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Louise Owen, Chair

Chair's Report on 2018-19

Hello to all tenants, residents and members of CHISEL, I am Louise Owen, the recently elected Chair of CHISEL. I took over from Leo Stevens who stood down as Chair at the beginning of May 2019.

When I joined the Board in the summer of 2018, CHISEL were re-evaluating our 30-year financial forecast. Unfortunately, this indicated we would not have enough income to maintain all CHISEL's homes in 5 to 10 years' time. The model showed a £4.5 million shortfall.

Since the last AGM, CHISEL has been focussing on ways to raise revenue and to reduce costs. We wrote to tenants outlining the options in March 2019, then discussed these options in more detail with over forty tenants, at a presentation by the Board in May. Consultation on the way ahead will continue with tenants and residents over the coming months, as described on page 2 of this Report.

The AGM this September is the end of CHISEL's Board year and this year the members on the Board will change again. Last year the long-time Chair and Treasurer both left and we had 4 new members including myself. This year at least 5 Board members have decided it is time for them to step down. Being a Board member is a huge commitment, not only in time but in energy, especially during a period of change. However I am confident with the recruitment of new members to the board we will meet the challenges to help steer CHISEL through this phase. We are looking for people with skills and experience at a strategic level in housing, finance, asset management, social housing law and communications.

I feel that CHISEL is at a crossroads. Improving our forecasted finances is a challenging prospect. But with optimism, lots of discussion and listening, the Board are committed to leading an independent CHISEL through these challenges to resolutions that satisfy everyone in their different communities.

Thanks to all the CHISEL staff and board members, those who leave us this year, those who have joined us and those who have been with us for a long time, everyone has worked extremely hard in what has been a very difficult year.

Louise Owen (Chair)

Consultation Process

At our Tenant Consultation Day on 18 May 2019, over 40 tenants attended a Board presentation outlining options for the future. This covered the challenges facing CHISEL, our projected income and expenditure, and what we think would happen if we did nothing about these challenges. The Board also explained how CHISEL is regulated and how imperative it is to demonstrate we have financial viability now and in years to come. Also discussed was how the Housing Regulator must be kept informed about all associations' finances and governance.

Tenants have fed back that it was a successful beginning to face to face consultation with Board members. The effort of Board members was welcomed and much appreciated by tenants during discussions after the presentation.

At further consultation sessions held at Residents Neighbourhood Meetings during June and July, tenants were able to ask further questions of clarification. Staff found tenants very interested in what CHISEL is doing in terms of planning for the future.

CHISEL plans to continue to talk with tenants and find out their views, CHISEL are planning more consultation over the coming weeks and months, which will involve a variety of ways that residents can get involved. A survey of all tenants will be circulated, a number of tenant forums are to be set up, a tenancy and rent audit is to be undertaken, and a text survey will give an opportunity to express opinion.

While this consultation is coming later than we originally would have liked, the Board are extremely committed to making sure that everyone feels they have a voice and are listened to.

All tenants will receive an invitation to become involved in tenant forums for further consultation, to take place from October 2019 and into 2020.

CHISEL has mobile numbers for 90% of tenants and email addresses for 65% of tenants. Tenants who cannot be reached by text or email will be written to. Please ensure CHISEL has your up to date contact details.

If you would like to be consulted with by email, please email involvement@chisel.org.uk

FAQs: some key questions residents have asked, with answers.

Why might CHISEL have financial problems in 5 to 10 years? *It is forecast our maintenance bills will be very high as a number of houses have subsidence problems, and some properties have roofs that will be at least 30 years old by then and are expected to need replacing, potentially very expensively.*

Are the self-build rents increasing to Market Rents? *No. Board policy is for CHISEL rents to be at or below social rents (sometimes called Target Rents) - these are lower than so-called "affordable" rents, and are **much** lower than Market Rents as charged by private landlords.*

Has CHISEL stopped replacing kitchens and bathrooms? *No. CHISEL continues to provide all its repair and maintenance services. We are moving the time scales for some planned maintenance (which includes kitchen and bathroom replacement) to spread the impact of these costs.*

Managing Director's Report

Despite a positive start to the year taking into management the 11 homes occupied by Dryads Co-op which is next to our Diggers self-build scheme in Brighton, I think it would be fair to say that the year has been one of the most difficult that CHISEL has faced since I have been MD both in terms of the changes and the challenges.



Changes

Within the staff team we welcome Carmen Clarke, Operations Manager, and Shirley Skyers, Finance Officer. Both bring with them a wealth of experience, skills and enthusiasm to CHISEL and have a real passion for improving the way we do things.

At Board level David Eatwell (Chair), John Clark (Treasurer) and Peter Coker (our longest standing tenant Board member), all stood down at the AGM last July. All three were very committed Board members and invested a great deal of their time to the benefit of CHISEL for which we are extremely grateful.

Challenges

The self build stock condition survey undertaken in September 2017 highlighted the need for £4.5 million reinvestment in these homes over the next 10 years and has created a significant challenge for CHISEL in terms of our long term financial viability. We have worked tirelessly over the year to address this issue, holding self-build scheme meetings, remodelling our finances, working with financial experts and consultants to explore the options available to CHISEL going forward. This process is still ongoing, there is no easy solution, there is no one step that we can take to resolve this matter. We need to implement a raft of changes all of which must effectively increase our income and reduce our expenditure, particularly in terms of future planned maintenance commitments, if we are to survive as a small independent housing association.

We accept that some tenants are unhappy and angry about the situation that we are now facing and are campaigning against CHISEL including press publicity. Whilst this is an understandable reaction, the resources spent effectively battling with our own tenants and trying to overcome the damage of negative publicity results in there being less resources available to invest in finding solutions to these issues or getting on and repairing our homes. I would like to ask and plead with tenants to work with us and not against us, to try and help us find a way through these difficult times for CHISEL.

The day to day business of CHISEL has still been running in the background of all the above and we have continued to focus our investment on fire safety issues in relation to shared houses and blocks of flats with shared communal areas, improving fire detection systems, emergency lighting and means of escape. We have continued to upgrade properties as part of our planned programme of works to meet decent homes standards replacing windows, kitchens and bathrooms.

In our quest to bring CHISEL into the digital age and improve access to our services, we introduced the texting service in November which allows tenants to text in their repair requests and check their account balance.

We continue on our journey to deliver a better CHISEL but we also need to be a financially viable CHISEL going forward, which unfortunately means we face some tough choices that simply can't be avoided.

Finally, as this is my last Annual Report as I am due to retire next year, I thank you all for the support and kindness you have shown me during my time at CHISEL and reassure you that whilst I remain at CHISEL I am fully committed to doing what is best for CHISEL and all its tenants.

Pauline Goodfellow

Performance Report

ARREARS PERFORMANCE

The main source of our income comes from the rents you pay. Rents, among other things, pay for the management and maintenance of your home.

Rent arrears increased substantially during the year, largely because CHISEL took 41 properties into direct management which were previously managed by a managing agent. These had very high arrears, which increased average arrears on our stock by about 2%.

Average arrears of 6.36% at the year end were within our target of 6.5%.

LETTINGS

There were 15 new lettings during the year, 11 of which were tenants new to CHISEL, in an existing co-operative in Brighton. 12 were local authority nominations, 1 was an internal transfer, and 2 were single people who had applied directly to CHISEL for shared housing.

Voids: the average turnaround time to fill a vacancy was 56 days. This is outside our target of 30 days and was an increase on the average in the previous year of 45 days. Some of the properties required major works which extended the time taken for them to be ready.



Diversity

Our properties continue to be accessible to all and reflects the diversity of our community, as detailed in the tables below, which show the new tenancies issued during the year.

ETHNICITY	No.	ECONOMIC STATUS	No.	GENDER	No.
White British	6	Full-Time	4	Male	6
White Other	3	Part-Time	6	Female	9
Black British	2	Job Seeker	0	Refused	0
Mixed Black and White	1	Student	1		
Black African	1	Unable to Work	2		
Asian	1	Not recorded	2		
Other	1				
TOTAL	15	TOTAL	15	TOTAL	15



COMPLAINTS

In 2018-19 we received 13 complaints. All but 2 have been dealt with at stage 1 and within the policy time frame. 2 were still under investigation at the year end. 6 were upheld.

5 related to maintenance issues or contractor performance

3 related to nuisance or Anti-Social Behaviour

5 other covering issues like poor communication and complaints about policy or procedure.

PLANNED & CYCLICAL MAINTENANCE

In 2018-19 we:

- Replaced 4 bathrooms, 7 kitchens, 6 gas boilers, and made 3 major roof repairs
- Renewed windows in 11 properties in Maroons Way
- Carried out cyclical decorations on 12 properties. 9 at Brighton Diggers, 3 in London.



RESPONSIVE MAINTENANCE (day-to-day repairs)

During the year we raised a total of 584 responsive Repair Orders, up from 523 in 2017-18.

Response time (Days)	No of orders placed	% on time	Average completion time (Days)	Target %	% Late	Not yet due/without response date
Emergency (1 day)	43	88%	1.5	100%	12%	0
Urgent (7 days)	221	91%	6.5	97%	8%	14
Routine (28 days)	285	93%	14.6	98%	6%	39
Planned (180 days)	35	89%	62.8	100%	9%	7
Gas servicing (28)	183	96%	20.3	100%	4%	2

Since January 2018, the delivery of the maintenance service has been directly through CHISEL. There were substantial improvements on both urgent (7 day) and routine (28 day) jobs, where the percentage of repairs completed on time rose from about 80% to more than 90%. Other performance was similar to 2017-18.



Performance was still below CHISEL's demanding targets in all categories.

Customer Satisfaction with Maintenance



Through the completion and return of questionnaires, tenants told us that they were highly satisfied with the maintenance service: according to our post-repair surveys, tenants were satisfied with 95% of responsive repairs.

CHISEL started using a new text service during the year, which provides an additional method of checking satisfaction to our existing paper questionnaire system. Texts to tenants are automatically generated by the repair job being marked as complete in CHISEL's housing management system, which saves staff time. The approximately 10% of tenants who do not have a mobile phone, or do not wish to use the text service, can still use the paper questionnaire.

Most responses are now via this text service, which has raised the number of responses and gives much quicker feedback. Where a tenant tells us they are not completely satisfied with a repair, staff follow up to understand and remedy the problem.

SAFETY

Managing the risk of fire has remained a high priority throughout the year. Staff make regular inspections of communal areas, especially in blocks of flats. We continued our programme of replacing smoke and heat alarms and installing carbon monoxide detectors.



CHISEL has a regular programme of Fire Risk Assessments carried out by independent contractors, which recommend actions to reduce fire risk. Typical actions we have carried out include installing emergency lighting systems, signage and door closers.

Other actions undertaken include:

- Clearance of combustible items stored by or under wooden houses
- Clearance of combustible items in cellars
- A major item in the CHISEL newsletter informing all tenants on fire safety
- Letters to tenants reminding them of their responsibilities, and alerting them to the dangers of not keeping communal areas clear.

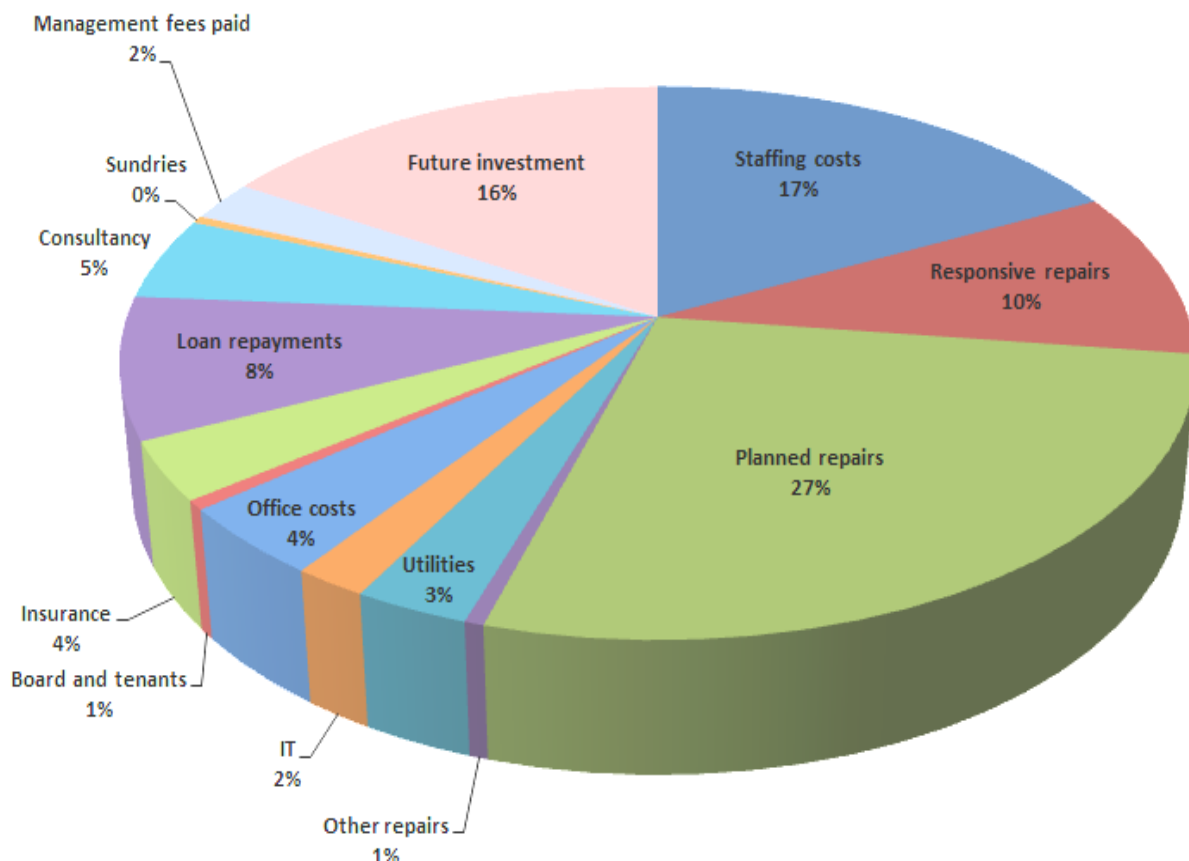
Finance Report

CHISEL has produced another satisfactory set of financial results. This is particularly pleasing given that the normal operations of the organisation have been significantly impacted by the need to focus on producing a financial plan that secures the long term future of the association. The surplus for the year was £247,430, compared to £204,000 last year, an increase of £43k.

Our turnover (effectively just our rental income) has increased this year, despite having to implement a 1% reduction in the rents that we are able to charge. This increase is due partly to the income received from the Dryads scheme in Brighton that we now manage, but also due to a smaller number of empty properties throughout the year. In addition, we have improved our rent collection and arrears management. Our operating costs have fallen to £1,221,422, a small reduction on last year. A more settled staff team has meant less reliance on temporary staff and fewer complex maintenance issues has reduced the amount of professional surveying/project management fees that we have incurred. It is also fair to say that we have been very careful in managing our repairs spend this year as we prepare for the future impact of last years self build stock condition report. We have also made significant savings by bringing 43 properties back under our own management and not having to pay management allowances to a third party.

The Financial Position Statement (formerly the Balance Sheet) also shows a healthy position. Our Net Current Assets continue to be in a strong position and our reserves have also increased from £2.6m to just under £2.9m.

How we spent your rent



CHISEL Financial Statements 2019

Statement of Comprehensive Income	2018/19	2017/18
Turnover	1,577,310	1,543,062
Less : Operating costs	(1,221,422)	(1,258,508)
Operating Surplus	355,888	284,554
Interest received	0	0
Interest payable	(108,458)	(98,073)
Change in value of investment property		17,519
Gain on disposal of property	0	0
Surplus for the year	247,438	204,000
Change in recognition of pension scheme	37,872	0
Actuarial loss on pension scheme	(5,000)	0
Comprehensive income for the year	280,302	204,000

Statement of Financial Position	2018/19	2017/18
Fixed Assets		
Housing Properties	15,531,182	15,662,117
Other Fixed Assets	21,340	18,993
Investment Property	446,179	446,179
	<u>15,998,701</u>	<u>16,127,289</u>
Current Assets		
Debtors	118,248	131,322
Cash and equivalent	626,748	641,194
	<u>744,996</u>	<u>772,516</u>
Less : Creditors		
Amounts falling due within one year	(561,688)	(572,697)
Net Current Assets	<u>183,308</u>	<u>199,819</u>
Assets less Current Liabilities	16,182,009	16,327,108
Less : Creditors due after more than one year	(13,269,153)	(13,728,553)
Provision for pension liability	(34,000)	0
Total Net Assets	2,878,956	2,598,555
Share Capital	66	67
Revenue Reserves	2,861,276	2,580,969
Revaluation Reserve	17,519	17,519
Total Reserves	2,878,956	2,598,555

Operational Scrutiny Committee

The Operational Scrutiny Committee (OSC) is a group of tenants and Board members, meeting as a Committee of the CHISEL Board. It is the primary way for tenants to be involved in improving CHISEL's services, under the guidelines set by the government. It held its first meeting in February 2015. I joined at the outset as one of two tenant Board members, and I took over as Coordinator/Chair in 2017, which I have done since.

Our remit is to examine CHISEL's policies and services and make recommendations for any changes to the Board for consideration. Our first review was of the responsive maintenance service, where we made various suggestions including better recording of when repairs were completed and the level of tenant satisfaction with the service. One practical idea was to send satisfaction surveys by text which has been implemented.

We set the questions for the last survey of tenants in 2016 and followed this up in 2017 by holding what we called 'The Big Conversation'. Tenants were invited to an evening with a free meal and drink at a pub in New Cross. They told us about their priorities when CHISEL maintained their properties, what they expected from contractors, how they wanted to be communicated with on repairs and other matters, and gave a list of long term issues to address.

More recently we've reviewed CHISEL's consultation, engagement and other policies.

I'm stepping down from the OSC, which leaves 4 members, and we have space for up to 12. If anyone is interested in joining, please contact Mark Allan (involvement@chisel.uk). It meets four times a year, usually on a Thursday evening, for about two hours at CHISEL offices.

Adrian Adams

WHO'S WHO IN CHISEL

Board

Louise Owen (Chair)	Tenant Board Member
Carolyn Wilson (Vice-Chair)	Tenant Board Member
Steve Beard (Treasurer)	Independent Member
Adrian Adams	Tenant Board Member
Sandra Blake	Independent Member
Angela Bryan	Independent Member
Fiona Jamieson	Independent Member
Joe Leach	Independent Member
Dave Shiress	Independent Member
Leo Stevens	Independent Member
Des Waters	Independent Member
Andrew Watson (Co-opted)	Independent Member

Operational Scrutiny Committee

Adrian Adams	(Co-ordinator)
Adrian Adams	Tenant Board Member
Rupert Hughes	Tenant
Vic Sievey	Tenant
Peter Webb	Tenant
Louise Owen	Tenant Board Member

STAFF

Managing Director:	Pauline Goodfellow (3 days pw: various)	director@CHISEL.org.uk
Operations Manager	Carmen Clarke (4 days pw: Monday to Thursday)	operations@CHISEL.org.uk
Housing Officer	Andrew Logan (4 days pw: Monday to Thursday)	repairs@CHISEL.org.uk
Co-ops & Tenants Officer	Mark Allan (2 days pw: Monday & Thursday)	involvement@CHISEL.org.uk
Finance Manager	Nigel Spice (2 days pw: Monday & Thursday)	financemanager@CHISEL.org.uk
Finance & Income Officer	Shirley Skyers (4 days pw: Monday to Thursday)	rents@CHISEL.org.uk