

Annual Report 2017

KINGSTON
CHURCHES
HOUSING
ASSOCIATION

The Caring Professionals



KCHA have grown steadily in size and now manage 272 units of housing

Kingston Churches Housing Association (KCHA) is a locally based housing association operating mainly in the Royal Borough of Kingston upon Thames, but with additional properties in Elmbridge Borough Council and the London Borough of Merton.

About the Association

The Association was formed in 1964 and opened its first property in 1967. Since then we have grown steadily to our current size, and at the end of 2017 we owned and managed 272 units of housing. This is made up of a mix of general needs housing (for single people, couples, single parents and families) and sheltered housing for the elderly.

This figure includes 60 units of sheltered housing acquired by our merger with Wilberforce Housing Association completed at the beginning of 2011. It also includes two large properties formerly used for student accommodation, which have now been converted into 11 self-contained flats for intermediate rent.

Much of our housing consists of older properties that have been acquired and refurbished, but we also have some new build schemes including two consortium developments with other associations at Donald Woods Gardens in Tolworth, and California Road/England Way in New Malden.

The distribution of our housing units by local authority area at the end of 2017 was: Kingston – 198 units, Elmbridge – 12 units and Merton – 62 units.

Code of Governance 2017

KCHA endorses the National Housing Federation (NHF) *Code of Governance* as revised and reissued in February 2015. This aims to support Federation members in having balanced, diverse and effective boards which lead and control their organisations and comply with legal requirements.

The Association strongly supports the nine principles of good governance set out in the Code and complies with its guidance in all respects, other than that one Board member has now served for longer than nine years. This is under review. It does not make payments to Board members.

Recruitment to board vacancies is open and transparent, based on merit and objective selection and assessment techniques. We carry out regular appraisal of the board as a whole and of individual members.



Fundraising Appeal

We continue to receive generous donations to our *Fundraising Appeal* both from many of the Churches in Kingston and from individuals. The money has been used to help our work with those in priority need in Kingston and to contribute to our general tenants' welfare fund. Projects to date include:

- ▶ We spent £6,500 installing a much-needed new central heating system for the single homeless project which at the time we ran jointly with Kingston Churches Action on Homeless (KCAH).
- ▶ In 2005 we set up a scheme to help our older and disabled tenants with decorations to their homes (all our tenants are normally responsible for their own internal decorations).
- ▶ In 2015 we launched our new website to allow tenants to find out more easily about our work and plans for the future, to report repairs and pay rent online, and to let us know their views.
- ▶ The fund has helped us to maintain the community based alarms in our sheltered schemes for older persons in Kingston when other funding was withdrawn.
- ▶ It is also used for other ad hoc improvements agreed in consultation with tenants. For example, in 2017 we installed garden furniture in a number of communal gardens.

There are many more opportunities like this to help our work. So thanks to all the Churches and individuals who have given so generously to date – but if you would like to contribute to our continuing *Fundraising Appeal* please contact us directly.



Review of the Year

2017 has been a year of planning in preparation for some significant changes. These include the national changes that all housing associations face, including Welfare Reform and the implementation of the General Data Protection Regulation. Plus more local changes in our staff team.

The 1% rent reduction in social housing continues to apply to all our social rented properties until 2020, although in September the government announced its intention to revert back to rent increases in line with CPI plus 1% for five years from 2020. Whilst this will likely mean a small increase in rent, it ultimately gives us the confidence to be able to invest in our current stock, improve our services to residents and look to grow the association as we play our part in addressing today's shortage of decent affordable housing.

KCHA will continue to keep you updated on the Pay to Stay scheme, which is now voluntary for housing associations, the extension of the Voluntary Right to Buy, for which the detail still has not been finalised, and the full roll out of Universal Credit. The latter has currently been pushed back again to June 2018 for the majority of residents, but that is not say that it will not be pushed back further and we will continue to keep residents informed and support them through the changes.

On the home front, we carried out our annual programme of cyclical decorations and associated repairs, which now includes window replacements at the same time, and we effectively finished work on all the kitchens that were out-dated and needed replacing, with the exception of a handful of properties where tenants opted out. These will be improved when those tenants move. Over the course of 2017 we continued with our programme to install new bathrooms in all of our sheltered properties at the Raynes Park and Wimbledon schemes. These have now been completed and we are looking to rollout the programme to our general needs properties over the next few years as residents have identified this as the top choice for future improvements.

Whilst it has always been important, Fire Safety has risen to the top of the agenda for social housing since the tragic events at Grenfell Tower last June. Prior to last June, we had already embarked upon a major project to undertake detailed fire risk assessments in our properties and to carry out improvements and take other actions arising from the recommendations. The feedback from Fire Authorities has been very good regarding our assessments and follow up work, and we will continue to review these assessments on an annual basis to make sure they are up to date and safety is prioritised.

Due to focusing on our existing stock with repairs and improvements it has been a sizeable time since we had significantly considered developing any new housing. However

in 2016 we began preparations for a development to build three new houses for affordable rent on land at the rear of our existing property at 22 and 24 The Avenue in Surbiton. After significant work involving consultation with residents, and work with specialist consultants and building controls, the Local Authority granted us planning permission in 2017. The final plan allows for us to develop two 2-bed houses and one 3-bed house with designated off street parking. This is the first development we have managed in over 20 years and signals KCHA's appetite for controlled growth and our commitment to being part of the solution to the widely accepted housing crisis.

Using in part a generous legacy from a previous tenant we have modernised the communal lounges at our sheltered housing schemes in Wimbledon and Raynes Park. The lounges are valued by residents and play host to number of activities for both residents and staff, one of which is the regular quiz nights that have been well attended and proved extremely popular. The next step is to look at replacing the communal carpets and modernising the guest rooms.

Our current lease on our offices runs out in 2021, so we will continue to look out for alternative offices in preparation for when this ends. Whilst we are on the first floor and do not have disabled access, we have provided seating and a desk inside on the ground floor where we can comfortably discuss tenancy issues and we will visit any disabled residents in their own homes where necessary to ensure we are accessible to everyone. An advantage of our current location is that we remain ideally positioned in the centre of Surbiton within excellent reach of public transport and local amenities.

Knowing the importance our tenants place on repairs, we aim to provide a high quality maintenance service for them. During the year we provided an excellent service on responsive repairs, far exceeding the targets for completion times (95% for emergency repairs and 90% for urgent and routine) in all cases.

As well as keeping their homes in good repair, we know that another high priority for our tenants is the ability to have peaceful enjoyment of their homes. We dealt with a number of neighbour disputes of complaints of Anti-Social Behaviour, most of which were effectively resolved with two continuing to be investigated.

Overall rent arrears reduced from 5.1% to 4.8% of gross rent receivable at the end of 2017, most of which were debts owed by current (as opposed to former) tenants. To continue to try to keep this figure as low as possible, especially when Universal Credit kicks in as noted above, we have trained all staff on the practical and theoretical implications of Welfare Reform and introduced two new ways tenants can pay us their rent.

The first is a Cardsave Virtual Terminal, which allows a staff member to log in to a secure Virtual Terminal Page and enter the tenant's debit or credit card details to take a payment, which is then deposited into the Association's bank account within three working days. Card payments can be taken over

the telephone or in person at the office. Secondly, tenants have the facility to make online payments via our website www.kcha.org.uk. A number of tenants have commented how easy it is to make the online payments and receive an immediate email receipt once payment has been approved.

On the staffing front, Ms Elisabeth Martin joined us in June to fill the vacant Housing Assistant role after Ms Chardise Donowa Bartlett left in March 2017. Elisabeth joined us from a Local Authority housing department and has made a valuable contribution to the housing team during her first year.

However, the biggest change was when we finally said farewell to former Chief Executive, John Castelberg, after almost 20 years in charge. John had been planning for his retirement since 2015 and was looking forward to spending more time cycling and reviving his passion for playing the piano, in particular classical compositions. At his retirement party, John said whilst he had enjoyed his years overseeing many different projects and changes in social housing, it was the tenants and staff he was going to miss the most.

After an open and robust recruitment process, a panel of three board members selected the then Housing Services Manager, Rosscoe Brown, as the best candidate to succeed John as the new Chief Executive. This led to some important changes in the housing team which now consists of Karen Hart as Housing services Manager, Calum Roger as Housing Officer, with Elisabeth Martin remaining as Housing Assistant. The office team are ably assisted by our three Resident Scheme Managers – Karen Toland, Ann Longden and Pat Faulds. It has been an interesting year for staff changes and we now have a full complement of staff to continue to provide the best possible service.

Following on from the successful appointment of four new Board members in 2016, we duly appointed an additional member in September 2017, namely Mr Sam Spencer. We now have ten Board members including eight independent members, one tenant member and the Chief Executive who remains a Board member in his own right.

In line with regulatory requirements, the Board carries out a full Appraisal and Skills Audit in alternate years. The last full Appraisal was carried out at the end of 2017 and the next Skills Audit will take place at the end of 2018.

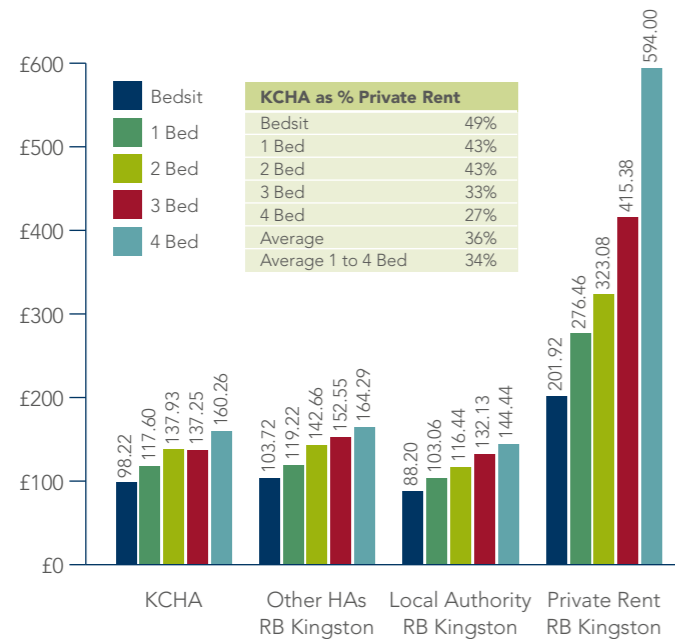
Despite the demanding times we undeniably continue to face, more so this year than ever, we hope that these will bring opportunities as well as challenges ahead. We believe that the Association and its tenants continue to be well served by a loyal and dedicated staff and Board, and that we are well placed to face the future with confidence.

Maureen Corcoran
Chair

Rosscoe Brown
Chief Executive

Performance Information 2017

RENT Weekly rent comparisons



KCHA and Other HAs figures show gross rents inclusive of service charges eligible for housing benefit, but now exclude supported housing and housing for older people.

LA figures include sheltered housing and houses in multiple occupation but exclude leased properties, service charges, heating and hot water and premiums re: scheme manager facilities, and are for 2016/17.

Figures for Other HAs are taken from the Homes and Communities Agency Statistical Data Return 2017.

Figures for Private Rents are taken from the Greater London Authority (GLA) "London Rents Map" using median values from Valuation Office Agency (VOA) data as at March 2018.

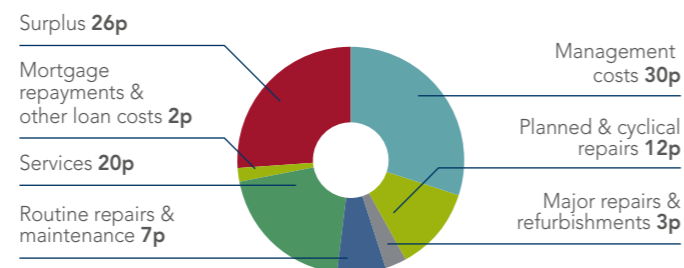
KCHA rents for 1 bed to 4 bed properties are approximately 34% of those for equivalent private rented properties.

The average (mean) house price in 2017 in the Royal Borough of Kingston was £550,596. The mean annual earnings in 2017 were £34,980, while the income required for 80% mortgage in 2017 was £125,851. (Figures from the National Housing Federation London Home Truths 2017/18.)

Rent arrears and voids

	2017	(2016)
Rent Collected as a % of Rent Receivable	98.5%	(97.1%)
Arrears (Current & Former Tenant) as a % of Rent Receivable	4.8%	(5.1%)
Void Losses as a % of Rent Receivable	0.8%	(1.3%)

How each £ of the rent is spent



REPAIRS & MAINTENANCE

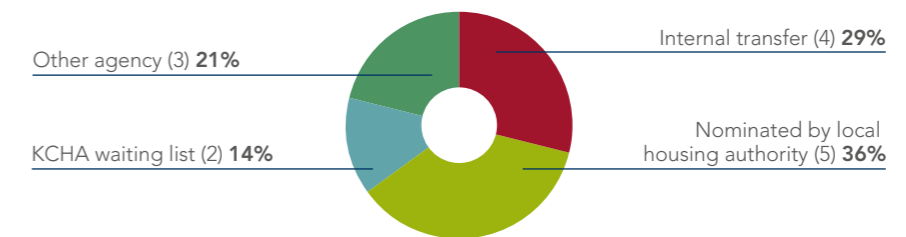
	No. of jobs completed	No. of jobs completed in time allowed	% completed in time allowed
Code E – Emergency <i>These should be dealt with immediately or in any event within 24 hours</i>	28	28	100%
Code U – Urgent <i>These should be dealt with within 5 days</i>	428	427	99%
Code R – Routine <i>These should be dealt with within 28 days</i>	198	197	99%
Code 0 – Other planned works <i>To be completed within 3 months</i>	1	1	100%
TOTAL	655	653	99%

LETTINGS

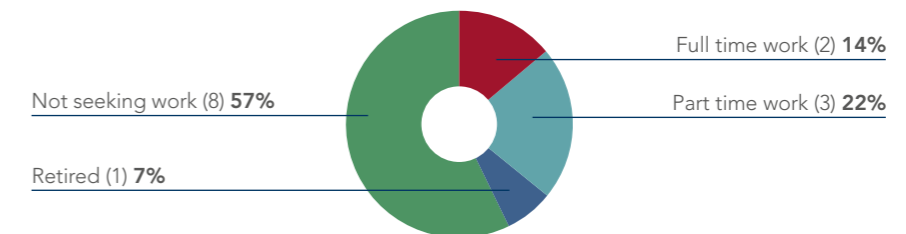
CORE lettings data provided by HousingFigures, National Housing Federation

Total number of lettings	14
Average letting time for vacant units (excluding major refurbishments)	29 days (2016: 58 days)

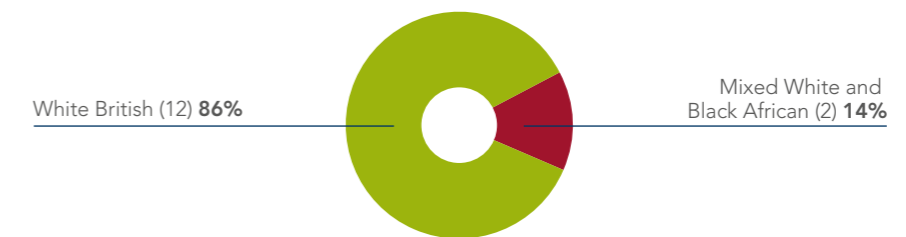
Source of referral



Economic status of tenant



Ethnic group of tenant



Qualifies for Housing Benefit

Mean Net Weekly Income of Tenant or Tenant and Partner £197.50 (2016: £219.91)

	No.	%
Yes	8	57
No	4	29
Not known	2	14
TOTAL	14	100

Treasurer's Report 2017



The turnover for the year ended 31st December 2017 decreased by £1k to £1,860k (2016: £1,861k). 2017 was the second year during which the designated 4 year period of 1% rent cuts took place.

Operating costs

Operating costs decreased by £7k to £1,371k (2016: £1,378k). This £7k includes a decrease of £70k for all categories of I&E repairs, however by contrast the expenditure on improvements to existing properties required to be capitalised increased by £345k to £634k (2016: £289k). The total operational cost attributable to all categories of repair to existing properties, whether or not capitalised, was £1,029k (2016: £754k).

Rent loss from bad debts is shown in the accounts as £(4)k (2016: £11k). This provides for rents not paid at the year-end that we may not recover. The fact that it is negative represents improved results compared to former years' expected results.

Financing and treasury management

The majority of our long-term loan is with the Halifax Bank of Scotland (HBOS) and is based on an approximate split of 50% fixed and 50% variable rates. These terms reduce the risk from fluctuating interest rates. Interest

cover for the year was 1344% (2016: 1255%) and is very much higher than the 110% stipulated under the loan covenants.

Surplus for the year

Our surplus for the year decreased by £25k to £448k (2016: £473k). The 2017 surplus included £5k from donations and other income (2016: £34k). Excluding this item the movement in surplus between the years is an increase of £6k. Although there has been a 1% reduction in rents compared to the previous year this was mitigated by the reduction in rent losses from voids which have fallen by £10k to £14k (2016: £24k).

Balance sheet

Asset costs increased during the year by £621k. This included £44k costs for three properties under development which will be started in the summer of 2017. There were £634k of improvements to existing properties during the year (2016 £289k) and the elimination of £57k of fixed assets components which have been replaced (2016: £68k). By far the biggest category of improvement in 2017 was new bathrooms where £531k was spent, in line with the feedback we have received from our tenants asking for these to be prioritized. We also spent £51k on replacement windows, £19k on new roofs, £17k on lift improvements, £10k on boilers, £4k on major voids and major repairs and £2k for improvements to garden facilities.

Total debtors at the year-end were £82k (2016: £81k). Debtors relating to rents were lower than for the previous year, 2017 £85k (2016: £90k), and after deducting the provision for bad debts were identical in both years at £45k.

Cash stated at £2,912k confirms the Association's strength in an uncertain economic period to meet our immediate creditors and to continue to invest in our existing housing as well as developing new homes.

Summary

In 2017 the Board will use the financial strength of the Association to continue to improve our existing properties as well as looking at further opportunities for development in the future.

Lynn Boyd

Finance Manager

2017 2016
£000's £000's

Income & Expenditure

TURNOVER	1,860	1,861
Operating Costs	(1,371)	(1,378)
Other Income	5	34
OPERATING SURPLUS	494	517
Surplus on Sale of Fixed Assets	-	-
Interest Receivable	11	16
Interest Payable	(57)	(60)
SURPLUS ON ORDINARY ACTIVITIES	448	473
Revenue Reserves brought forward	6,503	6,018
Transfer from general to restricted reserves	-	12
Utilised in the year	-	-
REVENUE RESERVES CARRIED FORWARD	6,951	6,503

Balance Sheet

FIXED ASSETS	11,215	10,803
CURRENT ASSETS	3,094	3,163
CREDITORS:		
Amounts due within one year	(406)	(349)
NET CURRENT ASSETS	2,688	2,814
TOTAL ASSETS LESS CURRENT LIABILITIES	13,903	13,617
CREDITORS:		
Amounts due after more than one year	(6,952)	(7,114)
	6,951	6,503
CAPITAL & RESERVES		
Share Capital	-	-
Revenue Reserves	6,951	6,503
Restricted Reserves	-	-
	6,951	6,503

The above is an extract of the audited accounts of the Association for the year ended 31st December 2017, on which our auditors expressed an unqualified opinion. A full copy of the accounts is available on request.

The Staff *at 31 December 2017*



John Castelberg
BA Hons (Oxon), MSc
Chief Executive/Secretary



Elisabeth Martin
Housing Assistant



Rosscoe Brown
CIHCM
Housing Services Manager



Sharon Lock
Accounts Assistant



Lynn Boyd
BA Hons, ACCA
Consultant Finance Manager

Alan Blakeney *Consultant Surveyor*

Pat Faulds *Sheltered Manager*
Broughton House/Thornton Lodge, Wimbledon



Karen Hart
Housing Officer

Ann Longden *Sheltered Manager*
Wilberforce House, Raynes Park

Karen Toland *Sheltered Manager*
Torrington, 20 St Mary's Road,
Long Ditton/104 Westbury Road, New Malden

Staff Salaries *at 31 December 2017*

Full-time Equivalent including Benefits and excluding Consultants

SALARY BAND	NUMBER OF STAFF
£20,000-£24,999	2
£25,000-£29,999	3
£30,000-£34,999	1
£35,000-£39,999	0
£40,000-£44,999	0
£45,000-£49,999	1
£50,000-£54,999	0
£55,000-£59,999	0
£60,000-£64,999	0
£65,000-£69,999	1

The Board of Management *at 31 December 2017*

Maureen Corcoran Chair
Management consultant
Joined April 2011

Judith Crocker
KCHA tenant retired
Joined September 2016

Glennis Beresford-Bevan Vice Chair
Editor
Joined September 1999

Jennifer Newman
Retired businesswoman
Joined April 2011

Bob King
Chartered accountant
Joined February 2011

Chris Nicholson
Financial adviser
Joined September 2016

Erhire Akpovrare
Operations manager
Joined September 2016

Sam Spencer
Business improvement adviser
Joined September 2017

Suzanne Barrows
Housing association head of policy
Joined September 2016

John Castelberg
Association Chief Executive
Joined October 2009





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The Caring Professionals

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*Registered with charitable status under the
Co-operative and Community Benefit Societies
Act 2014 – No 17374R. Registered with the
Homes and Communities Agency No L0891.
Member of the National Housing Federation*