



# **Housing Corporation Assessment**

**Arcon Housing Association  
(L0249)**

**Date of publication: July 2006**

# Housing Corporation Assessment

The 'traffic light' system used below illustrates our overall assessment of the association's compliance with the Regulatory Code and Development performance. A green symbol indicates no material concerns about performance, the association is either complying with the Regulatory Code or taking sufficient steps to comply with the Code within a reasonable timescale; an amber symbol indicates some material concerns about performance, resulting in Corporation action above the minimum; a red symbol indicates serious concerns about performance.

## **VIABLE**

Measuring compliance with the Regulatory Code part 1

Green

**The association meets the expectations set out in the Regulatory Code in terms of financial viability.**

## **PROPERLY GOVERNED**

Measuring compliance with the Regulatory Code part 2

Green

**The governing body, supported by appropriate governance and executive arrangements, maintains satisfactory control of the organisation.**

## **PROPERLY MANAGED**

Measuring compliance with the Regulatory Code part 3

Green

**The association generally meets the standard expected given the context in which it works and the available resources.**

## **DEVELOPMENT**

Development with Housing Corporation funding

N/A

**The association has not received Corporation funding in the past year.**

*In preparing this assessment the Corporation has placed reliance on the completeness and accuracy of information supplied to us by the association and other parties. This information was used to inform our risk based approach to regulation and to identify areas of possible non-compliance with the Regulatory Code for further investigation.*

*The assessment has been compiled to assist the Housing Corporation in its statutory duty of regulation of Registered Social Landlords. Our assessment makes clear to the association's board the conclusions we have reached regarding the association's compliance with the Regulatory Code and its suitability to receive public funding. The Corporation accepts no liability whatsoever for the accuracy or completeness of any information or assessment contained herein. No third party may rely on its contents, but must make its own investigations or enquiries.*

**Description of the association**

Arcon Housing Association (Arcon) was set up in 1972 with the aim of providing high quality homes to those in housing need in the Greater Manchester area. It is registered as an industrial and provident society but is in the process of converting to charitable status to more accurately reflect the majority of its business activities.

It owns and manages about 1,000 homes spread across eleven local authorities, most of which is general needs housing, with a small number of special needs and market rented properties. It has one unregistered subsidiary, Arcon Developments Limited, established as a development vehicle in 2001 and which will now take on the transfer of the 32 market rented units from Arcon in anticipation of its conversion to charitable status.

The majority of properties were built or refurbished in the late 1970's and early 1980's, with recent limited development activity being mainly directed towards special needs schemes and market rented schemes. The special needs units are all managed by partners. Around a third of the stock is terraced housing located in areas of Manchester and Salford where low demand issues continue to dominate.

Arcon operates across a wide geographical area, where local black and minority ethnic (BME) populations vary between 7% and 19%. However, its stock is concentrated in areas where the BME levels are not significantly high.

Arcon's business objective in the provision of social housing is "to provide homes for those in housing need where they may live with pride and dignity". The association's strategic objectives identified in its business plan include:

- Maintaining properties to the highest standard
- Promoting good relations with partners
- Improving service delivery
- Maintaining a strong financial position

**Viable – Regulatory Code part 1**

**The association meets the expectations set out in the Regulatory Code in terms of financial viability.**

**Housing Corporation Assessment**

Arcon has a consistent track record of setting and working within its financial projections. The association currently follows a strategy of reinvesting much of its surpluses in its stock, especially in areas of low demand and this is reflected in its quality which is generally good. There is also ample unutilised security available as the association seeks to pursue additional development opportunities.

A new stock condition survey database was recently installed and previous data transferred to it, in addition to further rehabs being surveyed. Extra budget was allocated for the period 2005/10 to cover Decent Homes Standard (DHS) requirements. Latest information indicates that 91.8% of its stock is currently compliant, and we are satisfied that the association has plans in place to meet the

requirements within the set timescale.

The association is performing well in relation to target rents, and should reach convergence by 2008, which is four years within the government's target of 2012. This should allow for modest increases of above inflation for the next five years.

**Properly Governed – Regulatory Code part 2**

**The governing body, supported by appropriate governance and executive arrangements, maintains satisfactory control of the organisation.**

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Arcon has a board comprising people with a range of skills which are appropriate for an organisation of its size. The board has reviewed its governance arrangements over the last couple of years and the new NHF code of governance has been adopted, except for maximum terms of office for board members.

The association is trying to address the lack of BME representation at board level and it is expected that within the next assessment period the association will be able to report improvements. It also has commissioned an independent review of its performance in relation to our Good Practice Notes 4 and 8 (which concern race equality and wider diversity issues) and it has an action plan in place addressing recommendations made.

Tenant involvement in decision making is currently at committee level, where the chair of the tenant committee sits on the housing management committee. Wider involvement is taking place via the tenant committee, tenant forum, scheme development meetings, and through planned service reviews. The association has confirmed that it complies with Housing Corporation Circular 01/04 on resident involvement. Tenant committee representation at board level has been agreed in principle and will be implemented in due course.

The association has a risk management framework in place, which is considered by the board each year and is appropriate given the current size and complexity of the organisation. The recent submission in relation to the conversion to charitable status was very thorough and demonstrates the association's approach to risk management.

We are satisfied that the board has taken appropriate action following on from our feedback in relation to its self assessment of compliance with the Regulatory Code as its latest submissions were comprehensive and better evidenced. We concur with the association's statement.

**Properly managed – Regulatory Code part 3**

**The association generally meets the standard expected given the context in which it works and the available resources.**

**Housing Corporation Assessment**

Arcon has an experienced senior management team in place which is forward looking. Over recent years it has been working closely with the board in considering its long term strategy in view of changes to its operating environment. The conversion to

charitable status is a result of these considerations.

The association continues to report good performance in the areas of voids, rent collection and repairs. A significant number of its performance indicators fall within quartiles 1 and 2 and compare favourably with national averages.

It has some stock in low demand areas but we are satisfied that its performance remains steady, with voids at just 0.8% of the total stock, although time taken to re-let vacant properties is increasing. The association has an asset management strategy in place that deals with issues arising from its operating context. In addressing its strategic future and growth aspirations, the association is working closely with the local authorities and other associations and discussions include potential for stock rationalisation.

Average SAP ratings are well below the national average although slightly increasing year on year. As the association has confirmed that it will be DHS compliant within the set timescale, we expect to see these figures improving significantly over the same period.

Arcon has a clear commitment to continuous improvement based upon a system of best value reviews across all service areas. Its best value framework has recently been updated following a comprehensive independent report on its maintenance function. The wishes of residents, and others, are balanced against available resources within a clear and transparent process.

Tenant satisfaction is generally high at 90%, with 83% reporting satisfaction with scope for participation. This compares favourably with peers.

**Development** with Housing Corporation funding

**The association has not received Corporation funding in the past year.**

### **Sources of information and regulatory activity**

1. The following information is generally received from all associations and is reviewed by the Corporation for each association:

- Audited annual accounts
- External auditors' management letter
- Annual self-assessment of compliance with the Regulatory Code
- Internal controls assurance statement
- Business plans
- Financial returns
- Performance indicators
- Regulatory and statistical return
- Annual efficiency statement

2. In addition to the above, the following specific activities were carried out for Arcon HA:

- Work on the change to charitable rules – Nov 2005 to June 2006

3. Additional information about the association can be accessed through the "Resources" section of the Housing Corporation website and may include:

- Performance Indicator information ([www.housingpis.co.uk](http://www.housingpis.co.uk) )
- Inspection report ([www.housingcorp.gov.uk/resources/inspection.htm](http://www.housingcorp.gov.uk/resources/inspection.htm) for Housing Corporation reports or [www.auditcommission.gov.uk](http://www.auditcommission.gov.uk) for Audit Commission reports)
- Extracts from the Public Register ([www.housingcorp.gov.uk/resources/register/select.htm](http://www.housingcorp.gov.uk/resources/register/select.htm))
- Rent information and other key facts and figures ([www.rsrsurvey.co.uk](http://www.rsrsurvey.co.uk) and [www.dataspring.org.uk](http://www.dataspring.org.uk))