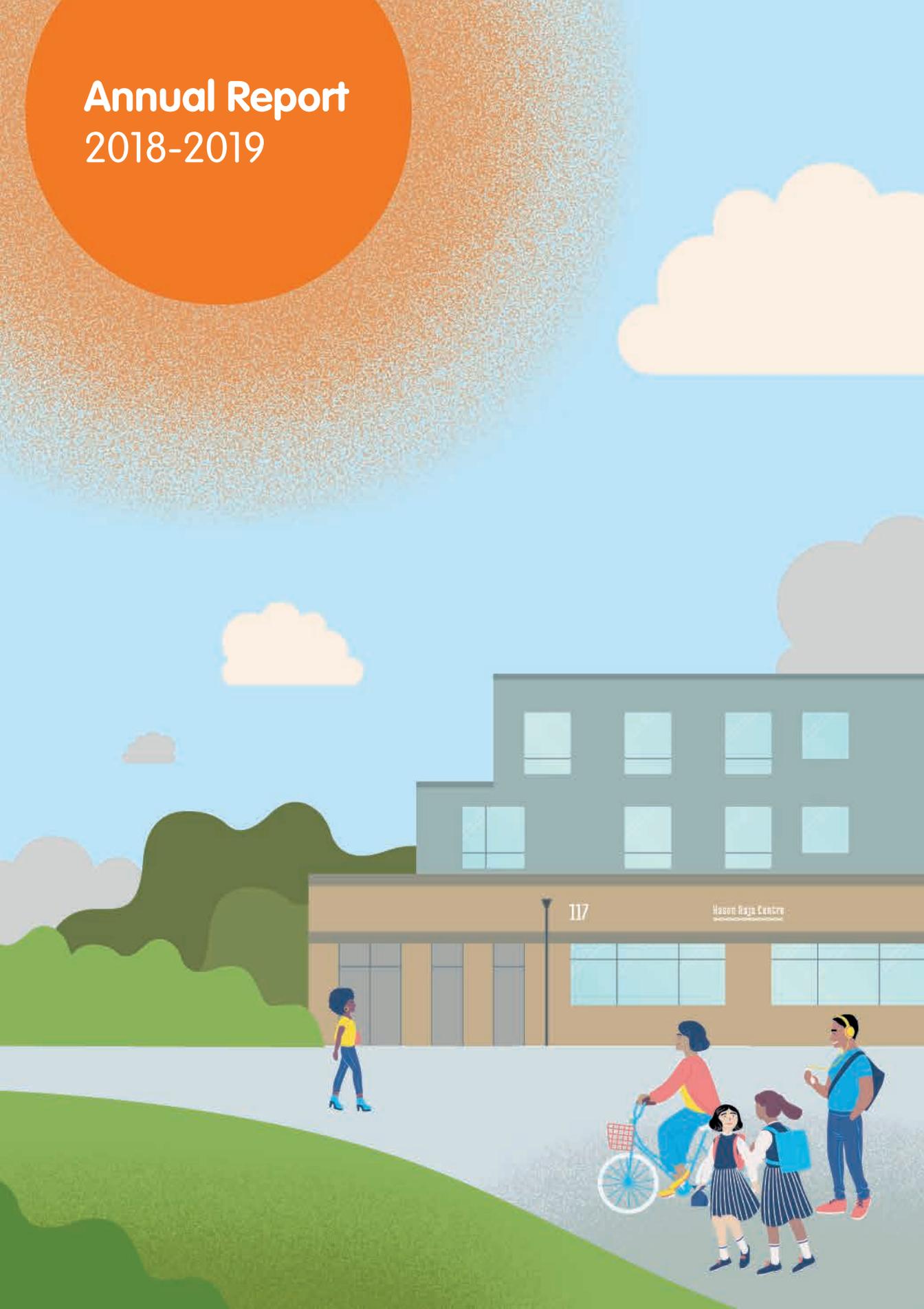


Spitalfields
Housing Association
স্পিটালফিল্ডস হাউজিং এসোসিয়েশন লিমিটেড

Annual Report 2018-2019



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Corporate Statement

This year we are currently celebrating our '40 years of community housing'.

This year we are celebrating our '40 years of community housing'. Spitalfields Housing Association (HA) is the largest Bangladeshi-led housing association in the UK. The Association was founded in 1979 by members of the Bangladeshi community in response to poor housing conditions in the Spitalfields area. It was originally set up as a co-operative, and concentrated on developing large family sized accommodation for Bangladeshi families. The Association was registered with the Housing Corporation in 1979 and it began an ambitious development programme, where we refurbished and invested in what had been underdeveloped homes and into community facilities. We are now a general needs housing provider, providing good quality housing, and community services to those with the greatest needs in Tower Hamlets. Spitalfields HA has grown to become one of the top five largest BME housing associations in London and we have achieved this through diligent management and inspirational leadership. This is at a time where growth in the sector has largely been achieved through mergers and acquisitions. Spitalfields HA has been able to maintain its unique identity and exceptional service delivery to its residents and those in the surrounding communities.

Spitalfields HA's mission is to 'create places where people want to live'. In 2018/19, we have focussed on investing in our community and providing a wide range of non-housing services through selected partners in our purpose built Hason Raja Community Centre on Vallance Road. The centre is equipped to provide a comprehensive range of activities that our residents have requested and we endeavour to continue to offer youth activities, health and wellbeing, and employment and training services for the wider community. Our commitment to creating places where people want to live has inspired our approach to rent collection where we have achieved zero evictions across a range of tenures, despite the continual exceptional challenges faced with the welfare reform system from the full rollout of Universal Credit in Tower Hamlets.





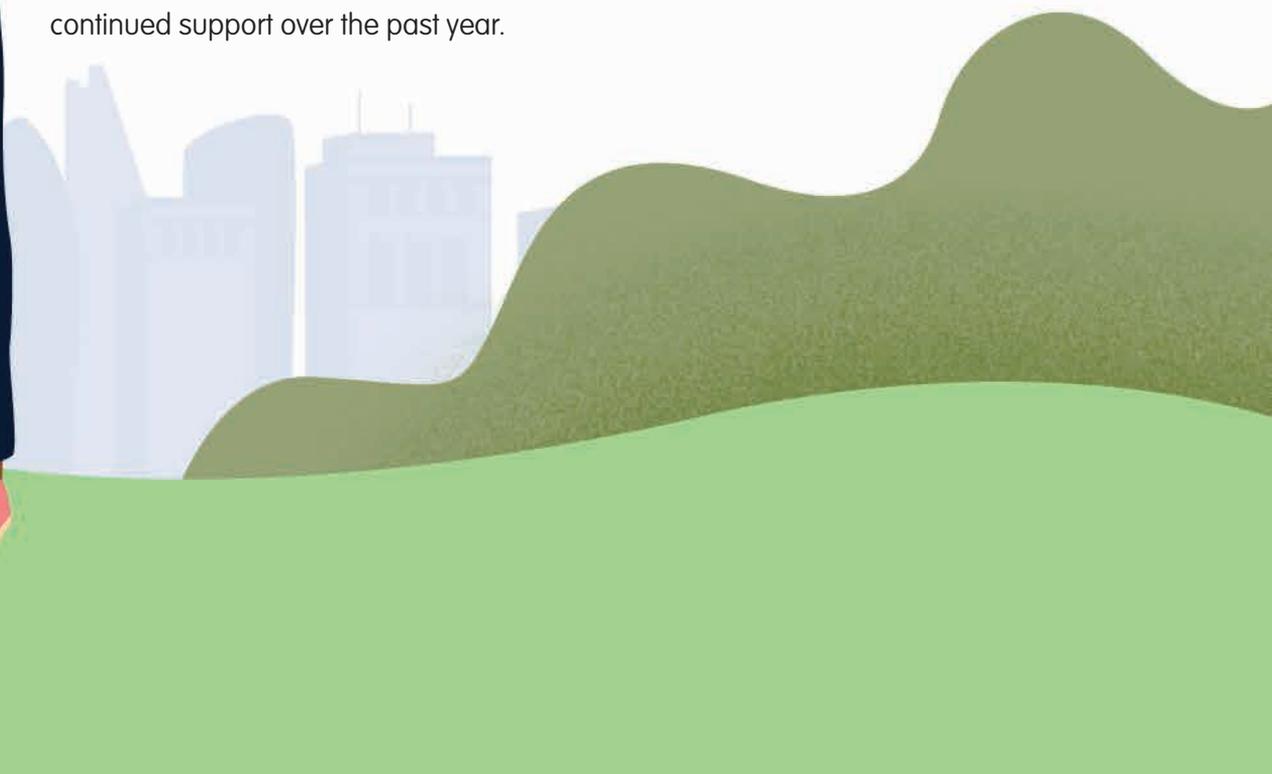


Corporate Statement (continued)

The financial performance of the Association remains strong. Spitalfields HA generated an overall surplus of £2,306k (2018: £1,635k). This was delivered in spite of the reduction of income from social housing lettings, which in turn required diligent management of expenditure. The Association was able to reduce costs through the refinancing of medium to long term credit facilities and through excellent treasury management. There was also an increase in property sales which is driven by residents and legislation, with the proceeds reinvested into improving the Association's operations.

Our long-term asset management strategy includes health and safety, cyclical and planned programmes to ensure that our investment is well appraised, used where needed, and our stock is maintained at a high standard. We will continue to invest in a rolling programme of renewal and repair to our properties.

We would like to express our gratitude to all the members of the Scrutiny Panel, Residents' Associations and Estate Inspectors who continue to work to challenge the Association's work on a range of matters which are of importance to our residents. We would also like to thank our residents, Board members, staff members, partner organisations, and contractors for their valued contribution and continued support over the past year.



Value for Money

Value for money is embedded in our corporate plan and our business planning framework. Our three on-going key strategic priorities are to improve our core services, increase our residents' satisfaction and to develop more homes for our local communities. This is underpinned by our strong financial performance.

Value for money has been delivered through:

- Adhering to our asset management strategy which seeks to improve the performance of our assets;
- Providing good quality, efficient and effective services to residents
- Using balance sheet strength to finance our loan portfolio.

We have maintained strong cost control and we anticipate that our costs and quality of service will continue to improve with our renewed focus on our online services and overall re-design of services. Whilst we successfully redesigned our frontline customer service delivery concept to achieve value for money, we are now seeking to explore new methods of interaction and improve delivery of services that meet the needs of our residents.

The year to 31 March 2019 has also been another financially strong year for Spitalfields HA. We ended the year with an operating surplus of £3.2 million (40.9% operating margin) and a net surplus after interest and asset sales of £2.3 million (29.5% net margin). Our value for money focus can be seen by the strong performance in our operating surplus and the improvement in the services we have delivered to our residents.

These surpluses are a result of diligent financial and treasury management, with a focus on cost control and a proactive approach to risk management. We are focused on providing value for money as we are a social purpose business and we use our surplus to invest in our existing stock and develop more homes for social benefit.



Residents' Engagement Report

Our residents' engagement programme has produced another successful year with the local community. Our continuous effort has ensured that residents have had the opportunities to get involved in improving our service delivery and improve the quality of their life.

We have been working in partnership with not-for-profit, and community based organisations, to pool our resources and expertise in order to deliver activities to priority groups on a regular basis. The activities this year included youth club sessions, half-term sports schemes for young people, disability group activities for young people, women's fitness sessions, healthy eating and cooking clubs, lunch clubs for older people, breakfast club for mums, and Functional Skills (Maths and English) sessions for women. These activities have helped to improve the participants' physical and mental health and wellbeing, reduce social isolation, and improve confidence and communication skills.

“Our community events included three estate fun days, two summer trips, fruit festival, Baishakhi event and we celebrated International Women's Day.”

With all our residents' involvement and community events we have estimated that we have engaged more than eight hundred local residents over the year and we are looking forward to exceeding this in the next year.

We would like to thank our residents for their contribution in the Residents Scrutiny Panel, Estate Inspection Scheme and service surveys which contribute significantly to our continued effort in improving our services.





Housing Services

Core Performance

Spitalfields HA has performed extremely well in the Borough as part of the Common Housing Register group and amongst other BME housing associations in delivering our core services. This year we have built on our strengths in Housing Management and maintained high levels of performance in rent and service charge collection, void management and achieved high levels of satisfaction with the services that we have provided. This is evidenced by our performance indicators which demonstrate that we have met, maintained or exceeded our targets. We are committed to ensuring that we continue to offer good quality and cost effective core services to our residents.

Rent and service charge recovery

Arrears continue to show a downward trend due to the focus on credit control from the Housing Management team. Some of the successful techniques that we have employed to streamline the process include:

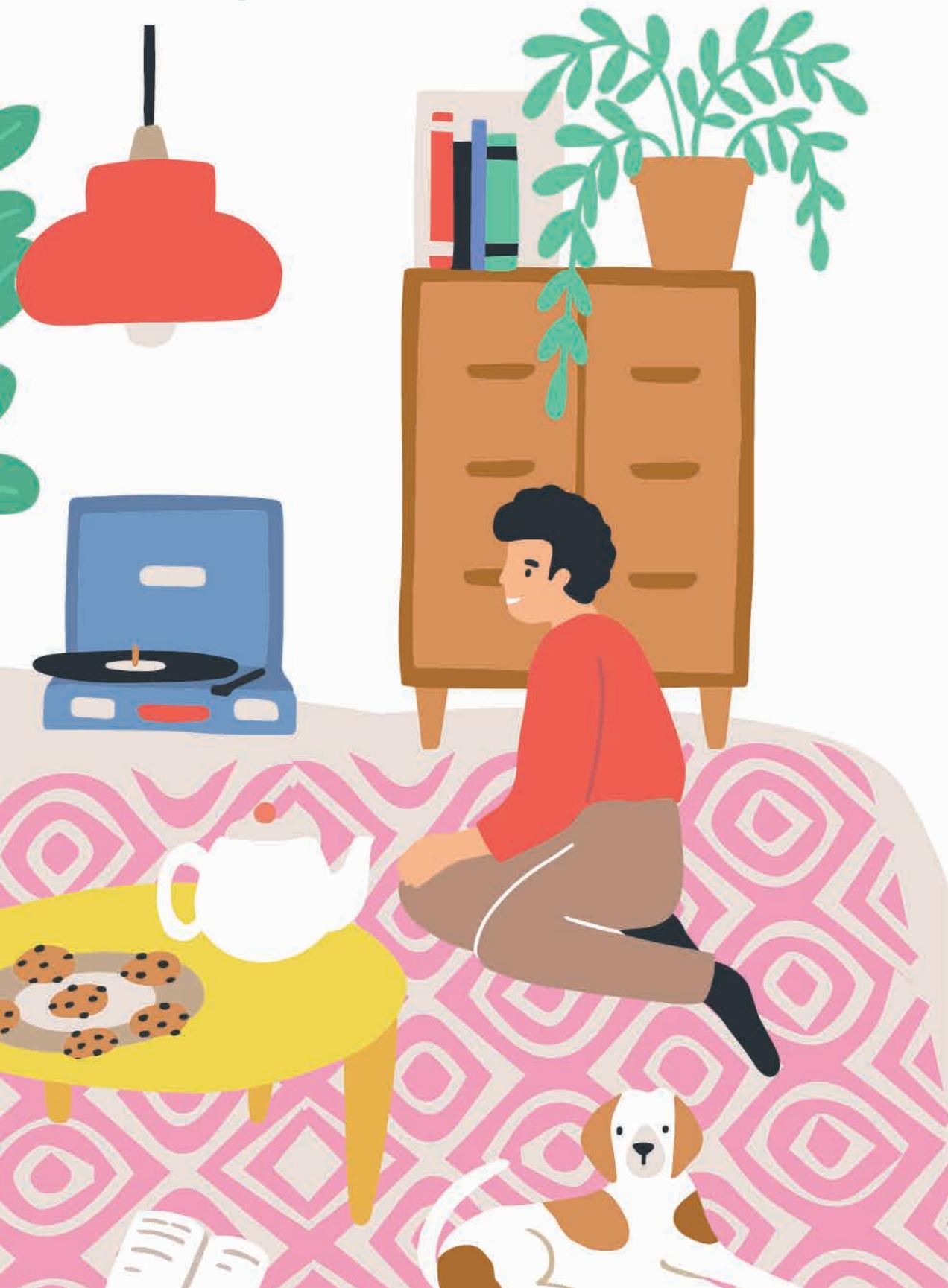
- uniform debt letters – written in a clear and concise way and readily available via the IT system;
- ensure all letters are recorded against the property account;
- campaign to encourage residents to Pay in Advance – this has been extremely successful to help tenants avoid slipping into arrears unknowingly and is in line with the terms of lease and tenancy agreements.
- monitoring rent accounts in bands – this has ensured there is a focus on the debt balance level and not debt balances by patches as done in the past.

This and other improvements to the debt recovery process are a result of SHA responding to sector-wide good practice. Recovery strategies deployed by the Association in respect of outstanding arrears from both shared owners and leaseholders have resulted in a higher frequency of payments.





Housing Services (continued)



Lettings

Housing management completed a total of 23 lettings during the year. We are pleased to report that the void turnaround for the year was an average of 13 days (38% quicker than the target) enabling desperately needed properties to be let quickly and maximise our income.

Fire Safety and Common Area Hazards (Post Grenfell)

We continue to act on the recommendations from Fire Risk Assessments; and as a result, we have initiated a zero tolerance clean up approach and targeted buildings where the risks remain high. The health & safety of both our residents and assets are paramount to our focus on safety. Our advice to residents is to keep all communal areas clear of any obstructions and combustible materials and that includes balconies. We carry out estate inspections to all our estates at least once a month to ensure residents are in compliance with the zero tolerance approach.

My Tenancy

My Tenancy is a comprehensive system that allows tenants to access their rent account 24/7 and 365 days of the year via a web portal. The customer portal allows residents to access their rent account, make a payment online, place a repair request, and make a complaint or complement, print statements and much more. Initial feedback on usage has been positive and we would like to encourage all our residents to sign up if you haven't already and to use the service to its full potential.

Key Performance Indicators

	2018 / 19	2017 / 18	Target
Assured rent arrears	4.0%	3.9%	5.0%
Affordable rent arrears	1.7%	1.6%	6.0%
Homeless Persons Units arrears	1.0%	1.0%	7.0%
Shared owners arrears	5.1%	4.0%	6.0%
Leaseholder service charge arrears	6.4%	5.6%	25.0%
Void turnaround (Days)	13	9	21

Finance Report

Continued stability and financial progress

Spitalfields HA's financial performance remains strong. The surplus for 2019 was £2.3m (2018: £1.6m). This has been achieved through diligent financial and treasury management and excellent cost control; and was further boosted by external factors such as property sales through stair-casing and right to buy sales. The focus on cost control was particularly important as we are in the fourth year of Government mandated rent reductions on social housing tenancies that are currently subject to the Rent Standard.

Statement of comprehensive income for the year ended 31 March 2019

	2019 (£)	2018 (£)
Turnover	7,813,357	7,825,765
Operating costs	(4,617,715)	(4,466,118)
Operating surplus	3,195,642	3,359,647
Surplus on sale of properties	519,534	39,172
Net Interest payable	(1,408,771)	(1,764,230)
Total comprehensive income for the year	2,306,405	1,634,589

The value of our housing stock as at 31 March 2019 was £100m, the decrease is due to depreciation and property sales, and cash was strong at £7m. Other fixed assets relate mainly to commercial properties and the increase is due solely to revaluation gain. All loan covenants were and are comfortably met.

Statement of Financial Position as at 31 March 2019

	2019 (£)	2018 (£)
Housing properties	100,141,180	101,570,899
Other fixed assets	5,768,489	5,276,354
Debtors	446,423	582,006
Cash	7,001,075	4,672,926
Creditors	(90,612,151)	(92,171,208)
Net assets	22,745,016	19,930,977
Reserves	22,745,016	19,930,977





Finance Report (continued)

Financial activities during the year yielded a net cash surplus of £2.3m. The Association is financed by a combination of revenue reserves, long-term loan facilities and social housing grant received either directly from the Government or from the Recycled Capital Grant Fund. The income from our commercial properties also contributes to the funding mix.

Statement of Cash Flow as at 31 March 2019

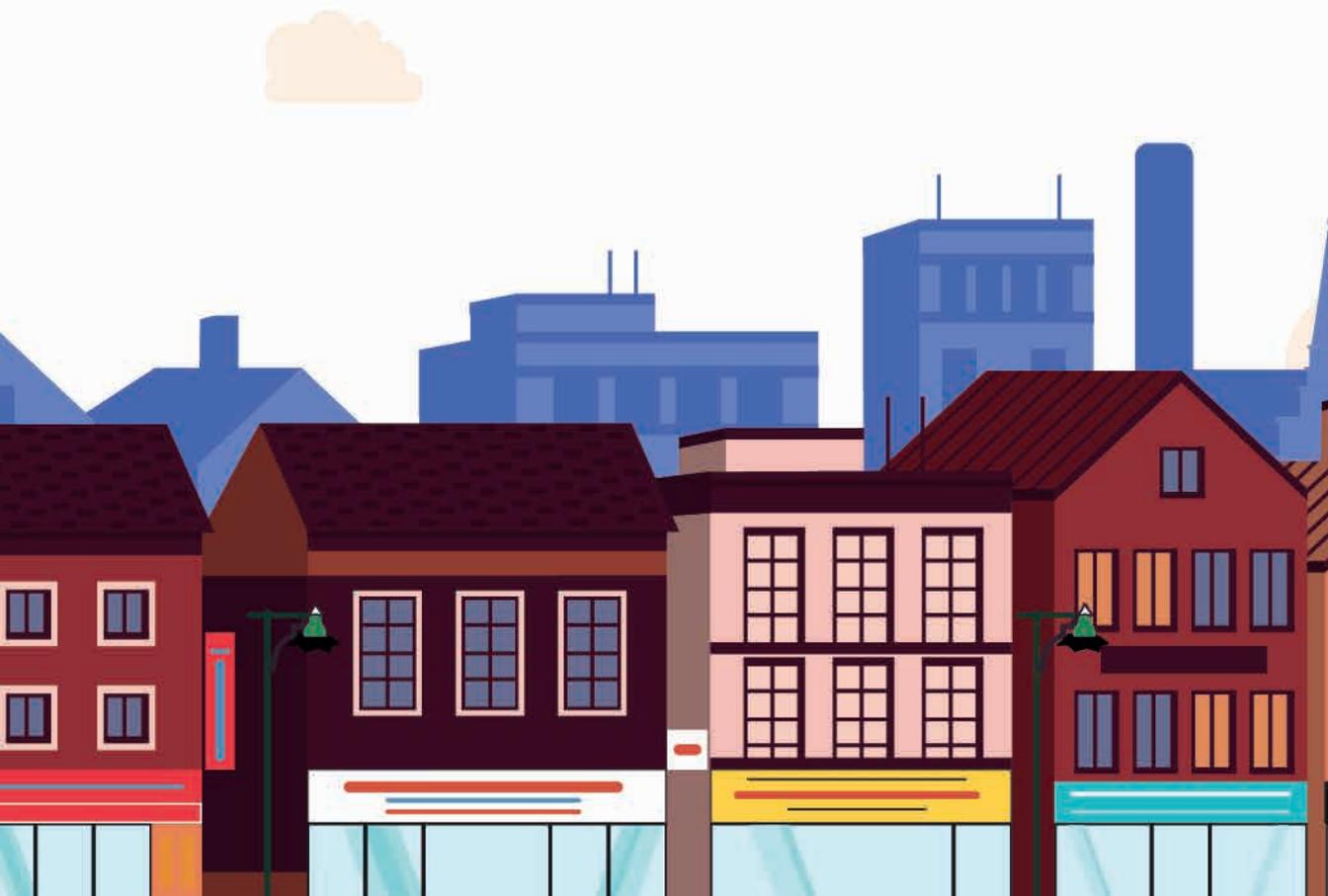
	2019 (£)	2018 (£)
Net cash from Operating activities	4,055,611	4,167,021
Investment in properties	(67,110)	(473,420)
Net proceeds from property sales	741,107	129,292
Repayment of loans	(993,466)	(14,072,327)
Net interest paid	(1,407,994)	(1,726,225)
Loans received	-	13,000,000
RCGF Repaid	-	(184,623)
Cancelled or waved share capital	-	(2)
Net change in cash	2,328,148	839,716
Cash at the beginning of the year	4,672,927	3,833,211
Cash and cash equivalents at the end of the year	7,001,075	4,672,927

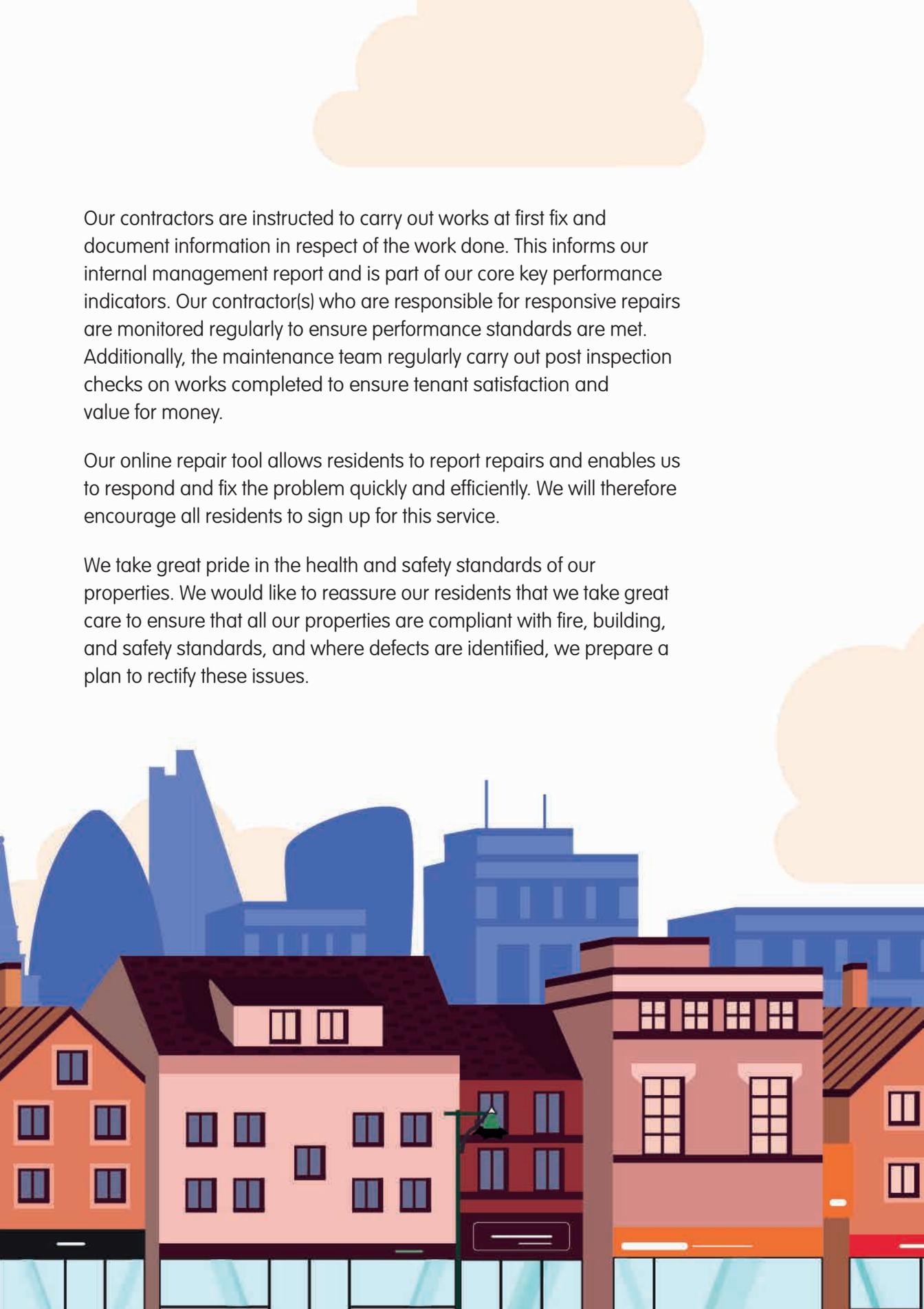
Asset Management and Maintenance

Spitalfields HA has a prudent and planned approach to cyclical works through a five-year asset management strategy. This is revisited every year by the Board to ensure that the ratio of planned and responsive repairs are proportionate and value for money is achieved through planning and efficiency.

We provide cost-effective repairs through the tendering of its day-to-day repairs service using the Schedule of Rates method. We also have additional procedures for tendering or gaining quotations for other planned works or non-scheduled repair works.

Where possible, we involve residents in the procurement stage of tendering for works, and training is provided to equip tenants with the necessary skills for effectiveness in the decision making process. Furthermore, tenants can choose from a range of choices when considering modernisation works to bathroom and kitchens. We also consult tenants with respect to works in communal areas.





Our contractors are instructed to carry out works at first fix and document information in respect of the work done. This informs our internal management report and is part of our core key performance indicators. Our contractor(s) who are responsible for responsive repairs are monitored regularly to ensure performance standards are met. Additionally, the maintenance team regularly carry out post inspection checks on works completed to ensure tenant satisfaction and value for money.

Our online repair tool allows residents to report repairs and enables us to respond and fix the problem quickly and efficiently. We will therefore encourage all residents to sign up for this service.

We take great pride in the health and safety standards of our properties. We would like to reassure our residents that we take great care to ensure that all our properties are compliant with fire, building, and safety standards, and where defects are identified, we prepare a plan to rectify these issues.

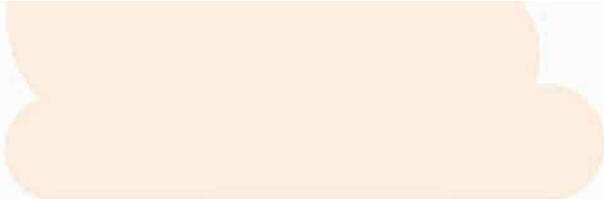
Asset Management and Maintenance (continued)

The table below demonstrates our repair performance

Key Performance Indicators

	2018 / 19	2017 / 18	Target
Emergency Repair	100.0%	100.0%	100.0%
Urgent Repair	99.2%	99.3%	97.0%
Routine Repair	96.7%	95.9%	95.0%
Appointment Kept	99.1%	100.0%	95.0%
First Time Fixed	94.0%	97.6%	75.0%
Satisfaction of last repair	96.0%	97.0%	95.0%
Valid Gas Safety Certificate	99.8%	100.00%	100.0%





One unit did not have a valid gas safety certificate on 31 March 2019. Resident safety is paramount to us and our contractors are instructed to attempt to gain access to your property at least six times in order to carry out gas safety checks.

If we are unable to gain access to your property by arranging a suitable appointment, we may need to force entry into your property to ensure your gas supply is safe. We have forced entry on one occasion where we could not gain access and costs were recharged to the tenant.





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