

LUNE VALLEY



Rural Housing Association
LIMITED

Annual Report 2021

***We support rural communities by providing
affordable homes for rent***



www.lunevalleyhousing.co.uk

MESSAGE FROM THE CHAIR

◆
Nick Egdell



Welcome to this year's annual tenant report on the performance, financial position and activities of Lune Valley Rural Housing Association. Further detail is available within the published accounts which is available on the website.

Clearly the impact of Covid-19 has been significant both on tenants, on the organisations who carry out work on our behalf and on the Association itself.

I am proud to report that no tenants were evicted during the year and many tenants who had lost jobs and incomes managed to get the appropriate support in place to sustain tenancies. The Board reviews arrears cases at its Board meetings and there have been some real hardship cases but rent accounts in the main are starting to get back on the right footing.

Our partners and contractors also had difficulty in mobilising operations following the 'ins and outs of lockdown'. Your health and safety and that of staff undertaking works on our behalf was paramount and this has led to inevitable delays in carrying out repairs on time, in completing development schemes and postponing planned maintenance works until next year. We hope that through the vaccine and other infection control measures then 2021/22 can be a better year for all concerned.

In last year's report I made the optimistic assumption that we would become a 100-home landlord during the year, but we will have to wait a little longer to realise this ambition with a forecast of 102 homes by 2021/22. Additional provision was also set aside to deal with potential financial difficulties, but the Board has a grip on current risks. The Board also turned down a development opportunity to ensure that there is sufficient liquidity to withstand any further economic shocks. Elsewhere discussions are ongoing with funders and advisors on treasury options to fund further developments and to release security.

The Government published a white paper for social housing during the year and whilst some of the contents do not yet have timeframes for implementation the Board has reviewed areas where we comply and agreed actions to improve services. Keeping properties safe and in good repair will continue to be important objectives for us and we approved an updated financial plan which is underpinned by good stock condition data.

During the year we agreed a Complaints Policy, and this is available on our website, which is compliant with the Housing Ombudsman's Complaint Handling Code. We will shortly be sending tenants a survey to ask them about services and the Board will review the results in detail at a Board meeting. The survey will be used to capture the baseline data underpinning new tenant satisfaction measures which the Regulator of Social Housing will be forming over the coming year ahead. This will form part of a wider initiative to ensure tenants voices are heard by the Board.

I also wish to place on record the Board's appreciation for the contribution of Carolyn Ryan, who stood down from the Board in February 2021 following 6 years' service. She will be greatly missed on the Board, and we wish her well for the future. I would also like to thank all Board Members for the time and contribution during what has been a difficult period. All Board Members, including myself, give their time on a voluntary basis based upon common values, captured in our mission statement, and the desire to improve the quality and provision of affordable housing in rural areas.

It is important we keep looking forward as an organisation to ensure we are always ready to provide desired aims as a Board. Consequently, at a recent 'Away day' event we discussed our aims, purpose, and goals as a group and made the following judgements regarding our medium-term mission.

- We want to remain a rural provider of social housing.
- We wish to continue adding new homes to the association and believe we should keep our development focus in the Lune Valley circle.
- We see improving the energy efficiency of our existing homes as a key priority where economically achievable.
- We will always seek additional individuals to strengthen our Board.

We will hold our Annual General Meeting in Caton at 12pm on Monday 16th August 2021 – we hope to see some of you there.

Mission Statement



- Provide quality affordable homes in rural areas in and around the Lune Valley for people who are in housing need with a local connection.
- Provide homes for people who are in housing need with a strong local connection with their villages.
- To be an integral part of the communities in which we operate, working with tenants, parish councils and the wider community.
- Ensure that housing is retained for local people in perpetuity.
- Maintain a locally representative voluntary board with the skills to govern the Association.

Shareholders

Lune Valley Rural Housing Association has 8 Shareholders comprising mostly of Board Members. One Shareholding membership was ceased during the year. Carolyn Ryan, our previous Company Secretary, resigned from the Board in February 2021 and in compliance with the rules a new Board Member, Clive Newby became a Shareholder in August 2020.

The Board developed a new Shareholder Membership Policy in August 2020 and this was presented as part of the 2020 Annual General Meeting. The policy aims to contribute towards the Association's mission statement 'to be an integral part of the communities in which we operate, working with tenants, parish councils and the wider community. Tenants, parish councils and those with an impact across our communities can become Shareholders.

The obligations of Shareholders is to act at all times in the interests of the Association and as guardians of the Associations' objects. Admission is subject to an application process and Shareholders get to attend and vote at General Meetings and key decisions. Shareholders will each receive a nominal share to the value of £1. Shareholding can end if Shareholders fail to attend meetings.

SECRETARY'S REPORT



John Mansergh- Interim Acting Company Secretary

The previous Company Secretary resigned from the Board in February 2021 and the Board has been working with South Lakes Housing to ensure that company records and filings continue to be maintained. This has been a difficult year for tenants, our partners and of course the Board itself has had to navigate through this challenging year. The Board met physically twice during the year, including at the important Annual General Meeting for Shareholders, and we also met virtually on a couple of occasions. This ensured that the Board had a firm grasp of risk at all times.

The Board continues to certify compliance with the National Housing Federation 2015 Code of Governance 'Promoting board excellence for housing associations', the Regulator of Social Housing's Regulatory Standards and the Housing Ombudsman's Complaint Handling Code. The Board also took time out during an 'away day' in May 2021 to consider the opportunities and implications arising from the Social Housing White Paper 'A new charter for social housing residents' and the new National Housing Federation Code of Governance for 2020. The White Paper will help shape the next part of our corporate strategy. The Board have reflected on the challenges associated with the new Code of Governance and agreed to keep the Code of Governance under review and continue to adopt the 2015 Code of Governance.

The Company Secretary oversaw the returns to the Financial Conduct Authority, Information Commissioners Office and Regulator of Social Housing. They were mostly completed on time with the exception of the late filing of the 2020 accounts to the Regulator of Social Housing. This was an administration error and we apologised that they were not submitted within 6 months of the year ending. Additional controls have been put in place to ensure that this is counter checked for future returns.

The Association also self-referred a rent setting error to the Regulator of Social Housing during the year which was identified as part of our Statistical Data Return submission. Two properties had incorrect rents set since 2018/19, they were set as affordable rent at not social rent. The tenants have been contacted, an apology issued and issued with a refund to the value of £2.5k. A new rent setting policy and additional controls are now in place. No further action has been taken by the Regulator on both instances.



Introduction

Housing management services for Lune Valley Rural Housing Association are provided by the South Lakes Housing Association from its office based at Bridge Mills Business Centre, Kendal, Cumbria, Kendal, LA9 4BD.

Allocations & Lettings

Lune Valley Rural Housing Association exists to provide housing for people in need in the rural communities in which it works. The Regulator for Social Housing expects us to let homes in a fair, transparent and efficient way. Our new allocations policy has the support of the three Local Authorities (Craven, Lancaster and Wyre) and our properties are advertised on their Choice Based Lettings website. Some homes have to be allocated according to the section 106 agreements (a legal condition placed on the homes when the scheme received planning permission). The aim of the policy is to support people with a local connection to rural area and help retain families who are often priced out of local housing markets.

Properties let in the year - 2020/21 4 homes, 3 in 2019/20

Rent lost due to empty properties - 2020/21 £2,043
£1,005 in 2019/20

Covid-19 lockdowns and social distancing restrictions to enable 'covid secure' workplaces meant turning around empty properties took longer.

Complaints

Our Managing Agent received a complaint from private residents relating to anti-social behaviour from a tenant. Enforcement action took place and whilst this was a frustrating time for neighbours, this has now reached a satisfactory conclusion.

The Board approved a new Complaints Policy in November 2020, which complies with the Housing Ombudsman's Complaint Handling Code. A complaint can be made by a tenant or any other customer and can be made in via email, telephone, in person or through an advocate.

The new definition of a complaint is 'an expression of dissatisfaction, however made, about the standard of service, actions or lack of action by the organisation, its own staff, or those acting on its behalf, affecting an individual resident or group of residents'.

Tenancy Enforcement

During the year South Lakes Housing dealt with 6 cases of anti-social behaviour.

The Team also dealt with 6 tenancy management cases.

Rental Income & Rent Arrears

The Government placed restrictions on landlords serving legal proceedings during the year because of Covid-19. Our Managing Agent contacted all tenants during the year and managed to find support and access to welfare benefits for those that needed it.

Rent arrears at the end of the year - £13,483 in 2020/21 £13,115 in 2019/20 £18,793 in 2018/19

Rent arrears as a % of debit - 2.68% in 2020/21
2.52% in 2019/20 6.1% in 2018/19

Number of tenants on Universal Credit - 25 in 2020/21 17 in 2019/20

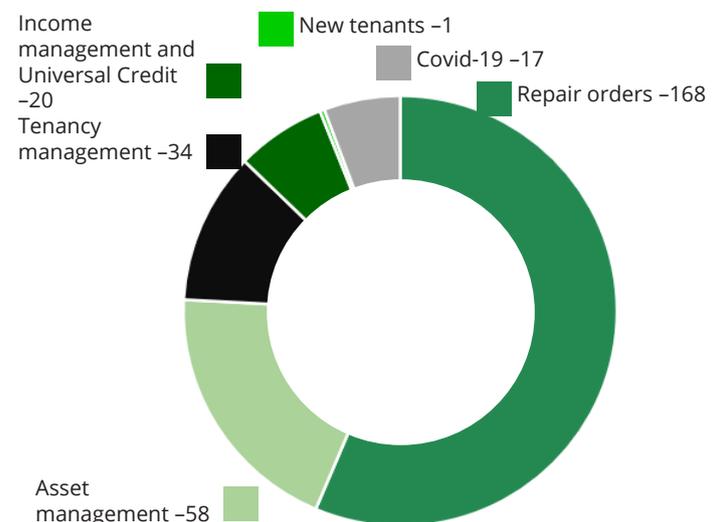
Customer Satisfaction

A customer satisfaction survey is sent to tenants following the completion of repairs.

Overall customer satisfaction with repairs - 92% in 2020/21 95% in 2019/20

Customer Contacts

South Lakes Housing dealt with 298 enquiries from tenants during the year.



Responsive Repairs

Responsive maintenance has proven to be very challenging during the Covid-19 crisis. Some tenants have understandably not wanted to have workers in their homes and our contractors have had to respond with 'covid secure' ways of working and at some points during the year moved to an emergency and essential only repairs service.

Overall performance for the year;

- 100% of emergency repairs completed on time
- 79% of all other repairs completed on time – due to lockdown restrictions

All properties have an up-to-date gas and electrical safety certificate. Gas servicing has been provided by Rogerson Homeserve who have now been acquired by Rothwells.

'Rogersons have recently changed hands and have been taken over by Rothwells. Our Customers can expect the service to continue to be delivered by Rogersons engineers, and the transition should be seamless. The company may be looking at re-branding in early 2022, however dates have yet to be confirmed.'

Investment & Planned Works

The Board reviews its planned maintenance programme annually and is underpinned by good quality stock condition surveys and previous investment data.

In 2020/21 a combined capital and revenue expenditure totalled £15.6k, compared to £32.4k in 2019/20. The reduction was caused by delayed works associated with Covid-19 restrictions.

Our Managing Agent also resolved an issue with the septic tank at Lindeth Close, Silverdale.

Resident Involvement

We have 9 Lune Valley Rural Housing tenants who have joined the SLH Community Facebook group, which is a closed resident engagement group.
8 Easter children's craft bags were delivered to residents

Garden Competition

In April 2021 a digital Gardening and a Big Sunflower competition was launched. Judging will take place in September with prizes available for winners.

2021-22 Planned Maintenance Programme

The Board is investing £96k in homes over the next 12 months to ensure that they meet our Home Standard, which is set above the Government's minimum Decent Homes Standard, and to keep you safe. This will include the works originally scheduled for 2020/21 which couldn't take place due to Covid-19 restrictions and where tenants did not want works to go ahead during the lockdowns.

This will include;

- Loft insulation (33 homes)
- Kitchen and bathroom extractor fans (21 homes)
- Removing potential health and safety hazards (8 homes)
- New double glazing (8 homes)
- New consumer units (6 homes)
- New kitchens (4 homes)
- New showers (4 homes)
- Carbon monoxide detectors (2 homes)

And several other items including, rainwater pipes and doors, footpath and drive improvements.

Tenants are contacted well in advance of works to ensure good communications and preparation time and to cater for personal circumstances.

Grounds Maintenance

This service is provided to tenants on schemes that pay a service charge; School Lane Over Kellett, Rowan Bank Halton, Cherry Tree Close Pilling, Willow Close Forton, Milestone Place Caton, Lindeth Close Silverdale, Station Court Hornby and The Shielings, Arkholme.

The service is provided by Continental Landscapes. Under normal circumstances this would include 12 site visits in the months between April and September and 3 visits in the months of November, January and March.

During the year our Managing Agent worked with some tenants from Station Court, Hornby to review grounds maintenance details and specification following comments made through the community facebook social media page.

The grounds maintenance services at Cherry Tree Close, Pilling is provided by Pilling Parish Council and The Shielings, Arkholme through a separate management company.

Governance



The Association relies on a volunteer Board of management to set its strategic direction and ensure good governance. Board members have a range of relevant experience, local knowledge and expertise in order to discharge their responsibilities, including:

1. Property management and resident and tenant issues
2. Rural housing needs and rural community issues
3. Working with parish councils and local authorities
4. Development, building and maintenance
5. Finance, information technology and legal matters
6. General business skills including management and decision making
7. Procurement

The Board is also supported by professional advice from its managing agents, auditors and other advisers. The Board has adopted the National Housing Federation's Code "Excellence in Governance" (2015 Edition) as the Association's code of governance.

The Board certifies that it complies with the code.

The Board also developed a new set of internal control and governance related documentation during the year, including;

- Rent Setting Policy
- Shareholder Membership Policy
- Local Lettings Policy, following the support from Craven, Lancaster and Wyre Local Authorities
- Board Attendance Policy
- Cash buffer as part of loan covenant compliance monitoring
- Complaints Policy
- Adaptations Policy
- Directors & Offices Liability insurance
- The Board also reviewed and were satisfied to continue to operate its Board Conduct Policy
- The Board will also adopt a new Board Succession & Recruitment Policy in early 2021/22

Board of Management



Chair
Nick Egde
Business Leader
Lives in Dolphinholme, Lancashire
Joined the Board: April 2015



Brian Atkinson
Painter/ Decorator & Parish Cllr.
Lives in Gargrave, North Yorkshire
Joined the Board: October 2016



Nick Paxman
Company Director
Lives in Burton, Lancashire
Joined the Board: December 2018



Janet Huddart
Retired
Lives in Forton, Lancashire
Joined the Board: April 2015



Mark Robinson
Accountant
Lives in Lancaster
Joined the Board: March 2019



Clive Newby
Retired
Lives in Giggleswick
Joined the Board December 2019

Board resignations during the year were: Carolyn Ryan. Thank you for your enormous contribution to the Association since 2015.

Value for Money



The Board continues to focus on value for money and a summary of our performance against the Regulator of Social Housing's Value for Money metrics is shown below.

	Ref	2020/21 Actual	2019/20 Actual	2019/20* Sector
Reinvestment %	a	0.6%	16.54%	5.60%
New supply delivered (social housing)	a	0.0%	10.75%	0.70%
New supply delivered (non-social housing)		0%	0%	0%
Gearing	b	8.4%	14.96%	34.50%
Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI)	c	838%	604%	199%
Headline social housing cost per unit	d	£1,855	£2,173	£4,600
Operating Margin (social housing lettings)		51.1%	42.15%	23.90%
Operating Margin (overall)		51.1%	42.15%	20.30%
Return on Capital Employed (ROCE)	e	4.92%	3.92%	3.00%

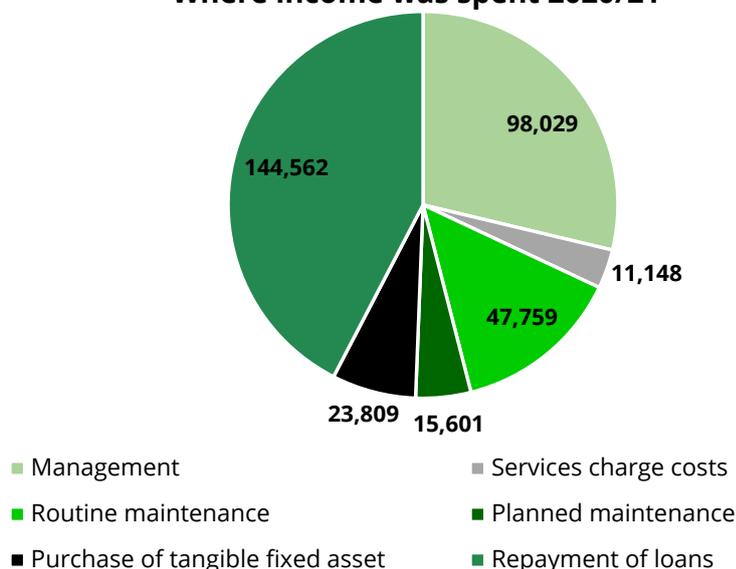
In setting its budget for 2021/22 the Board have agreed a £4k reduction in management costs, this is mainly due to the additional management charge payable on the 9 new homes anticipated to complete and be let by July 2021. The Board also approved an £8k reduction in financing costs, mainly due to a reduction in interest rates.

Rents are set in line with Government guidance and the Regulator of Social Housing's Rent Standard. Following on from a 4-year period of rent cuts between 2016 and 2020, our rents increased by 2.7% in October 2020 and will increase again by 1.5% in October 2021. The Board also agreed in April 2020 to increase social housing rents by 5% when a property becomes empty and is let to a new tenant. This change will create additional capacity to develop much-needed housing within our rural communities.

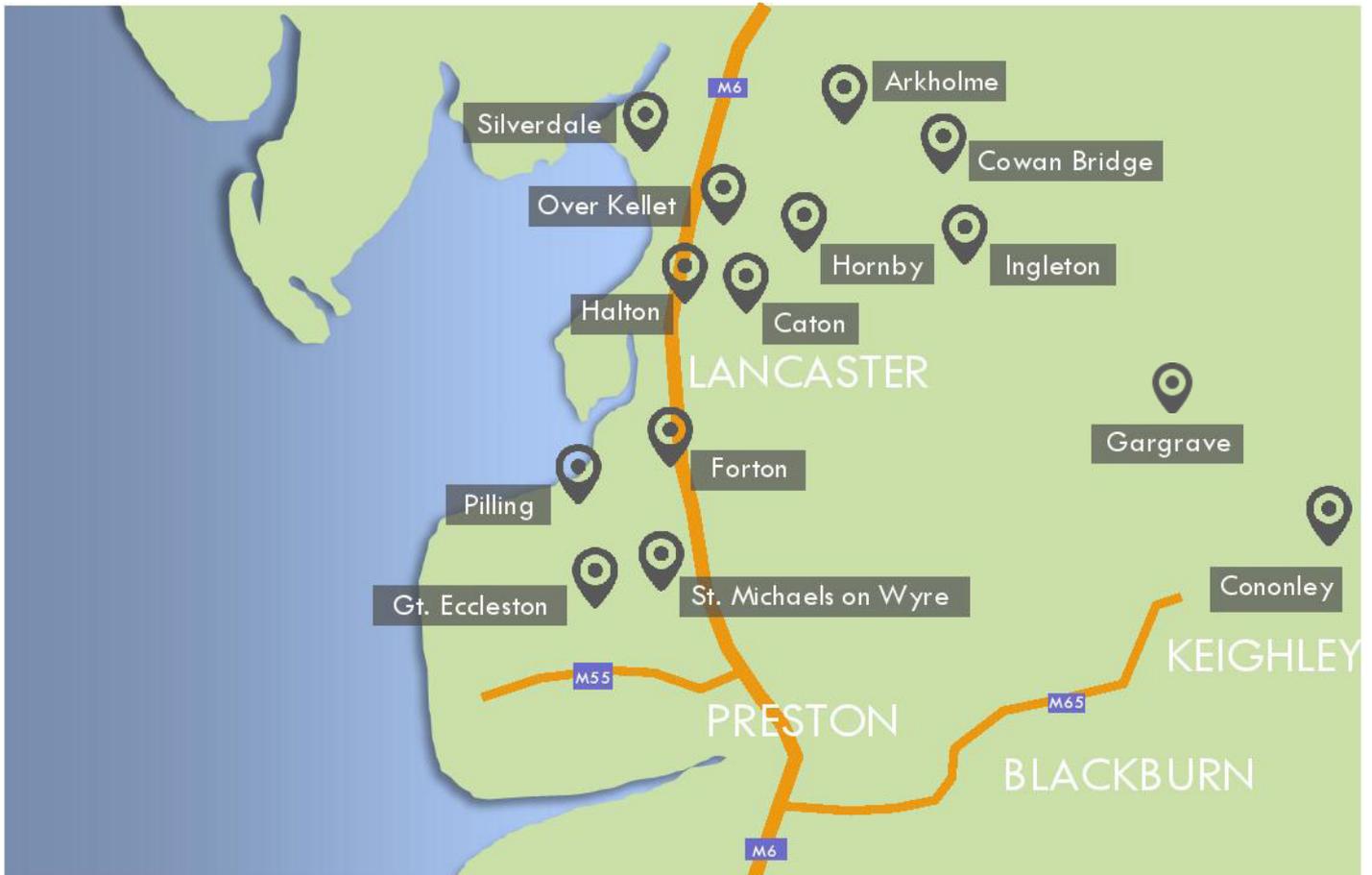
The Board continues to look for opportunities to reduce operating costs and improve value for money for current tenants whilst generating surpluses for new development. The Board now receives sufficient and regular assurance from South Lakes Housing about the costs of repairs and maintenance. Development appraisal assumptions have also been reviewed and the Board has begun treasury discussions to secure additional funding to match the Board's ambition on new development.

The Board has reviewed an opportunity to join South Lakes Housing's Cost Sharing Vehicle, which could generate around £3k per annum on VAT labour costs depending on a range of circumstances. The Board agreed to join in May and will complete legal processes for admission to the group later in 2021/22. The Board will also review during 2021/22 its Development Agency Agreement with Jigsaw Homes Group reviewing fee rates amongst other considerations.

Where income was spent 2020/21



Location of Stock



Location

Cherry Tree Close		St Michaels on Wyre	PR3 0TG
Apple Tree Close	Off Taylors Lane	Pilling	PR3 6AW
Hampson Terrace	St Marys Road	Great Eccleston	PR3 0ZW
Lindeth Close		Silverdale	LA5 OUT
Manor Close		Ingleton	LA6 3BF
Milestone Place	Fell View	Caton	LA2 9RF
Rowan Bank		Halton	LA2 6RB
School Lane/Church Bank		Over Kellet	LA6 1BN
Station Court		Hornby	LA2 8SD
Walton Close	Marton Road	Gargrave	BD23 3NY
Willow Close	School Lane	Forton	PR3 0AG
The Sheilings		Arkholme	LA6 1FA
Burr Tree Gardens		Cowan Bridge	LA6 2HS
Hornby		Caton	LA2 9HZ
Haw Croft	Cononley	Skipton	BD20 8FB

Property Details

Development	House Size	Number	Year of Build Date	Average Rent Level Including Service Charges 2021/22
Hornby Court, Caton	2 Bed House	4	2019	£116.99
Haw Croft, Cononley	2 Bed House	6	2019	£100.45
Burr Tree Gardens, Cowan Bridge	2 Bed House	3	2018	£126.27
The Sheilings, Arkholme	2 Bed House 3 Bed House	2 1	2016	£121.63
Hampson Terrace, Great Eccleston	2 Bed Bungalow 2 Bed House 3 Bed House	1 1 4	1996	£98.72
Lindeth Close, Silverdale	2 Bed House 3 Bed House	2 1	1996	£100.20
Rowan Bank, Halton	2 Bed House 3 Bed House	3 3	1996	£97.03
School Lane and Church Bank, Over Kellett	3 Bed House	5	1996	£105.96
Apple Tree Close, St Michaels	2 Bed House 3 Bed House	5 2	1994	£101.76
Cherry Tree Close, Pilling	2 Bed House 3 Bed House	4 4	1994	£100.95
Milestone Place, Caton	2 Bed House 3 Bed House	2 2	1994	£98.51
Willow Close, Forton	2 Bed House	10	1993	£102.21
Manor Close, Ingleton	2 Bed House 3 Bed House	5 3	1993	£102.83
Walton Close, Gargrave	2 Bed Bungalow 2 Bed House 3 Bed House	1 4 3	1993	£104.87
Station Court, Hornby	2 Bed Flat 2 Bed House 3 Bed House	4 4 4	1989	£100.40

TREASURER'S REPORT



Mark Robinson - Treasurer



I was appointed to the Board as Treasurer in November 2019 and continue to work with the South Lakes Housing Finance Team and regularly involved in conversations with funders and business planning advisors.

The financial accounts for the year to 31 March 2021 shows that we continue to operate under a sound financial footing with a surplus of income over expenditure of £277k and a further increase in reserves to £2.26m.

But the accounts also bring into sharp focus the effects of the Covid-19 pandemic on the following;

- Delayed repairs and maintenance expenditure of £90k due to lockdown and social distancing restrictions and the fact that many tenants did not wish to have these works during the year. This will have an impact over the next couple of years, as part of a revision to the 30 Year Financial Plan. We plan to spend £90k during 2021/22 on a number of items such as kitchens, extractor fans, double glazing replacements, loft insulation across 33 of homes that had to be re-profiled from 2020/21 due to delays in delivery following periods of lockdown.
- The timing of development completions on rental income stream – the 2 new homes in Felstead, Bentham and 7 new homes at Hellifield Road in Gargrave were due to completed before the end of the financial year but have been delayed by a few months. The impact on the accounts is £20k lower turnover.
- Continued focus of our Managing Agent and working with tenants to reduce rent arrears and minimising increases in void rent levels (where lockdowns and social distancing increased losses) but these performed remarkably well considering the difficult operating conditions.
- £27k less spend on management costs due to not progressing with court action for arrears cases during the pandemic, and reduction in other demand-led services such as hiring of meeting rooms etc. An additional level of bad debt provision was also built into the plan but the Association has not needed it although we remain vigilant to the potential economic hardship that could last for some time to come.

The Board agreed a cash buffer of £250k at a meeting in November 2020 to provide additional coverage to mitigate any future risks to the business.

The Board continue to work with its Development Agent to consider new development opportunities and the Board considered but rejected two schemes during the year. One where the Board considered the scheme a poor return on investment and a lower price could not be agreed. A further opportunity was not approved by the Board because the Board felt that the Covid-19 crisis generated too much financial and operational uncertainty for the Association to proceed at this time. Further work has also taken place during the year to review the Board's development assumptions.

The Board has also commenced treasury discussions with existing and potential funders and will be receiving independent expert advice during 2021/22. This will aim to free up resources for additional development, reduce debt servicing costs and reduce exposure to future interest rate increases.

Stakeholders should take note of the significant steps that the Association is taking to ensure that we remain viable for the longer term.

Financial Summary

The tables below are extracts from the full statutory accounts. These represent the two key financial statements summarising performance in the year and the financial position at the end of the year. The full audited statements, containing further commentary and analysis, are due to be signed by the Board on the 16th August 2021. Copies are available from the registered office.

Statement of Comprehensive Income

	2021 £	2020 £
Turnover	518,007	494,845
Operating expenditure	(253,298)	(286,281)
Operating surplus	264,709	208,564
Interest receivable	620	2,753
Interest and financial costs	(38,464)	(43,543)
Surplus before and after tax	226,865	167,774

Statement of Financial Position

	2021 £	2020 £
Fixed assets		
Tangible fixed assets	4,286,358	4,340,904
Current assets		
Trade & other debtors	74,331	147,729
Cash and cash equivalents	1,264,413	1,113,890
	1,338,744	1,261,619
Less: Creditors:		
Amounts due <1 year	(239,877)	(280,540)
Net current assets	1,098,867	981,079
Total assets less current liabilities	5,385,225	5,321,983
Creditors: amounts due > 1 Year	(3,126,963)	(3,290,586)
Total net assets	2,258,262	2,031,397
Reserves		
Non-equity share capital	(8)	(8)
Income & expenditure reserve	(2,258,254)	(2,031,389)
Total reserves	(2,258,262)	(2,031,397)



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