

Annual Report 2009

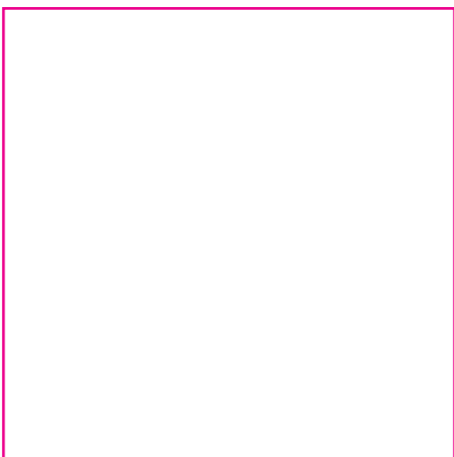




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CHAIRMAN'S REPORT

This has been an exciting and eventful year during which our organisation has made significant progress. After much thought, planning and work, it was decided to change the Association's name and a key moment came on 1st May when we officially launched "Cornerstone". All the effort appears to have been worthwhile, as the name, logo and strap line ('Housing People') has attracted a positive response from all parties.

Most importantly, the re-launch has contributed significantly in helping us to achieve one of our principal objectives - expanding our geographical area of operations. As you will see elsewhere in this report, we now have properties or schemes in the pipeline in the towns of Dawlish, Teignmouth and Crediton, with numerous other opportunities under consideration.

The economic situation has dominated the news in recent months and few of us have been unaffected. For Cornerstone it has two distinct aspects. On the one hand, schemes from developers that include new affordable homes have dried up and we are also faced with the possibility of paying more for future borrowed money. On the other, we have been able to purchase several completed schemes intended for the private market where developers have had difficulty in finding buyers. We are also considering opportunities to acquire sites for the future where we may be able to develop at more attractive prices.

Notwithstanding the impact on our business of these financial challenges, we are also very aware of the pressures that some of our tenants may face.



Coinciding with our new image four new members have joined the board, including our first tenant member. They have brought new skills and views to the table and complement the experience of the existing members. In the summer the Board had an Away Day when the strategic direction of the Association was given further consideration and this will culminate in a new Business Plan being produced in the Spring of 2009.

So, it has been a positive year for Cornerstone where we have been able to build on the solid name and reputation of Exeter Housing Society. This was confirmed at the end of the year when we were named as one of the top fifteen Housing Associations in the country in a report based on Housing Corporation data. The Board and staff of Cornerstone look forward to further improving on this performance, providing excellent homes and services to even more people in the years ahead.



HOUSING MANAGEMENT

Cornerstone is delighted that we have been identified in an independent report based on performance indicators, as one of the top fifteen performing Associations nationally. Our success is something of which everyone at Cornerstone can be justifiably proud.

One particularly successful area is our rent arrears policy. Staff within the Housing Section are committed to keeping the level of rent arrears as low as possible and recognise that one of the key factors in doing this is establishing communication with our tenants at the earliest point if they are in financial difficulty.

Cornerstone also enjoys high levels of tenant satisfaction, but there is no room for complacency. This year saw the start of a major review of our resident involvement policy so residents have an even greater say in the management of their homes. During this process Cornerstone will be asking residents to make a positive contribution towards formulating a more cohesive and interactive policy which should hopefully encourage a more natural approach to involvement. This is essential so that tenants and residents are always kept at the heart of the decision making process and together we can try to ensure that excellence in service delivery is not only maintained but continually improved.

Where appropriate we will extend our services for the benefit of others. With this in mind we recently took on the management of 44 almshouses which are owned by the Mount Dinham Cottage Trust in Exeter. Our role is to provide a housing management and response repair service to all the residents.



Vince & Cassie Phelps who participated in the Looe Road Consultation Group



Housing Manager Gary Hill



Mount Dinham in Exeter



BUILDING REPORT

Improvements Team

The final year of the Foxhayes regeneration project in Exeter included our Direct Labour Force building a three bedroom house on to the end of an existing terrace. The three year improvements work has been a big commitment costing £3.4 million to improve 55 homes and the surrounding area. However, the positive feedback from the residents has made the process worthwhile.

Plans are now in the advanced stages for the next refurbishment project at Kendall Close which will see our oldest properties modernised.

Maintenance Team

The Maintenance Team continued to provide a first rate repair service with 98.5% of routine repairs completed on time so it is not surprising that 92% of residents were pleased with the service and standard of work carried out.

This year the Team were also busy at Raleigh House in Exeter. The maintenance work had to be carried out under the supervision of a bat specialist after a colony of protected Pipistrelle bats were found in the roof. The communal areas were redecorated, re-carpeted and a new communal front door has completed the maintenance work.

Vehicle Fleet

Along with our new profile we have also invested in a new vehicle fleet which includes a pickup truck for the gardeners. The Team are pleased with their vehicles which carry more equipment and are better suited to their needs. With the new logo on the fleet they are highly visible and have attracted lots of positive comments.



Improvement work at Foxhayes



Building Manager Andy Allison



DEVELOPMENT REPORT



It has been a really positive year for the Development Section.

The Team were busy in the lead up to the re-branding, agreeing the Development Strategy and helping with marketing. Meanwhile our first development opportunity outside of Exeter became a reality. In May we saw the launch of Cornerstone into the Teignbridge area with eight new build flats at Dawlish which generated much interest in the town, whilst in Exeter ten new homes were completed at Little Barley.

Our next project came when we had the opportunity to buy seven flats from the speculative market in Teignmouth. The flats particularly suited mature couples downsizing and released larger affordable dwellings for younger families.

In September our family of swallows flew their nest at the Admiral Inn in Alphington. With the pub conversion almost completed, we were waiting for them to go in order to make a start on the barn conversions to the rear of the property. The seven houses and flats will be completed in March 2009.

Some students studying construction at Dawlish College were given a tour of our adjoining site.



The converted Admiral Inn



The former residents of the Admiral Inn



Development Manager Anne Seaborne



CORNERSTONE DEVELOPMENT STRATEGY

Our Growth Map (shown right) illustrates our planned expansion into Teignbridge, Mid Devon, West Devon and East Devon. We also want to continue to provide new homes in Exeter.

This year we have built on our relationship with Exeter City Council and the Homes and Community Agency. We have developed new partnerships with Teignbridge District Council and with ten new family homes in the pipeline at Crediton, we are pleased to be working with Mid Devon District Council.



Above Top: Phoenix Court at Teignmouth
Above Bottom: Housing Officer Aly Dinsdale presents a welcome pack to the first resident to move into Phoenix Court.



Timber frame construction underway at Shortland House.

FINANCE REPORT

INCOME & EXPENDITURE ACCOUNT
Year ended 30th September 2008

	2008	2007
	£'000	£'000
Income	3,565	3,409
Operating Costs		
Housing Management	(374)	(331)
Property management	(835)	(749)
Major repairs & improvements	(1,064)	(758)
Development overheads	(167)	(138)
Depreciation of housing property	(508)	(479)
	<u>(2,948)</u>	<u>(2,455)</u>
Operating surplus	617	954
Finance charges & interest	(407)	(415)
Surplus for the year	210	539
Number of properties owned	1,047	1,036

BALANCE SHEET
As at 30th September 2008

	2008	2007
	£'000	£'000
Tangible fixed assets	35,905	34,398
Capital Grants	(9,406)	(8,867)
	<u>26,499</u>	<u>25,531</u>
Current assets	235	164
Creditors: due within one year	(607)	(657)
Total assets	26,127	25,038
Creditors: due after one year - loans	7,506	6,627
Capital & Reserves	18,621	18,411
	<u>26,127</u>	<u>25,038</u>
Loan Gearing	27%	25%

FINANCE REPORT

The results demonstrate our good financial position in a year in which a great deal has been achieved.

Income

Income represents rents receivable from Cornerstone's own housing stock. In addition from 1st August 2008 Cornerstone became the managing agent for 44 almshouses belonging to the Mount Dinham Cottage Trust in Exeter and receives a fee for this service. Grants of £539,000 were received during the year and have been set against the cost of properties in the Balance Sheet.

Operating Surplus

The net surplus for the year was £210,000 after property depreciation of £508,000. There were some exceptional costs charged to the income and expenditure account in the year which included re-branding under the Cornerstone name, replacement of the roof to Raleigh House flats and infrastructure costs related to the Foxhayes Estate improvements scheme.

These good results were achieved through careful management of costs, the use of Cornerstone's own Direct Labour Force, and by increased economies of scale. The surplus will enable Cornerstone to continue investing in the refurbishment and improvement of existing properties. During the year Cornerstone invested £1.5 million in major improvements to existing properties as part of the ongoing improvement programme. These works included refurbishment of properties at the Foxhayes Estate and the construction of nine extensions.

Loan Facilities

Cornerstone's total borrowings at the year end were £7.7 million and were based on a mix of fixed rate loans and variable rate agreements linked to base rate.

Balance Sheet

Cornerstone completed new build developments during the year for 11 new homes in Exeter. In addition, Cornerstone worked on building an additional 15 new homes in Dawlish and Alphington for completion in the next financial year 2008-09. Total expenditure during the year on property developments and acquisition of new sites was £1.6 million.



Deputy Chief Executive
Bob Weatherall with
Finance Officers Dawn
Hardy and Dominic
Roman



CHIEF EXECUTIVE'S REPORT

The launch of Cornerstone has been a great success and has helped us to achieve the goals that we set when the decision was made to change our name. The profile of the Housing Association has been raised across the board and this has enabled us to identify and deliver new opportunities both within Exeter and the surrounding target areas.

It is a measure of the success of the Cornerstone brand that I rarely hear anyone using the old name of Exeter Housing Society. Many staff and tenants lived with that name for a very long time and whilst the occasional slip is to be expected, everybody has embraced the new identity.

It has been a difficult year in many respects but Cornerstone is well placed to meet the challenges of the current economic downturn and to continue to provide good quality housing and services for our existing and future residents. Our rents are considerably lower than in the private sector and our properties are maintained to high standards.

The business of affordable housing is a long-term one. Tenants have a tenancy for life (ten of our current tenants have been with us for more than 50 years). The Association's income is not

subject to fluctuating demand as it comes from rents which are predictable. When we improve a property we extend its life by many years. When we assess the viability of a new development it is done over the long term. The loans we draw to finance new homes are borrowed over similar periods.

Therefore, we are fortunate to be in a position where we are largely protected from the short term vagaries of the economy. Demand for our homes remains high. Income stream is reasonably assured with the safety net of Housing Benefit for those of our tenants who do face financial hardship. Our workforce have a high degree of job security. Our bankers know that they will get paid!

In fact there are some positives for us in the present climate. Property and land is relatively cheap providing new opportunities for growth and we can expect build costs to reduce as contractors compete for jobs.

So, we look forward to the coming year with a degree of caution but also much optimism as Cornerstone continues to build on its growing reputation.



Cornerstone Launch Party



Rick Williams



The Maintenance Team with their new vehicles fleet

THE BOARD

OUR SENIOR EXECUTIVES

Rick Williams BA – Chief Executive
Bob Weatherall BA, FCA—Deputy Chief Executive
Andy Allison – Building Manager
Anne Seaborne BA (Hons)
 MRICS, MCIH Development Manager
Gary Hill – Housing Manager

NEW BOARD MEMBERS



Neil Hitchings ACA

Neil works for Ernst & Young's as a Senior Audit Manager. He specialises in not-for-profit charities.



Dave Mashiter

Dave has been a tenant of the Association since 1989 and was appointed our first tenant Board member in 2008.



Diane Parsons MCMI

Diane joined the Board in 2008 and brings a vast 30 years experience of working in housing with her. She is the Business Support Manager for Sanctuary Shaftesbury.



Mark Pellow BSc (Hons) MRICS

Director at Vickery Holman Property Consultants, Mark is also Vice Chairman of the Exeter Chamber of Commerce.

Roger Norman ACIB – Chairman

Roger worked for Lloyds TSB. He retired as Agricultural Manager in East Devon in 2002.

Keki Cooper M.Sc.Tech, C.Eng., M.I.C.E.

Retired Director of Technical Services at Exeter City Council, Keki has served on the Board for nine years and contributed greatly to Cornerstone's success in that time. He retired from the Board in March 2009.

Sian Gibbon LLB

Sian is a solicitor and partner with Ashfords in Exeter, specialising in housing.

Paul Goodes MAAT-Vice Chair

Paul trained as an accountant in Exeter before joining property company Eagle One, where he became Managing Director in 2001.

George Palmer LLB

George has worked as a solicitor since 1983 and is a partner at Ford Simey.

Mark Richardson LLB

Mark is a solicitor specialising in property litigation at Stephens & Scown.

David Rogers FICES MI Mgt

David spent forty years as a quantity surveyor. He joined the Board in 1999.

Jane Vlietstra BDS (UNI.BIRM)

A practising dental surgeon Jane currently runs a practice in Exeter. She has been very supportive and encouraging of Cornerstone's objectives over the last eight years. Jane retired from the Board in March 2009.

Allan Vodden BSc ACIB

Allan joined the board in 2004, he retired as Senior Manager in the Corporate Section of Lloyds TSB in 2006.



Board members at the Cornerstone launch.



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Cornerstone Housing Limited complies with the
National Housing Federation Code of Governance