



ANNUAL REPORT

2018

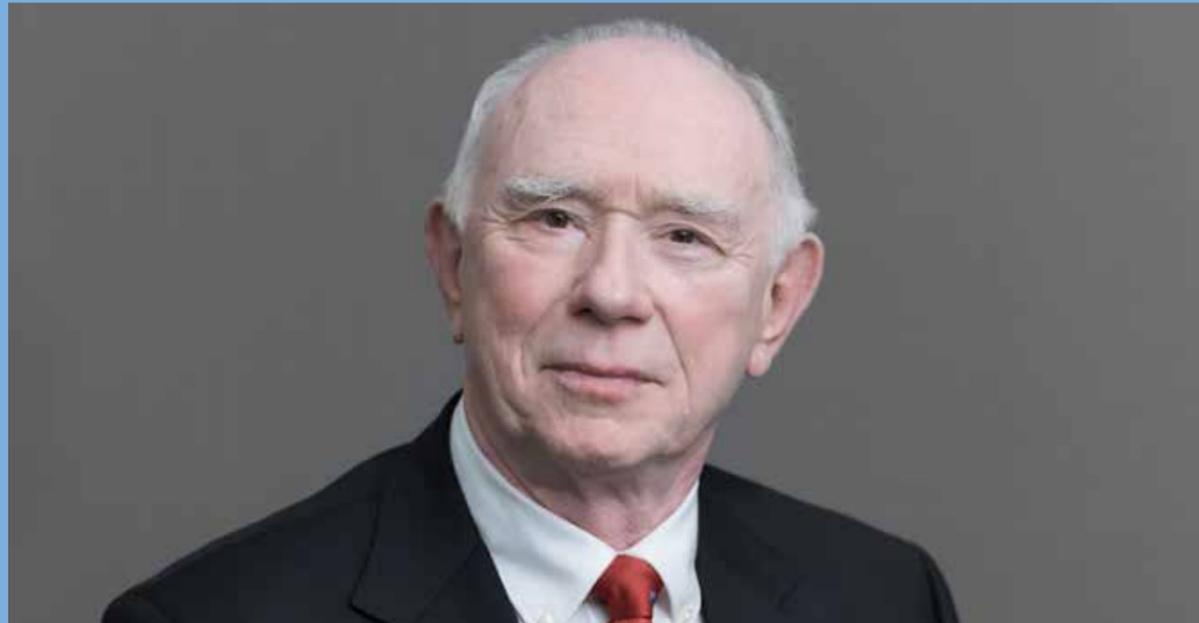


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ABOUT US

A WORD FROM THE CHAIR AND CHIEF EXECUTIVE



RICHARD REYNOLDS CHAIR

Welcome to the Annual Report for 2017/18, where we look back over the past year at how we have performed. 2017/18 has been a busy and eventful year for Local Space. Our work to provide homes for those in greatest need has continued with the acquisition of nearly 350 homes. More than 130 were ready to move into, providing families with safe and secure homes. All together we hope to deliver 850 homes by 2020.

Tenant safety is an area we have always taken seriously. After the tragic events at Grenfell Tower the Board has taken an even greater interest in this area and discuss health and safety at every board meeting. Our work concentrates on key areas including fire, gas and electrical safety. All our homes are checked against recognised standards and assessed for fire risk. In our newly acquired homes we ensure that we undertake thorough

tests and refurbishment works to ensure homes are fit to live in.

Our Board members have been recruited on the basis of the skills they can bring to Local Space to make it a successful organisation. In two key areas this year Local Space has been awarded the highest grades for being financially strong and well managed. These top grades help us secure new funding at more competitive rates - helping us provide even more homes that are so badly needed in London. Across all these areas of work the Board is aided by the Executive Team and Local Space staff.

We are also very proud of our Tenants' Panel which has gone from strength to strength this year, recruiting new members and taking on important scrutiny work. My thanks to Bill Page and his team for taking the time to do this and to attend Board meetings as observers. Finally, the Local Space Board and staff want to provide you with the best possible standards of service. We will always try and improve and your feedback is welcome and needed. If you want to be involved in shaping the service we provide please get in touch.



JITINDER TAKHAR CHIEF EXECUTIVE

Local Space is an organisation that has agreed to supply more homes to help meet homelessness. Over a four year period we aim to add an extra 850 homes to our existing stock of about 1850 homes. This is a demanding task, but necessary. London house prices and private rents are making the capital an unaffordable place with many financially unable to access a safe and secure home. At Local Space we want to provide the best homes possible. That means looking after the ones we own as well as acquiring new homes that will meet our standards. In 2017 we spent £834,000 on maintaining our properties including important health and safety works. No one can forget the terrible events at Grenfell last year. The nation was appalled at what unfolded before their eyes and it must never happen again. Local Space is committed to your safety in

our homes and, whether they are refurbished or brand new, all have the same standards applied. In the past year we have bought hundreds of properties. Some of them came to us brand new and ready to be let immediately, others will have a programme of works undertaken to make them the best quality possible.

Alongside all of this the staff also had to prepare for two major tests of our organisation. Achieving success in these tests is about demonstrating that the organisation is providing services that are value for money. In this way we can provide the best possible service, as well as making sure we are putting our funds, time and resources to the best possible use. Delivering services to those most in need is what Local Space is about and I am supported in this task by a great executive and staff team. They work together to serve our customers to live securely in safe homes. I hope that this report provides you with information on what and how we did last year. If you have any comments please do let us know at corporateservices@localspace.co.uk.



INTRODUCTION

The Local Space Annual Report gives you an outline of 2017/18 and you will see how active we have been, our key achievements and a look at our future plans.

The annual report is aimed at letting our residents and partners know what we have done over the previous year and why. You will find updates on our key areas of activity, reporting on our performance and overall satisfaction with how we interact and help our residents. It has been a busy year and you will see how we are planning on building on a successful year ahead. We hope you enjoy reading the report!

Local Space is a social landlord with charitable status. We are committed to providing affordable and quality housing to people on lower incomes to help improve their lives.

In 2006 Local Space was created through a partnership with Newham Council and a group of housing professionals. Our unique model grew out of a gift of 450 properties from Newham to a newly formed Local Space. This enabled £200 million to be raised by Local Space to buy and improve over 1000 homes

in East London in a record breaking two years. Most of the new homes were in Newham. Our head offices are in Stratford, the East London transport hub, which is also the home of the Olympic stadium and West Ham football club. We currently employ 27 staff.

At the end of March 2018, due to the renewed partnership agreement with Newham Council where we agreed to supply more much needed homes, we owned 2140 properties, nearly 230 more than the same time last year. You can read more about our fast-paced growth programme on page 8. Our model has been on a “purchase and repair” approach to providing homes for families in need. Working with local authorities, around 1550 of our properties are managed by Newham. In 2017/18 we entered into an agreement with London Borough of Waltham Forest to provide additional homes and to date have bought 26 properties, increasing the number of homes we directly manage to 387. Of these 131 homes are for are key workers from the public sector.

Local Space is unique as the bulk of our homes are used by Newham Council, enabling it to provide temporary accommodation for the homeless. We also work with other local authorities in City of London, Hackney and Waltham Forest.

OUR OBJECTIVES 2017/20

HOMES PEOPLE WANT TO LIVE IN

- 610 additional homes by 2020
- Tenant satisfaction with product
- Acquire and maintain homes to Local Space standards
- Work with tenants to define Local Space quality standards

SERVICES THAT OUR CUSTOMERS ARE HAPPY WITH

- Tenant scrutiny and involvement
- Tenant satisfaction with service
- Minimum 2nd quartile benchmark
- Social value returns

BEING A SUCCESSFUL BUSINESS

- Target operating margin
- Full covenant compliance and robust business plan and credit rating (V1)
- VFM asset management with maximum return on assets
- Reducing operational and capital procurement costs

BEING A WELL MANAGED ORGANISATION

- IIP 6th Generation rating
- Staff satisfaction with Local Space
- Robust business systems
- Robust governance (G1)



OUR VALUES

ACTING WITH INTEGRITY

We commit to our promises and are open in our dealings with others.

PUTTING CUSTOMERS FIRST

We work with our tenants to understand their situation and meet their expectations by providing value for money services.

CREATIVE AND INNOVATIVE SOLUTIONS

We look for solutions to our problems and welcome new ideas and ways of working.

WORKING WITH PARTNERS

We work with our partners to achieve more for our tenants and make our resources go further.

850 NEW HOMES TO BE DELIVERED

DEVELOPMENT

This year Local Space has continued to provide families in need with new homes as we work on our ambitious Growth Strategy which sets out to provide 800 homes in Newham and 50 in Waltham Forest.

Our relationship with Newham Council remains an important part of our growth programme to deliver 800 new homes. This year, our financial position has been further strengthened by retaining our AA credit rating and achieving a

G1 and V1 rating in our In Depth Assessment by our Regulator. These ratings put Local Space in a stronger position to secure better financial deals, making our funds go further to provide even more homes.

In London, house prices and rents are often out of reach for many people and the addition of 850 properties in London and Essex will go some way to assist these households.



IN 2017/18 LOCAL SPACE ACQUIRED **236** PROPERTIES



TOTAL ACQUIRED UP TO **326** PROPERTIES



TOWARDS A TARGET OF **850** PROPERTIES



We were pleased to deliver a brand new development made up of 47 spacious flats with allocated parking in Thurrock this year. The homes have good access links to local amenities, parks and transport and employment opportunities.



We achieved our first planning permission at 236 Romford Road, in Newham working in conjunction with the local authority which owns the land. This will enable Local Space to provide 11 affordable rented homes (one, two and three bedroomed flats) for local people in housing need. Some of these homes will be gifted back to Newham to be let at social rents.

We have been very fortunate to have a number of sites being offered to the Development Team to assess new business opportunities both in London and Essex. We will continue to progress these. Looking ahead, Local Space is expanding its business opportunities by working with other partners. This year we have secured Right to Buy funds from the London Borough

of Waltham Forest to provide 50 new homes for local people. We will now look to expand this opportunity to other Local Authorities in the area. In addition, we are currently in discussion with the GLA and Homes for England to secure grant funding on some of our existing properties and new developments. If we are successful, this will help reduce rent levels.

OPERATIONS

HOW WE SURVIVED A COLD WINTER - WITH THE BEAST FROM THE EAST

This year saw a particularly cold snap and we have worked hard to ensure our properties are water tight and well-insulated to assist in keeping tenants' homes warm. Every year we carry out a programme of planned maintenance replacement of main components within our tenants home to achieve this. The graphic shows the number of properties where such works were carried out this last financial year. As part of an ongoing boiler renewal programme, the 50 new boilers that were replaced were all A- Rated energy efficiency with up to date heating controls. A- Rated boilers provide efficient heating and subsequently reduce fuel bills and carbon dioxide emissions. In addition, £32,000 was spent repairing and maintaining existing gas and electrical heating systems.

There were several cases where vulnerable customers were temporarily re-housed whilst essential works were carried out to their homes. We then assisted them to move back in after works were completed. In other cases, additional temporary heating and electricity costs were provided when work to boilers/heating could not be completed on the day and thankfully these were very few in number.

50
GAS/BOILER
REPLACEMENTS
£115,000



46
WINDOWS/
DOORS
£135,000



23
ROOFS
£255,000



5
ELECTRIC SYSTEM
REFURBISHMENTS
£15,000



STOCK CONDITION SURVEY

The 'Homes Standard' from the Regulator for Social Housing requires that Local Space and all Registered Providers meet certain standards. These are set out in the Decent Homes Guidance and seek to meet the standards of design and quality when the home was first built. To ensure Local Space complies with this and plans for future replacement of main components in the property we need accurate stock condition information. This is obtained by carrying out condition surveys of our homes.

The stock condition data previously held was not detailed enough to make accurate forecasts of repair and replacement works that will be required over time. So Local Space instructed a surveying firm to carry out up to date and detailed surveys in 2018 for approximately 1400 Local Space properties (about 80% of our stock) to ensure we have correct information. This project was completed in July 2018.

This data will now help us to put together accurate and fully costed programmes of all works needed over the next 30 years. We will be able to produce a short (two-year programme from 2019/20), medium (five-year programme from 2019) and longer term investment (covering 10 years from 2019) programmes. We will regularly update this information so that we can always have accurate work programmes.

The stock condition survey is an inspection of the inside and outside of the properties we own, looking specifically at two areas:

STOCK CONDITION

Assessing the age and condition of major elements in the property such as the kitchen, bathroom, windows and doors.

ENERGY SURVEY

Collecting information on features which allow us to calculate the energy efficiency levels of the property.

COMMUNITY FOCUS

TENANTS' PANEL

The Tenant Policy & Scrutiny Panel has been in existence since its first meeting in December 2013. This is the Panel's Annual Report detailing the areas of involvement and influence in 2017/18. The Panel is currently operating with six official members. The former Tenants' Representative on the Board has also now been co-opted to the Panel.

RESIGNATIONS

Since March 2017 one member resigned from the panel.

REGULARITY OF MEETINGS

The Panel has had six formal meetings. The regularity of meetings has varied depending on the complexity of the projects worked on.

ANNUAL GENERAL MEETING

This was held on 27 February 2017. The Chair (Bill Page) and the Vice Chair (Beatrice Adusei) formally stood down and were unanimously re-elected. The Panel started a learning programme in autumn 2017 which began with team building. Following sessions included how to carry out scrutiny, monitoring performance information and presentation skills. The Panel and Local Space see these sessions as a vital

part of increasing the Panel's capability and confidence to undertake their important work.

The Panel have reviewed some of our key policy and procedures in providing services to customers this year including:

- Repairs & Maintenance
- Estate Management
- Tenancy Policy
- Tenant Empowerment and Complaints
- Rent Setting Policy
- Fire Risk
- Asbestos

The Panel has also carried out a scrutiny of our directly managed void properties and concluded overall that the standard was very good. However, they did make some key recommendations which included making sure all works are completed before properties are let and also that sufficient window keys are left at the property. The Panel will next carry out a scrutiny of the repairs service, specifically related to the customer experience. This work will feed into the re-tendering progress for the new repairs and maintenance contract due in August 2019.



TENANTS' COFFEE MORNING

Just before children went back to school in September 2017 we hosted a coffee morning for our tenants and people who live in Local Space owned properties. It was a fantastic event attended by more than 150 people.

We had stalls set up by Local Space staff from development, housing and repairs. Our repairs contractors came as well as other partner organisations offering support and services to residents. Newham Council's housing and

fostering services staff attended as well as Workplace which helps people into employment focussing particularly on young people.

It was a great day with entertainment for children, food and beverages, a cake bake-off where all the cakes were offered to our tenants and a free raffle of football tickets at West Ham's new home at the Olympic Stadium. Our feedback from our tenants was that the day was a success with something for everyone.



THE YEAR IN REVIEW

IN NUMBERS...

36

RELETS & NEW LETTINGS THIS YEAR



96.3%

OF REPAIRS COMPLETED



99.3%

of repairs contractors arrived on time for appointment

94%

(↑4%)

of residents are satisfied with the quality of repair work



96.5% SATISFACTION WITH GAS SERVICING



(↑2.5%)

100.5%

RENT COLLECTED

74%

found it easy to get through to the right person



Local Space successfully delivered the planned maintenance programme, with improvements across homes we managed to renew:

- 46 properties where windows and doors were replaced
- 23 roof coverings
- 24 new kitchens
- 22 new bathrooms
- 50 boilers and heating systems installed
- 5 electrical rewires



SOCIAL VALUE

SUPPORTING THE COMMUNITIES WE WORK IN

Many of our tenants and communities are facing challenging times that look set to continue for some time. Understanding the impact that social value can have and providing additional services to facilitate this can make a difference for our tenants and we recognise that providing quality homes is just the beginning for a better future. This shifts the focus from looking at more than just the bottom-line price or cost of a service towards the overall value of the outcomes delivered.

Local Space employees continued their sponsorship of our nominated **foodbank charity The Trussell Trust** - which operates within our key property locations. The foodbank provides food that has been donated by the local community to households who are experiencing a range of personal crises and poverty due to low income, benefit delays or unexpected bills. Local Space staff also provide about £500 worth of donated food to the charity each year.



The Association also participates in the **London Community Credit Union (LCCU)** membership scheme which was set up to provide support to the local community. LCCU is a not-for-profit financial cooperative run for, and by, its members and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. It is promotes financial inclusion and helps to keep money invested within the community by lending at competitive rates. It is a community focussed approach that provides vital services and support for individuals and neighbourhoods.



Deafblind UK is now in its eighth year with the group having grown from strength to strength. It meets monthly at Local Space, where members get together for social events and to hear local speakers. Local Space also support home-based Deafblind staff to be able to recruit volunteers and we offer our facilities within the building on Romford Road to interview and undertake paperwork.



OUR PEOPLE

In 2016/17 we created a new development department to deliver our growth programme of affordable homes. This marked a change in how we organise our people and this year we continued to build on the high standards of delivery set. We appointed a Finance Director with a new look team and created a Corporate Services team to provide better infrastructure for our business. This has led to internal opportunities for our staff to apply for new roles. While this period of change has been challenging we have continued to invest in our people

through a new performance management system. This has led to focused training and ensuring staff have the tools to do their jobs to the best of their abilities providing the best possible levels of service to our tenants. We have continued to listen to staff by running listening sessions to ensure we are ready for growth and remain a competitive employer in the London jobs market.

We have seen that if you value your staff they will value you as a good employer and provide the best service they can.

THE BOARD

Strategic leadership is provided by a Board including Newham Council appointees and independent members. Operational management of the organisation is led by the Chief Executive, supported by the Executive Team.



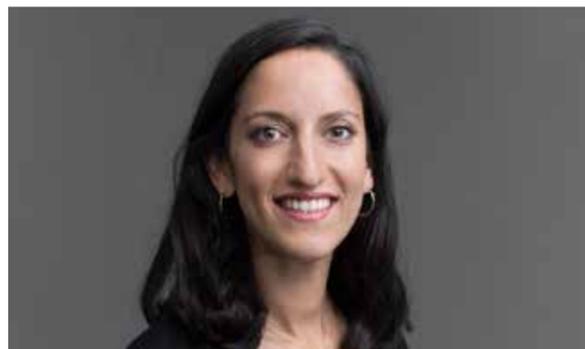
RICHARD REYNOLDS
CHAIR

Richard is also Chair of Meridian Home Start and Weald Property Developments, he is a Non Executive Director of Breyer Group Plc and a Patron of Discover (The Children's Discovery Centre in Stratford).



CLIVE TURNER
VICE CHAIR

Clive has held a number of senior roles in local authorities, housing associations and government agencies in London and the South West. He has recently retired as Chief Executive of a large housing association.



CAITLIN FARROW
SENIOR INDEPENDENT BOARD MEMBER

Caitlin is a policy and research professional and is currently the Head of Strategy, Planning, Policy and Insight at Peabody. She is also a trustee of Health Improvement Project Zanzibar.



MARTIN BELLINGER

Martin has 30 years experience in the development sector, and co-founded build to rent developers Essential Living. He is a member of the DCLG Build to Rent sub-committee, and the London Urban Transformation Commission.



MANU NAIR

Manu is an investment analyst at credit hedge fund Observatory Capital. He was previously a Vice President at mid-market investment bank, Canaccord Genuity; and advised housing associations and mid-market corporates on treasury management and capital markets fundraising.



JESSICA TAMAYAO

Jessica is a specialist in financial and commercial advisory to the public sector and has a strong track record in housing and mixed use regeneration schemes. She is currently the Head of Commercial Ventures at Newham Council.



TIM MULVENNA
CHAIR OF NOMINATIONS AND REMUNERATION COMMITTEE

Tim has more than 20 years' experience in customer service in a number of industry sectors, including: housing, telecoms, charity and IT. He is now CEO of The Barnet Group and prior to that worked for London's largest landlord, L&Q, for 12 years.



RICHARD STEVENS
CHAIR OF AUDIT AND RISK COMMITTEE

Richard is a chartered accountant and was a partner in a major regional firm of chartered accountants based in London and the Southeast. He is an experienced non executive director serving on boards and committees in the social housing sector and other commercial enterprises.



JITINDER TAKHAR

Jitinder joined Local Space as CEO in March 2016. Jitinder has also held numerous non-executive positions with housing associations, the Chartered Institute of Housing and the National Housing Federation.

The **NOMINATIONS AND REMUNERATION COMMITTEE** leads on the recruitment and of Board members and reviews composition of the Board. It oversees members' induction, training, and appraisal and is responsible for ensuring appropriate remuneration in place, as well as effective appraisal of the Chief Executive.

The **AUDIT AND RISK COMMITTEE** ensures that we keep our business strong, and protect what we own, so that it does not lose its value. It makes sure we consider and protect ourselves from business risks and threats, and work in the right way.

GOVERNANCE

Local Space is governed by a Board which has overall responsibility for all that the organisation does. Good governance and how the Board works is vital to our success in delivering services to our tenants. As a small organisation we do not have complex structures in place but we take governance seriously and we want it to be effective. We have worked hard to continue to improve our approach throughout the year and it has paid off: the Regulator for Social Housing confirmed our top rating of G1 for governance and V1 for financial viability. These top ratings mean that we can seek competitively priced borrowing to provide even more homes.

During the year we undertook a review of our Board composition, skills and competencies, our governance documents and many of our key policies. We also recruited new Board members and our Chief Executive, Jitinder Takhar, also joined the Board.

The Board meets every six weeks and each meeting is preceded by a training session. This year we ran training sessions on finance, development, the economy, risk management and data protection. This allows the Board to stay informed, providing a well-run organisation. Agenda and supporting papers are sent out in advance of each meeting so that all Board members have the opportunity to review

the papers. This helps to ensure that there can be a full discussion and review of all recommendations. Board members are clear about their role and duties and each member has an agreement for service, setting out their obligations. The Board is supported by two committees - the Audit and Risk Committee and the newly constituted Nominations and Remuneration Committee. It sets up special task and finish groups to lead on specific pieces of work.

The Board works closely with the Tenant and Scrutiny Panel and members of the Panel now regularly attend Board meetings. Panel member Beatrice Adusei is now also a member of the Audit and Risk Committee.

Local Space adopted a Code of Conduct in 2017 and all Board members, committee members and staff members are expected to comply with this code. It also adopted the 2015 NHF Code of Governance and is fully compliant with the high standards of governance that this represents.

The Board is supported by the Company Secretary, Kirsty Semple. Kirsty Semple ACIS LLM is a Chartered Secretary with over 25 years experience. She has worked for a number of housing associations, and other voluntary sector bodies.

EXECUTIVE TEAM

Meet our executive team, led by Chief Executive, Jitinder Takhar, who has a place on the Local Space Board, demonstrating the effective and good relationship between the Board and the Executive.

The Executive Team continues to evolve as our business grows. We have the strong leadership that is needed to run a successful organisation providing much needed homes to those in greatest need in our society. Local Space is growing and needs an executive team that ensures we have the capacity to support growth at every level beyond our current plans. This means having strong foundations and being an employer of choice where we are attracting strong and experienced talent.



JITINDER TAKHAR
CHIEF EXECUTIVE

Jitinder has worked at Local Space for more than two years and is responsible for taking forward its vision of a social housing organisation that can make a real contribution tackling homelessness in London. Her continued work with the Board and Executive team means taking responsibility to ensure that Local Space has the right leadership and a continued track record to deliver – providing homes and services so that tenants have a safe and secure home.



JOSIE PARSONS
FINANCE DIRECTOR

Josie is leading our finance team to prepare for a post-Brexit social housing sector. She will help define and address future risks and ensure we can meet our obligations and help provide a firm financial foundation to service our ambitions to support some of the most vulnerable people in London.



STEPHEN KIRRAGE
DEVELOPMENT DIRECTOR

Stephen has successfully led our growth programme which is now more than half-way through its target purchases. His role will be to continue to build on this success and prepare for growth beyond the current programme.



CAROLINE WAGSTAFF
OPERATIONS DIRECTOR

Caroline works closely with the development department as we increase the supply of new rentable homes. Her role, working with her team and Local Authorities is to manage homes and to continuously improve service level to our tenants. Caroline works closely with our Tenant Panel to ensure that tenants have a strong voice in the organisation.



CATHERINE DIAMOND
CORPORATE SERVICE DIRECTOR

Catherine recently joined Local Space to lead the new corporate services department. She has responsibility for people, communications and the next phase of smart technology - preparing Local Space for an increasingly digital world, developing social media and supporting staff at Local Space to do their best.

FINANCIAL REPORT

FIVE YEAR SUMMARY OF FINANCIAL HIGHLIGHTS

For the year ended 31 March		2018	2017	2016	2015	2014
Income and Expenditure account						
Total Turnover	£'000	26,534	25,632	25,576	24,777	24,491
Operating surplus before Newham surplus sum	£'000	17,306	17,907	17,181	16,931	16,435
Surplus / (Deficit) for the year	£'000	5,929	5,582	(1,842)	6,783	7,241
Balance Sheet						
Fixed Assets	£'000	405,467	346,689	331,944	330,410	327,473
Net current assets / (Liabilities)	£'000	2,595	10,941	11,333	15,733	12,105
Total assets less current liabilities	£'000	408,062	357,630	343,277	346,143	339,578
Loans and provision (due over one year)	£'000	224,701	179,788	171,017	172,065	172,001
Total Reserves	£'000	183,361	177,842	172,260	174,078	167,577
Total long term loans and reserves	£'000	408,062	357,630	343,277	346,143	339,578
Accommodation figures						
Total Housing stock owned and managed	Units	2,143	1,912	1,821	1,802	1,765
Key ratios						
Operating surplus (as % of turnover)	%	64.2	69.9	67.2	68.3	67.1
Surplus for the year (as % of income from lettings)	%	22.3	21.7	-7.2	27.4	29.6
Rent Losses (voids and bad debts as % of rent and service charges receivable)	%	0.2	0.9	0.3	0.8	0.5
Rent arrears (gross arrears as % of rent and service and service charges receivable)	%	2.9	2.1	1.8	1.9	2.1
Liquidity (current assets divided by current liabilities)	%	128.7	268.5	244.7	329.2	283.6

STATEMENT OF FINANCIAL POSITION

	2018	2017
	£ '000	£ '000
Tangible Fixed Assets		
Housing properties	402,765	344,124
Other fixed assets	1,752	1,830
Investment properties	950	735
	405,467	346,689
Current assets		
Trade and other debtors	2,578	823
Cash and cash equivalents	9,074	16,613
	11,652	17,436
Creditors: Amounts falling due within one year	(9,057)	(6,495)
	2,595	10,941
Net current assets	2,595	10,941
Total assets less current liabilities	408,062	357,630
Creditors: Amounts falling due after more than one year	(224,701)	(179,788)
Total Net Assets	183,361	177,842
Reserves		
Income and expenditure reserve	52,259	46,330
Revaluation reserve	131,102	131,512
Total reserves	183,361	177,842



LOCAL SPACE LTD, 58 ROMFORD ROAD, LONDON, E15 4BZ

Local Space Limited is a charitable registered society (Reg. Number: 29840R) Registered Social Landlord (Reg. Number: LH4454)