

Annual Report 2017

**Making a positive impact for our
residents and communities**



Chair's Report



It has been a year of change for Penge Churches Housing Association (PCHA) as our Chief Executive, Louise Barnden, retired in November 2016 and we welcomed our new Chief Executive, Karen Cooper. During the year the Board, having recognised the many challenges facing small housing associations in the face of an ever changing and uncertain political environment, decided to undertake a strategic review of PCHA and our future. Karen was brought in with a clear remit to support the board through this process during 2017 and we look forward to setting out our plans for the future in due course.

However, despite the many challenges facing the sector we remain committed to providing high quality housing services in the local community and as such we continued a partnership with a large association to deliver 6 new homes for local families in Bromley. This development represented good value for money at approximately £160k per unit in a high value area where sales of equivalent homes are in the region of £320k. We are ambitious to make the most of potential development and growth opportunities and this includes using our land and resources to best effect and as efficiently as possible. However, we remain concerned about affordability and the Board wishes to ensure we can still develop homes for social rent in the future.

We had a successful year financially, having generated an operating surplus for the year ended 31 March 2017 of £466k against £209k in 2016, although we recognise the strain ongoing rent decreases may have on our financial strength and as such we look forward to a decision from Government on rents post 2020. Our arrears management remained strong and arrears were 2.36% of the annual rent debit at the year end. However, we do not underestimate the potential impact of welfare reform on PCHA both in terms of rent collection and increasing levels of debt for some of our tenants. There is a balance to be struck in maximising our income whilst simultaneously sustaining tenancies and we are currently looking at ways of supporting our tenants in relation to debt management to ensure tenancies remain sustainable and prevent homelessness.

I would like to thank all the staff and Board Members for their ongoing commitment and hard work; together we have a strong team to lead and manage the organisation going forward.

Tracey Downie
Chair



Chief Executive's Report



“ I am delighted to be leading PCHA through the Strategic Review to become even stronger and more successful in the future”

With a raft of recent political and legislative challenges - the focus on building new homes, rent decreases and welfare reform to name just a few - the sector as a whole has had to rise to meet these challenges. Small associations in particular have been under increasing pressure to look carefully at their futures and the role they play in resolving the housing crisis. The Board of PCHA have a responsibility to protect the organisation and ensure that we can continue to deliver the best possible service to our tenants, meet our liabilities and remain financially viable, hence the current strategic review.

As part of this review , we are committed to working in partnership with our tenants to improve our services and develop a shared vision for the future. Therefore we decided to go back to basics and review our vision for PCHA, along with our values. This simply confirmed our passion for enhancing the lives of our residents by providing excellent homes and services and acknowledged our strong community roots and desire to make a positive impact on the local community. During the coming year we will be using this to agree our vision, values and corporate objectives and determine how best we can deliver these.

We are concerned about the increasing pressure our tenants face as a result of welfare reform and the resulting increase in debt; this is an area we are committed to tackling in the future. The rollout of Universal Credit is likely to exacerbate this and impact on our cashflow so we are preparing for this now, to ensure both that tenancies are sustainable and that we protect our income. This means a more robust approach to tackling arrears in future. Like the rest of the sector we eagerly await a decision from Government on the rent regime post 2020 as this affects our business plan and ability to grow.

I am proud to be part of a committed and passionate team that wants to make a real difference to our residents and community.

Karen Cooper
Chief Executive

Please visit us at
www.pengechurchesha.org.uk



Our Performance

We are performance focused, and our Board and Committees monitor our performance against a set of annually agreed targets and key performance



Arrears

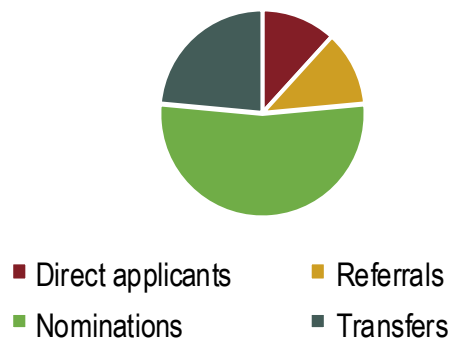
Arrears at the end of the financial year were 2.36% of the annual rent due, compared to 2.77% in 2016. However, there were 20 tenants with rent arrears in excess of £1,000 which is higher than last year and demonstrates the increasing problem with debt amongst our tenants. Debt management is an area will be focussing on in the year ahead, particularly with the roll out of Universal Credit.



Voids (empty homes)

During 2016-17 we had 20 voids and made 17 lettings. The average time it took to re-let our homes was 22 days which is within our target of 28 days.

Lettings - Source of Referrals

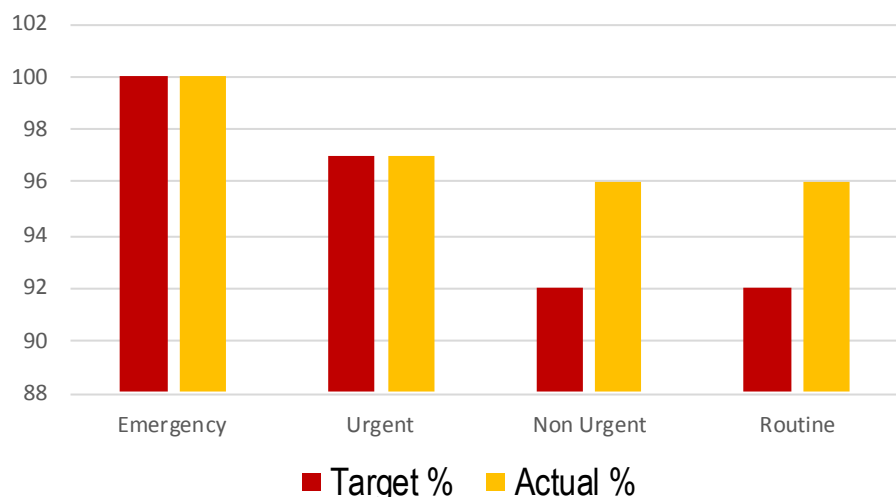


Repairs

We carried out in 849 repairs during the year which was slightly lower than the previous year. We exceeded all our repair targets during the year although we are still looking to review and improve our repairs service.



Repair Response Times



Our Performance

Planned Improvements

During the year we fitted 8 bathrooms, 11 boilers and 9 new kitchens. We completed a stock condition survey in 2015 and we use the results to guide our planned maintenance programme; over the next three years we will be investing over £1million in our homes.



Complaints

There were a total of 6 formal complaints over the year, all of which were resolved at stage 1 of the complaints procedure. We work hard to ensure complaints are tackled quickly and positively.



Evictions

We started legal action against 17 tenants during the year but there were no evictions. However, we are aware of the impending impact of Universal Credit which is likely to see us taking more tenants to court for arrears and so we are working to get tenants prepared so we can prevent evictions in future.



Anti- Social Behaviour

We remain committed to tackling reports of ASB and received 12 reports over the year, nearly all of which were minor and successfully resolved.

Six New Homes for PCHA

Providing new homes is an important part of our vision for the future and we are delighted to be able to purchase six 2-bed flats on a brand new Persimmon Homes development in the heart of Bromley town centre. These were handed over in early June and were let to six local families. These represented exceptionally good value for money at approximately £160k each against a market value of approximately £320k each. These homes were handed over at the beginning of June 2017 and were let within a week.



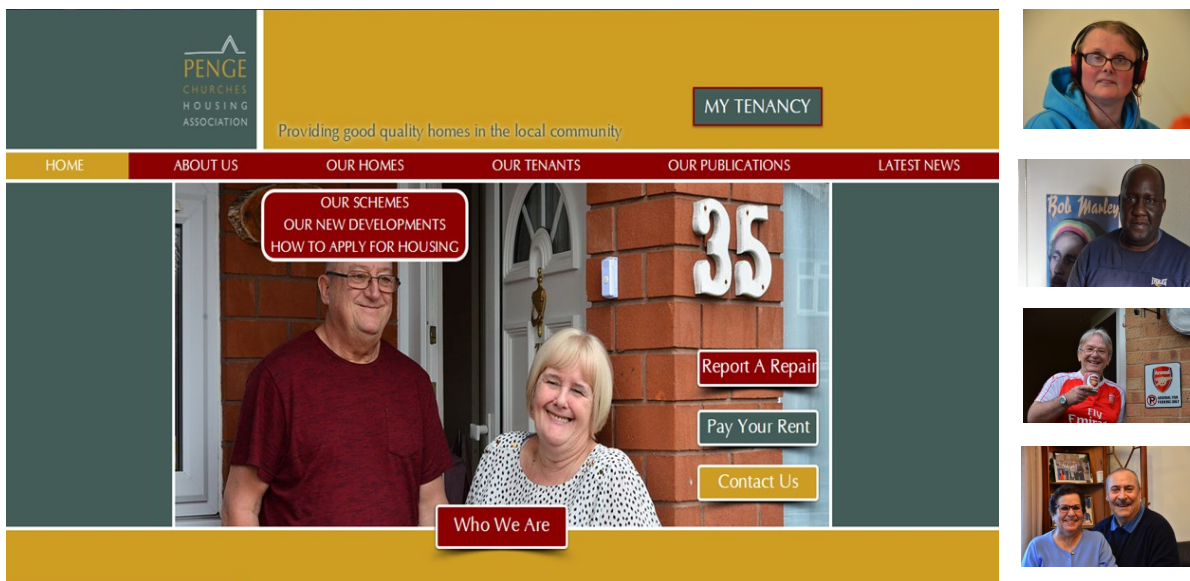
“We are ambitious for the future of PCHA and want to deliver a broader range of services to more people in our community. These six flats have provided much needed homes for local families in Bromley” Karen Cooper



Achievements over the Year

New Website

During the year we renewed our website to make it more informative and interactive. We also introduced My Tenancy, giving tenants the ability to log on to their own accounts for the first time, with 24 hour access to their personal information. This was an exciting improvement and we hope it reflects our commitment to improving our services to tenants, giving them more access and flexibility to manage their tenancies. We also refreshed our branding to modernise and reflect our commitment to positive change and a bright future.



Thank you to all our Stars of the website: Mickey, Denise and Mick, Howard, Gary, Angela and Mr and Mrs Mehmet

New Resident Engagement Strategy

During the year we reviewed a number of policies including a new tenant engagement and involvement policy.

We are committed to delivering excellent customer services to our tenants and effective engagement and good communication are critical to this. PCHA aims to be an open and inclusive organisation that engages with its tenants in a positive way at all times, both informally and formally. We want our tenants to feel valued at all times, whether they are actively involved with PCHA or not. We are a community association and this means putting tenants at the heart of our business every day. We aim to communicate in an open way with our tenants, listening to them at all levels of the organisation and providing opportunities for more formal involvement for those who want this.

During 2017-18 we are intending to create an opportunity for tenants to review our performance.

GET INVOLVED

Our Vision and Values

During the year we refreshed our vision and values and we will be using these to shape our future.

Our Vision - We are a community based housing association that is passionate about enhancing the lives of our residents by providing excellent homes and services. We are proud of our strong community roots and strive to be a positive voice within, and make a positive impact on, the local community.

Our Values

Acting with Integrity

- We communicate in an open, honest and transparent way
- We do what we say we will and keep our promises
- We are accountable for our decisions and take responsibility for our mistakes

Being Ambitious

- We are ambitious for the future of PCHA, seeking to deliver a broader range of services to more people in our community
- We are prepared to take measured risks to drive improvements and growth
- We are creative and open to new ideas
- We embrace change and respond positively to new opportunities
- We adapt swiftly to changing markets and needs

Striving for Excellence

- We create homes and communities we can all be proud of
- We are people focussed and aim to tailor our approach to the needs of individual residents
- We strive to be proactive, solution orientated and go the extra mile
- We work collaboratively and build positive partnerships
- We continually challenge ourselves to improve our performance
- We seek to make sound business decisions and be well governed and managed

Behaving with Respect

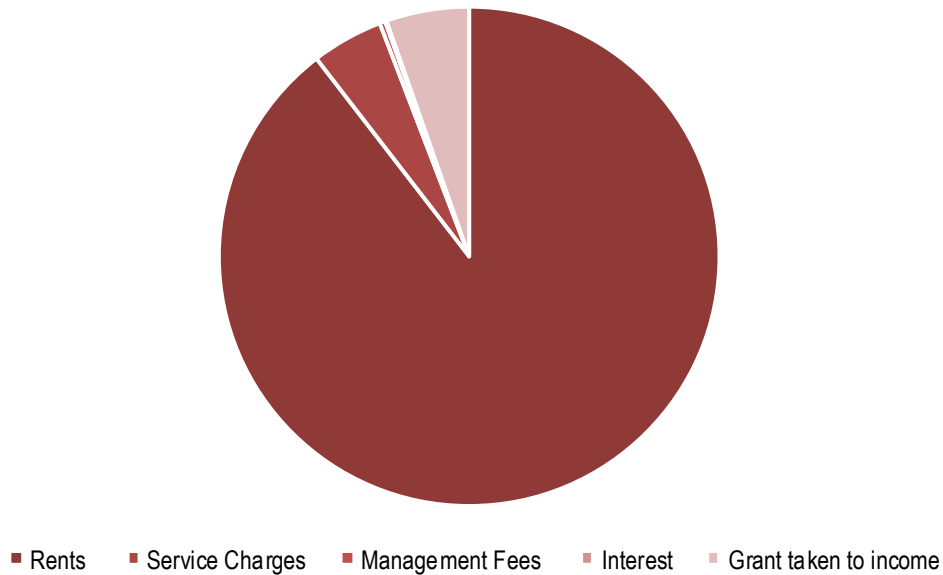
- We behave in a fair-minded and non-judgemental way
- We value the individuality and diversity of our residents and our community
- We are inclusive in the way we work

...Making a positive impact with our residents and communities



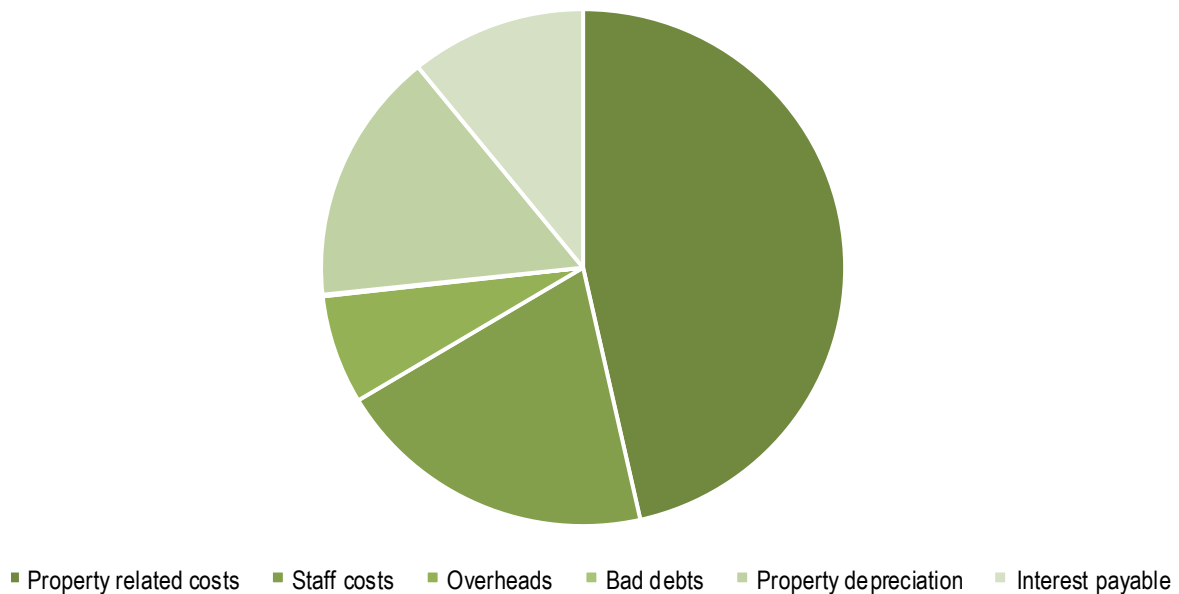
Our Money

Where our money comes from



Our Average Rent is £117.10pw and we remain committed to providing affordable homes for local people

How we spent our money



We invested over half a million pounds on maintaining and improving our homes during 2016-17

Our Money

FINANCIAL PERFORMANCE—Statement of Comprehensive Income

Year ended 31 March	2017 £	2016 £
Turnover	1,730,701	1,698,886
Less: operating costs	(1,129,012)	(1,339,036)
Operating surplus	601,689	359,850
Interest receivable and similar income	1,711	1,828
Interest payable and similar charges	(137,386)	(153,769)
Total comprehensive income for the year	466,014	207,909
Revenue reserves brought forward	3,085,697	2,877,788
Revenue reserves carried forward	3,551,711	3,085,697

FINANCIAL PERFORMANCE—Statement of Financial Position

As at 31 March	2017	2016
Fixed Assets:		
Tangible assets (Housing properties at cost)	13,896,848	13,958,395
Other fixed assets	135,602	136,799
Total Fixed Assets	14,032,450	14,095,194
Current Assets:		
Debtors	38,852	44,419
Cash and bank balance and deposits	705,127	466,942
Total current assets	743,979	511,361
Creditors:		
(Amount falling due within one year)	(482,528)	(480,176)
Net current assets	261,451	31,185
Total assets less current liabilities	14,293,901	14,126,379
Creditors:		
(Amounts falling due after more than one year)	(10,742,163)	(11,040,653)
Total net assets	3,551,738	3,085,726
Capital and reserves:		
Revenue reserve	3,551,711	3,085,697
Share capital	27	29
Total reserves	3,551,738	3,085,726



Value for Money

It is important that PCHA is able to demonstrate that it achieves Value for Money in its delivery of housing and associated services to its tenants and other stakeholders. We weigh up the cost of the services provided against the perceived quality and value from the perspective of our tenants and other stakeholders. It is important to note that cost cutting is not the primary driver of our Strategy but a desire to understand our costs and ensure we get the maximum return on our investment.

PCHA's vision is to enhance the lives of our tenants by providing excellent quality homes and services. We pride ourselves on being accessible and responsive to tenants' needs. The majority of our homes are within a three mile radius of our office which ensures that we are accessible to tenants and that staff can get to tenants' homes quickly, thus keeping management and maintenance costs down. Tenants tell us that they value the personal and responsive service we are able to offer as a small community based association.

We continually ask ourselves a number of questions about whether we are holding and investing in the right assets, such as do the homes we own generate more money than they cost to run.

PCHA is a member of the BM320 small housing Associations' benchmarking club for London and this enables us to compare our costs and performance with other similar organisations. During 2016/17 our performance overall compared well with us being in the top quartiles in most areas. Some of the key results are shown in the table opposite. Of particular note:

- Our rent arrears decreased slightly in 2016/17 which is a result of the proactive and supportive approach to all tenants who get behind with rent payments; this is comparable with our peers.
- Our weekly operating costs, operating costs as a % of the turnover and housing management costs per property are all favourable compared to our peers and we are in the top quartile for these indicators. This reflects our operational efficiency.
- Our cyclical maintenance costs are high but these reflect both the nature of the homes we provide, largely Victorian properties and conversions, and our commitment to maintain our homes to a good standard.
- The area where the benchmarking data is less favourable is in terms of our performance regarding repair response times. However, it should be recognised that despite the ranking the overall performance is still above target.

The detailed Annual Accounts and VFM Strategy and Assessment can be found on our website:

www.pengechurchesha.org.uk



Value for Money - Benchmarking

Benchmarking Club BM320

	PCHA	BM320 Quartile
Stock managed - No of Homes	265	N/A
Turnover	£ 1,731,000	N/A
Tenant Satisfaction - overall services	92%	1
Tenant Satisfaction - quality of home	90%	1
Tenant Satisfaction - VFM rent	92%	1
Tenant Satisfaction - repairs and maintenance	86%	2
Tenant Satisfaction - listens to views and acts	85%	2
Ave re-let time - DAYS	22 days	2
Current tenant arrears	2.36%	2
Weekly Operating Cost per unit	£ 83.00	1
Operating Cost as % of Turnover	68%	1
Ave weekly management cost per dwelling	£ 16.96	2
% repairs completed within target time	95.25%	3
% emergency repairs completed within target	100%	1
% urgent repairs completed within target	97%	3
% dwellings with a valid gas safety cert	100%	1
Cost per property of Housing Management	£ 302.00	1
Cost per property of responsive repairs and void works	£ 844.00	2
Overhead costs as a percentage of turnover	15.7%	2
Cyclical maintenance spend per property per week	£ 12.40	3
Major works spend per property per week	£ 10.16	2
Void works spend per property per week	£ 2.04	2

Board, Staff and Advisers

Our Board currently has eleven members, including our Chief Executive who is a non-shareholding executive 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 both current and future needs.

Our Board:

Tracey Downie	- Chair
Mark Phillippo	- Vice Chair
Edward Lee Smith	- Chair of Finance and Audit Committee
Cllr. Peter Fookes	
David Hynes	
Mark Ryan	
Nigel Poole	
Adeola Oke	
Trevor Crook (co-opted 2017)	
Dennis Simmonds (co-opted 2017)	
Michael Mason (Resigned 22.9.16)	
Louise Barnden (Resigned 30.11.16)	

We have a small but passionate staff team who want to make a real difference to our residents.

Our Staff:

Karen Cooper	- Chief Executive (From 01.12.16)
Jennifer Duberry	- Housing Manager
Patsy Alexander	- Finance Manager (to 25.07.17)
Danuta Evans	- Housing Assistant
Natalie Ions	- Repairs Assistant
Mark Knight	- IT and Procurement Manager



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