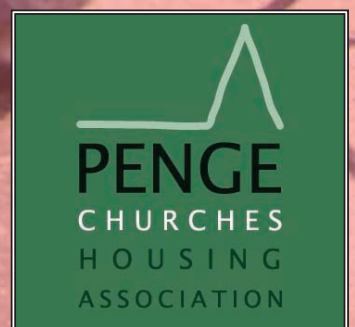




**Penge Churches Housing
Association**

**Business Plan
2010-2014**



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Introduction

Welcome to our Association. We were established in 1969, when a group of people from local churches recognised the need for good quality affordable rented housing. Their determination and commitment sowed the seeds for our Association that has developed consistently over the years within the local community.

We manage 249 homes for families and single people, including those with mental health support needs and learning disabilities. Our local focus enables us to provide a personalised, friendly service. We don't have a call centre; we provide a generic, tenant centred service- many of our tenants know our staff by their first name. We are efficient and believe that the added value provided through our partnership working means that our management costs are very competitive. Our tenants have access to small grants from our own 'Friends Fund' and we actively pursue grants from other grant funding organisations for tenants.

We are an Industrial and Provident Society, registered with the Tenant Services Authority and a member of the National Housing Federation.



Purpose and Objectives

Our main purpose is to provide good quality homes and housing services in the local community

Our aims and objectives are:

To deliver efficient and effective housing services and be financially viable

We aim to be an upper quartile housing management performer

We will maintain our homes in good condition through planned and responsive maintenance

We will work in partnership where there is clear benefit to our operations

We will adopt prudent treasury management

To work in partnership with others in the interests of the local community

We will develop and maintain relationships with organisations whose services benefit our tenants

We will develop community projects that benefit our tenants and the local community

We will seek funding for community projects

To explore opportunities for growth

We will develop new homes with social housing grant

We will develop a small programme of market rented homes

We will offer management arrangements to other landlords

We will develop community projects where funding is available

A set of values have been adopted and these underpin the ways in which we work. These values are:

- Sensitive to people's needs
- Inclusive and fair
- Open and accountable
- Honest and trustworthy

We aim to maintain our Christian ethos in pursuing our aims and objectives.

Governance

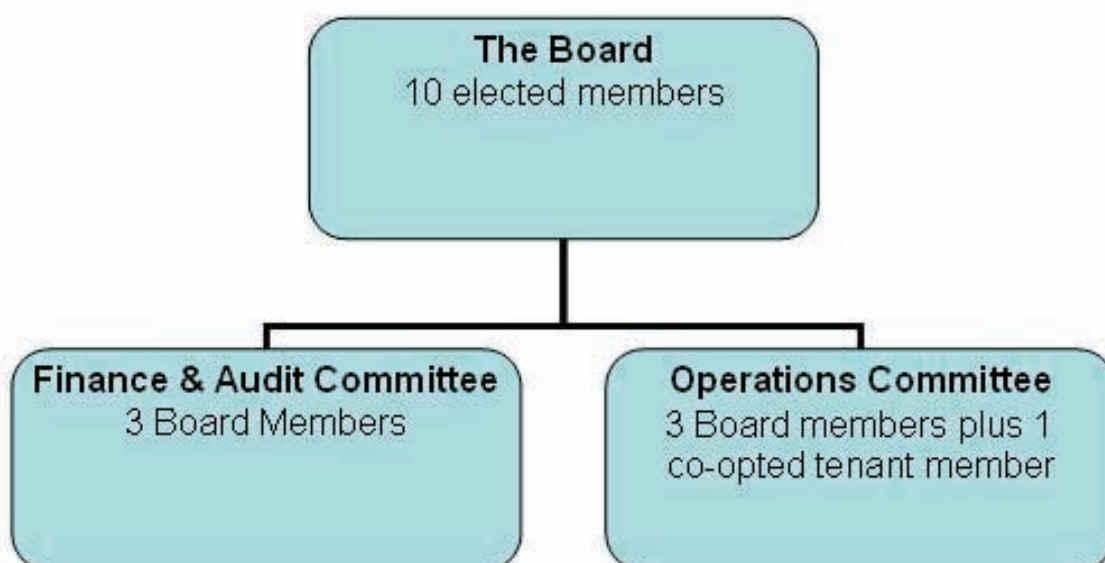
In 2006 we adopted the National Housing Federation's 2005 model rules and adopted the Federation's Code of Governance with only one amendment relating to the limit on terms of office for Board members.

Our Board has ten members, including a tenant elected member. Together members have a broad range of relevant skills and expertise. The skills and experience of the Board are reviewed periodically to ensure that the Association has the right mix to meet current and future needs.

Board membership at 30th January 2010

Reverend Anthony Atherton	Chair
Edward Lee-Smith	Vice Chair
Jason Charles	
Cllr Peter Fookes	
Julian King	
Michael Mason	
Gary Taylor	
Reverend John Taylor	
Andrew Tredinnick	
Gill Rose	Chief Executive

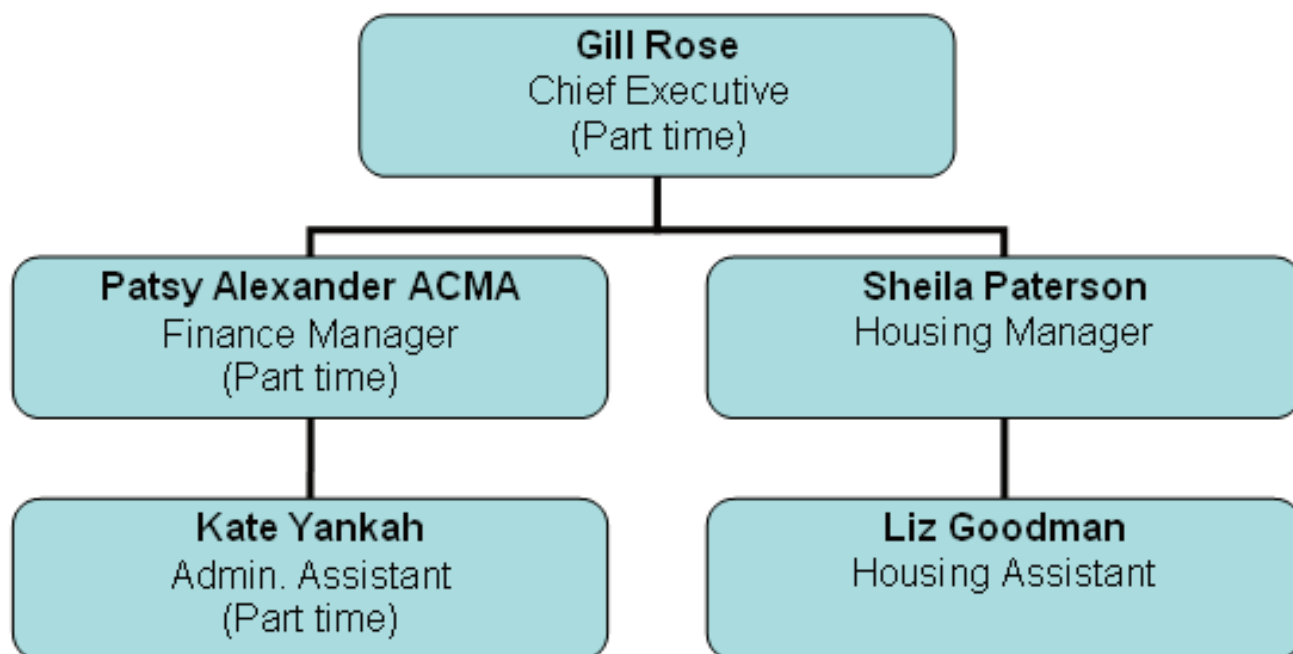
Our main Board activities are supported by 2 committees, the Finance and Audit Committee and the Operations Committee. Our Operations Committee has a co-opted tenant member.



Organisation structure

Current staffing

We employ 5 staff, 3 of whom are part time. Gill Rose, our Chief Executive was appointed in 2005. Gill has 25 years experience in housing, having worked for a local authority and 2 other larger housing associations. She has an MSc in Housing from the London School of Economics.



Skills and resources

Our experienced staff team has a good range of skills and experience in project management, partnership working and fundraising. We invest in training and staff development.

We have a partnership arrangement with Keniston Housing Association to provide a repairs and planned maintenance management service.

Performance benchmarking

We are an active member of the SELSA (South East London Small Associations) bench marking group. We aim to achieve upper quartile performance in all operational areas when measured against other associations. We are joining the G320 benchmarking group, the BM320, in April 2010.

Our Tenants

We house families, couples and single people. Our studio flats give many single people a good starter home from which they can move onto a larger home.

We work with Keyring to provide independent living for 6 people with learning difficulties. We also provide a home for a Keyring support worker.

Stafford House in Anerley has provided supported housing for people with mental health support needs for over 20 years. When the re-modelling work is completed in 2010, Stafford House will house 13 single people in fully self contained flats.

Our 24 home scheme at Garden Walk in Beckenham provides flats for active older people.

Involving our tenants in our work is important to us. We have a variety of ways in which our tenants can get involved in the Association:

- A place on our Board is reserved for a tenant elected Board member
- We have a co-opted tenant place on our Operations Committee
- Tenants and Board members work together on topic based working groups
- Our open tenants' forum, Tenants Talk, is held 3 times per year
- We consult tenant through our quarterly newsletter and our website
- Satisfaction surveys
- A suggestion scheme

Our last tenant satisfaction survey showed that 90% of tenants were satisfied with the overall service provided by us.



Current Activities

Homes in ownership and management

We own 248 homes

- 3 x 5 Bedroom homes
- 14 x 4 Bedroom homes
- 26 x 3 Bedroom homes
- 82 x 2 Bedroom homes
- 90 x 1 Bedroom homes
- 23 x Studio
- 9 Studios and 1 x 1 bedroom flat (Stafford House)

Stafford House

In May 2009 work started at Stafford House to re-model the house to create 13 fully self contained flats. This work is being managed on our behalf by Wandle Housing Association who successfully applied for social housing grant on our behalf for the project. The project has been facilitated by the support of the LB Bromley and should be completed in July 2010. The new scheme will provide homes for people with mental health support needs. A partner with mental health expertise will be appointed to manage the new scheme.

Management agreements

We manage 1 house on behalf of a local church, Christ Church Anerley and are pursuing other local management agreements.

Asset management

Our properties are in good condition. By 31st December 2010 we will have achieved the decent homes standard all of our stock. We completed a stock condition survey in 2005 and will be carrying out a further survey in 2010. Since 2005 we have been investing around £300,000 annually in our homes to maintain and improve them.

We have an asset management strategy. Every 7 years (or 5 years where properties have wooden windows) we carry out enveloping style cyclical decorations and repairs. This comprehensive approach reduces responsive maintenance commitments.

Improvements

In addition to meeting the decent homes standard we are committed to improving energy efficiency in our homes and upgrading facilities generally. We also carry adaptations to our homes to enable people to continue living independently; applying for funding from a range of agencies where possible.

Partnership working

We work in partnership with a range of organisations and focus on building relationships that benefit our tenants.

We work with Keyring and LB Bromley social services to provide housing and support for people with learning difficulties, allowing them to live independently.

We work with Lewisham Plus credit union to give access to savings and lower interest loan facilities and Croydon Arc furniture project to give access to good quality recycled furniture.

We work with a number of grant funding organisations and trusts to access grants for individual tenants.

In 2007/8 we successfully project managed an under occupation project on behalf of LB Bromley and the Federation of Bromley Housing Associations. Our performance management and customer focus resulted in larger accommodation being released for overcrowded families. We are keen to explore other project management opportunities.

Our performance

We are performance focused.

Our arrears management has improved year on year over the last 5 years. At 31st March 2009 rent arrears were 3.31% of the annual rent debit. We collected 100.01% of rent due during the year.

Our void turnaround performance has also improved year on year over the last 5 years. In 2008/9 we re-let empty homes in an average of 23 days. In many of these homes improvements were carried out as part of the re-let works.

We manage gas safety strictly. In rare situations where servicing has not been completed on time we work closely with our contractor, our tenant and our solicitor, if appropriate.

Our Plans

Our development programme

New homes

In 2007 we joined the South London Preferred Development Partnership led by Wandle Housing Association. In April 2008 we agreed an additional loan facility of £1million with Nationwide to facilitate a development programme of 4 or 5 homes over the next year. This is in addition to the remodelling of our hostel that will add 3 new homes to the building. Beyond 2010 we plan to develop on a small scale adding another 5-10 homes in the next 3 years.

Our development strategy was amended in 2009 to include a small portfolio of grant free market rented homes. We may use a mix of our loan facility and reserves to take advantage of the market conditions.

Management agreements

We have a management agreement with a local church and have experience of managing agreements with other service providers. In order to grow our organisation, and to provide quality housing services to more tenants, we have agreed to explore more management opportunities in the next 5 years.

Community Projects

We are experienced at working in partnerships for the benefit of our tenants and have proven project management skills. Our staff team has fundraising experience.

Our tenants have a variety of needs and in the next 5 years we plan to identify and fund raise for projects that will benefit our tenants and the local community.



Financial projections and forecasts

We have a strong financial base having generated operating surpluses for successive years. The operating surplus for the year ended 31 March 2009 was £146k (2008, £109k).

A forecast for the five year period to 2014 has been produced using the Tribal Global Financial Model (GFM). The GFM is produced on a spreadsheet in such a way that changes in variables and assumptions can be made to assess the implications of the strategic policies over 30 years. As such, the GFM is a useful tool for the Board in governing the Association.

The model reproduced in this business plan is the updated version which includes the reforecast budget for 2009/10.

Assumptions

- Price inflation (RPI) is forecast in the plan at 1% in the year 2010/11 then 3% thereafter.
- Secure and existing assured policy rents are forecast to decrease by -0.90% in 2010/11, increase at 1.5% in 2011/12 then 3% from 20/13 onwards.
- Operating and revenue surpluses are forecast to continue during the period of this plan.
- The plan includes £300,000 investment per year with capitalisation at 50% in 2010/11 and 30% thereafter. All works will be funded from revenue; it is not intended to fund major works from reserves or borrowing.
- Other expenditure is assumed to increase by 1.5% in 2010/11 then 3% per annum.
- Interest receivable is assumed at 2% in 2010/11, 3.5% from 2011/12 to 2013/14 then 5.01%.
- Interest payable arises from interest on some loans at fixed rates of interest and the balance at variable rates which are assumed to average at 5.01% in 2010/11 then 6.51%.

Borrowing and future potential

Our balance of loans at 1 April 2009 was £2.6 million. The additional loan facility of £1 million will be used during 2010 to finance our development programme.

40% of our properties are unencumbered. We therefore have a strong asset base against which further borrowing could be taken to fund development.

Financial forecasts

Income and Expenditure Account

	2009 Actual '£000	2010 £000	2011 £000	2012 £000	2013 £000	2014 £000
Turnover	1,130	1,203	1,207	1,250	1,288	1,326
Less Operating costs	<u>(826)</u>	<u>(839)</u>	<u>(811)</u>	<u>(893)</u>	<u>(923)</u>	<u>(952)</u>
Operating Surplus	306	364	396	357	365	374
Profit on disposal	23					
Interest receivable	16	7	4	4	4	3
Interest Payable	<u>(197)</u>	<u>(248)</u>	<u>(264)</u>	<u>(259)</u>	<u>(253)</u>	<u>(247)</u>
Surplus for the year	146	123	136	102	116	130
Revenue Reserves at start of the year	1,716	1,864	1,987	2,123	2,225	2,341
Revenue Reserves at end of the year	1,864	1,987	2,123	2,225	2,341	2,471

Balance Sheet

	2009	2010	2011	2012	2013	2014
TANGIBLE FIXED ASSETS	Actual					
	‘£000	£000	£000	£000	£000	£000
Housing Properties						
Cost	12,207	13,902	15,012	15,107	15,206	15,308
Less: Grant received	(7,908)	(8,586)	(9,171)	(9,171)	(9,171)	(9,171)
Less: Depreciation	(167)					
	4,132	5,316	5,841	5,936	6,035	6,137
OTHER FIXED ASSET	147	146	141	142	141	140
	<u>4,279</u>	<u>5,462</u>	<u>5,982</u>	<u>6,078</u>	<u>6,176</u>	<u>6,277</u>
CURRENT ASSETS						
Debtors	38	48	48	50	52	53
Cash and Bank Balances	<u>351</u>	<u>168</u>	<u>165</u>	<u>160</u>	<u>160</u>	<u>160</u>
	389	216	213	210	212	213
Less: CREDITORS						
falling due within one year	(179)	(145)	(150)	(155)	(165)	(169)
NET CURRENT ASSETS	<u>210</u>	<u>71</u>	<u>63</u>	<u>55</u>	<u>47</u>	<u>44</u>
TOTAL ASSET LESS CURRENT LIABILITIES	<u>4,489</u>	<u>5,533</u>	<u>6,045</u>	<u>6,133</u>	<u>6,223</u>	<u>6,321</u>
CREDITORS falling due after one year - Housing Loans	2,609	3,402	3,700	2,181	2,280	2,391
REVENUE RESERVES	<u>1,880</u>	<u>2,131</u>	<u>2,345</u>	<u>3,952</u>	<u>3,943</u>	<u>3,930</u>
	<u>4,489</u>	<u>5,533</u>	<u>6,045</u>	<u>6,133</u>	<u>6,223</u>	<u>6,321</u>

Professional Advisors

Auditors

Beevers & Struthers
Alperton House
Bridgewater Road
Wembley
Middlesex HA0 1EH

Insurance Brokers

Jardine Lloyd Thompson
Thames House
Maidenhead
SL6 7AA

Bankers

CAF Bank Ltd
25 Kings Hill Avenue
Kings Hill
West Malling
Kent ME19 4JQ

Solicitors

Cook & Partners
241 Lower Addiscombe Road
Croydon
CR0 6RD

Funders

Royal Bank of Scotland
110 Buckingham Palace Road
London EC2M 4RB

Homes & Communities Agency
280 Bishopsgate
London SW1W 9SA

Nationwide Building Society
Kings Park Road
Moulton Park
Northampton
NN3 6NW

Further Information

For further information about Penge Churches Housing Association contact:

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London SE20 8LN

Tel: 020 8659 3055

Email: housing@pengechurchesha.org.uk
or

Visit our website at www.pengechurchesha.org.uk

Penge Churches is an Industrial and Provident Society Reg.
19080R with Charitable Status. Tenant Services Authority
Reg No L1243. A member of the National Housing Federation.

