

PENGE CHURCHES HOUSING ASSOCIATION

ANNUAL REPORT 2016



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I am pleased to report that Penge Churches Housing Association (PCHA) has had a successful year despite the many challenges facing the affordable housing sector and our tenants. We remain committed to providing high quality housing services in the local community, and believe that this is the key to our future success. We pride ourselves on being accessible and responsive to tenants' needs and our aim is to meet tenant expectations whilst managing our finances carefully.

During the year we have reviewed our objectives which are:

- To deliver efficient and effective housing services and be financially viable
- To work in partnership with others in the interests of our tenants and the local community
- To pursue opportunities for growth to meet the needs of the local community

The results of the EU referendum and new government legislation present a raft of changes and business risks for a small housing association. However, our strong financial position means that the Board is able to plan for change and growth with confidence.

The Association had a successful year financially in 2015/16 with a surplus for the year of £208,909, an increase of 18% compared with the previous year. Our revenue reserves stand at just over £3million and we have plans in the pipeline to invest some of these funds in 6 new homes in 2016/17.

I would like to thank all our Board members and in particular Julian King, who was a Board member for nine years and retired from the Chair in 2015. We have put in place a Board succession plan in order to comply with the NHF Code of Governance and this has meant a year of change for the Board (see page 5 for more details). The commitment and expertise of every Board member means that together we have a strong team to govern the organization. Thanks are also due to the staff team who work with dedication to offer good services to our tenants and to the efficient running of PCHA.



Our 2015/16 report gives an account of a busy year during which we have achieved good results despite many challenges. We aim always to offer a friendly, supportive service from our local office in Maple Road, Penge. In the autumn of 2015 over 65% of our tenants responded to our tenant satisfaction survey and 90% said they were satisfied with our overall service.

One of our key objectives is to deliver efficient housing services, whilst maintaining the financial viability of the organisation. This means that we need to be 'firm but fair' in our approach as landlords. Rent arrears remained low for another year at 2.78% of our rental income, which is a good result when welfare benefits are under pressure and more tenants have been getting into arrears. We give help to tenants with their finances, including offering free, independent budgeting and debt advice services.

Value for money continues to be high on our agenda and feedback tells us that the majority of our tenants believe that their rent and service charges represent good value for money. See pages 6-8 of our report for more detail on how we have saved money and invested in homes over the past year. We are also working in partnership with a large London association and have a scheme in the pipeline to acquire six new two-bedroom flats in Bromley by the end of 2016/17.

This will be my last annual report as Chief Executive as I am retiring at the end of 2016. I am confident that the excellent staff team at PCHA will continue to show their positive commitment to our tenants and to the success of the organisation. I'd like to thank Tracey Downie and the rest of the Board members who have given me and the staff team support and guidance, as well exercising good governance by holding us to account and setting out a clear strategic lead for PCHA as a strong, locally focussed organisation, offering great services to our tenants.

Working in partnership

We work together with a number of other organisations to provide our tenants with good services:

- Keniston Housing Association manage our day to day and planned repairs
- Clairglow Heating Limited manage our gas inspection and heating repair and replacements
- Bromley Homeseekers is the local choice based lettings scheme and we offer 75% of our lettings to nominees from the council
- Community Options deliver a support service to the residents at Stafford House in Anerley, a scheme of 13 flats for people with mental health support needs
- Christ Church Anerley owns three properties at Trinity Mews, Croydon Road and PCHA manages these properties on behalf of the church
- In order to offer support to our tenants we work in partnership with Latch, Bromley Women's Aid, and local adult social care and mental health teams
- Good partnership working is an important part of our approach to dealing with neighbour nuisance and anti-social behaviour such cases, and we work closely with the local Safer Neighbourhoods team and Victim Support.

Louise Barnden, Chief Executive

CHANGING TIMES FOR PCHA BOARD

The past year has seen big changes on the PCHA Board. We are committed to achieving compliance with the NHF Code of Governance which lays down a maximum 9 years' service for board members. This has meant some long-serving and loyal Board members having to stand down including former chair Anthony Atherton at last year's AGM. Julian King, our Chair in 2014/15, resigned last October, and our tenant board member Gill Wiscombe moved away from London in the spring of 2016.

In order to bring new members onto the Board, we put in place a succession plan and have been very pleased with the outcome of our recruitment campaign. We welcomed four new members to the Board in November 2015, who bring a great mix of skills and strong local connections. We are still actively recruiting in order to find one or two new members particularly with finance and asset management or development expertise.

Through our new members, we are keeping up our strong links with the local churches and community. The minister of St. Johns Church, Penge and an active member of Anerley Methodist Church have both joined the Board. Andrew Tredinick, a former board member and also a member of Anerley Methodist Church, continues to attend our Operations Committee as a co-optee.

All our members give their time freely to the association and they work together very effectively to provide strategic direction and to scrutinise the performance of the staff team.



Everyone at PCHA was very sad when in June 2016 a former Chair and Board member of the association Rev. John Taylor passed away. John was the minister at Penge Congregational Church from 1998 to 2014, and was a member of the Board of Penge Churches Housing Association from 1999 to 2014. He continued to support our committees as a co-optee. We will remember John for his commitment to our association; he combined a down-to-earth, practical and business-like approach but always with a great deal of care and compassion for our tenants. John was very involved in the local community in a whole host of ways, including being a Governor at Royston Primary School, the Secretary of Churches Together in Beckenham and a member of the Rotary Club of Beckenham. He will be greatly missed.



Good value services

Excellent customer service is a priority for PCHA but our income is reducing due to government-imposed rent cuts of 1% per year for the next four years. At the same time our regulator, the Homes and Communities Agency, expects us to deliver a 'step-change' in our efficiency and value for money. Our tenants and other stakeholders quite rightly expect that we manage our costs, find ways to make savings and plan future service delivery in the most efficient way possible.

In 2015 our tenants' satisfaction survey we asked whether tenants felt that we offer good value for money in light of the rents and service charges they pay: we were pleased to achieved 92% satisfaction, an improvement on the result in our 2013 survey and higher than comparable organisations locally and nationally.

We continue to make small grants to tenants who cannot afford to buy essential household items (such as a bed, cooker or carpet) or who need support to access employment or training – these grants are usually about £200 and come from our own Friends Fund or from other local groups such as the Penge & Anerley Trust.

Here are some of the ways we were able to make savings during the year:

- a reduction in insurance charges of over £10,000
- savings of £4,750 in repairs costs at our supported housing scheme, Stafford House
- encouraging tenants to fulfil their responsibilities for minor repairs to their homes
- after consultation with staff, we made changes to our pension scheme to save on future liabilities whilst still providing a recognised pension scheme

Planning to spend wisely in the future

During the year we invested in a number of important reviews which will underpin good business management over the next few years. These included:

- a stock condition survey and a re-valuation of all stock
- tenant satisfaction survey
- a salary benchmarking exercise to ensure that staff are fairly paid
- new business planning software to ensure we can carry out adequate sensitivity and stress testing

INVESTING IN OUR HOMES

The Board is responsible for the effective governance of the Association, while day to day management is delegated to the staff team through the Chief Executive.

We have eleven non-executive directors, including one tenant board member, and the Chief Executive is an executive director. The members bring a wide range of skills and expertise to the board, ensuring strong governance and good decision-making. Board members are not paid for their services. The Association aims to comply with the National Housing Federation's Code of Governance. This year we have put in place a succession plan to ensure that over the next two

to three years we can recruit new members to replace a number of long-serving and dedicated members who will be retiring.

The Association continues to encourage and foster resident involvement in its decision making processes and structures. This is achieved by working with our Tenants' Talk forum and Tenants' Panel, along with our regular feedback surveys.

The key responsibilities of the Board are to lead, control and monitor the performance of the Association. It is also responsible and accountable for governance and makes sure that all regulatory and legal requirements are met.



Operational Performance

The association has had a successful year financially with a surplus for the year of £186,525 (compared with £180,393 in 2012/13), representing an increase of 3.4%. The position at the end of the year is shown pages 9 and 10.

| | Target | 2015/16 | 2014/15 |
|---|----------|---------|---------|
| Current rent arrears as % of rent debit | 4% | 4.17% | 2.70% |
| Average time to re-let homes | <28 days | 24 days | 29 days |
| Resident satisfaction | >92% | 90.0% | 91.7% |
| Properties with a valid gas certificate | 100% | 100% | 100% |
| Repairs carried out within target time: | | | |
| Emergency | 100% | 99.08% | 100% |
| Urgent | 97% | 97.68% | 96% |
| Routine | 92% | 95.86% | 95% |

(*** we carry out the satisfaction survey every three years)

Benchmarking

We compare our operational and financial performance with other similar organisations working in London through the BM320 benchmarking group. This table shows our performance for 2013/14 compared with our benchmarking group. National data for small housing associations is also shown.

| | Us 2013/14 | BM320 2013/14 | National Average |
|--|---------------|------------------|---------------------|
| Operating cost as a % of turnover | 79.58% | 82.79% | 71.05% |
| Management costs per home per week | £19.12 | £24.94 | £18.07 |
| Average spend on day to day repairs per home per week | £27.12 | £12.48 | £11.95 |
| Average rents per week | £100.00 | £118.71 | £97.22 |
| Current rent arrears | 2.62% | 3.7% | 3.10% |
| Average time to re-let properties | 30.5 days | 27.5 days | 23 days |

Balance Sheet

| As at 31 March | 2016 | 2015 |
|---|-------------------|-------------------|
| Fixed assets | | |
| Tangible assets (Housing properties at cost) | 12,903,509 | 12,942,766 |
| Sub-market properties | 1,054,886 | 1,054,886 |
| Other assets | 140,021 | 144,385 |
| | 14,095,194 | 14,137,669 |
| Current assets | | |
| Debtors | | |
| Cash and bank balances and deposits | 44,419 | 60,702 |
| | 466,942 | 414,731 |
| | 511,361 | 475,433 |
| Creditors: | | |
| (Amount falling due within one year) | 480,176 | 500,693 |
| Net current assets | | |
| | 31,185 | 25,260 |
| Total assets less current liabilities | | |
| | 14,126,379 | 14,112,409 |
| Creditors: | | |
| (Amounts falling due after more than one year) | 11,040,653 | 11,235,595 |
| Capital and reserves | | |
| Revenue reserve | 3,085,697 | 2,876,788 |
| Designated reserves | | |
| Share capital | 29 | 26 |
| | 3,085,726 | 2,876,814 |

Income and Expenditure Account

| Year ended 31 March | 2016 | 201 |
|--|-------------|-------------|
| Turnover | 1,698,886 | 1,705,609 |
| Less operating costs | (1,339,036) | (1,369,385) |
| Operating surplus | 360,850 | 336,224 |
| Profit on disposal of fixed assets | | |
| Interest receivable and similar income | 1,828 | 2,102 |
| Interest payable and similar charges | (153,769) | (162,560) |
| Surplus on ordinary activities | | |
| Surplus for the year | 208,909 | 175,766 |
| Revenue reserve carried forward | 2,341,648 | 2,155,121 |

During the year four street properties were acquired for sub-market rent. There were no discounted operations.



BOARD, STAFF & ADVISERS

Board

Tracey Downie (Chair - from 9.10.15)
Julian King, (Chair - resigned 9.10.15)
Mark Phillippo (Vice Chair)
Edward Lee-Smith
Cllr. Peter Fookes
Gill Wiscombe
Michael Mason

Rev. Anthony Atherton (resigned 17.9.15)
Jason Charles (resigned 17.9.15)
David Hynes (from 19.11.15)
Adeola Oke (from 19.11.15)
Rev. Nigel Pool (from 19.11.15)
Mark Ryan (from 19.11.15)

Our Staff

Louise Barnden, Chief Executive
Patsy Alexander, Finance Manager
Mark Knight, Finance & IT Assistant
Jennifer Duberry, Housing Manager
Danuta Evans, Housing Assistant
Natalie Ions, Repairs Assistant

Company Secretary

Louise Barnden

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Registered Society No: 19080R

Homes and Communities Agency registered no: L1243

Our Funders

The Homes & Communities
Agency
Nationwide Building Society
Unity Trust Bank

Auditors

Beever & Struthers

Solicitors

Cook & Partners

Bank

CAF Bank