



## SOUTH DEVON RURAL HOUSING ASSOCIATION LIMITED

South Devon Rural Housing Association Limited  
Registered England and Wales  
South Devon House, Babbage Road, Totnes TQ9 5JA

T. 01803 863550 F. 01803 863685

E-mail: [Info@southdevonrural.com](mailto:Info@southdevonrural.com)  
Website: [www.southdevonrural.com](http://www.southdevonrural.com)

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.



## 2018/19 Annual Report



**SOUTH DEVON RURAL**  
HOUSING ASSOCIATION LIMITED

# Chairman's Report 2019

**I am pleased to report that the Association has had another successful year in 2018/19 in the continued provision throughout Devon of affordable housing and the maintenance of high standards, despite economic and political uncertainty within the country.**

The ethos underpinning our work is that of helping those in need, not just narrowly defined but which has been achieved through the general housing provisions, the care home Forder Lane House, Dartington and the assisted living provision at Braemar and Merryfield, Buckfastleigh. The latter cater for 10 people with learning disabilities and support is provided by Camp Hill Trust, whom I thank for their dedicated and effective work.

The details of our service standards you will find elsewhere in the report. Where there have been shortcomings, both the Board and the operational staff work to resolve these as quickly as possible and generally we have reason to be very proud of our record. We are part of benchmarking groups to allow us to monitor our standards on a range of measures and, whilst we compare well on almost all counts, there is no room for complacency. Expenditure on the upkeep and improvement of properties continues, including energy efficiency measures. Whilst we endeavour to achieve the highest standards, the Government's 1% rent reduction requirement has continued to see our gross income level less than it might be and, although budget controls have had to be tightened, the extraordinary items of repair have required continuing vigilance. Notwithstanding these constraints the component replacement programme continues, including the upgrading of kitchens, bathrooms and heating.

The Association's net assets dip due to the demolitions at Brimhay but then the situation will improve as the new dwellings are built and we will see added values in 2019. At the closing of the 2018/19 accounts the fixed assets net book value stand at £17.7million, based on historic cost, their actual value is about £30m.

The issue of Brimhay Dartington continued to cause problems and cost increases which were not of our making. The year has seen the long-overdue start on site and we look forward to the tenants of Phase 1 taking occupancy of their new homes by the end of 2019. The last phase to provide flats for assisted living is subject to redesign internally to achieve some improvements and so further planning application for the amendments has been needed. We have completed the sale of a further older asset but the two new houses in Buckfastleigh, for which we have buyers, have been held up by unexpected legal complications that will lead to the proceeds not being credited until the next financial year.

Some of our joint working with a project in Plymouth (SHIP) has seen further take up and all flats are now taken. The properties we managed for South Hams have been taken back by them barring one; where the needs of the tenant made rehousing impossible so SHDC have asked we keep it within our purview.

“

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The association has been ambitious in its plans and, as noted above, has suffered costs and income reductions which are not of its making. We have borrowed to allow these plans to be achieved which, in the short term, gives us little room for manoeuvre financially. The Board monitor the situation and cash flow forecasts supplied which, together with the controls required by the lending Banks, give us confidence but also provide us with the challenge to see that our budgets for the coming year are tightly controlled. Nevertheless we have a further project in Kingsbridge which is being actively pursued and once the Brimhay project is completed we can embark on further works in conjunction with our subsidiary Rural Homes Ltd.

The care home at Forder Lane House has to cope with changes in the way people use the home. The longer term residents have reduced in number but the respite care and other special needs have risen which, together with more realistic funding for care packages, means the Home remains on a sound financial footing.

The year has seen the ending of an era with the retirement of Chief Executive Steve Prime - Steve has seen the association expanded and modernised hugely. We thank him for all his hard work and creativity over the years. He will continue working with our subsidiary Rural Homes Ltd. to provide advice to secure the completion of Brimhay but we wish him well in his retirement. I thank Claire Barnett our Finance Director, who is appointed Interim Chief Executive until a new CEO is found.

I took over as Chair only at the end of the 2018/19 year and wish to thank my predecessor Jim Davis. All the finance and operations teams have worked hard to help us achieve our objectives over the past year. Bonnie van Beek and her staff have continued to provide an excellent care at Forder Lane House Residential Home for the elderly which is highly respected - my appreciation and thanks to all.

**Roger Hands – Chairman of the Board**

## Update:

CEO now recruited. Christine Candlish, will start as SDR's new CEO on 2nd September 2019

## Update:

We have now acquired the site in Kingsbridge and are currently reviewing options.

# Introduction from the Chief Executive

Welcome to this year's annual report. In this report, we have 3 aims:

**to set out how we provide services to you, and meet the standards set by the Regulator of Social Housing (RSH)**

**to report how well we are performing**

**to identify the ways in which you can comment on our procedures and our performance, and influence how SDR is run**

We will also give feedback on comments, suggestions and complaints from tenants and service users.

I hope you find our Annual Report interesting, and that it encourages you to get more involved with the way SDR is run. If you would like to contact me personally to discuss anything in our report, please feel free to email me on: **Claire@southdevonrural.com**

I can also be contacted by telephone on 01803 863550.

A reminder of existing communication routes and ways to get involved we have already set up:

**consult@southdevonrural.com** a dedicated consultation e-mail address

**consult@** - a matrix of tenants and stakeholders who receive policies and procedures on which to comment upon as part of our consultation and tenant involvement strategy. (Where they have said they wish to do so)

**info@southdevonrural.com** a dedicated e-mail address if you wish to communicate with the association generally.



**Repairs satisfaction surveys** – In addition to our postal contractor satisfaction surveys, SDR staff also contact customers by telephone to ask if they were satisfied with works carried out. We investigate all reports of dissatisfaction with our repairs service.



**What you want surveys** – an annual survey of tenants giving their views on what is important to them for forthcoming years. The results of which influence the Association's investment plans.



## Grounds Maintenance Annual

**Satisfaction** Surveys to measure the level of tenant satisfaction with the grass cutting and grounds maintenance service provided by our contractors.



## Regular site inspections

Our Housing Staff make regular inspections of our housing schemes to ensure they are maintained to our expectations and standards – residents are invited to accompany the Housing Staff on these inspections should they wish to do so. You may also contact us by telephone on 01803 863550 and ask to speak to me or any member of staff on this matter.



## Tenants on the Board

The Association has, for many years, had two places available on the Board of Management, reserved for tenants of the association. Tenant Members are voted onto the Board by tenants and are subject to the normal selection criteria for Board Members.

With best wishes

**Claire Barnett**, Acting Chief Executive.



**SOUTH DEVON RURAL**  
HOUSING ASSOCIATION LIMITED

## Supporting Residents of Broomborough Court to Live in a Cleaner Environment

South Devon Rural Housing Team attended Broomborough Court to speak to residents about any issues and to assist with clearing of communal areas.



## 60 Cherry Trees For 60 Years

As you are hopefully aware we have been celebrating our 60th Anniversary as an organisation and we have been taking part in a number of celebrations to mark this occasion.



## Annual garden party at Forders Lane Care Home



# Events

# 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 contact any of the contact names at the end of this report for a copy.

SDR believes that it meets the standards identified by the regulator. However, we recognise that there is always room for improvement, and we are committed to continuing to improve our performance each year. We support the regulators 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 which 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.
- Minimise the number of our properties that are empty at all times.
- Provide assured tenancies for all tenants, except where we manage property for other landlords who require us to use Assured Shorthold Tenancies or where we operate specific affordable housing schemes such as SHIRE.
- Operate a defined lettings standard.
- Maintain a 24 hour responsive repairs service, with target times for action which reflect the urgency of the repair need.
- Undertake a stock improvement programme on our own properties each year, to ensure they continue meet the government's Decent Homes Standard.
- Inspect all our housing sites bi monthly, quarterly or (6 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 practicable 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?



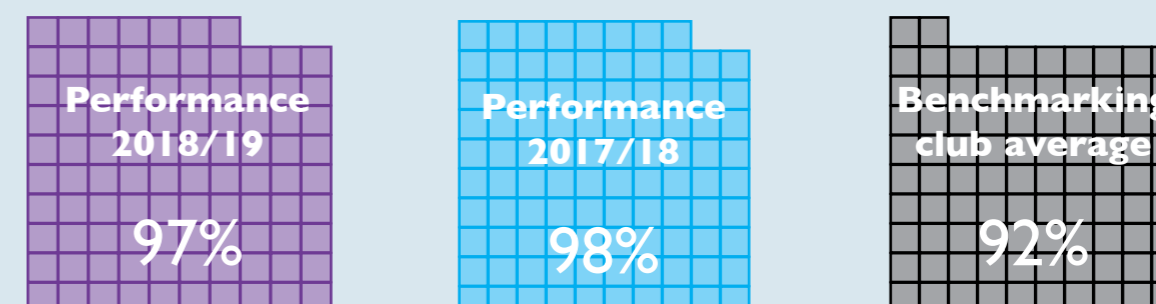
In this section, we aim to give you information about how well we are performing.

The chart below includes a number of 'performance indicators' showing SDR's current performance (over the last year). To put these figures in context, we have also included SDR's performance the previous year (2017/18) as well as average performance for a group of housing associations similar to SDR (our 'benchmarking club').

Performance indicator	Performance 2018/19	Performance 2017/18	Benchmarking club average
Emergency repairs completed on time	100%	100%	100%
Urgent repairs completed on time	100%	100%	95%
Routine repairs completed on time	90%	90%	93%
Rent lost through empty properties	0.04%	0.34%	0.4%
Average Time to re-let an empty property (days)	12	25	23
Rent arrears after housing benefit due is taken out	0.4%	0.79%	1.8%
Average weekly rent	£97.57	£85.42	£98.48

You told us that repairs & 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



# Our Rented Stock as at 31.03.19

## Property Type Number

### General Needs - Flats

1 bed (40)

2 bed (14)

### General Needs - Older Persons Bungalows

1 bed (29)

2 bed (38)

3 bed (1)

### General Needs - Houses

1 bed (23)

2 bed (37)

3 bed (37)

4 bed (2)

### Residential Care Home

Bedspace (25)

### Owned but not managed properties

(10)

### Intermediate & submarket units

(at 80% market rents) 2, 3, 4 bed house let on shorthold tenancies

(35)

### Supported Housing

(Learning Disability)

(10)

### Managed but not owned properties

(51)

### Leased family housing

(10)

**Total 362**

### 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** – Plan to be ready to let early 2020 to local people **Total 32 units - 12 for market sale.**

like to be an  
ambassador  
for SDR?

Do you want  
to make a  
difference?

Get more  
involved in  
SDR's decision  
making?

Tenant  
Involvement  
“Have  
your  
Say”

Become involved in our tenant panel. You have an opportunity to influence and question what we do. Meet directly with the senior management team and board members, individually, and as a consumer group. You can tell us, what we do well, and maybe not so well.

The benefits of being on a Tenant Panel:

- Having a say in what we do
- Contributing your direct experience of services
- Learn new skills, meet new people
- Improve career prospects
- Mentoring and being mentored

For further information, please contact **Francis Bourke – Operations Director** 01803 863550.

**SOCIAL MEDIA** – SDR continue to update their Facebook and Twitter accounts for South Devon Rural Housing and the Totnes Work Hub. Please visit us, people wishing to exchange or swap their home often post on our Facebook page.



# Plans for Improvement

Update of Action Plan for 2018/19

## Action

**Implement rent arrears module on the housing management system.**

**Improved business reporting and analysis across all services.**

**Identify potential customers facing Welfare Reform impacts.**

**Create opportunities to deliver housing contract and management services**

## Update

This will be implemented in 19/20, to support Universal Credit Roll Out.

Business reporting has improved around housing & repairs services, through training from our system provider. Further improvements are being planned for 19/20, including around finance services and invoicing.

Work has been carried out in this area, including, specific surveys and partnership working with the DWP and local job centre staff. SDR are signed up and have access to the Universal Credit web portal, which gives notification of new applicants.

Opportunities through local networking and the South West Benchmarking Group, have provided potential opportunities for SDR to manage a further 37 units for other providers. This is an area SDR will continue to develop in 19/20.

# Strategy

## Action Plan for 2019/20

- **Develop skills and use of the Housing, repairs & finance system, promoting digitalisation for tenants.**
- **Improve document management system for easier access to documents and efficient storage.**
- **Work closely with tenants and local organisations, managing the impact of Welfare Reform and Universal Credit roll out.**
- **Develop further opportunities to deliver Housing Management Services for other providers.**

# Value For Money: How are we doing?



## Our Value for Money Self Assessment:

**Regulatory requirements and revised VFM Standard which took effect from 1st April 2018. The new standard moves the focus of the regulatory approach away from providing the self assessment document, to include focused reporting by providers on targets including a suite of metrics with which to measure economy, efficiency and effectiveness on a comparable basis across the sector. These metrics are shown below and compared to the South West Benchmarking Group who are similar sized organisations:-**

### New supply delivered %

No further units were developed or acquired in 18/19. Because of the time required to deliver housing schemes can be long, the Association is working to secure a pipeline of development opportunities 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 which could provide around 30 affordable homes over the next three years. SDR is a partner in the Partnership South West which is a development consortium able to apply for grants from Homes England, to provide affordable housing.

### A. New supply delivered (Social housing units)

17/18	18/19	SWBM Median
0%	0%	2.42%

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

17/18	18/19	SWBM Median
0.63%	0.63%	0%

### Reinvestment %

This metric looks 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 Association is awaiting completion for the Brimhay works which will be an investment of a further £1,400,000 on new properties.

17/18	18/19	SWBM Median
2.45%	2.05%	1.5%

# Value For Money: How are we doing?

*continued*

## Return on capital employed (ROCE) %

This metric compares the operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources.

17/18	18/19	SWBM Median
3.19%	2.64%	2.64%

## Gearing %

This metric compares the level of loans held to the housing properties held, it is like a loan to value comparator for a mortgage. The Association is restricted to a maximum of 65% loan to value ratio. The Association has embraced the need to ensure that assets are used to generate new social housing and continues to do so.

17/18	18/19	SWBM Median
61.99%	58.04%	33.72%

## 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 the loan interest costs. The Association has to generate 110% as part of their loan covenants agreed with the banks.

17/18	18/19	SWBM Median
159%	156.52%	169.14%

## Operating Margin %

The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account. The higher the margins are one way to assess the financial efficiency of a business. However the Associations aim is not to achieve a high surplus but to ensure it runs an efficient business with well maintained assets.

### A. Operating Margin (social housing lettings only)

17/18	18/19	SWBM Median
28.28%	22.87%	34%

### B. Operating Margin (overall)

17/18	18/19	SWBM Median
23.46%	22.07%	30.37%

## Headline social housing cost per unit

### Including the Care Home

17/18	18/19	SWBM Median
£3,929	£4,227	£3,116

**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.**

17/18	18/19	SWBM Median
£2,348	£2,401	£3,116



## Information Technology (IT)

Websites for the Totnes Work Hub, SDR, Forder Lane House and Rural Homes Ltd have been updated. These changes include a more customer friendly version which can be accessed from any mobile phone or iPad through an app. SDR have also set up Facebook and Twitter accounts, please visit & follow us.

Further upgrades on SDR's housing management system (OMNI) to include digital document management and repairs. Further upgrades for the finance system are planned.

SDR have invested in planned and cyclical maintenance modules, to support improvement of projections and decision making in this area.

These new systems also allow us to deliver a more efficient service and also allows us to gain improved business analysis.

## Solar Panels

Through SDR funding, or working in partnership with local community providers, this continues to support customers in reducing their fuel bills and also reduces the carbon footprint. Seventy seven SDR properties have solar panels fitted.



Customer satisfaction in  
Qtr 4, 2018/19 was recorded at

**97%**



## Responsive Repairs

Further to a review of the responsive repairs service, SDR have decided to make some changes to the delivery of the service, to allow continued high rates of customer satisfaction, and achieve Value for Money around processing and administration of repairs. SDR now takes calls direct from customers regarding repairs. This compliments the improved IT systems around repairs management. Customer satisfaction in Qtr 4, 2018/19 was recorded at 97%.

This decision supports SDR's Value for Money objectives. There will be a benefit in resources such as staff time, and allowing SDR more control in managing the service. This includes utilising the maintenance inspector to carry out minor repairs rather than incur the cost of a main contractor.

## Asset Strategy (Social Value)

SDR continue to invest in upgrading properties through its planned maintenance budget. This will support SDR to meet targets to replace components in customers' homes, such as Kitchens, Bathrooms, & Heating systems.

## General Administration:

- When ordering items online, staff compare prices, quality, and recommendations before ordering.
- Staff make/print & laminate most of the signs for communal areas instead of buying them.
- All staff plan routes carefully when doing scheme visits to reduce travel expenses.



**SOUTH DEVON RURAL**  
HOUSING ASSOCIATION LIMITED

# Income and Expenditure

## ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

	2019	2018
	£'000	£'000
<b>TURNOVER</b>	2,368	2,267
Operating costs	(1,841)	(1,784)
<b>OPERATING SURPLUS</b>	527	583
Gain on disposal of property, plant and equipment (fixed assets)	666	-
Interest receivable	9	1
Interest and financing costs	(499)	(503)
Fair value gain/(loss)	-	(45)
Unrealised loss on investment	(3)	-
<b>SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	700	36
Tax on surplus on ordinary activities	-	-
<b>SURPLUS/(DEFICIT) FOR THE YEAR and TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	700	36

These financial statements were approved by the Board on 24th July 2019.

The Association results relate wholly to continuing activities.



Broomborough Court, Totnes

# Balance Sheet

## ASSOCIATION STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2019

	2019	2018
	£'000	£'000
<b>FIXED ASSETS</b>		
Housing properties	17,706	17,839
Other Fixed Assets	341	363
Investment Properties	315	315
Investments	7	10
Investment in Subsidiary	50	50
Total fixed assets	18,419	18,577
<b>CURRENT ASSETS</b>		
Debtors	1,038	108
Stock	419	579
Cash at bank and in hand	2,078	298
	3,535	985
<b>CREDITORS: Amounts falling due within one year</b>	(737)	(654)
<b>NET CURRENT ASSETS</b>	2,798	331
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	21,217	18,908
<b>CREDITORS: Amounts falling due after more than one year</b>	(14,035)	(12,868)
Deferred Capital Grant	(5,310)	(4,868)
<b>LONG TERM LIABILITIES</b>	(19,345)	(17,736)
<b>TOTAL NET ASSETS</b>	1,872	1,172
<b>RESERVES</b>		
Non-equity share capital	-	-
Income and Expenditure Reserve	1,872	1,172
<b>TOTAL RESERVES</b>	1,872	1,172