



2021/22 Annual Report



South Devon Rural Housing Association Limited
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We are open from 8.45am to 4.45pm Monday – Friday

South Devon Rural Housing Association is an exempt charity registered with the Cooperative and Community Benefit Societies Act 2014 No R14949 and Homes England LH 0920.

focus on
**Housing
Shortage**



AN INTRODUCTION FROM CHAIRMAN ROGER HANDS

All systems Go!

**SDR IS IN GOOD
SHAPE TO PURSUE
THE EXCITING
OPPORTUNITIES
THAT LIE AHEAD**



The need for delivering homes of all kinds has rarely been greater, not least in the area of our core activities in the South West, where prices have seen a disproportionate increase.

Our main interest is in the provision of affordable and social rented housing – so it's good to report the successful delivery of a further apartment block at Dartington and associated open market homes by our subsidiary Rural Homes Ltd, all now occupied or reserved.

The ongoing effects of COVID, fuel and cost of living issues that have accelerated since the turn of the year, and labour and materials problems affecting the construction industry, are all challenges the team and SDR and RHL have faced.

At the time of writing there are additional burdens facing Housing Associations from actual or proposed legislation from central and local government. This includes rents, right-to-buy, space and build standards, decarbonisation, further changes to the regulatory framework and more. Despite the best intentions, and with some grant aid added, the effect is to make delivery more challenging – especially for smaller associations like ours.

Exciting new projects

Nonetheless we go into the next financial year with a number of exciting new projects expected to commence during 2023 as follows:

- Those in conjunction with Community Land Trusts,
- Others with our Rentplus partners,
- Developments on land specifically earmarked for affordable homes.

During the year the Board has seen additional members joining, in particular Elaine Baker and Jonathan Weeks, both of whom bring a wealth of experience. I am grateful to them – and the rest of the Board – for their willingness to devote time voluntarily to making our association work.

Our office team has also seen changes and new colleagues are settling in well. At Forder Lane House we've had ongoing challenges at managerial and care staff grades. The team are to be congratulated on continuing to provide the best care and home environment for our residents.

Following the retirement of RHL Managing Director Alan Fox, the role is now in the capable hands of James Gurpinar, who has a development surveyor working alongside him.

James is spending part of his time with SDR, updating our estate records and developing a strategy for delivering decarbonisation and energy efficiency. These works place a demand on our budget and your Board and Senior Management Team are devising the best plan to deliver these improvements in addition to providing new homes.

Share the vision

We pride ourselves on working with tenants and I would ask any tenant to consider putting themselves forward either on local management teams or as part of our Board. This association is not run for the benefit of the Staff or Board but for existing and future residents – so it's crucial they share the vision and contribute to our ongoing efforts.

We come out of the year in a strong financial position, ready to take advantage of new opportunities that are already presenting themselves. We continue to upgrade accounting and management systems to enable easier access to information on which to base decisions and manage risk.

Whilst the past year has sometimes felt like a period of marking time, the future (despite current economic uncertainties) is full of real opportunity that together we can – indeed must – respond to.

I'm delighted that our organisation is in really good shape to tackle these challenges and maximise the benefits of opportunities that lie ahead.

Meet the Board



Elaine Baker

Elaine Baker is a qualified Community Housing Enabler and Deputy Chair of Ashburton Community Land Trust. Raised in a poor district of Liverpool, Elaine has a degree in Philosophy from London University. She retired from teaching 8 years ago. Always passionate about the inequalities of the housing system, Elaine joined Ashburton Town Council 12 years ago with the aim of bringing affordable housing to the area.



Sally Fairman

Sally has been a Board Member in two stints ranging over nearly 11 years. She brings with her experience of SDRHA's long history and local government policy as a former Deputy Chair of South Hams District Council. In 1995, Sally was appointed to the Housing Board as a Local Authority nominee. Her first priority is supported living and specialist care housing.



Seb Stewart

Seb joined the Board in 2016. He currently provides consultancy services and support to organisations with a focus on service delivery, design, strategic and business development, primarily in health and social care. Seb was previously an Army Officer, serving in the Duke of Wellington's Regiment and has an MBA from the University of Southampton.



Peter Symons

Born and bred in the county, Peter has 40 years' experience as a Chartered Surveyor specialising in the sale of rural property, mainly based in Totnes. Formerly a Partner in Stags, Peter currently runs a family business managing both residential and commercial properties.



Philip Vogel

Philip joined the Board in 2019 and currently chairs the Audit Risk and Governance Committee. He is an Ashburton Town Councillor, an elected Parishes member of Dartmoor National Park Authority and is Chair of Ashburton Community Land Trust. Philip has also been Executive Member at Teignbridge District Council with responsibility for Housing, Planning and Heritage.



Jonathan Weeks

Jonathan Weeks' 30-plus year management career spanned several industries, with positions in Unilever, Bass Charrington, Black & Decker, Hoover, and Kingfisher, mostly in general management but with a bias towards the logistics side of those businesses. He served a term as Chairman of the Institute of Logistics and was appointed Professor in that discipline at the University of Huddersfield. He was also Director of Strategy and Development for the Kingfisher Group. Jonathan is married with three daughters and six grandchildren.



Sarah Woodman

Sarah has lived in South Devon all her adult life. She trained in Town Planning and Housing, later working in public housing, then became involved in housing advice, new housing initiatives and implementing the homeless persons' legislation. After having her family, she became a Parish Clerk – a post she still holds. Sarah is also a private landlord.

Brilliant Brimhay brings it home!

DELIVERY OF GROUND - BREAKING PROJECT POINTS WAY TO A BRIGHT FUTURE FOR OUR ASSOCIATION

By Christine Candlish,
Chief Executive



It may be something of a cliché, but as our multi-faceted project at Brimhay, Dartington, nears completion this year, it's fair to say that this development reflects the wider journey that SDR has been on. And our travels will continue ahead into what promises to be a very bright future.

First conceived back in 2014, the Brimhay project got off to an inauspicious start with local objections to plans for replacing 18 out-dated and energy-inefficient bungalows with an ambitious range of modern purpose-built housing, catering for a wide range of needs.

Resolve

Over time, patience and resolve prevailed and planning permission was granted in 2018. Since then, with the help of grant aid from Homes England and reinvested income from the sale of 'Market Value' houses, the concept has gradually taken shape, one brick at a time.

We can now proudly look upon this project, not only as a tribute to the vision of our former CEO, Steve Prime, but as an example of the integrated strategy that SDR has spent the past 60 years building towards.

Ever since the formation of Dartington Housing Association in 1958, we've always been about providing affordable homes for local people who need help getting a roof over their heads.

The Brimhay campus can be seen as a one-stop example of our mission – in that it encapsulates the various types of tenants and home-owners whose needs are the reason we go to work every day.

Our Forder Lane House Care Home was already established and operating nearby, to be supplemented by an apartment block for people aged over 50, followed by another set of apartments for people with learning difficulties and other disabilities. Integrated into the site – and into the build schedule – were 12 market value homes, providing funds to support the rest of the development.

Dedication

That brilliant Brimhay development stands as living testament to the hard work and dedication of the Board and Management Team at SDR and our development arm Rural Homes Ltd. Everyone involved in the project has needed to overcome a range of obstacles – some predictable and some completely left-field, like the impact of a global pandemic.

This achievement boosts our confidence in the future as we enter into new partnerships, grow our portfolio of assets and widen the spread of our operations from our South Hams base into other parts of Devon and neighbouring counties too.

It also marks the end of a financial year that has seen our charity emerge from the shadow of COVID and pick up momentum lost over the period of the pandemic so that we can forge ahead with plans that have been mothballed for between two and three years.



From this...



to this...

and this.



During that period of marking time, we have always depended on our wonderful teams of employees for their hard work and flexibility and our tenants for their patience and forbearance, as normal service was put on hold in favour of putting safety first.

Despite the many obstacles presented by the pandemic, we have made significant progress in many elements of our work – so we can look forward with confidence to future successes both within our organisation and with our growing number of business partners.

Setbacks

Elsewhere in this Annual Report for 2021-22 you will read Case Studies describing how SDR has housed a young man who has overcome massive setbacks caused by childhood illness, how we've been preparing the ground for a partnership with rent-to-buy champions Rentplus and we continue to work with the Public Sector to play a full part in efforts to help individuals hit by sky-high living and housing costs, as well as curbing a steep rise in homelessness in our region.

These are all in line with our Corporate Strategy and the Board's medium-term targets, which will see SDR expanding its operation and its sphere of influence in the South West. You will also see in this report a reference to the valuable contribution we are making in assisting local authorities and Government bodies to minimise the impact of negative pressures on the region's housing stock.

Challenge

The Housing Crisis declared by South Hams District Council during the past working year presents a massive challenge to the public and private sectors and charities like ours that play a key part among the Third Sector.

We are definitely up for the challenge and have the energy and expertise to forge ahead with other home-grown projects, as well as working hand-in-glove with partners.

In the New Year we carried out a full refresh of our corporate website and we're planning to give the same treatment to the website serving group member Rural Housing Ltd. This will ensure that our online presence will offer easier navigation and transactions for regular visitors and newcomers alike.



CEO, Christine
Candlish

Our Service Standards

The regulatory framework requires SDR to include in our Annual Report how we are meeting the Regulator of Social Housing (RSH) regulatory standards, which relate to:

- Tenant Involvement & Empowerment Standard
- Home Standard
- Tenancy Standard
- Rent Standard
- Neighbourhood & Community Standard
- Value for money Standard
- Governance & Financial Viability Standard



RSH has published detailed definitions of the standards it expects against these headings – if you would like to read these, visit the Homes England website at: <https://www.gov.uk/government/publications/regulatory-standards>

Or get in touch with any of the contact names at the end of this report for a copy.

Here at SDR we believe that we meet the standards identified by the regulator. But we recognise that there is always room for improvement and we are committed to continuing to improve our performance each year. We support the regulator's view that performance can be improved by increasing the involvement of our tenants in running the association, and this report sets out how we aim to achieve this.

In setting our service standards to meet both our tenants' priorities and the regulatory expectations, SDR will:

- Set rents that are affordable, and only increase rents in line with regulatory rules
- Allocate all homes according to our published Lettings Policy, with particular priority given to local people
- Provide assured tenancies for all tenants, except where we manage property for other landlords
- Minimise the number of our properties that are empty at all times
- Operate a defined lettings standard
- Maintain a 24-hour responsive repairs service, with target times for action that reflect the urgency of the repair need
- Undertake a stock improvement programme on our own properties each year, to ensure they continue to meet the government's Decent Homes Standard
- Inspect all our housing sites bi-monthly, quarterly – or six-monthly for individual outlying properties – to ensure that communal areas and gardens are maintained properly, and identify any problems that need to be addressed
- Respond actively to protect our tenants against anti-social behaviour and take strong action against perpetrators
- Address any complaints as quickly as possible in accordance with our published Complaints Policy
- Work with other social housing organisations on local initiatives, where this can benefit our tenants

How well are we performing?

In this section, we aim to give you information about how well we are performing.

The chart below includes a number of 'performance indicators' showing SDR's current performance (over the last year). To put these figures into context, we have also included SDR's performance the previous year (2020/21) as well as average performance * for a group of housing associations similar to SDR (our 'Benchmarking Club'). * **where available**

PERFORMANCE INDICATOR	2021/22	2020/21	Benchmark
Emergency repairs completed on time	100%	100%	N/A
Urgent repairs completed on time	100%	100%	N/A
Routine repairs completed on time	92%	98%	N/A
Rent lost through empty properties	0.44%	0.07%	0.38%
Average Time to re-let an empty property (days)	65	38	18
Rent arrears after housing benefit due is taken out	0.58%	0.52%	1.45%
Average weekly rent	£94.39	£97.57	£107

You told us that Repairs and Maintenance is the most important service we provide to you. We continue to monitor all aspects of satisfaction (or dissatisfaction) with the service we and our contractors provide. We investigate all reports of dissatisfaction through our quality assurance system.



Overall satisfaction

**Performance
2021/22**
100%

**Performance
2020/21**
100%

Benchmarking
82%

A picture is worth a thousand words, so the saying goes. So here we illustrate a working year in the life of South Devon Rural through images depicting the two things that get us all up in the morning – people and property.

Matching people to affordable homes that suit their needs has been our mission for so long that it's in our very DNA!

A look at the latest projects we've added to our asset portfolio, along with the happy faces of those who live in these buildings, is all the evidence you need that our efforts, even in difficult times, are well worth it.

Every picture tells a story...



Above – Easter Eggs and Easter Bonnets at Forder Lane House (FLH).

Left – Chris Laffen wins first Employee of Month award at FLH.

Below – Ruan Minor homes in Cornwall near completion.

Right – two of the final few market value homes at Brimhay.

Middle right – Keen gardener Janet Pantry tends her patch of garden at Forder Lane House Care Home.

Below – Tenant Amie Gribble gets the keys to her Ruan Minor home from Deputy CEO Francis Bourke.

Bottom left – Able Sharp enjoys the kitchen in his new flat at Elmhirst Court with fiancée Leanne.

Bottom right – SDR takes over managing Honeywill Court, Exeter.



CASE STUDY I – LIVING AT ELMHIRST COURT

How we helped Able Sharp take a giant stride towards more independent living



Able Sharp is aptly named for a young man determined to overcome mobility issues and learning difficulties so he can get a taste of more independent living.

Last year he became one of the first residents of SDR's new 'stepping stone' apartments at Elmhirst Court, Dartington.

Able, aged 24, contracted meningitis as a toddler and the infection severely restricted his mobility and ability to learn. He uses an electric wheelchair, plus a range of other mobility aids, and since childhood had lived with his mother, Alex, in another SDR property at nearby Bramble Close.

Grew up

Alex takes up the story:

"As a young child Able used to go the Brimhay site on his way to nursery school. Little did we know that one day it would be the site of his new home and the key to a much more independent lifestyle."

When we heard about the new apartments, Able was one of the first to apply.

"It's great that he's been able to find a home where he can have his own space, yet within the friendly community where he grew up and where he knows so many people."

He loves his new flat, which has a spare room for a support worker to sleep in if they need to stay overnight."

Since September, when Able moved in, Alex has been working with Devon County Council to make changes to the ground floor flat that will improve accessibility and ease some of the everyday tasks like washing, cooking and personal hygiene.

Outings

She said Able is proud of his new apartment, where he's comfortable and can spend quality time with his fiancée Leanne, who is the "love of his life". The couple, who met at South Devon College, cook meals together and have enjoyed outings in Able's mobility car.

Alex added:

"Able feels completely at home in his new flat. Each day, with the help of his fantastic support workers, he's gaining the skills that will ensure he has a healthy, independent future. It's what every parent hopes for and I can step back, confident that he's thriving. I couldn't wish for a safer, more friendly and supportive environment for Able to live in the heart of the village we both love."

Summing up the 11 new apartments at Elmhirst Court, Alex said:

"It's a real gift to the community."

Left, Able, support worker Cassie and family dog Merry.

Below, Newspaper cutting when Able was a toddler.



Management changes during the year



DEPARTURE



Alan Fox retires as Managing Director of Rural Homes Ltd.

Alan Fox retired on 31 January as Managing Director of Rural Homes Limited, a subsidiary of SDR, where he has worked since August 2015. Alan has worked in the profession for over 48 years, specialising in housing development, in particular delivery of affordable housing schemes for sale and rent (including social rent).

He was previously Executive Director and Secretary of Cornwall Community Land Trust Limited from 2006 to 2015 and Director of Housing and Development at Penwith Housing Association Limited (now part of LiveWest) from 1994 to 2006.

For the past 16 years his focus has been working with communities and community-led development, and has helped a number of rural communities deliver a wide range of affordable homes for local people.

MOVING ON: Alan Fox



ARRIVALS



James Gulpinar is Rural Homes new MD

Succeeding Alan Fox as MD at Rural Homes Ltd. is James Gulpinar, who moves from Randall Simmonds, a professional construction consultancy based in Newton Abbot, where he acted as a Building Surveyor and Employer's Agent from 2019.

He has previous experience running his own plumbing and construction business, before embarking on a degree course in Building Surveying and the Environment, gaining a BSc (Hons). He has also worked for Teign Housing and Haldons Construction Consultants as a Building Surveyor. He lives in Newton Abbot with his wife and four children.

MOVING IN: James Gulpinar



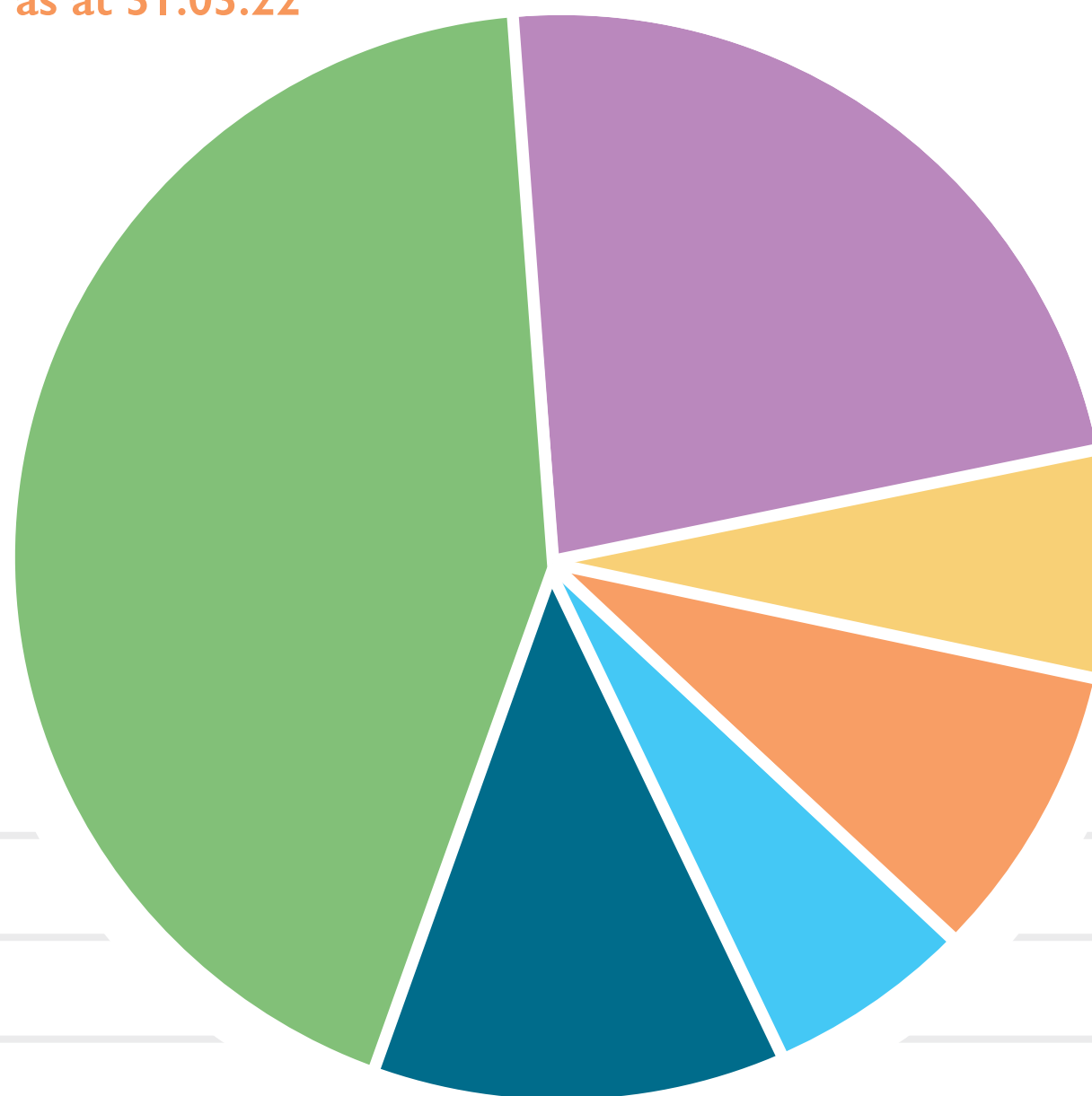
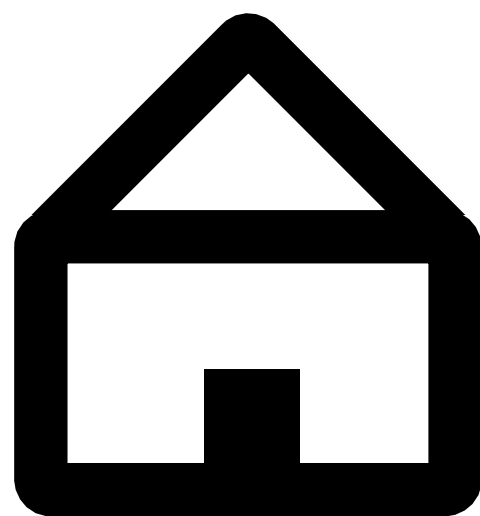
Robert Carnon is SDR's new Housing Manager

Robert Carnon joined us as Housing Manager in October 2021. Robert has a Level 5 Chartered Management Institute award as well as a Level 4 Chartered Institute of Housing award.

With over 10 years' experience in Social Housing, Robert previously worked with Sanctuary Housing, one of the UK's largest housing providers, as well as working for Ocean Housing in Cornwall. Robert prides himself on his positive outlook and strong customer services background.

MOVING IN: Robert Carnon

Our Rented Stock as at 31.03.22



Pipeline/future development

The Association is following its development strategy and intends to build more affordable homes and more homes for sale to subsidise the building of affordable homes.

Brimhay – Continuing to sell the remaining family homes on the open market in phases from August 2020. Completion of 11 one-bed apartments at Elmhirst Court for people with learning disabilities, achieved July 2021.

Total
Stock
365

**General
Needs
Properties**

**Housing for
Older People**

**Residential
Care Home
Bedspaces**

**Intermediate &
Submarket Units**
(at 80% market rents)
2, 3, 4 bed house let on
shorthold tenancies

**Supported Housing
(Learning
Disability)**

**Managed but
not Owned
Properties**

CASE STUDY 2 – TACKLING THE HOUSING CRISIS

Proud to play part in easing pain of South Devon's homes crisis

SDR Chief Executive Christine Candlish says she's proud of the contribution her organisation is making in the battle against the region's housing crisis and the threat of rising homelessness following a "perfect storm" of conditions putting pressure on people needing a home.

SDR has been working in this sector for just over 60 years, providing quality, affordable housing for people of various ages with a range of personal circumstances, much to the satisfaction of the CEO and Board.

Soaring food prices and sky-high fuel costs have sparked headlines about a cost of living crisis not seen for decades – which only goes to aggravate the struggle that individuals and families already face in paying for a roof over their heads. But the causes of the problem are complex.

There's also a long-term nationwide shortage of housing – with this mismatch between supply and demand helping to drive up house prices in leaps and bounds. This national picture is reflected in life on the ground in the South West.

Magnifying the problem still further is a chronic shortage of affordable rented properties, with latest annual figures showing demand in South Hams and West Devon was outstripping supply by a factor of nearly 600%.

Waiting list

According to the Devon HomeChoice quarterly monitoring report for July 2022, there are 823 in housing need on the register for South Hams. Of those, 472 are looking for one-bed accommodation and 205 for two-bed, a total of 677; that's 80% of the full number.

In West Devon, the total in housing need and seeking a home is 516, with 270 looking for one bedroom and 104 wanting two beds, a total of 374 – or 72% of the whole. Across Devon in 2021-22 there were over 19,300 people on the waiting list and only 3,298 properties actually let, meaning that need is running at nearly 6 times availability.

Many families are suffering more general deprivation, with the latest report from the Joseph Rowntree Foundation* showing that the proportion of children in poverty after housing costs are taken into account was 27% in South Hams and 28% in West Devon. That's better than the 40% or even 50% in parts of London and the North West, but still needs urgent attention.



Bad news

House price growth in our region is now stronger than any other part of the UK – bad news for young home-buyers and people who are homeless in the region.

The average house price in the South Hams is £440,139 (average salary £30,160), whilst the average house price in West Devon is £306,203 (average salary £22,048)* so the gap between purchase price and affordability continues to widen.

Also pushing up house prices at unprecedented rates are increases in the number of second homes, more properties being converted to holiday lets, and extra people moving into the area from outside. These price rises increasingly squeeze local buyers – especially young couples and families – out of the market because their earnings don't match the repayments they would have to find for the necessary mortgage.

There's also a lack of rentable homes available for tenancies of longer than six months – inflicting more pain on those seeking longer-term rented accommodation.

The South West region and South Devon in particular have long been suffering from a shortage of homes, which is why in September 2021 South Hams District Council officially declared a Housing Crisis.

Lobbying

Most experts agree that the key to solving this crisis is partnership working: District councils taking their own individual measures; working with Devon County Council on joint strategies; and lobbying central government to create the right conditions for housing stocks to increase.

SDR, like other so-called Registered Providers (RPs), has been helping to promote a number of innovative local authority schemes aimed at easing the housing shortage.



These council schemes complement national changes aiming to make shared ownership affordable for more people, like a new Homes England shared ownership funding scheme that allows buyers to start purchasing shares from 10% (currently 25-30%).

SDR is well practised at finding ways to provide homes for a wide range of people of all ages and housing needs, from care home rooms for the elderly to small homes for retired workers and, more recently, building apartments for the Over 50s and for people with a variety of learning difficulties.

Spreading its wings geographically beyond the boundaries of its original Totnes base, SDR's 365 property assets now extend to Cornwall in the West, Plymouth to the South, Tavistock to the North and Exeter to the East.

We have also widened our range of partners to include Homes England – which grant-funded two of SDR's schemes at Dartington – Devon County Council, Cornwall Council, Cornwall Land Community Trust and, more recently, national rent-to-buy champions Rentplus.

Working hand-in-glove with people on the ground is crucial to success and the teams at SDR and daughter organisation Rural Homes Ltd collaborate closely with the Housing Service at South Hams District Council to tackle the local housing crisis.

Perfect storm

Christine Candlish said:

"We've seen a perfect storm of conditions leading to pressure on people trying to find an affordable home in our area, where many incomes are below average. I feel so sorry for people who just can't see how they will ever get a roof over their heads and we have to find more ways to help them."

"Organisations like SDR can't solve a situation like this alone. Our ongoing new projects can hold back the tide but, when our council partners declare a Housing Crisis, it's all hands to the pumps to check the decline and create forward motion. We're playing a key role in this battle, which must be won."

Rises in rents and property prices have priced many low-income families out of both the home-ownership and private rental market – as the numbers of landlords also drop. The furlough scheme and changes to benefits have impacted on people's ability to manage their finances and this highlights the challenges faced by many in our area, risking an increase in homelessness.

Christine Candlish said *shortages of affordable accommodation affected a wide range of folk – from singles to couples, to families and the elderly, as well as people with learning difficulties or disabilities. This makes the problem much more complex than a simple shortage of bricks and mortar, requiring a more holistic approach to finding solutions.*

Partnering

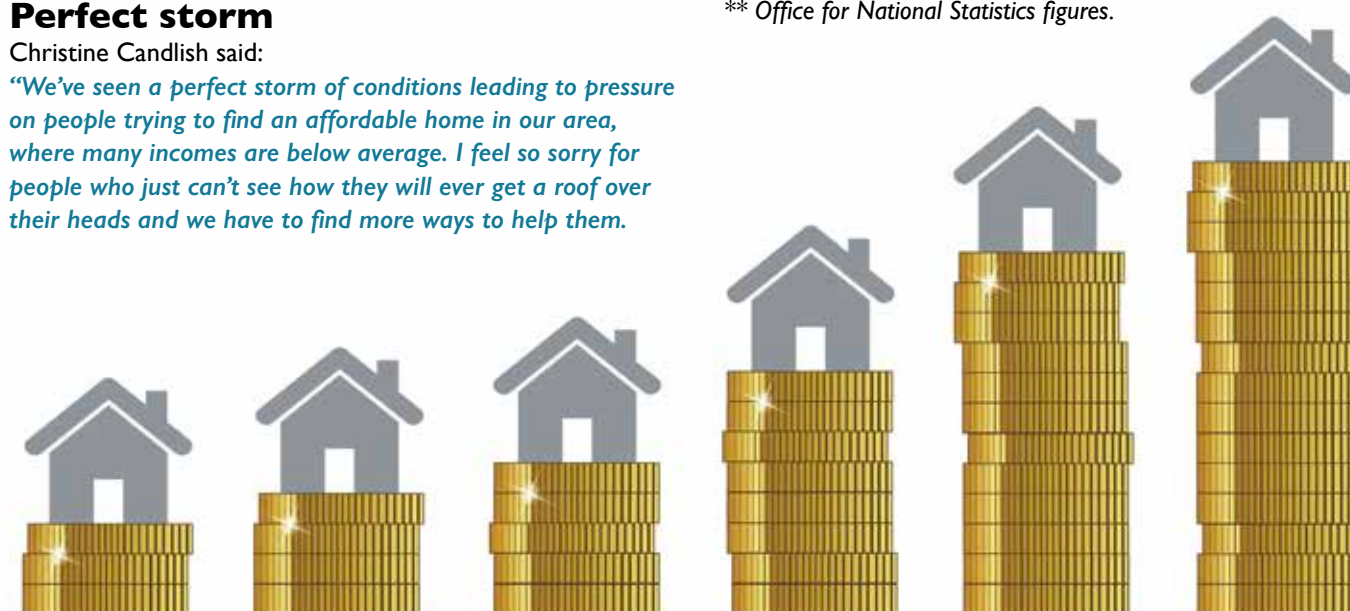
Part of SDR's multi-faceted approach is partnering with providers of rent-to-buy options like Rentplus – who offer a proven affordable rent-to-buy scheme operating across England – now focusing on the South West.

Christine Candlish continued:

"I'm really proud of the measures and partnerships we've put in place and I'm confident they will have a significant impact on the region's housing shortage. Local government and private sector strategies also give me hope that we are on the right track to slow the rate of decline and in time turn it around for the benefit of people on low incomes who want to live, work and bring up their families in our wonderful area."

* UK Poverty Report 2022 – EndChildPoverty.org

** Office for National Statistics figures.



CASE STUDY 3 – STRENGTH IN NUMBERS

Plans laid for exciting new partnership with rent-to-buy champions



The Financial Year that ended in April saw plans being finalised for a new partnership to help SDR's Board forge ahead with one of the major planks of our corporate strategy – finding innovative ways of providing homes through collaborative working.

The roadmap to this exciting new collaboration started early in 2021. After initial exchanges with rent-to-buy champions Rentplus-UK, their Directors presented to the SDR Board in June 2021, with a view to cementing a commercial partnership once all the legal instruments and business processes were in place.

Extremely good news

As the financial year drew to a close, we were confident that we were only a few weeks away from being able to announce that the partnership had gone live, a revelation that we knew would be extremely good news for our public sector partners and, not least, the many people in our catchment area desperate to get a roof over their heads.

This new partnership means that together we can offer more affordable rent-to-buy homes across the whole of Devon, plus parts of the east side of Dorset and Somerset.

Rentplus is a proven affordable rent-to-buy scheme operating across England. Tenants move in with no deposit and pay affordable rent for between five and 20 years. This gives them time to save a deposit and build a good credit rating. When they are ready to buy, Rentplus gifts them 10% of the purchase price to boost their savings and enable them to purchase 100% of their home.

Rentplus were confident that they could identify several sites across Devon where it might initially offer nearly 50 affordable rent-to-buy homes to deliver home-ownership for local working people in partnership with SDR.

Steve Collins, Rentplus CEO, said:

"A partnership between Rentplus and SDR means more affordable rent-to-buy housing will be available to local aspiring home-owners."

"For many, especially those paying high private rents, there is little or no ability to save for a deposit, although ironically they could probably afford monthly mortgage repayments."

Christine Candlish, SDR Chief Executive, added:

"We're delighted that we will be working with Rentplus and are looking forward to helping local people realise their home ownership aspirations."

"Having more Rentplus homes in Devon will help local people to stay living and working in the area. This supports delivery of a key objective of SDR's corporate strategy, enabling working people to create homes where they want to live and bring up their children, whilst helping to nurture stable communities in the longer term."

The partners will work together to allocate the homes through *Devon Home Choice*, the local authority lettings system, and will announce the schemes as they become ready.



Value For Money (VFM)

Value for Money is an important part of our culture. It sets the tone for doing the best for our customers and is one of our fundamental values, using our resources efficiently and effectively.

We measure our performance against the previous year and benchmark ourselves against similar small housing associations as part of the South West Benchmarking Group, and a care benchmarking group which enables us to benchmark the services provided in our care home against other similar provisions.

Our definition of VFM is simple: We want to produce as much value as possible for the money and resources we have available. The value we produce is directly related to our social purpose as set out in our Mission Statement, as follows:

SDR is a socially responsible business delivering quality homes and support services which change people's lives. We are engaged and innovative; and we work in collaboration with others to enhance the wellbeing and independence of individuals and communities.

For us, therefore, achieving VFM is about making a bigger difference by delivering quality homes and the best support services we possibly can with the resources available. We will do this mindful of the legitimate and sometimes competing interests of our key stakeholders: tenants, local communities, local partner organisations, taxpayers and funders.

**Our strategic approach to VFM and use of resources:**

Our VFM strategy can be summarised as:

- being clear about what we do – our purpose, objectives and the value we produce
- recognising how our operating context influences what we do:
 - the needs and aspirations of our stakeholders, particularly the profile of our customers,
 - the local and national context.
- ensuring the system of value production is optimised:
 - do the right things – a business plan that focuses resources on the right activities by making informed choices to achieve our corporate priorities
 - with the right assets – ensure we have the right physical and human assets for the right cost
 - in the right way - efficient and effective delivery
 - using the right tools – we need the right tools to allow us to evaluate success and apply learning, to check we have delivered the right outcomes, including making a surplus and efficiency gains for reinvestment in our social objectives.

Our embedded approach to the delivery of VFM on a day-to-day basis:

Our Board head up the Association's approach to VFM holding the Senior Management Team to account for VFM performance.

The need to maximise VFM is embedded as a culture of the Association.

We are part of a benchmarking group of housing associations in the South West of England. We use this to compare our performance to others and identify how we can improve the way we deliver our services.

Value For Money continued

Strategic Objectives: How have we done so far?

DEVELOPMENT

To develop and manage sustainable, community-based, affordable housing and related services for South Devon and surrounding areas (existing operations are in South Hams, Teignbridge, West Devon and Exeter) where there is a proven need and a good strategic fit.

There are a number of development projects and potential development opportunities that the Group are currently working on. The intention is to have an ongoing development programme that is secured on existing assets, that directly promotes the delivery of community-led housing projects and builds affordable homes that meet the needs of local people.

As a result of lack of resources and materials delays due to COVID, the final phase of the Brimhay affordable homes development, Elmhurst Court, a scheme of 11 affordable flats for young people with learning disabilities, was not completed until the end of July.

New supply delivered %

This metric sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units owned at period end.

Due to the Coronavirus pandemic the phase delivering the 11 supported living apartments was delayed and only completed at the end of July 2021, with all properties being let by September 2021. The Association is continuing to work to secure a pipeline of development opportunities stretching a number of years into the future. Rural Homes Limited is assisting SDR to achieve this and has identified a number of projects moving forward that could provide around 18 affordable homes over the next three years. SDR is a partner in the Partnership South West, a development consortium that is able to apply for grants from Homes England, to provide affordable housing.

A. New supply delivered (Social housing units)

2020/21	2021/22	SWBM Median 2021/22
5.0%	3.4%	0%

B. New supply delivered (Non-social housing units)

2020/21	2021/22	SWBM Median 2021/22
0%	0%	0%

Housing Properties at cost before depreciation has increased from the 2021 figure of £24,046,000 to £24,590,000. This includes 35 properties purchased since May 2008 under the South Hams Intermediate Rent Enterprise ("SHIRE") scheme with a total cost of £4,999,000. The net book value of the Association's fixed assets has increased from £20,162,000 to £20,343,000. Details of fixed assets are shown in Note 11. This does not include any properties developed by the subsidiary Rural Homes Limited.

HOUSING SERVICES

To provide a housing management service that is cost-effective, customer-focused, responsive to resident influence, and achieves a high rate of tenant satisfaction. Ensure staff are knowledgeable of stock and schemes and local needs, and are well trained in relevant service areas. This is supported through training, regular site visits and customer feedback.

Headline social housing cost per unit

The unit cost metric assesses the headline social housing cost per unit as defined by the regulator. The cost increase from 20/21 to 21/22 reflects inflationary increases.



Including the Care Home

2020/21	2021/22	SWBM Median 2021/22
£5,056	£5,498	£4,656

Excluding the Care Home, which is a fairer comparator to the benchmarking club, as care home running costs are high and other local housing associations do not run them.

2020/21	2021/22	SWBM Median 2021/22
£2,867	£3,074	£4,656

Arrears as a percentage of rent receivable

This shows how well the level of rent money owed to the Association by tenants compared to the amount of rent it is due to collect. It can be seen that the Association performs very well and our tenants pay promptly. The Association has provided a number of ways to pay rent. The offer of payment by Direct Debit was introduced a number of years ago in preparation for the Universal Credit roll-out. To date there are 60 (20%) out of 299 tenants receiving Universal Credit. The Housing team works closely with these tenants to ensure their debt levels have not increased due to the transfer from Housing Benefit. £4,299 (48%) of the £8,973 tenant rent arrears relates to Universal Credit tenants.

2020/21	2021/22	SWBM Median 2021/22
0.52%	0.58%	1.73%

Rent losses from voids – General needs stock

This shows that there is a demand for the Association's housing stock.

2020/21	2021/22	SWBM Median 2021/22
0.83%	0.44%	0.60%

FINANCE

To be a financially sustainable organisation. Ensure the organisation is able to grow organically as well as funded and through future borrowings identified in strategic plans approved by the Board.

The Association reports a surplus before taxation (including £440,000 gift aid from Rural Homes Limited) of £460,000 against a budgeted surplus of £15,643.

Turnover for the year in 2022 is £3,220,000, an increase from £2,482,000 the previous year. The increase includes the gift aid donation from Rural Home Limited of £440,000. With the donation, the operating surplus is £957,000 in 2022 compared to £502,000 in 2021, but in the underlying business this is a small increase on last year, despite increased costs due to COVID-19 grants being made available.

The Association's net assets of £2,339,000 have increased by £432,000 from £1,907,000 in 2021. It should be noted that fixed assets are shown at book value of the properties owned by the Association, which is currently significantly below their market value. The Association shows its assets held as social housing properties at cost, with the table showing housing properties carried net of depreciation at £20,343,000. Note 11 of the Accounts contains more detailed information.

Gearing % Gearing increased

This metric compares the level of liabilities less cash held, compared to assets held, it is like a loan to value comparator for a mortgage. The Association has embraced the need to ensure that assets are used to generate new social housing and continues to do so.

2020/21	2021/22	SWBM Median 2021/22
53.51%	55.95%	15.46%

Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %

This metric shows how much cash is generated over and above what is required to pay loan interest costs. The Association has to generate 110% as part of their loan covenants agreed with the banks.

2020/21	2021/22	SWBM Median 2021/22
143.43%	220.02%	255.00%



Value For Money *continued*

Operating Margin %

Our operating margin is higher than our Peer Group, mainly due to the Gift Aid donation.

Operating margin measures the amount of surplus generated from turnover on our day-to-day activities. It is an indicator of operating efficiency and business health. In 2021/22, our operating margin on social housing lettings was 16.81%, only 1.2% lower than the Peer Group figure.

However the Association's aim is to achieve a sufficient surplus to ensure it runs an efficient business with well-maintained assets.

A. Operating Margin (social housing lettings only)

2020/21	2021/22	SWBM Median 2021/22
17.96%	16.81%	18.00%

B. Operating Margin (overall)

2020/21	2021/22	SWBM Median 2021/22
20.99%	34.42%	16.68%

SERVICES FOR OLDER AND VULNERABLE PEOPLE

To provide, in partnership with other providers, care and support services that meet the requirements of customers and comply with regulatory requirements.

Forder Lane House, the Association's residential care home was awarded a rating of Good in September 2020 by the Care Quality Commission. It is the Association's aim to achieve the highest rating available. An action plan is in place to support further improvements, with an aim to be delivering an outstanding rated service.

It has been a challenging year but the home has worked very closely with local intermediate care teams to provide short term respite placements to minimise void levels.

2020/21	2021/22	SWBM Median 2021/22
12.0%	4.0%	N/A

HUMAN RESOURCES

To recruit and retain well-trained and motivated staff. Unfortunately due to the nature of care work and the impact of the pandemic, the Association has a high level of staff turnover. With a small staff team this will result in high percentages shown. The Association is committed to providing a good place to work with good rates of pay. No other member of the South West Benchmarking group has a care home.

Staff Turnover

2020/21	2021/22	SWBM Median 2021/22
46%	73%	N/A

The Association wishes to support staff for future pension arrangements and supports all staff who wish to join the association's pension scheme, regardless of their pay level. This is a defined contribution scheme.

INFORMATION AND COMMUNICATION TECHNOLOGY

To have an ICT Strategy to meet the current and future ICT needs of the Association.

Our aim is to reduce reliance on paper records and this has been further implemented during this financial year. With the use of document image management systems, all records are being computerised where possible. Staff are supported with mobile working technology, to enable them to provide current information to tenants visiting our housing schemes.

The Association has provided a computer which is available in the head office foyer to tenants, to help them to access online services such as housing benefit/Universal Credit systems and Choice Based lettings. The Association has been operating with staff alternating between home working and office working. Residents are now able to access our head office by prior appointment and the Housing Team have visited residents in their homes. Resident queries continue to be dealt with either by telephone, email or letter.

To support improved customer service and give tenants more control over their housing account, SDR have continue to promote housing software called My Tenancy, which enables tenants to access their rent accounts, update their personal details and report a repair.



RESIDENT ENGAGEMENT

A new Resident Engagement Strategy is planned to be developed and implemented next year. There are currently a number of ways customers can be involved in the organisation, such as input on policy review, feedback and ideas on how the Association can improve services, and customer panels. Within the new strategy the Association will continue to develop and promote further opportunities for customer involvement.

GOVERNANCE

To ensure high standards of governance and clear accountability for the Association, and maintain probity in its direction. The National Housing Federation Code of Governance 2015 has been adopted, and following the publication of the 2020 update to the Code, the Board will discuss the changes with the aim to adopt the new code later in 2022.

ASSET MANAGEMENT

To ensure a good understanding of the Association's assets and how they perform. Using business analysis to support strategic decisions.

The Association reviewed its Asset Management Strategy in January 2020.

The strategy defines SDR's overall approach to Asset Management in line with best practice as defined by the National Housing Federation: 'The principal assets of a Registered Social Landlord are the homes it owns and manages. Asset Management in this context will therefore consist of a range of activities undertaken so that our housing stock meets needs and standards now and in the future, including the development, retention, investment in and sale of homes'.

SDR's definition of Asset Management is the range of activities undertaken so that our housing stock aligns with current and future need, including the development, retention, investment in and sale of homes. It recognises that effective asset management includes three key elements:

Stock Investment

Those activities that will maintain the stock to a standard to meet customer needs and regulatory requirements. This is principally the stock investment programme designed to keep all properties to the agreed investment standard for the full period of the Business Plan.

Active Asset Management

Those activities to improve or replace properties that have a poor social, economic or environmental performance, because of low demand or high costs, and either improving them or replacing them with properties which are fit for purpose.

Supporting wider objectives

Being clear where and how asset management is supporting wider objectives, such as new development or supporting wider community activities.

There is a planned component replacement programme over the next five years to ensure all properties are well maintained. The Association spent £95,000 on component replacements in 2021/22.

Reinvestment %

This metric looks at how much money the Association is spending on improvements to existing stock and how much it is spending on providing new housing compared to the value of housing stock held. The Brimhay Gardens work which commenced in 2019/20 was completed in 2021/22 with the completion of Elmhurst Court in July 2021. The Association has a commitment to spending £250,000 on works to existing stock in 2022/23.

2020/21	2021/22	SWBM Median 2021/22
7.2%	7.2%	2.42%

Return on capital employed (ROCE) %

This measure shows how well we use both our capital and debt to generate a financial return. It is a commonly used ratio to compare the efficiency of capital usage of different businesses in the same sector. Our return on capital is broadly in line with our peer group average current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources.

2020/21	2021/22	SWBM Median 2021/22
2.29%	4.33%	2.41%

SOUTH DEVON HOUSE

To provide facilities and office space to local businesses, supporting new businesses to grow.

South Devon House is a thriving business hub, with a mix of longer term rentals, as well as providing the registered offices for the Association. The offices are all fully let, with waiting lists.

The Work Hub provides start-up businesses with a range of services, from a postal address only, to a fully serviced office at affordable prices. The Work Hub reopened in August 2021 following the installation of COVID safe screening to provide separate safe working desk spaces.



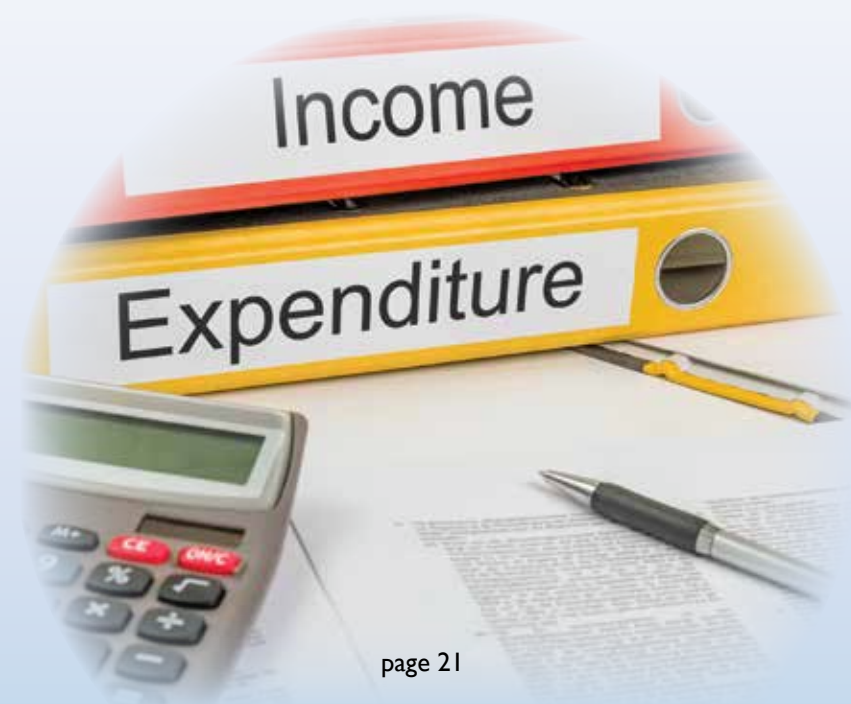
SOUTH DEVON RURAL
HOUSING ASSOCIATION LIMITED

Income and Expenditure

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	£'000	£'000
TURNOVER	3,871	4,411
Operating costs	(2,880)	(3,335)
Gain/(loss) on disposal of housing properties	-	(19)
Other income	41	99
OPERATING SURPLUS	1,032	1,156
Interest receivable	-	-
Interest and financing costs	(536)	(493)
Surplus/(deficit) before tax	496	663
Taxation	-	-
SURPLUS/(DEFICIT) FOR THE YEAR and TOTAL COMPREHENSIVE INCOME FOR THE YEAR	496	663

This is an extract from the audited Financial Statements for the year.



Balance Sheet

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

	2022	2021
	£'000	£'000
FIXED ASSETS		
Housing Properties	20,314	20,122
Other Fixed Assets	315	329
Investment Properties	315	315
Investments Unlisted	7	7
TOTAL FIXED ASSETS	20,951	20,773
CURRENT ASSETS		
Stock	45	149
Debtors	1,283	136
Cash at bank and in hand	837	1,994
	2,165	2,279
CREDITORS: Amounts falling due within one year	(890)	(1,076)
NET CURRENT ASSETS	1,275	1,203
TOTAL ASSETS LESS CURRENT LIABILITIES	22,226	21,976
CREDITORS: Amounts falling due after more than one year	(14,270)	(14,557)
Deferred Capital Grant	(5,469)	(5,428)
	(19,739)	(19,985)
TOTAL NET ASSETS	2,487	1,991
RESERVES		
Non-equity share capital	-	-
Income and Expenditure Reserve	2,487	1,991
TOTAL RESERVES	2,487	1,991

This is an extract from the audited Financial Statements for the year.