

Nineteenth Annual Report of the Jersey Homes Trust

1st January 2015

CHAIRMAN'S REPORT

The role of the Trust.

The Jersey Homes Trust was established twenty years' ago at the request of the then Housing President, to obtain the funding and to take on future social rented housing development in Jersey. It was also seen as advantageous that prospective tenants should have some choice of social landlord. Over the following twelve years the Trust achieved its target of 700 units under management, largely from development and without the benefit of stock transfers. It was originally envisaged that a third of our portfolio would arise from transfers of States housing stock, to mirror what was taking place on a large scale in the UK. The Trust borrowed one hundred per cent of the cost of its developments from the banks, to the tune of £110 million. We also received substantial encouragement and assistance in the form of financial subsidies from the States.

We thereby enjoyed a working partnership with the States, with understood and shared objectives, and it was truly successful. In recent years this partnership has been somewhat curtailed. No further developments of social housing were supported by the States in the years leading up to and during the Housing Transformation Programme. The resulting moratorium on new development resulted in a six-year break in the development of much needed affordable housing and an interruption in the necessary programme of construction. This was damaging to the infrastructure of the Island, had a negative impact on the Island's economy and led to greater housing deprivation and hardship. I consistently raised this issue in my annual report, year on year. There is a common perception that unless people are seen living in cardboard boxes there can be no housing shortage. It appeared there were some in authority who seemed to feel the same way, for the extent of the housing need was a regular cause of disagreement. Eventually the setting up of the Affordable Housing Gateway provided the irrefutable evidence of a severe affordable housing shortage in which the most vulnerable are the main victims.

The Transformation Programme has resulted in the setting up of Andium Homes, now the owner and landlord of States housing. Andium will operate without the constraints previously experienced by the Housing Department and will be able to raise money, invest in new housing, re-align its stock and also carry out much needed maintenance. It will still take some years to make good previous neglect and to achieve Decent Homes status for all its stock. We wish Andium well and hope to co-operate closely with them in co-ordinating our development activities and in sharing experience. I subscribe to the view that social housing providers should aim to deliver a seamless offering to the public, without infringing upon their independence or differing cultures. The Affordable Housing Gateway is an excellent example of how this can be achieved.

The Jersey Homes Trust now needs to better understand its role and its ongoing relationship with the States. Andium, wholly owned by the States and by far the largest provider, will now displace the Jersey Homes Trust as the major player in the procurement and future development of social housing. That is the inevitable result of the

transformation. We hope to work with Andium, and the other Trusts, in a co-ordinated programme of development that will meet the housing needs of the Island. If we are to continue to operate as a team player and to play our part fully, our activities must be understood and supported by the Housing Minister and her colleagues in the Council of Ministers.

Ann Court Development.

In September 2012 the Trust was invited, by the Housing Ministry, to take on the proposed development of the Ann Court site, in St Helier. This scheme sought to combine the provision of up to 200 public car-parking spaces with a social rented housing development of up to 200 units. The Trust was proud to have been entrusted with such a major development and the involvement of the Trust was confirmed by the Housing Minister in the States chamber.

Following an architectural competition conducted by Trustees, a professional team was appointed by the Trust to draw up fully costed preliminary plans and engineering specifications. I would like to commend the team for an inspirational and very fine scheme which met all the requirements and maximised the opportunities that it offered.

Detailed and lengthy engagement with lawyers also took place to codify, develop and ratify the legal framework and contracts through which the Trust, as developer, would interface with States departments. For two years the Trust engaged in far-reaching discussions with key Departments of the States. Regrettably, the Trustees did not always feel that they were treated as a partner in this enterprise. On the contrary, avoidable and major difficulties were placed in their way throughout the process.

All this was a huge commitment of time, resource and expense by the Trust, which had also earmarked substantial cash resources for investment into the development, thereby restricting its capacity to invest elsewhere.

My Trustees and I finally concluded that the discussions with Public bodies had no prospect of outcomes that would enable the Trust to proceed with a viable development. The Trust formally withdrew from the project on 16th September 2014 after serving extended notice of such intention if certain understandings could not be achieved. During this notice period there was no further indication from the key players in Government that insurmountable difficulties might be addressed or even discussed. The decision to withdraw was inevitable in the circumstances.

It is appropriate that, in this report, I should at least record the immense regret and disappointment that I share with my Trustees over this significant failure, not of our making. I remain hopeful that the time and expense devoted to date on this project by the Trust will be utilised in a practical fashion to assist the eventual development of a large housing scheme on this important site.

I can confirm that the Trust is actively engaged in seeking alternative development opportunities and to invest the substantial reserves, now released, into suitable schemes, one such being:

Hameau de la Mer

The Trust was invited to participate in the very attractive Hameau de la Mer development in St Clement. The Constable, Len Norman, felt that the interests of the Parish in the social housing element of the scheme could be safely entrusted to the Trust. We have worked before with the developers, G R Langlois, and we were delighted to have the opportunity of such involvement. The Trust is acquiring 21 units for occupation by over

55s, to be nominated by the Parish. For my part I am more than pleased to work again with Len, who, as President of Housing, asked me to set up the Trust all those years ago.

The Strategic Housing Unit.

In the consultations conducted in connection with the Housing Transformation Programme, it was thought by some that there would be no role for a Housing Minister after the establishment of Andium Homes. I was not convinced by this and remained strongly in favour of retaining the post of Housing Minister, in order that the vital needs and interests of the Island's housing should continue to be fully represented at the Council of Ministers. I was pleased that the relevant Scrutiny Committee took the same view and delighted that the decision was taken to retain the post.

The appointment of Deputy Ann Pryke has been approved by the States and I wish her well in her new role. The Strategic Housing Unit is being set up as a department within Treasury and the Housing Minister will head it up. I sincerely hope that the Minister and her Department will champion successfully the needs of housing provision and bring forward or support policies to assist that important provision. In particular, the activities of social housing providers need support, encouragement, direction and coordination.

The clue is in the name: this new Department should be fixated on "Strategic" issues and its success will be measured by its contribution to resolving the chronic shortage of affordable housing in Jersey.

Regulation of housing trusts.

From time to time, over many years, we have participated in discussions about the necessity and form of proposed regulation of social housing providers in Jersey. It is the case that we already operate within strict regulations and protocols, imposed through a bilateral voluntary agreement that the Trust entered into with the States, as well as in accordance with the requirements of our constitution and the regulations attached to it. We do recognise that formal regulation should have the added advantage of improved transparency, offering reassurance to stakeholders and to the public.

We will be happy to work in consultations with the Housing Minister and the other housing trusts to take this process forward. I believe there is a consensus that any regulation should be proportional, tailored for Jersey's needs and respectful of the long tradition of public service provided by its housing associations. It should not involve unnecessary bureaucracy. It should not create an environment that would dissuade trustees from serving the community. It should not be perceived as a measure for remedy or reform. It should not create new, paid posts in the civil service. We would support a system of self-regulation in which performance is measured or benchmarked against agreed standards or objectives.

Social Housing providers are engaged in a vital and challenging endeavour. They need support and encouragement.

Benchmarking our Performance

Each year the Trust does benchmark its performance in crucial areas. The results are then compared with the performance of UK housing associations. We publish these results in the form of the attached table which is audited and included as part of our annual financial statements. I suggest that this exercise demonstrates that the Trust is managed very competently and delivers excellent value for money. I would mention that the Trustees have historically been completely unremunerated for the considerable contribution of their time and expertise for the benefit of the Trust. The new management

team at Andium act on a remunerated basis which means we may have to reconsider our terms of appointment if we are to be able to attract new high calibre management to our own team.

In comparisons of rental arrears, voids and re-let times, the Trust's performance is outstanding, as usual. The table also confirms that the Trust has a low-cost base, this in a high-cost environment. This is important since the Trust continues to favour an outsourcing model, for reasons of cost effectiveness, rather than setting up its own offices and staff.

Much of this outsourcing is contracted through firms having a connection with some Trustees. All such contracts are confirmed by our auditors as having been set up in accordance with the Regulations of the Trust and are fully reported in our annual accounts, which are available on line. Furthermore, our accounts are compliant with the reporting standards for UK housing associations. These arrangements are well understood and have been of benefit to the Trust over many years and have contributed to its financial and management success. Trustees are enabled to maintain a day-to-day involvement in the business of the Trust and to secure keenly priced services. The contracts are at arm's length and are professionally reviewed annually and services are generally remunerated below comparable industry standards.

The benchmarking exercise described above is intended to compare the performance of the Trust, utilising parameters used in benchmarking the performance of housing associations in the UK, and for no other purpose.

Acknowledgements

To:

Nigel Sweeny (our monitoring surveyor);
Marion Falle (our public relations consultant);
Stephen Van Neste and his team at Brunel Management (our property managers);
Michelle Tinari-Lee and her team at Moore Management (accountancy services);
Sylvia Lennon at Elian (secretarial services);
and to my amazing Trustees (see below).

Thank you all for your services and kindnesses in 2014.

MICHAEL VAN NESTE CHAIRMAN

The Jersey Homes Trust is a Jersey Housing Association, registered in the Royal Court on 9th June 1995 as an association for the purposes of the law entitled "Lois (1862) sur les teneures en fideicommiss et l'incorporation d'associations". The 1862 law provides for duly registered incorporated associations and trusts to hold land and property for charitable purposes.

The Trustees of the Jersey Homes Trust:

Michael Van Neste, Chairman;
Advocate Philip Le Cornu, Secretary;
Martyn Scriven, Treasurer;
Ian Moore, Chartered Accountant;
Chris Clarke, (Chartered Structural Engineer) Developments Director;
Paul Labesse, (Chartered Building Surveyor) Estates Director.
Frank Dearie; Risk, Regulation and Compliance.
Jim Bailey; Chartered Surveyor.

THE JERSEY HOMES TRUST

Annual Benchmarking of Performance (2013) **against Performance of UK Housing Associations (2012)**

	UK Associations	Jersey Homes Trust
Average stock	6,378	744
Void Stock	1.75%	0.00%
Stock failing DSH	1.9%	0.0%
Average re-let time (days)*	33.2	0.0
Rent arrears at year end	4.80%	0.21%
Operating cost per unit; Weekly	£54.62	£40.07
Annual	£2,840	£2,084
excluding major repairs; Weekly	£50.15	£36.71
Annual	£2,608	£1,909
Management cost per unit; Weekly	£17.47	£11.66
Annual	£908	£606

NOTES:

“**Management Cost**” includes all administration costs, management fees, accountancy and audit fees, property insurances, P.I. Insurance and legal and professional fees.

“**Operating Cost**” includes all the above, all repairs and maintenance and bad debts.

UK data selected for benchmarking:

The global accounts of housing associations over 1000 units
(over 95% of homes in the sector).

To achieve like-for-like comparisons:

UK costs are nett of depreciation and impairment costs (JHT does not depreciate).
JHT costs are nett of Foncier Rates (for which there is no UK equivalent).

Sources:

The Homes & Communities Agency website.
The independently audited Financial Statements of The Jersey Homes Trust
and reports to Trustees by Managing Agents.

*Re-let times for UK associations taken from 2010 reporting (this PI no longer reported)
Average re-let time calculated by number of void days divided by number of re-lets in year.

JHT benchmarking is not suitable for comparison with UK local authority
housing departments or with Andium Homes in Jersey.

Property Management Report.

A total of 744 units are presently under management.

Brooklands: Old Trinity Hill, St Helier. 15 units of flats and houses.

La Folie Estate: St Lawrence. 30 units of houses and flats.

Maison de St Nicolas: St Peter. 6 flats.

St Paul's Gate: Dumaresq St, St Helier. 17 flats.

Cherry Grove: Roussel St, St Helier. 12 flats

Kent Lodge: Clarendon Rd, St Helier. 7 flats.

St Saviour's Court: St Saviour's Rd, St Helier. 28 flats.

Belle Vue: Route des Quennevais, St Brelade. 90 houses and flats on this estate.

La Roseaie, Mont Millais, St Helier. An estate of 35 houses and 10 flats.

Le Jardin Fleuri: Grouville. An estate of 16 houses.

Berkshire Court, La Motte Street, St Helier. 113 flats and 1 amenity unit.

5 St Clement's Road, St Helier. 10 flats,

John Wesley Apartments, Cannon Street, St Helier. 40 flats and 1 house.

Parkside, West Park and Lewis St, St Helier. 19 flats and maisonettes.

Victoria Place, Albert Pier. 77 flats and a 5-unit group home, on the waterfront.

Clement Court, Ann Street, St Helier. 32 flats.

Le Coie, Springfield, St Helier. 96 flats and 2 amenity units.

Le Grand Clos, Mont-a-l'Abbe, St Helier. An estate of 54 houses and flats.

Clos Le Gallais, Mont-au-Pretre, St Helier. An estate of 13 houses.

Clos du Ruisseau, Maufant. An estate of 19 houses.

The Trust holds title to all the above estates and properties.

Letting: I am pleased to report that all units under management are fully let.

Rental: The current annual rental of the Trust's property is £7,988,290

Arrears: Rental arrears are 0.39% of annual rental.