



ENGLISH RURAL HOUSING ASSOCIATION
ANNUAL REPORT 2010



English Rural exists to promote and provide quality affordable housing and services, with and for, rural communities



Chairman's welcome

Having been on the Board for some years I have seen English Rural grow from modest beginnings to the strong organisation that we all know today, which is in part due to the excellent role played by my predecessor, Viscountess Knollys who retired from the Board last year. This growth has been steady and with a single purpose, to provide more affordable homes in villages for local people. It has not been achieved without facing challenges, and as a smaller organisation we have sought to balance resources carefully between providing a service to existing homes and residents whilst continuing to work with partners to deliver more homes. This approach, along with the Association's relative size and clarity of purpose has enabled us to react quickly and flexibly to the economic, regulatory, and political challenges over the last year; the overarching theme of which has mirrored our own mantra of more delivery, less waste and improved services.



The pages that follow in this year's Annual Report will provide a flavour of what the Association has achieved during the year; some key points to note are that it was our busiest ever for building new homes, with a total of 88 completed. The year also saw our largest ever investment programme to improve the condition of the properties we own and manage. Finally, but perhaps most importantly, the year has seen increasing opportunities for residents to become involved in the running of the Association; as with all good enterprises, our reputation is only as good as the service we provide and knowing our residents is critical to that success.

As we look forward to the coming year we face a number of uncertainties, including more changes to the way we are regulated, a thorough review of public spending with falling levels of investment in affordable housing, changing sustainability standards for existing and new homes and an end to the current rent-setting regime.

With these challenges though will come opportunities, particularly for dynamic and innovative organisations like English Rural. We have a sound financial basis and governance structure, with the ability to lever in investment from private sources to support our activities. Having recently benchmarked ourselves against peers, we consistently rank highly, delivering more for less and in a way which satisfies residents. However, through all of this it is also critical to remember the Association's purpose, which with 750,000 households currently on housing waiting lists in rural England, is just as important as it was when the Association formed back in 1992.

Mike Haslam OBE

Development and funding

The last financial year saw 88 new homes built which represents our busiest year for development activity so far, and this momentum continues with nearly 50 more currently under construction and due for completion this year. All but 6 of these new homes have been provided using the rural exceptions policy and the majority delivered in partnership with a Rural Housing Enabler.

As the profile of affordable rural housing has increased over the past few years, (in part due to the success of our advocacy work), the demand for our development services has expanded. Because English Rural is one of the few specialist affordable rural housing providers we have a reputation for being an expert in our field. Our methods are tailored to working with communities to deliver projects that are initiated and supported by them. In this sense the current agenda of Localism championed by the coalition Government is nothing new to us and a principle we have always understood.

The demand upon our development service always has to be balanced with our ability to deliver in line with the resources and capacity we have available. A new loan facility of £9million was secured in 2009 to support our work and in



2011 we will be looking to secure a further £5-10million of private finance, which in addition to the £5million negotiated in 2008 will bring the total loans over the four year period to £24million. We should also recognise the significant contribution that public subsidy makes, with around 40% of the total cost of the affordable housing coming from Government via the Homes and Communities Agency. Applying this figure to our own development activity over recent years would represent a total investment of £10million of public money matched by £24million from English Rural. With an increasing focus on value to the public purse, the model of delivery via housing associations like English Rural clearly continues to represent an effective model.

We continue to take opportunities to improve the efficiency of the homes we provide, meeting the sustainable homes requirements of Code three and now Code four. This has seen a focus not only on utilising renewable energy sources such as ground source heat pumps, solar and photo-voltaic panels, but increasingly on passive house technology with a view to improving the efficiency through design and build quality.

By far the biggest demand continues to be for affordable rented homes, but even in the challenging economic climate of late, homes for sale via our shared ownership programme continue to be popular; only four of the 22 homes built for sale during the last financial year were not sold within the year. To continue meeting this demand it has however been necessary for the Association to rethink its shared ownership model and introduce a modest rent on unsold equity for future sales. This decision has been taken in direct response to the challenges presented by increasing build costs and a troubled housing market. The new model of shared ownership continues to offer a unique and affordable product, with rent payable only on a small element of the unsold equity rather than all of it.

Left new homes at Byng Crescent, Thorpe-le-Soken, Essex and right Nick Woodward in his garden at Dadson Court, Smarden, Kent





200.00	200.00
17.90	17.90
16.20	16.20
15.20	15.20
14.80	14.80
14.30	14.30
13.90	13.90
12.90	12.90
11.90	11.90
11.40	11.40

Advocacy work

Raising awareness of the need to provide affordable homes for rural communities continues to be an important issue for English Rural. More than ever it is critical that the needs of rural areas are not overlooked as public expenditure is scaled back and a new political administration takes shape.

Over the past year we have worked closely with a number of partners in the rural sector, including the National Federation of Young Farmers Clubs, Savills and the Rural Services Network to help champion the cause and feed in our own experiences. We have sought to improve our links with Members of Parliament, particularly in the areas where we are most active, so that they are aware of the challenges facing rural areas within their constituencies and the work English Rural is undertaking in partnership with these communities.

One of the key ongoing campaigns which English Rural has supported is the Save our Villages initiative organised by the National Housing Federation. We have also worked closely with the Federation and other like-minded housing associations to form a Rural Alliance, which helps to inform the lobbying work carried out by the Federation on our behalf and provides a peer group with which we can share ideas, benchmark and tackle some of the common issues that we all face. One of the group's achievements over the past year, in which English Rural has been heavily involved is, the 'Building a future in your rural community' publication, which aims to provide Parish Councils with a resource and guide on how they can get involved in providing affordable rural housing.

English Rural has also taken part in the Rural Affordable Housing Project which is a joint initiative between the Homes and Communities Agency, Department for Environment, Farming and Rural Affairs and the Department

for Communities and Local Government. The project sought to identify good practice and innovation, as well as potential barriers and how these might be overcome. One particular barrier which English Rural has been highlighting for some time is that it is more expensive per unit to develop small scale rural sites than larger scale urban developments, and to help evidence this English Rural has contributed to research recently commissioned by the Project to investigate this issue and produce a toolkit to help assess the economic viability of rural sites.

It is difficult to put a value on the advocacy and influencing work carried out by English Rural, particularly as the investment from us is more typically time and expertise as opposed to money, but increasingly the dividends from the work we and others undertake in this area are seen in the successes of affordable rural housing providers. Last year saw the demise of the Rural Housing Trust, the rural housing charity that founded English Rural and many of our peers, and the recent announcement that the Government's independent rural watchdog, the Commission for Rural Communities is also to go signals, the end of another high profile rural advocate. It is therefore clear that if we want rural housing to remain in the political spotlight our own work will become increasingly important.



The thriving village stores at Rolvenden, Kent and right original village houses

Dadson Court, Smarden

Development Summary

Location Smarden, Ashford, Kent

Size and Tenure 4 x 1 bedroom flats, 4 x 2 bedroom houses, 2 x 3 bedroom houses to rent and 1 x 2 bedroom house, 1 x 3 bedroom house for shared ownership

Partners Smarden Parish Council, Ashford Borough Council, Action with Communities in Rural Kent and the Homes and Communities Agency

The site was a one of a series of rural exception sites developed during the year as part of Ashford Borough Council's strategic approach to providing affordable rural homes in village locations and brings the total number of rural homes provided by English Rural within the Ashford area to 120.

This is the second affordable housing project in the village both of which have been brought forward with the support of the Parish Council on the basis of a need identified by the Council's rural enabling service, which is currently provided by Action with Communities in Rural Kent. Because the site was developed using the rural exceptions policy, local people with a strong connection to Smarden are given priority when the homes are allocated, all the households have a connection to the village through residency, employment or close family.

The project was jointly funded by English Rural and the Homes and Communities Agency with total project costs in the region of £1.4million. It took about 10 months to build, but research and enabling work began right back in 2005. Local architectural styles and materials have been used to ensure the development is sympathetic to the existing village which is renowned for being one of the most picturesque in the area. These traditional elements have been complemented with innovative design and build specifications including a timber frame construction. The homes demonstrate a high level of sustainability with the

inclusion of ground source heat pumps to provide heating and hot water. As well as achieving level three on the sustainable homes grading, they have also been constructed to a Lifetime Homes standard and have achieved Secure by Design accreditation, which will ensure they provide a safe and flexible home for households for many years to come.

Meet some of the new residents

Zoe and Mark Wenbourne moved out of their one bedroom rented home in Smarden after the birth of their first child. The new development has provided them with an opportunity to return to an affordable home that accommodates the needs of their growing family. Commenting on the homes they said:

"We heard about the Dadson Court scheme through friends and came along to meetings about it to find out more. I can't describe our reaction when we heard we had been allocated one of the homes. I kept expecting to wake up and find it was all a dream. We are so happy here. It's a very well integrated community which we are very much a part of. Zoe is on the pre-school group committee as Treasurer and with so many local clubs and organisations there's so much to do."

Nick Woodward (page 5) grew up in Smarden, going to the village school and local church where he was a chorister and bell ringer. He went to the local boys club and enjoyed all the benefits that came with village life. His parents remained in the village and although Nick couldn't afford to return himself, he was visiting frequently to see them. Commenting on being allocated one of the homes at Dadson Court, Nick said:

"I feel more secure than I have done in many years and feel I can finally get on with my life. Now I know I am not going to have to move away I can get more involved in community groups and activities and already have plans in the pipeline."

Zoe and Mark Wenbourne with their children in their new home



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Resident Services

Like the vast majority of organisations and businesses

English Rural has looked closely at its structure and operational activity over recent years to maximise efficiency. At the forefront of these considerations has been protecting the frontline services that are provided to residents, many of whom are increasingly facing difficult circumstances because of the tough economic situation and relying on English Rural and the support we provide to help them through difficult times.

The housing management team within English Rural has been closely monitoring feedback from residents and sharing their collective experiences to ensure that any areas for improvement are identified. This has seen a greater emphasis on working with residents facing difficult financial pressures and helping to raise awareness of what support is available from external partners and agencies. Our work with local groups and regional forums has also helped to keep us informed about the changing needs of residents.

The past year has also seen a significant change in the way that residents are involved in helping to scrutinise and direct English Rural, with the addition of the Residents' Panel to existing involvement opportunities. The Panel consists of residents, Board Members and staff, with a broad remit ranging from helping to inform governance arrangements to improving procedures and scrutinising performance. With the new regulatory framework placing an increasing emphasis on self regulation with input and validity from residents, the Panel has a critical role to play.

English Rural also continues to tailor services to meet residents' needs, with the regulatory approach introduced in April allowing us a greater degree of flexibility to do this. As this publication goes to print our local offers which have

been directed and informed by residents are being finalised. One of the benefits of having such a focused organisational objective is that we experience a high degree of commonality in the services that residents want, as all our developments are small scale and in rural areas and subsequently face similar issues and challenges.

One of the current priorities is the need to update and improve our approach to asset management. Until now the Association has benefited from a relatively young property profile but as this changes and priorities shift beyond the decent homes standards to meet new challenges posed by climate change, higher fuels costs and an ageing population, a new approach is needed. To deal with this a longer term Asset Management Strategy is being prepared which will ensure sufficient and effective use of resources to meet investment priorities.



The development at Glebe Field, Rolvenden and resident Mrs Mulot in her new home



Service performance for the year



Performance indicator	Target	Actual
To respond to emergency repairs within a 24 hour period	95%	100%
To respond to urgent repairs within a 7 day period	95%	95.5%
To respond to routine repairs within 30 days	95%	90%
Collection of rent as a percentage of rent receivable	95%	100.3%
Tenants satisfied with repairs	95%	99.8%

Where our income came from and how we spent our money over the year

Income

Rents and service charges 94.2%

Sales activity 2.3%

Other activity 3.5%

Expenditure

Property costs 29%

Loan interest 19%

Employment costs for all staff 40%

Office costs 9%

Other operational costs 3%

Average rents and sale prices

Number of sales and re-sales completed during year 29

Number of lettings and re-lets completed during the year 75

In 2009/10 the average percentage share sold in our shared ownership homes was 55% (48% in 2008/09), the average price of £97,870 (£115,368 in 2008/09), making the average open market value £177,945 (£240,350 in 2008/09).

Average rents charged for the 2009/10 financial period

1 bed £80.95 (increase from £77.80 the previous year)

2 bed £93.78 (increase from £93.27 the previous year)

3 bed £100.08 (increase from £99.50 the previous year)

4 bed £113.22 (increase from 110.22 the previous year)

Our Rent Plan has ensured that all rents are now set in line with Government targets.

The level of rent arrears at the end of the financial year was 3.55% of the rent receivable, down from 3.56% the previous year and from 4.2% when we brought all housing services in-house in October 2008.

The new development at Dadson Court, Smarden, Kent



Summary Accounts

The summary accounts are not full statutory statements but a summary of financial information extracted from those statements. The statutory financial statements, on which the auditors have given an unqualified report, were approved by English Rural Housing Association's Board of Management on 21st July 2010 and will be submitted to the Tenant Services Authority, the Register of Friendly Societies and the Financial Services Authority. Reference to the full statutory financial statements should be made for a full understanding of the financial affairs of the Association and copies are available from the Association's Secretary at the address shown on the back page of this publication. Secretary

In our opinion the abbreviated accounts are consistent with the full annual accounts. Knox Cropper, Chartered Accountants, 8/9 Well Court, London EC4M 9DN

Income and Expenditure Account	2009/10 £000	2008/9 £000
Income		
Lettings	2,160	1,891
Ground Rents	120	102
1st Tranche Shared Ownership Sales	2,344	110
Management Fees	77	0
Other Income	7	12
Interest	2	78
	<u>4,710</u>	<u>2,193</u>
Expenditure		
Cost of Sales	(2,305)	(82)
Operating Costs	(2,152)	(1,927)
(Deficit) Surplus on Sales of Properties	17	(12)
Interest and Bank Charges	(460)	(365)
	<u>(4,900)</u>	<u>(2,386)</u>
(Deficit)/Surplus for the Financial Period	<u>(190)</u>	<u>(193)</u>
 Balance Sheet as at 31st March 2010		
Fixed Assets		
Housing Properties-Depreciated Cost	50,084	41,942
Less Social Housing Grant	(33,775)	(30,675)
Office equipment	37	35
	<u>16,346</u>	<u>11,302</u>
Current Assets		
Shared Ownership Properties Developed for Sale	876	1,711
Debtors	373	451
Cash at Bank	712	929
	<u>1,961</u>	<u>3,091</u>
Creditors		
Falling due within 1 year	(1,615)	(1,666)
	<u>346</u>	<u>1,425</u>
Total Assets less Current Liabilities	<u>£16,692</u>	<u>£12,727</u>
Financed by:		
Creditors		
Amounts falling due after more than one year	11,778	7,623
Capital and Reserves		
Share Capital	1	1
Revenue Reserves	4,913	5,103
	<u>£16,692</u>	<u>£12,727</u>

Company structure

Staff

Adrian Maunders **CHIEF EXECUTIVE**

Karen Eagles **BUSINESS SUPPORT OFFICER**

Pat Guthrie **CARETAKER & CLEANER**

Development Team

James Taylor **DEPUTY CHIEF EXECUTIVE & DEVELOPMENT DIRECTOR**

Louise Davidson **REGIONAL DEVELOPMENT MANAGER**

Ian Gillespie **TECHNICAL DEVELOPMENT MANAGER**

Nick Hughes **REGIONAL DEVELOPMENT MANAGER**

Alison Thompson **REGIONAL DEVELOPMENT MANAGER**

Housing Services Team

Martin Collett **OPERATIONS DIRECTOR**

Steven Bland **HOUSING SERVICES ADMINISTRATOR**

Beth Crowe **REPAIRS ADMINISTRATOR**

Christopher Graves **REGIONAL HOUSING MANAGER**

Katie Maclean **REGIONAL HOUSING MANAGER**

Jo Passmore **REGIONAL HOUSING MANAGER**

Kathryn Watson **HOUSING SERVICES MANAGER**

Finance Team

David Taylor **SENIOR FINANCE MANAGER**

Ferdie Lachica **FINANCIAL SERVICES OFFICER**

Lorna Murdoch **ACCOUNTS OFFICER**

New homes at Cherry Fields, Lynsted, Kent

President

Sir Peter Dixon **OBE**

Board of Management

Mike Haslam **OBE CHAIRMAN OF THE BOARD OF MANAGEMENT**

Rosemary Lansdowne **VICE CHAIRMAN OF THE BOARD OF MANAGEMENT AND CHAIRMAN OF THE REMUNERATION COMMITTEE**

Mark Tillson **CHAIRMAN OF THE AUDIT & STANDARDS COMMITTEE**

Lesley Childs **MEMBER OF THE RESIDENTS PANEL**

Jane Jennings **CHAIRMAN OF THE RESIDENTS PANEL**

Christine Knight **RESIDENT BOARD MEMBER**

Mike Paddock **LEAD MEMBER, FINANCE**

Adrian Parker **LEAD MEMBER, DEVELOPMENT**

Pauline Rose **RESIDENT BOARD MEMBER**



In view of the challenging financial environment, we did consider dispensing with the production of this Annual Report. On reflection, we decided that the importance of continuing to communicate the message for rural housing through this publication, outweighed the modest saving which might have been made.



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