OUR MISSION

Local Space is dedicated to delivering affordable and quality social housing in East London.
INTRODUCTION

Welcome to our annual report. It is designed to provide a snapshot of some of the main activities undertaken by Local Space throughout 2014/15 and offers a glance at our upcoming plans.

Each year we create an annual report to let our residents, partners and other interested people know what we have been doing over the last year and why. In this report we provide updates on some of the main areas we have focused on, report back on our performance and overall satisfaction with our services, as well as outline how we are planning for the future. We hope you enjoy it.

RICHARD CLARK, OBE
Chief Executive Officer

We are delighted to report that we have successfully delivered major projects in almost all areas of the business. The most significant is the development of the Growth Partnership with the London Borough of Newham.

Local Space Essex, our first project for 5 years delivered additional homes in parts of Essex close to London.

Our revised Tenant Involvement Strategy has ensured much closer working with our directly managed households.

We have also delivered an enhanced Capital Programme to upgrade our tenants’ homes and an Affordable Warmth Programme which led to spectacular savings on tenants’ fuel bills.

Sadly, last year we were downgraded by the Homes and Communities Agency because of communication weaknesses, but together the Executive Team and the Board have worked hard to ensure that this was resolved.

We work very closely with our local partners, including several local charities. We carried out a stakeholders’ survey this year and were pleased to receive extremely good feedback from all our partners.

The challenges of the national agenda will have a huge impact on Local Space but we will move forward to help tackle the dire housing shortage that the capital is experiencing. The next few months will bring further development for Local Space, especially the signing of the Growth Partnership.

We would not have been able to achieve such success without the highly motivated and positive staff at Local Space and it is thanks to them that we are where we are.

JOHN LAYTON
Chair

This last year has laid the foundations for what I hope will be a step towards providing more tenants’ homes through the development of our Growth Strategy in partnership with London Borough of Newham.

The year has seen a number of challenges which we have tackled and dealt with successfully. Much of our success this year can be attributed to our Executive Management Team and our motivated and enthusiastic staff with support from our Board.

I would like to thank all our local authority partners for their hard work.

The election of a new Conservative government saw plans in support of their austerity agenda that are likely to impose a challenge to housing associations and their tenants. This year we hope to demonstrate positive achievement in helping our local authority partners and our tenants address their housing needs.

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ABOUT US

Local Space is a social landlord with charitable status, dedicated to delivering affordable and quality social housing to people on lower incomes, to help them improve their quality of life.

Local Space was created in 2006 through a partnership between the London Borough of Newham and a group of housing professionals. The gifting of 450 properties from Newham Council to Local Space enabled us to raise £200 million to buy and improve more than 1000 homes across East London within two years of establishment; the majority of these are in Newham. We are based in Stratford, east London and currently employ 28 members of staff.

Local Space owns 1802 homes, mainly in the east end of London. We deliver housing through a purchase and repair approach to provide homes for families in need of accommodation. Around 1450 of these properties are managed day-to-day by companies working for Newham Council. We currently directly manage 350 properties of which 132 are for keyworkers working within the public sector.

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

Through this approach we have:

- Merged with Passmore Urban Renewal in 2007 and taken over the ownership and management of 132 key worker homes
- Implemented a business model, accumulating assets worth £349 million
- Acquired, improved and leased more than 1000 homes for the homeless in Newham
- Acquired, improved and managed 110 homes for Hackney, 50 homes for Waltham Forest, 10 homes for the City of London, 5 in Hastings and 37 in Essex.
- Built seven four bedroom eco-friendly homes

Local Space does not make money for shareholders. Everything we earn is either pumped back into improving our homes; buying more homes; providing facilities for the community; or activities to help people improve their lives. We strengthen communities through supporting them and improving opportunities for people. We are an innovative and ambitious organisation and we are currently developing a Growth Strategy in partnership with Newham Council that could result in a significant expansion over the next decade.

OUR OBJECTIVES

• Providing high quality accommodation
• Providing customer orientated services
• Being a well managed organisation
• Being a successful business

OUR VALUES

Acting with integrity
We commit to our promises and will remain open and ethical in our dealings and relationships with others.

Creative and innovative solutions
Learning from our mistakes, we always look for original solutions to our problems, and value-added answers to our clients’ needs.

Including everybody in the business
Within an atmosphere of fairness and equality of opportunity, we will foster teamwork, welcome feedback, celebrate uniqueness and value the listening ear.

Putting customers first
Our goal is to act as partners to our customers (and each other), fully understanding others’ situation, actively caring about them and attempting to exceed their expectations by providing value-for-money support and service.

Realising everyone’s potential
The personal growth and technical capability of all our people is important to us - we are determined to invest in them and will provide effective, ongoing learning and development opportunities and regular, constructive feedback.

Striving for excellence
Our leaders are dedicated to role-modelling our values and we all strive for business excellence by being relentless in our quest to deliver quality services and, in consequence, quality homes, nurturing communities and work opportunities for our customers and our people.
Local Space has succeeded in providing over 1500 homes for homeless households in east London helped by an innovative and unique partnership with the London Borough of Newham.

Over the last year executive staff, politicians and Board Members from both organisations have been working together to deliver the second phase of development. Together we are finalising proposals to provide an additional 800 homes for homeless and other priority households in London and the bordering Essex and Kent areas.

To ensure that this is possible, Local Space is looking to raise an additional £150-£200million of private sector funding. Our aim is to sign the agreements for these plans by December 2015.

Local Space gives high priority to good governance and probity. The Board contains a range of skills and the work of the association is spread across four committees with clear responsibilities.

We review the major risks facing us on a regular basis. We also ensure that all the key areas of the association are audited regularly and that business is conducted in an ethical manner at all times, in line with the values of our business.

Last year we failed to fully meet our regulatory body Homes and Communities Agency’s standard in regard to our publications on value for money. This meant that whilst the association met the Governance and Viability standard of the Homes and Communities Agency, improvement was needed to support continued compliance. We have now addressed this.

OUR STRATEGY FOR GROWTH

A partnership with London Borough of Newham

LOCAL SPACE HOUSING STOCK

Total: 1802 properties

- Acquired: 1000 (55%)
- Gifted (Newham): 450 (25%)
- Directly managed: 350 (20%)

GOVERNANCE STANDARDS
In March 2014, the Local Space Board agreed to spend up to £10m buying homes to assist Newham Council in addressing local housing need. Over the past year we’ve purchased 50 properties and seen 32 households settle into new homes in Essex.

We have a further six properties in progress and will be supporting more families to make the move through an increased investment programme. After the welfare benefit reform in April 2013, Local Space Essex was set up to offer London Borough of Newham tenants new homes in specially chosen parts of Essex. Homes have been bought in clusters and are a mix of one, two and three bed properties. In addition, Local Space and Newham Council decided that they would only purchase properties with a good transport connection to east London.

The project has been operating for just over a year and is nearing completion. We are now starting to focus our efforts on preparing for next year’s Growth Strategy.

Many of the tenants have found that the move was a positive event in their life and are much happier in their new home than they ever were before they moved out of London.

Local Space built in a £40,000 budget to provide support and information to tenants during and after their move to Essex. We recruited a Resettlement Officer in April 2015 who has helped tenants apply for grants to buy beds and tables; linked them with charities for second-hand furniture; arranged medical appointments with new doctors and hospitals; and helped progress their gas and electricity connections. They have also helped tenants to find work.

32 HOUSEHOLDS have moved to new homes in Basildon, Grays and Tilbury since December 2014

We held special events for Local Space Essex tenants in May and July 2015. These aimed to encourage tenants to get involved with us, sustain their tenancies, and look after their homes. This was also an opportunity for us to provide further support and for them to raise any concerns.

32 households are now living in new and refurbished homes at Local Space Essex

“If someone said you’ll have to spend two years in hell, being evicted and living in temporary housing, but at the end you get this, I would still have said: ‘It’s a deal’. We’re the winners, in the end.’

Joanne and Nohmy Harrison, Nohmy recently had a stroke that has left her wheelchair dependent and they have moved from unsuitable temporary accommodation in Newham to a newly built bungalow in Essex.

“I love it where I am now. I love my kitchen. I love my little garden. It’s lovely. And London isn’t far away...I had most things, but Local Space helped me get a fridge. The staff are really friendly”

Marnie Regan, was living in a hostel for homeless people with her baby and was offered a two bedroom house in Basildon.

“I was scared at first. I thought: do I want to be in Basildon? But it’s only a 30-minute journey on the train to Stratford. And now I don’t ever want to go back and live in London. I fell in love with my home when I first saw it. My son said: ‘Mum, this is beautiful’. We are over the moon.”

Hannah and her three children spent just over a year in temporary accommodation after Hannah lost her job before being offered a new home in Essex.
The relationship we have with our partners is extremely important to us. This year we commissioned a perception survey to test their views about how well we are doing.

We wanted to find out how we are perceived as an organisation on important issues that link to our corporate objectives. 26 of our partners took part including local authorities, funders, charities and other housing associations.

The results revealed that the reputation of Local Space is generally good and has improved in recent years.

The major strengths for Local Space were highlighted as engaging with the local community, a responsive service, good management, and a commitment to Newham and its partnership working.

“engages with the local community really well.”

“committed to the needs of the local authorities and its area to provide more homes.”

“excellent because it recruits apprentices from the local community.”

“The response and service is excellent.”

83% thought that our reputation as an organisation is good and has improved over recent years

80% view Local Space as a very well managed organisation

100% felt that we can be relied on to deliver our promises

74% see us as good or excellent in responding to the needs of the wider community

77% satisfied that the quality of accommodation offered was good or excellent and provided good value for money

In 2014 we introduced a new approach to involving tenants in our services and improving the way we do things. We value feedback and have set up a range of ways for tenants to be involved, including:

Tenant Policy and Scrutiny Panel provides real empowerment for tenants and is focused on the business plan, operational policies and procedures, and mystery shopping. There are eight tenants on the panel and members have started a programme of training to develop an understanding of scrutiny, performance and negotiation.

In 2014 two tenants assisted with interviews and site visits for new contacts for responsive repairs and refurbishment works; one tenant participated on our ECO Panel; and one tenant took part in the procurement of the Capital Works Programme.

Local area groups offer tenants the opportunity to participate in focus groups and forums about current and new services.

Customer feedback: Tenants can give their views on our services through surveys. This helps us to understand what we’re doing well, and where we need to improve. We are exploring informal and innovative methods of consultation and surveys through a new website, social media, and mystery shopping.

We supported tenants through welfare reform and built relationships with other organisations to ensure our tenants could access other services available to them.

We have sign posted 17 households to the Local Credit Union in preparation for the rollout of Universal Credit.

3 tenants are now employed as a result of partnership working with Job Centre Plus and the local authority.

Involving our customers is the best way to improve our services, deliver customer-led regulation and create pride and confidence in our communities. Our annual fun-day event is a great opportunity to meet our neighbours. It also gives us the chance to say thank you to our tenants for giving their time to help us improve the services that we provide.
Affordable Warmth

We want to deliver sustainable, environmentally friendly homes for our tenants. To do this we must keep homes in a good condition so that tenants can afford to keep warm.

We recognise that whilst we cannot influence energy tariffs directly we can help to reduce consumption and increase residents’ income opportunities and wellbeing. Over the past year we kicked off an £800,000 project to improve the resident’s homes that were prioritised as the least energy efficient.

The programme includes carrying out energy-saving home improvements to help keep homes warm all year round, and to reduce heating bills. Installations include external/internal insulation (known as a hybrid system), cavity wall insulation and loft insulation. Following the first phase of work we approached the Energy Saving Trust (EST) to help us understand the impact of installing wall insulation for our residents.

19 homes received treatment. 14 had cavity wall insulation and 5 hybrid solid wall insulation.

72% of properties showed a decrease in energy bills.

£360 the highest estimated saving achieved by a cavity wall insulated property.

£580 the highest estimated saving achieved by a solid wall insulated property.

The results

Based on meter readings and billing records, the majority of properties reduced their energy consumption following insulation improvements. Households reported increased comfort benefits, saying that their home heated more quickly and that heat was more evenly spread, with fewer cold areas.

Prior to the works most householders described feeling worried about the cost of their energy bills. Following the works, almost all households felt in control of the energy that they were using. Many households also reported that their homes looked nicer, there was less external noise and that they were generally more proud of their home. In general, residents reported reduced problems with damp, mould, condensation and draughts.

This year we will carry out £80,000 improvements and plan to upgrade electric-fueled properties to better performing units and where possible change them to gas with a boiler. We also intend to install hybrid insulation to a further seven homes.

Supporting Richard House

£4000 RAISED

for Children’s Hospice (target £1000)

Each year our employees vote to sponsor a local charity for the year. We then run a range of small charity events and sponsorships for that charity. Last year we supported east London charity, Richard House Children’s Hospice, which delivers clinical care, short breaks and other residential services to children and young adults, and provides support to their families.

Over the past year, we have had ‘bring and share’ lunches, raffles and bids, and a sponsored bike ride bringing our team and partnering contractors together for a fun day out.

London Community Credit Union

Last year the Equality & Diversity & Remuneration Committee agreed to a number of proposals relating to staff pay and benefits. One of the proposals aimed at providing a benefit to staff, as well as supporting the community, was to encourage membership of the London Community Credit Union (LCCU).

The LCCU is able to provide low cost loans for members from the savings that other members, such as Local Space, contribute to. Local Space makes a monthly contribution into a credit union account for all staff that join the LCCU and monthly payments are made from salaries into their credit union account.
82% of residents are satisfied with the quality of repair work

82% find it easy to get through to the right person

91% repairs contractors arrived on time for appointments

93% satisfaction with gas servicing

80% satisfaction with the quality of repair work

IIP Silver
We achieved this accreditation, which demonstrates that our employees understand how our corporate plan, values and services link together.

OUR £1 MILLION CAPITAL PROGRAMME FOR 2014/15 EXCEEDS PLANS
Our biggest investment to date delivered more work than planned with improvements across homes we manage

31 windows and doors replaced

27 roof coverings

46 new kitchens

44 new bathrooms

103 boilers and heating systems installed

20 electrical rewires

£6M to be invested in new homes to address local housing need

99.87% collected rent

32 new homes let (Local Space Essex)

4 new recruits
Two new apprentices
Progressed one apprentice
Progressed one intern

£6M to be invested in new homes to address local housing need

32 new homes let

4 new recruits
Two new apprentices
Progressed one apprentice
Progressed one intern

99.87% collected rent
At Local Space we have 28 employees working at our office based in Stratford. We’re delighted that staff annual turnover is low at 0.7% and that this year our employees had an average of half a day sickness absence.

I began studying a Level 3 customer service NVQ in September 2014 and have been working towards completing this. I enjoy being able to help tenants and learn about the business.

Daniella Jacobs-O’Boyle, 24, is our Customer Service Apprentice. She moved from Housing Services to Corporate Services which has helped widen her knowledge and experience.

My highlight of the year was my appointment into the new role, gaining more responsibilities. I enjoy being a part of a supportive team. Everyone is approachable and willing to help and share ideas, like one big family.

Daniy Oladipo, 19, joined September 2014 as Housing Services Apprentice. Daniy is studying Btec Level 2 in Business Administration.

I love the variety of work and being able to assist tenants. The team is very supportive and I am learning new skills every day.

The support I’ve been given has been invaluable in developing my skills and beginning my career. I wasn’t expecting to get a job out of my internship as this rarely happens, so I was very pleased when I was offered the position!

Rosie Hayes, 23, joined in June 2014 as an intern and has been appointed a permanent role as Housing Assistant. She has helped with tenancy management, learned about tenant involvement and is now working in policy.

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I have enjoyed my experience especially meeting all the lovely people! I am learning every day and hope to continue in the finance department and work towards a finance qualification.

Kamal Hussain, 20, joined in September 2014 as our Finance Apprentice. Kamal completed the NVQ Level 2 Business Administration course this year.

I have enjoyed my experience especially meeting all the lovely people! I am learning every day and hope to continue in the finance department and work towards a finance qualification.

Kamal Hussain, 20, joined in September 2014 as our Finance Apprentice. Kamal completed the NVQ Level 2 Business Administration course this year.
THE BOARD

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

John Layton (Chair)
John is a chartered accountant and a former director of PriceWaterhouse Coopers who helped set up Local Space and was our first chair. He became chair again in October 2012.

Cllr Andrew Baikie
Andrew has been a Newham councillor since 1992. He has held many different roles on the council and is currently the Lead Member for Housing.

Elaine Bowes
Elaine is a specialist in equality, diversity and inclusion. She has worked mainly in public sector roles and has a strong track record of bringing in improvements in these areas.

Cllr Ian Corbett
Ian has lived in Newham for over 27 years. He was elected to Newham Council in 1992 and is currently the executive member for infrastructure and environment.

Cllr Andrew Baikie
Andrew has been a Newham councillor since 1992. He has held many different roles on the council and is currently the Lead Member for Housing.

Sarah Ebanja (Vice Chair)
Sarah is chair of Newlon Homes. She’s been deputy chief executive of the London Development Authority and billingdon Council.

Kene Ibezi
Kene, a Chartered Surveyor with extensive international experience, is a Fellow of the Royal Institution of Chartered Surveyors and Adviser to and Chief Property and Development Officer for two Local Authorities.

Janet Marsh
Janet has been a resident of Local Space since 2006, and was chair of our tenants’ association for three years. Her work has included our maintenance and scrutiny committees.

Nilavra Mukerji
On the Board since 2009, Nilavra has extensive experience in Housing. He is Director of Housing Services for the London Borough of Hammersmith and Fulham, and currently serves on the Audit and Operations Committees.

Douglas Trainer
Douglas joined Newham Council in 2011, and is now the Assistant Chief Executive, Corporate Services. He has previously held a number of senior roles in government, the public, private and voluntary sectors.

Donford Vardon
Donford became a Local Space tenant in 2005 and joined the board in 2008. He works for the London Borough of Newham and is very interested in improving customer service.

A NEW STRATEGY FOR 2015 VALUE FOR MONEY

In July of this year, the Board approved a new Value for Money strategy for 2015/16. As well as the strategy, each year the Board agrees a self-assessment report to our residents and stakeholders. This sets out how well we currently comply with the value for money standard set by the HCA, our regulator, and our plans and priorities for the future. Both the strategy and the self-assessment report are available to see on our website www.localspace.co.uk.

Achieving Value for Money is integral to the way we operate as a business and we reflect this in our values, particularly through our value of ‘striving for excellence’. We are committed to continuous improvement in all that we do and we will ensure that our excellent results and robust financial platform keep us well placed to provide great value for our customers as well as guaranteeing a sustainable future.

We make effective use of our financial strength and capacity to support our business objectives. Some of the key results for the year were:

- Turnover has grown steadily year by year and in 2015 we had an increase of £286,000.
- We have had an increase in cash held amounting to £3,551,000.
- Our liquidity results are very much above the sector norms and we currently have the strongest results for the past five years.
- Our funding position is strong.

Overall, the Board was assured that the association had complied with the Regulator’s value of money standard by following a structured process of assessment. As well as comprehensive performance reporting and management accounts, the Board receives a monthly update on key performance indicators and actual performance against budgets.

We undertake regular benchmarking to measure our results against similar organisations and continue to strive for improvement. In most of the areas where we benchmark we did better than our peer group in the Southern Region. For example, 100% of our properties had a valid gas safety certificate, and our average re-let time was much lower than average. However, there are some areas where we could do better (such as the total cost per property for housing management).

We are currently working towards developing a detailed action plan to address these areas where we need to improve.

To understand the relationship between our COSTS AND THE VALUE that we offer customers and to use this information to make decisions about spending money

To focus on making significant improvement in VfM in our CORE SERVICE

To UNDERSTAND THE DRIVERS behind central costs and to take action to control them to ensure that they reduce as a proportion of overall costs as the business grows

To MAXIMISE THE RETURN on our assets

To develop and implement a value for money MEASUREMENT FRAMEWORK that provides an objective, robust view of our success in driving improved VfM

To promote a value for money CULTURE in all that we do

This summary is not intended to give a detailed analysis on value for money. This information is available on our website at www.localspace.co.uk.

www.localspace.co.uk
## Five year summary of financial highlights

### Income and Expenditure account

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<tbody>
<tr>
<td>Turnover £'000</td>
<td>24,777</td>
<td>24,491</td>
<td>24,248</td>
<td>23,955</td>
<td>22,896</td>
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<tr>
<td>Operating surplus £'000</td>
<td>16,699</td>
<td>14,020</td>
<td>12,056</td>
<td>13,572</td>
<td>12,683</td>
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<tr>
<td>Surplus for the year £'000</td>
<td>7,112</td>
<td>7,241</td>
<td>6,056</td>
<td>6,003</td>
<td>4,752</td>
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### Balance Sheet

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<thead>
<tr>
<th></th>
<th>2015 '000</th>
<th>2014 '000</th>
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<tbody>
<tr>
<td>Tangible Assets</td>
<td>364,678</td>
<td>339,578</td>
</tr>
<tr>
<td>Loans repayable after more than one year</td>
<td>172,001</td>
<td>172,001</td>
</tr>
<tr>
<td>Reserves</td>
<td>192,677</td>
<td>167,577</td>
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### Accommodation figures

<table>
<thead>
<tr>
<th></th>
<th>Units</th>
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<tr>
<td>Total Housing stock, owned and managed</td>
<td>1,802</td>
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### Key ratios

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<tbody>
<tr>
<td>Voids and bad debts (as % of rent and service charges receivable)</td>
<td>0.8</td>
<td>0.5</td>
<td>1.2</td>
<td>0.6</td>
<td>0.4</td>
</tr>
<tr>
<td>Rent arrears (as % of rent and service charges receivable)</td>
<td>1.9</td>
<td>2.1</td>
<td>2.2</td>
<td>1.6</td>
<td>1.1</td>
</tr>
<tr>
<td>Rent arrears (Days divided by rent and service charges receivable)</td>
<td>7.14</td>
<td>7.76</td>
<td>8.22</td>
<td>5.92</td>
<td>4.00</td>
</tr>
<tr>
<td>Interest Cover (Operating surplus and property depreciation divided by net interest payable)</td>
<td>273</td>
<td>259.1</td>
<td>228.0</td>
<td>223.6</td>
<td>202.8</td>
</tr>
<tr>
<td>Gearing (Loans as % of capital employed)</td>
<td>47.00</td>
<td>50.7</td>
<td>56.6</td>
<td>60.7</td>
<td>57.6</td>
</tr>
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</table>

*These figures only relate to directly managed stocks excluding properties that are leased to London Borough of Newham. All figures have been extracted from current and prior years’ audited financial statements. Please refer to our website for full accounts.

## Balance sheet

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
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<tbody>
<tr>
<td>Housing properties</td>
<td>383,138</td>
<td>364,643</td>
</tr>
<tr>
<td>Social Housing Grant</td>
<td>(35,735)</td>
<td>(35,756)</td>
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<tr>
<td>Other tangible fixed assets</td>
<td>347,403</td>
<td>328,887</td>
</tr>
<tr>
<td>Reserves</td>
<td>192,677</td>
<td>167,577</td>
</tr>
</tbody>
</table>

### Current assets

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debtors</td>
<td>927</td>
<td>768</td>
</tr>
<tr>
<td>Investments</td>
<td>21,500</td>
<td>15,000</td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>173</td>
<td>2,913</td>
</tr>
<tr>
<td>Creditors: Amounts falling due within one year</td>
<td>(6,866)</td>
<td>(6,576)</td>
</tr>
<tr>
<td>Net current assets</td>
<td>15,734</td>
<td>12,105</td>
</tr>
<tr>
<td>Total assets less current liabilities</td>
<td>364,678</td>
<td>339,578</td>
</tr>
<tr>
<td>Creditors: Amounts falling due after more than one year</td>
<td>172,001</td>
<td>172,001</td>
</tr>
<tr>
<td>Capital and reserves</td>
<td>149,562</td>
<td>131,744</td>
</tr>
<tr>
<td>Revaluation reserve</td>
<td>43,115</td>
<td>35,833</td>
</tr>
<tr>
<td>Revenue reserve</td>
<td>192,677</td>
<td>167,577</td>
</tr>
<tr>
<td>Total funds</td>
<td>364,678</td>
<td>339,578</td>
</tr>
</tbody>
</table>