

ANNUAL REPORT 2017



OUR MISSION

Delivering affordable and quality social housing to people on low incomes helping lives and communities to change for the better.

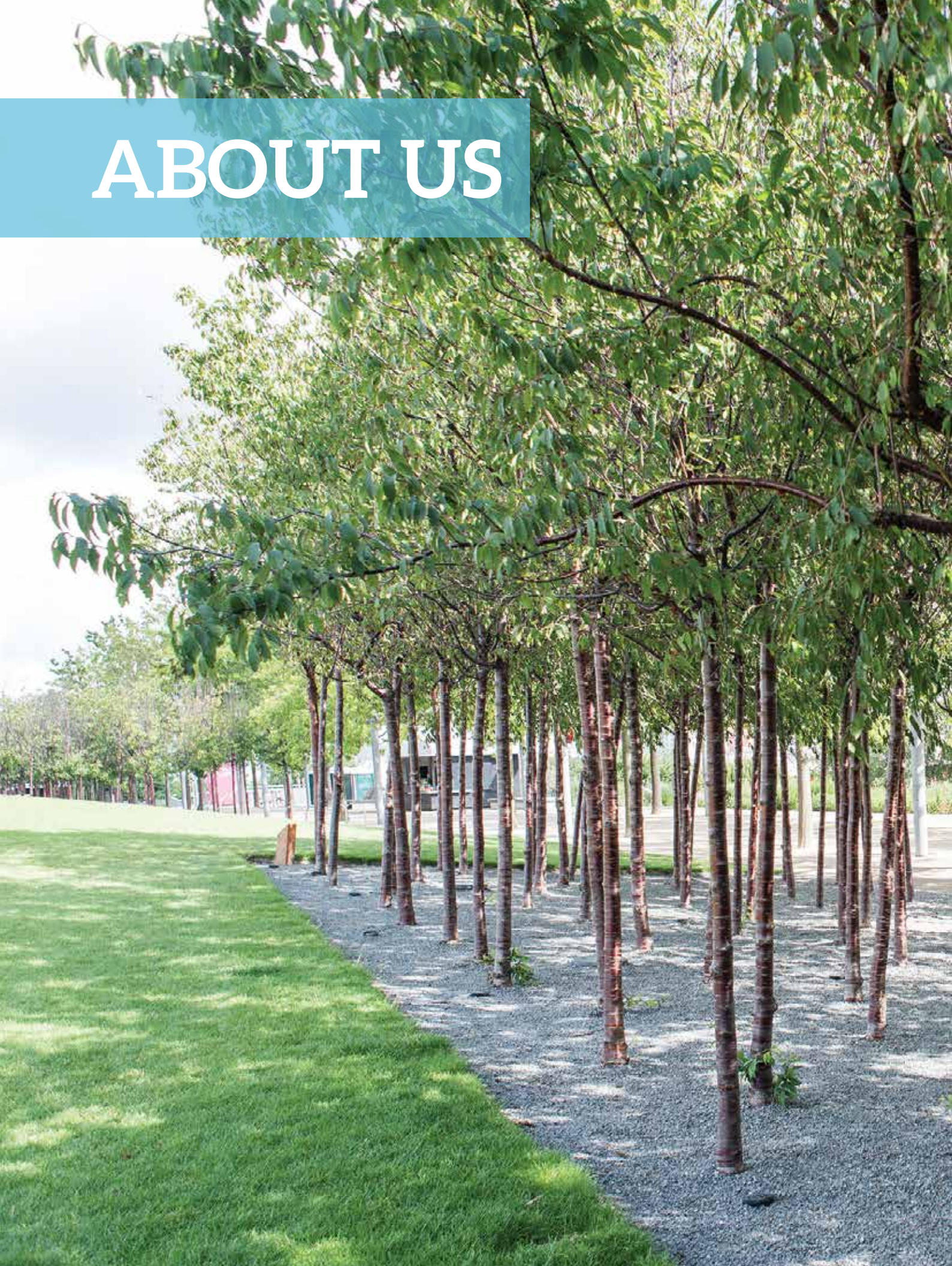




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ABOUT US





RICHARD REYNOLDS

Chair

I joined Local Space towards the end of 2016/17 and am impressed by what the organisation offers to its local community. In partnership with Newham and our other Local Authority partners, this small organisation is making a huge difference to people's lives. The key to our success is in our partnership working. When

2016/17 was a big year for Local Space. We saw our new development programme provide the start of 800 homes promised to Newham as part of our Growth Strategy. This is an important programme as it really makes a difference by providing much needed homes for people who need a decent place to live, raise families and live in thriving communities. Development Director Stephen Kirrage provides details on the work his team have done to get this underway on page 9.

London is an expensive place to make your home. As house prices continue to rise, Local Space is working hard to provide homes across the area and into Essex where our money can go further, buying more homes, or at a lesser cost. This efficiency is also applied to the homes that we already own and look after to ensure that they remain in good quality.

Our staff, managing agents and repairs contractors, work tirelessly to ensure that our homes are safe and in good condition. Operations Director Caroline Wagstaff shares some of that work on page 11 and highlights the valuable contributions made by our involved tenants on the Tenants Policy and Scrutiny Panel (TPSP). The Chair of the TPSP, Bill Page, also provides more information on the panel's important work.

Iain Bacon, recruited this year as our Finance and Resources Director, provides the facts and figures supporting this work, including how and where money was spent and what was achieved.

In addition to beginning our development programme we also looked at how we could strengthen the organisation through governance arrangements.

we work with others we deliver more than we could do on our own. London continues to see house prices increase even after the Brexit vote. As Crossrail starts to unfold we have new pressures in those areas where we usually look first to provide homes. Providing good quality homes in London's housing market is a tough task but one that I am proud to say is being met by Local Space.

I have taken on the role of Chair from John Layton who left the organisation in May 2017 after 10 years' service. John was here at the very beginning of this organisation and made a significant contribution to its success. Local Space owed a debt of thanks to John and we wish him every happiness in his well-deserved retirement.

My thanks also go to the staff for their hard work in delivering our promises, and to my colleagues on the Board who provide the vision for the future and who make sure that Local Space will continue for many years to provide homes for those who need them most.



JITINDER TAKHAR

Chief Executive Officer

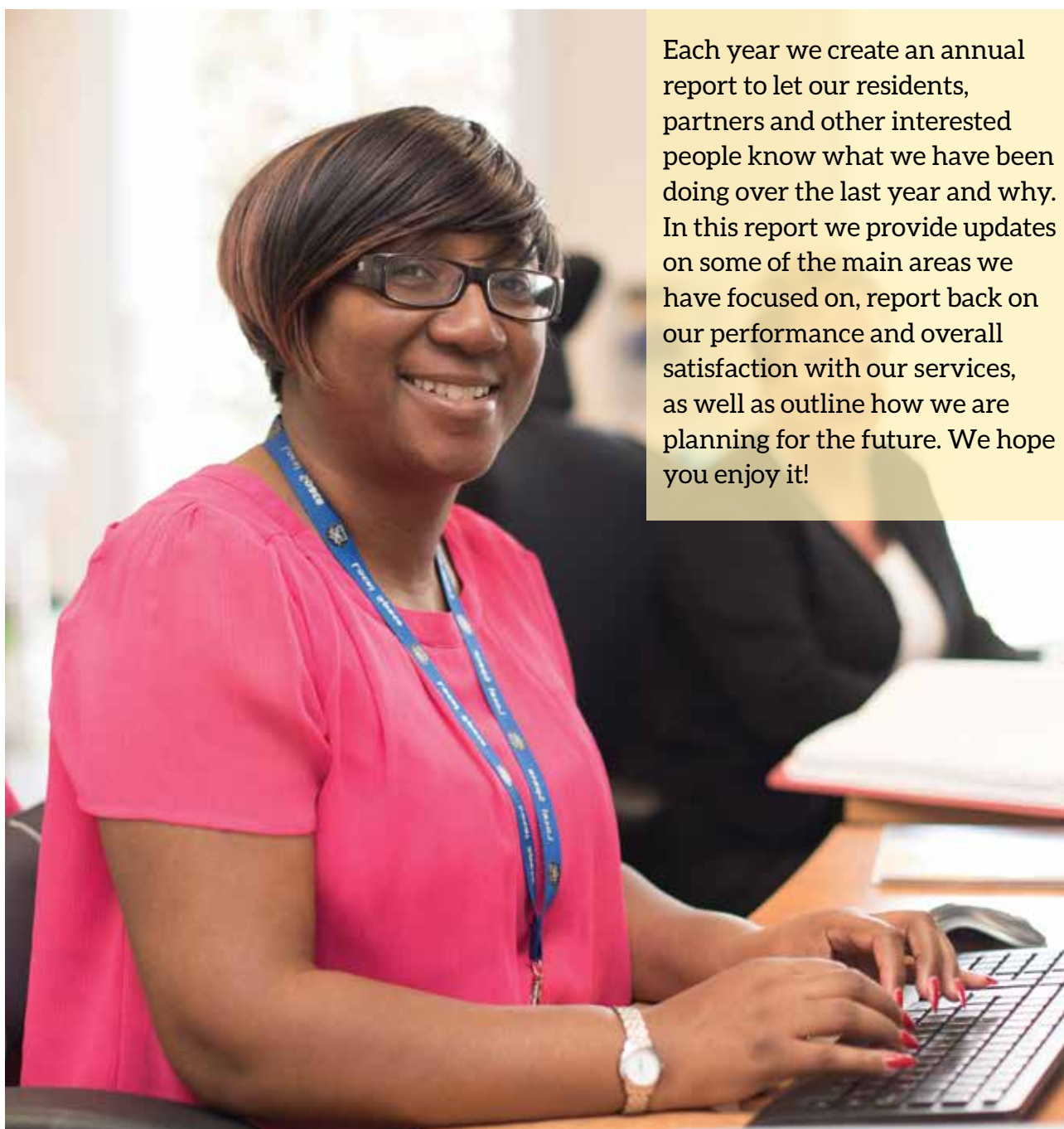
Company Secretary, Kirsty Semple provides information on how we ensure that the business is well run so that we can continue providing much-needed homes.

During the year the Homes and Communities Agency carried out an assessment and judged that we remain top rated for both our financial standing and governance. We also underwent a rigorous test to retain our AA-credit rating. These are important as they helped us when we went to the market to secure the funds we need for the development programme. The more we can demonstrate that we are well managed the more likely it is that funders will want to invest in Local Space as a well-run business.

I would like to thank the staff and Board for their time, energy and contributions which enable us to provide homes people want to live in and services that our customers are happy with.

WELCOME TO YOUR ANNUAL REPORT 2016/17

It is designed to provide a snapshot of some of the main activities undertaken by Local Space throughout 2016/17 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!

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 Newham and a group of housing professionals. The gifting of 450 properties from Newham 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 25 members of staff.

Local Space owns 1912 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 1530 of these properties are managed day-to-day by companies working for Newham. We currently directly manage 368 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, 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.

OUR OBJECTIVES

1 *Homes that people want to live in*

2 *Services that our customers are happy with*

3 *Being a successful business*

4 *Being a well managed organisation*

OUR VALUES

Acting with integrity

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

Creative and innovative solutions

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

Putting customers first

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

Working with partners

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

DEVELOPMENT

Local Space purchased four two-bed newly refurbished flats located at Mariner's House, Southend on Sea, Essex. The flats have good access to local amenities, and are only a five minute walk to two main train stations into Liverpool Street or Fenchurch Street. The area also provides good employment opportunities.

IN THE PIPELINE

800 new homes



This year Local Space has continued to work on our ambitious Growth Strategy, to provide 800 new homes for Newham to house families in housing need.

This is being achieved by initially buying safe, good quality properties in already established areas, with the longer term aim to deliver our own new build developments to further support the programme.

This new accommodation is not only in the Newham area but also in other London Boroughs such as Havering, Waltham Forest and Barking & Dagenham. In addition, we have also purchased homes in Southend, Thurrock, Basildon and Colchester in Essex, where we can make our funds stretch further by buying more homes than would be possible in more expensive areas. This is supported by arrangements with our lenders and we are pleased that we have retained our AA- credit rating to secure the best funding deals possible. This means that we are able to make efficient use of our money and make it go further.

This year a dedicated development team with experience in both acquisition and direct delivery has been set up to drive the programme forward. In 2016/17 Local Space added a further 90 properties to its portfolio with more in the pipeline over the coming months.

Our relationships with Newham Council and other partners are an important part of our programme and we hold regular discussions to see how we can help and achieve greater outcomes together.

London continues to be an area where house prices and rents are often out of reach for many ordinary people and the addition of 800 properties will go some way to assist these households.

Some of the properties bought this year are at Mariner's House, High Street and Southend on Sea, Essex (pictured).



OPERATIONS



CHANGING ARRANGEMENTS For keyworkers

Local Space has 132 properties which are let to keyworkers in Newham. Keyworkers are defined as public sector employees who provide a vital frontline service in areas of: NHS, education, Police, prison service, probation service, Local Authority, firefighters, Ministry of Defence, Environmental Health, and Highways Agency Traffic Officers. To qualify for a tenancy in these properties, you must be a keyworker with earnings ranging from £20,000 to £42,000 dependant on the size of the household.

After a recent review of our keyworker properties and tenants occupying these, it has come to our attention that some tenancies are no longer occupied by keyworkers and some earn significantly more than the income threshold for these properties.

Due to the shortage of affordable accommodation in London and the difficulty in recruiting and retaining keyworkers, Local Space must ensure that these properties are used for their intended purpose. In addition, we receive a government grant to part fund the property on the basis it would be used for a keyworker and to charge rents below market rate.

Local Space realises the impact this may have on some residents who are not keyworkers and has therefore, balanced the need to house only keyworkers with consideration and fairness to those who are currently not. As a result, we will provide

a transitional period (approximately two years) for those who are not keyworkers to find alternative accommodation or seek to take up employment as a keyworker.

As part of the change in how we operate and manage these tenancies we will change the tenancy agreement from Assured Shorthold to Fixed Term Tenancy, which is renewable every two years if at least one tenant is a keyworker. Any keyworkers who are retired or over 60 years old, will retain their Assured Shorthold Tenancy.

We understand these changes may be worrying for tenants, however for many there will be little change. Tenants' rights and obligations under the new fixed term tenancy are very similar to those under the existing arrangements.



TENANTS' POLICY & SCRUTINY PANEL (TP&SP)

Community Focus

The TP&SP was launched in December 2013 with the aim to jointly work with the Board, officers and tenants to direct and influence service delivery and identify improvements that address the needs of all tenants.

The Panel is currently made up of a group of seven members who have undergone training and practical experience to understand services and explore best practice. The Tenants' Representative on the Board has also been co-opted to the Panel.

This year the panel had six meetings and an Annual General Meeting which saw Chair Bill Page and Vice Chair Beatrice Adusei re-elected to these roles. Two members have resigned due to personal circumstances.

Regularity of Meetings

In 2016/17, the Panel has had six formal meetings. The regularity of meetings has varied depending on the complexity of the projects they have worked on. The Annual General Meeting was held on 8 July.

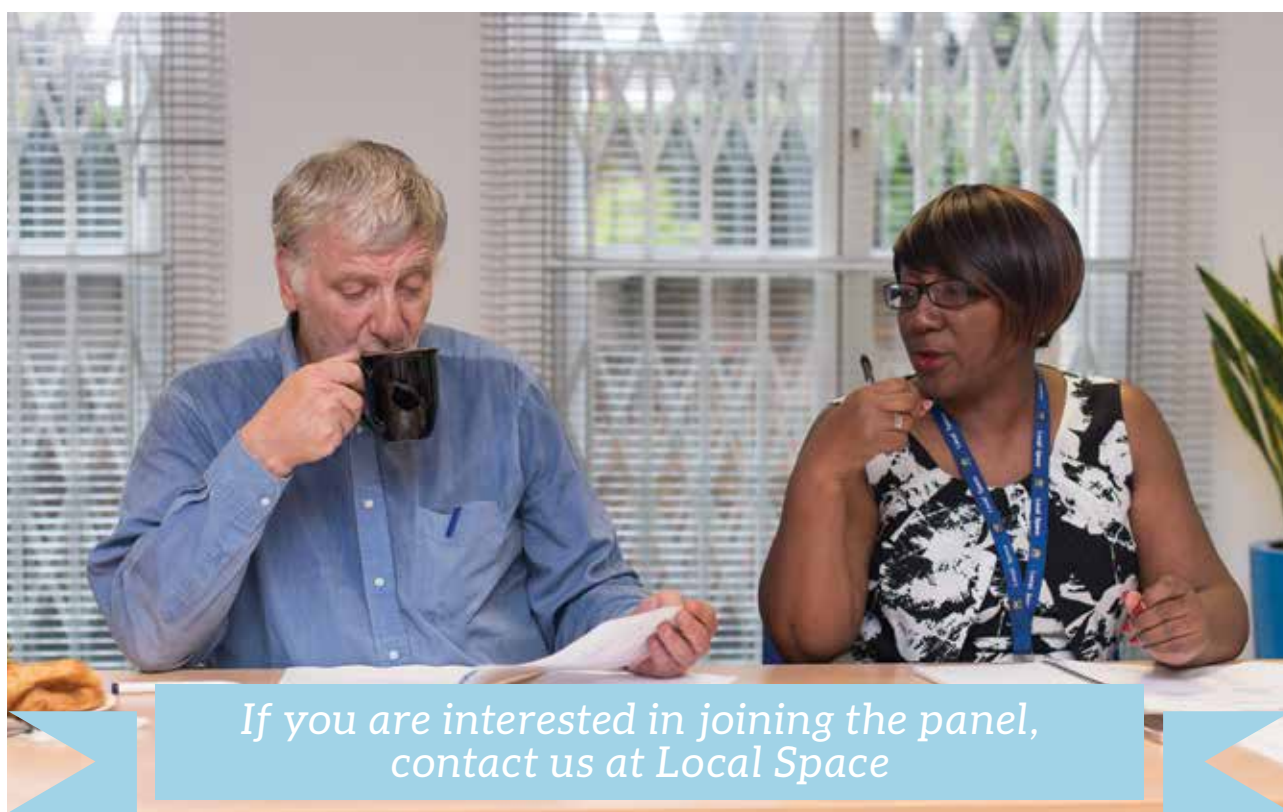
The areas of involvement and influence in 2016/17 are:

Reviews of policies and procedures

- Keyworker Strategy
- Tenant Involvement Strategy
- Key Performance Reporting

Training

- Including Introduction to Scrutiny, and understanding the voids process.
- The panel also had a role in the decision to extend the contractor for gas services, began scrutiny of voids project and selecting the contractor to carry out the tenant star survey.





ENERGY EFFICIENT Affordable Warmth

Everyone should have the opportunity to live in a home that is warm, comfortable and affordable. We want to deliver sustainable, environmentally friendly homes to all our tenants.

Everyone should have the opportunity to live in a home that is warm, comfortable and affordable. We want to deliver sustainable, environmentally friendly homes to all our tenants. As part of a 10 year programme we have:



Renewed 46 windows/doors to properties identified as least energy efficient



Fitted 57 new energy efficiency boiler with up to date heating controls reducing fuel bills and carbon dioxide emissions



Carried out 61 Health Energy Checks on our properties with tenants. The surveys include:

- Energy saving advice
- Tariff advice and support with switching
- Fuel debt advice and advocacy with energy suppliers
- Installation of a range of small energy saving measures

By carrying out the Health Energy Checks, Local Space hopes to achieve real benefits for our tenants by reducing fuel bills and educating our tenants on energy saving tips.

Prior to this year's investments we have carried out insulation programmes, electric to gas conversions and provided training on energy efficiency to all our customer facing staff.

THE YEAR IN REVIEW IN NUMBERS



70
boilers and
heating systems
installed

18
new
bathrooms

13
new
kitchens



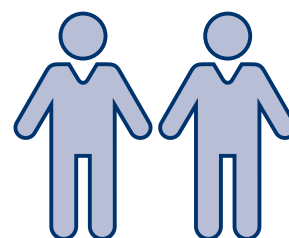
99% repairs
contractors arrived on time
for appointments

UP 7% FROM LAST YEAR

100%
satisfaction with
gas servicing
up 4% from
last year

94%

find it easy to
get through
to the right
person



90% SATISFACTION

with the quality
of repair work

UP 6% FROM LAST YEAR



98%
of repairs completed

Collected
98%
rent



46
windows and
doors replaced
31
roof coverings

90%
of resident are satisfied with
the quality of repair

up 6%

FROM LAST YEAR



12 electrical rewires

25 relets
and new
lettings



SUPPORTING OUR Communities

Supporting Foodbank charity

£500 raised

Local Space employees continued to sponsor Foodbank charity Trussell Trust, which operates within the key locations of Local Space property portfolios. Staff provide about £500 worth of donated food to the charity, and have now supported it for two years.

Foodbanks provide a minimum of three days' nutritionally balanced, non-perishable tinned and dried foods that have been donated by the local community to households who are experiencing a range of personal crisis and poverty due to low income, benefit delays or unexpected bills.



Supporting DeafBlind UK

Helping make a difference

Deafblind UK is now in its seventh year running and the group have grown from strength to strength. The group meets monthly at Local Space, where they get together for social events and local speakers. Local Space have also supported Deafblind staff that are all home based to be able to recruit volunteers and use facilities within their building to interview and undertake relevant paperwork.

London Community Credit Union

Savings help with loans

Local Space participates in the London Community Credit Union (LCCU) membership scheme which was set up to provide benefit to staff, as well as supporting 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 at the forefront of the fight against financial exclusion, and helps to keep money invested within the community. It is a community focussed approach that provides vital services and support for individuals and neighbourhoods.



OUR PEOPLE



Local Space understands that investing in our staff is investing in our tenants. We expect our staff to deliver the highest standard of service to our tenants and we support our staff to do this. Local Space is a small organisation and has to be well organised to deliver the range of services that it provides. Staff are encouraged to take ownership of their work and to think creatively whenever they are faced with challenges. Managers provide support and guidance and ensure that staff also receive appropriate training. Our staff group is representative of the communities in which we work and we come from a range of backgrounds that makes us approachable to our tenants.

The staff at Local Space care about the communities in which they work. Their work can be challenging but always rewarding. At Local Space we have worked to create an environment that is supportive, developing and happy so that we can get the best from our people.

The Board



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

Local Space is a small organisation, but that does not mean that good governance is any less important to it than any other housing association. Over the past year we have carried out a wide scale governance review looking at membership, policies, procedures and structures.

Local Space currently has a Homes and Communities Agency governance rating of G1 and is fully compliant with the 2015 NHF Code of Governance.

As a result of the governance review, the Local Space Board shifted the way that it works, reducing the number of committees and increasing the number of

Board meetings. This is to help to ensure that there is full Board involvement in all key decisions and strategic matters. It has also taken the opportunity to update a wide range of its policies, and governance documentation. In 2016/17 Local Space has adopted new Rules, a new Code of Conduct and an up to date Conflicts of Interest policy.

The Board has recently appointed Altair to carry out an independent review of its current policies, procedures and governance arrangements, and to ensure that it continues to maintain high standards in governance.



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).



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.



Douglas Trainer

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



Clive Turner

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

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.



Cllr Tahmina Rahman

Tahmina is a creative professional currently the Executive Member of New Media and Finance and Advisor to the Mayor of Newham; she also works at the Photographers' Gallery.



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.



Manu Nair

Manu is a credit analyst at Reorg Research where he undertakes financial research. Prior to this he was Vice President at Canaccord Genuity where he advised a number of HAs and mid-market corporates on treasury management and capital markets fundraising.



Richard Stevens

Richard is a chartered accountant and spent most of his career as a partner in a major regional firm of chartered accountants based in London and the Southeast. He left the City in 2012 to join a client in the subsea engineering industry as their CEO.



Tim Mulvenna

Tim has more than 20 years' experience in customer service in a number of industry sectors, including: housing; telecoms; charity and IT. He has been working for L&Q, London's largest Landlord for the past 12 years.

FAREWELL

We say goodbye to John Layton, Sarah Ebanja, Janet Marsh, Cllr Andrew Baikie, Cllr Ian Corbett, Cllr Richard Crawford, Kene Ibezi, Nilavra Mukerji and Donford Vardon and we thank them all for their contributions to Local Space's success.

Seven new members have joined including a new Chair, Richard Reynolds. We also welcome Clive Turner, Councillor Tahmina Rahman, Jessica Tamayao, Manu Nair, Richard Stevens and Tim Mulvenna. New members joined after a selection process identified skills needed to ensure we succeed in the future. Full details are available on our website.

MEET OUR Executive Team

The reshaping of the business has not been confined to Board members but has also extended across the organisation with new staff at all levels.

We have a new Executive Team which joined us last year. Between the Executive Team including the CEO we have more than 100 years' experience working in the social housing sector and at senior levels. The Executive has looked at their own teams and in the same way that we have revisited our Board membership, looked at the skills and qualities needed to take the organisation to its next stage of delivery of the growth plan.



**Finance and Resources,
Iain Bacon**

Our new Director of Finance and Resources, Iain Bacon, is working with the finance team to ensure that the organisation has the various resources it needs to meet its obligations. These range from funds for the development programme, to IT services that keep our services running smoothly.

**Development,
Stephen Kirrage**

As the main focus of our work over the next four years is delivering 800 new homes, a development team has been formed. Under Stephen Kirrage's direction, it is working hard to build relationships with developers, contractors and estate agents to ensure that we have a supply of opportunities to meet our target.



**Operations,
Caroline Wagstaff**

Our Operations Team, headed by Caroline Wagstaff, works across a number of different local authorities and with different arrangements to manage. The team has recently been re-shaped to ensure that we are able to fully meet the expectations of both our customers and our partners.



FINANCE





Five year summary of financial highlights

For the year ended 31 March		2017	2016	2015	2014	2013
Income and Expenditure account						
Turnover	£'000	25,632	25,576	24,777	24,491	24,248
Operating surplus	£'000	17,907	17,181	16,931	16,435	15,259
Surplus for the year	£'000	5,582	(1,842)	6,783	7,241	6,056
Balance Sheet						
Tangible Assets	£'000	346,689	331,944	330,410	327,473	301,830
Loans repayable after more than one year	£'000	179,577	171,017	172,065	172,001	172,000
Reserves	£'000	177,842	172,260	174,078	167,577	131,866
Accommodation figures						
Total Housing stock, owned and managed	Units	1,912	1,821	1,802	1,765	1,765
Key ratios						
Operating surplus (as % of turnover)	%	69.9	67.2	68.3	67.1	62.9
Surplus for the year (as % of income from lettings)	%	21.7*	-7.2	27.4	29.6	25.0
Rent Losses (voids and bad debts as % of rent and service charges receivable)	%	0.9	0.3	0.8	0.5	1.2
Rent arrears (gross arrears as % of rent and service and service charges receivable)	%	2.1	1.8	1.9	2.1	2.2
Liquidity (current assets divided by current liabilities)	%	268.5	244.7	329.2	283.6	131.8

*All figures have been extracted from current and prior years' audited financial statements. Please refer to our website for full accounts.



Balance sheet

	2017	2016
	£ '000	£ '000
Tangible Fixed Assets		
Housing properties	344,124	329,504
Other fixed assets	1,830	1,705
Investment properties	735	735
	346,689	331,944
Current assets		
Trade and other debtors	823	715
Cash and cash equivalents	16,613	18,450
	17,436	19,165
Creditors: Amounts falling due within one year	(6,495)	(7,851)
Net current assets/liabilities	10,941	11,314
Total assets less current liabilities	357,630	343,258
Creditors: Amounts falling due after more than one year	(179,788)	170,998)
Total Net Assets	177,842	172,260
Reserves		
Income and expenditure reserve	46,330	40,748
Revaluation reserve	131,512	131,512
Total reserves	177,842	172,260



CONTACT US

58 Romford Road
Stratford
E15 4BZ

0208 221 4000

www.localspace.co.uk