

ANNUAL REPORT 2017



pha 
HOMES | WHERE PEOPLE
AND HOMES COUNT



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CHAIR'S REPORT:

After 4 years on the Board I am delighted to have been elected Chair of the Board in December 2017.

2017 continued to be challenging for all housing associations large and small. I am delighted to confirm that PHA Homes continues to enjoy financial strength; despite the difficulties of rents falling as part of the four year rent reduction regime. However, prudently managing our overheads and constantly reviewing our commitment to providing value for money has enabled us to continue to develop new homes that are desperately needed for local people. We also welcome the fact that the Government continues to see housing associations as a key partner in ending the country's housing problems.

Reinvestment in our existing stock remains a key priority and one of our strategic objectives as we look to the future. During the year we continued to invest in our homes by delivering our planned maintenance programme on time and within budget. We continue to improve our existing homes by upgrading communal areas in our flats to make them more welcoming and to create a better environment for our residents. We are also upgrading bedsits within our stock by combining two bedsits to create one, much larger flat.

The tragic events at Grenfell Towers have highlighted the importance of our long standing commitment to fire safety. We take our responsibilities as a landlord very seriously. One of the major concerns following the fire at Grenfell Tower is the type of cladding used. I can confirm that PHA Homes has no cladding on our buildings and all our properties have a smoke alarm.

During 2017 we had fire risk assessments carried out to all our blocks of flats. All recommendations as a result of those assessments have already been implemented with some low risk issues to be implemented over the next few months.

During 2017 we also:

- Reviewed and update the Business Plan
- Reviewed the governance of the association and the skills required on the Board going forward
- Reviewed our financial forecast to ascertain the resources available to deliver the growth strategy
- Remodelled our development appraisal model for the Board to assess the business case for all development proposals
- Reviewed the Asset Management strategy and commissioned a 20% stock condition survey to ensure data is up to date and relevant
- Carried out a STAR survey to gauge resident satisfaction with services
- Reviewed and redefined the association's attitude to risk and re-appraised the risk map going forward
- Evaluated the internal and external resources and skills needed to deliver our business plan

Our strategy moving forward is based on:

- A strong track record of partnership working and good business relationships
- Experience of providing high quality services to residents
- Excellent performance statistics and high tenant satisfaction

We therefore look forward to building on the success we have to date and continuing to grow.

My thanks go to the Board and the staff for their continuing support and hard work in making PHA Homes the successful association that it is today.

Hilary Channing
Chair of the Board



“

WE ARE COMMITTED TO PROVIDING GREAT HOMES & SUPPORTING COMMUNITIES.

”

OUR STRATEGIC OBJECTIVES:



To maintain flexibility and embrace opportunities as they arise.



To understand and respond to residents' changing needs and aspirations.



To ensure our assets meet the needs of both current and future residents.



To develop good quality homes which address local need.



To work proactively in partnerships to deliver more homes and better services to our residents.



To maintain robust financial management to enable future growth.

DEVELOPING GOOD QUALITY HOMES WHICH ADDRESS LOCAL NEED:

Despite the many legislative changes imposed upon us, PHA Homes remains financially strong and we remain committed to developing new homes to help meet the high demand for housing in the area.

In 2009 PHA owned and managed 274 homes.

Since then we have:

- Disposed of 41 units
- Developed 86 new homes
- In 2018 we own and manage 319 homes

We have therefore seen a 31% growth due to new development and a net growth of 16.4% despite the disposal programme of 41 units since 2009.

In 2015 the Board approved the conversion of the bedsits in our stock into flats. This was in recognition that this accommodation is no longer to the standard to which we aspire as an association. Clearly the timing of conversion works is driven by vacancies and therefore the programme continues as and when an appropriate 'pair' of bedsits become available.

Two bedsits became available in 2017 and have been successfully converted, to a high standard into a spacious two bed flat.

We have also developed 4 houses in Tanners Reach, Sheet and 2 flats in Paddock Way, Petersfield.



2 & 3 Bed Houses
Tanners Reach, Sheet



2 x 1 Bed Flats
Paddock Way, Petersfield

WORKING PROACTIVELY IN PARTNERSHIPS TO DELIVER MORE HOMES AND BETTER SERVICES TO OUR RESIDENTS:

In pursuing our objectives to continue to deliver more homes and better services to our residents we are a member of several very successful partnerships:

- **WAYFARER:** The collaboration of Wayfarer members enables the consortium to be greater than the sum of its parts, with the resources to deliver.

Founded in 2003, Wayfarer is a consortium of 17 different registered housing providers who have joined forces to increase the supply of affordable housing and deliver sustainable communities across several southern counties. While each member retains its individual identity, and concentrates on its own area of expertise, by working together, we can call on a greatly enhanced range of skills and resources and enjoy a much more conspicuous presence in the sector.

Wayfarer members own or manage more than 93,000 homes throughout the region. Since its formation the consortium has attracted funding for 9,156 affordable homes with grants in excess of £276 million.

Wayfarer's aspirations are to maintain our track record of successful delivery and to be a beacon of good practice in achieving high quality design, sustainable construction and excellent service delivery. Wayfarer members are already exemplars in resident involvement, sustainability, community partnerships and joint venture collaboration.





“ WE ARE A MEMBER OF SEVERAL VERY SUCCESSFUL PARTNERSHIPS. ”

- **HAMPSHIRE VILLAGE HOMES:** (HVH) Is a partnership of 5 housing providers. We work in partnership with HARAHA (Hampshire Alliance for Rural Affordable Housing) building new affordable homes for local people in rural Hampshire.
- **SHAPE:** SHAPE is a group of small housing associations operating within the National Housing Federation’s South East region. Our aim is to promote and share good practice and procurement amongst our members who provide a range of housing services in south east England. SHAPE currently consists of 14 associations, each with fewer than 1,000 homes under their ownership and management. We are locally focused organisations dedicated to providing excellent services for our residents.

Many members are actively developing new homes to help meet housing needs in their areas. SHAPE members can demonstrate through our benchmarking activities that we can and do embrace the many challenges facing housing associations today. We continue to grow as a strong partnership working together to improve the services we offer our residents both now and in the future.

Aims & Objectives of SHAPE:

- To promote excellence amongst members
- To share and compare performance data
- To share best practice and experience and provide a forum for networking amongst members
- To investigate ways of promoting Value for Money including by pooling resources



OUR PERFORMANCE RESULTS:

The Board carefully monitors performance to ensure that we can meet our commitments in the business plan and are demonstrating a culture of continuing performance improvement.

PHA Homes performance against peers is good and overall satisfaction levels remain high.

The housing sector faces a continuous drive for greater efficiencies whilst responding to the effects of Welfare Reform and the roll out of Universal Credit.

AREA	PHA HOMES RESULTS	BENCHMARKING GROUP	NATIONAL RESULTS
Rent arrears as % of rent debt	1.55%	2.89%	2.41%
% of all reactive repairs completed within target time	95.48%	95.82%	96.15%
% of residents satisfied with most recent repair	98%	95%	97%
Average re-let times (calendar days) Excludes major works	11.5	16.67	17.0
% of rent lost through dwellings being vacant	0.33%	0.88%	0.67%
Operating costs as % of turnover	55.84	69.50	74.11



VALUE FOR MONEY:

PHA Homes strives to provide good quality affordable homes and excellent services. We aim to achieve and deliver this in harmony with our Value for Money ambitions.

Delivering Value for Money (VfM) is synonymous with running an effective social business.

PHA Homes aims to ensure that we are delivering competitive, high quality services that represent value for money for our residents. Our approach is achieving our aims in the most efficient manner, at the best possible price and being able to demonstrate it i.e. the optimal use of resources to achieve the intended outcomes.

Achieving VfM is also often described in terms of the 'three E's' - economy, efficiency and effectiveness. The definition of the three E's is as follows:

ECONOMY - careful use of resources to save expense, time or effort.

EFFICIENCY - delivering the same level of service for less cost, time or effort.

EFFECTIVENESS - delivering a better service or getting a better return for the same amount of expense, time or effort.

Through VfM we seek to achieve:

- Resources directed towards the organisations key priorities and objectives
- A balance between cost and performance
- Tenant satisfaction





HOW WILL WE KNOW IF WE ARE DELIVERING VALUE FOR MONEY?

Our performance outcomes will be good. This will ensure that tenants and staff feel confident that we are providing value for money services.

The key organisational measures that will demonstrate we are delivering value for money are:

- ✓ Internal monitoring and external benchmarking
- ✓ Financial performance monitoring to include 'return on assets' and 'surplus as a % of turnover'
- ✓ Effective treasury management
- ✓ Transparency in our reporting that will demonstrate to residents how the money has been spent
- ✓ Showing the social value of what we do
- ✓ A housing management service that is comprehensive and responsive to the needs of our tenants
- ✓ A maintenance service that ensures repairs are dealt with promptly, effectively and efficiently
- ✓ An asset management strategy that ensures the most effective use of property assets and maintain our homes to the highest standards
- ✓ Regular comprehensive reviews of our services
- ✓ A commitment to facilitating the involvement of residents in influencing how we deliver the services to them
- ✓ Using external benchmarking data via our membership of SHAPE to determine how PHA Homes is performing against our peers both locally and nationally
- ✓ Membership of a development consortium, Wayfarer, which enables PHA Homes to call on a greatly enhanced range of skills and resources, and to raise our profile locally and in the sector

PHA Homes embraces a value for money culture and demonstrating value for money is a core business plan objective. We work hard to ensure that we achieve this. Through the careful use of resources, we continually strive to deliver efficiencies and improve the quality of our accommodation and services.

This has been supported by resident satisfaction survey results.

STAR SURVEY: (Survey of Tenants and Residents)

During 2017 we also commissioned an independent STAR survey of 100% of our residents. We achieved a response rate of 69.5%. The survey was based on 6 questions.

QUESTION	OVERALL RESPONSE
Are you happy with the service provided by PHA?	93.2% satisfaction
How satisfied are you overall with your home?	97.4% satisfaction
How satisfied or dissatisfied are you with your neighbourhood as a place to live?	93.7% satisfaction
Do you think that the rent and charges you pay are value for money?	91.1% satisfaction
How satisfied are you with the way that PHA deal with repairs and maintenance?	85.8% satisfaction
How satisfied are you that PHA listen and take account of your views and act upon them?	81.7% satisfaction



ENHANCING SERVICES FOR RESIDENTS:

In 2017 PHA Homes signed up with 'World Pay' for a new service which allows residents to make payments over the phone using their debit cards. This was in a direct response to residents requesting this method of payment.

The system is easy to use and is fast and secure using an online virtual terminal. Authorisation of the payment is given immediately therefore there is no waiting period and the payment can be credited to the rent account on the same day.

Therefore, tenants can now pay their rent using a wide variety of methods to suit their needs:

- Cash or cheque paid into the association's office
- Standing Order
- Direct Debit
- Over the telephone using a debit card
- On line via PHA or Allpay website
- Using a mobile phone to pay via Allpay
- Using an Allpay payment card at:
 - ✓ PayPoint outlets
 - ✓ Post Offices



RESIDENT INVOLVEMENT:

Involving residents in the running of our business is very important to PHA Homes. As such we have a 'Scrutiny Panel' made up of volunteer residents. The purpose of the scrutiny panel is to ensure that PHA Homes follows its own policies and procedures and that it meets the standards that have been approved by residents.

Tenant scrutiny is based on the specific principle that the priorities and views of tenants should be at the heart of a housing organisation's framework for directing, monitoring, assessing and modifying its own activities and holds the organisation to account. Tenant scrutiny is linked to the delivery of value for

money services that meet the needs of the residents. The Scrutiny Panel is a group of residents who work hard to ensure that our services are being delivered to the agreed standards and challenge us where improvements can be made. The panel scrutinise our performance throughout the year. They play a key role in influencing the work we do at PHA Homes.

During 2017 we have further developed the role of the scrutiny panel to cover a wider range of our services to tenants. The results of the Scrutiny Panel reports and their outcomes are fed back to the Board at their quarterly meetings.

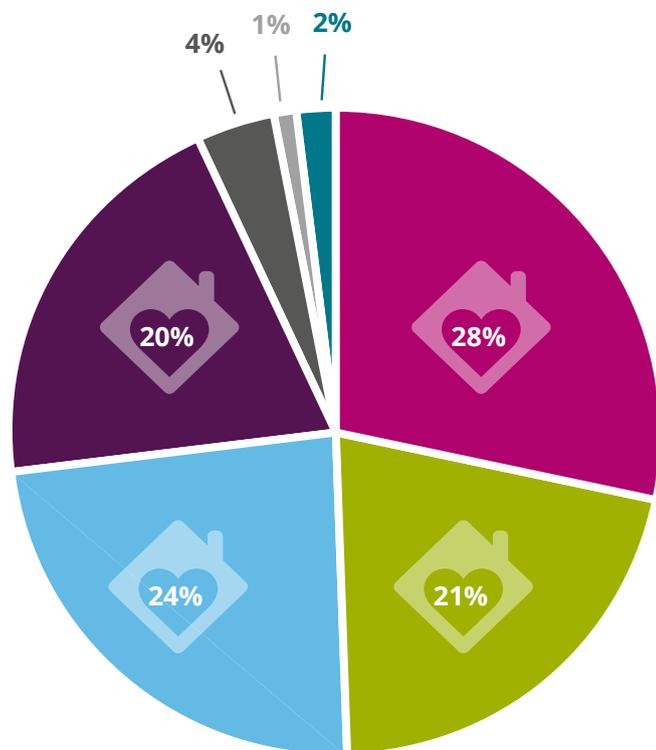
“ INVOLVING RESIDENTS IN THE RUNNING OF OUR BUSINESS IS VERY IMPORTANT TO PHA HOMES. ”



SUMMARY OF ACCOUNTS 2017:

WHERE OUR MONEY COMES FROM	£
Rents	1,639,361
Service Charges	56,825
Interest receivable & similar income	587
Other Income	58,348
Amortisation of capital grants	97,282
TOTAL INCOME	1,852,403

WHERE OUR MONEY GOES	£
Property maintenance	369,866
Housing management	276,156
Depreciation	305,883
Interest payable & similar charges	261,154
Service charges	49,711
Loss on disposal of components	14,506
Other	23,297
TOTAL EXPENDITURE	1,300,573
SURPLUS FOR 2017	551,830



DURING 2017 FROM EACH POUND WE RECEIVED FROM YOU WE SPENT:

Property maintenance	28 %
Housing management	21 %
Depreciation	24%
Interest payable & similar charges	20%
Service charges	4%
Loss on disposal of components	1%
Other	2%

BALANCE SHEET AT 31 ST DECEMBER	2017 (£)	2016 (£)
Tangible assets	19,381,546	19,323,282
CURRENT ASSETS		
Debtors	87,762	52,078
Cash at bank and in hand	2,755,938	1,635,204
Creditors: amounts falling due within one year	(865,405)	(677,799)
Net current assets	1,978,295	1,009,483
Total assets less current liabilities	21,359,841	20,332,765
Creditors: amounts falling due after more than one year	(14,681,109)	(14,202,933)
Provision for liabilities	(33,242)	(36,178)
NET ASSETS	6,645,489	6,093,654
CAPITAL AND RESERVES		
Called up share capital	9	11
Income and expenditure reserve	6,645,480	6,093,643
TOTAL EQUITY	6,645,489	6,093,654

INCOME & EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31 ST DECEMBER	2017 (£)	2016 (£)
Turnover	1,852,404	1,802,542
Administration expenses	(1,040,007)	(1,004,513)
Operating surplus	812,397	798,029
Interest receivable & similar income	587	5,161
Interest payable & similar expenses	(261,154)	(233,433)
SURPLUS FOR THE YEAR	551,830	569,757

THE BOARD OF MANAGEMENT:

Hilary Channing - Chair of the Board

Hilary is Managing Director of Channing Hammond Associates an HR consultancy that specialises in Executive and Non-Executive Recruitment, Talent Support & Development and Executive Coaching, primarily for businesses in the not for profit sector.

She has worked in the social housing sector since 1999, during which time she has been Director of Recruitment Services at Insight HR & Management Consultancy and the owner of another successful HR consultancy. Hilary brings extensive experience in leading and shaping HR Strategy and general business management.

David Chapman MCIQB - Vice Chair of the Board

David is currently Head of Stock Investment for Sovereign Housing Association. David has more than 30 years' experience of the social housing maintenance sector. He has a successful track record of delivering a high quality, cost effective repair and maintenance service to residents.



David Walsh BSc Hons, MCIOH

David is now retired but has wide experience in the field of social housing. David is a highly experienced senior manager who has extensive Director level experience in both Housing Association and Local Government sectors.

Kevin Smith

Kevin is a Partner and Head of the firm's Commercial and Commercial Property Departments at MacDonald Oates solicitors in Petersfield. Kevin is a Company Commercial, Commercial Law and Commercial Property specialist. This includes advising clients in connection with Employment issues that arise as part of Commercial transactions.

As well as practicing in Construction and Engineering Law, Kevin is also a highly experienced Residential Property lawyer. Kevin is a Fellow of the Chartered Institute of Arbitrators and a Member of the Royal Institution of Chartered Surveyors. He is also a Member of Hampshire Incorporated Law Society.

Graham Norris

Graham worked for 29 years as an Operations Manager for a multinational advertising company, working his way up to UK Technical Manager responsible for procurement, product development and Health and Safety. He is now a full-time carer.

Richard Budd

Richard is an experienced finance professional with 30 years' experience of working in a variety of industry sectors including fashion, leisure, music and construction. He currently works for British Gas, concentrating mainly on a not-for-profit subsidiary (Energy for Tomorrow) which has provided free solar PV systems to schools throughout the country. Richard has a keen interest in renewable energy, ecology and the environment.

Joseph Carr

Joseph is a qualified accountant of 25 years and he has worked for more than 20 years in the housing association sector. He operates a freelance consultant. He spent 8 ½ years as Finance Policy Leader at the National Housing Federation, where he was responsible for all areas of finance policy, including - treasury management and corporate finance, accounting, taxation and pensions. He also focused on risk management, assets and liabilities registers and business stress testing.

In 2016, he lobbied successfully for the Bank of England's momentous inclusion of housing association bonds in its £10bn, quantitative easing programme. During the same period, he also worked with the Prudential Regulatory Authority and the European Commission to petition the Basel Committee on Banking Supervision against changes that would increase the borrowing costs of housing associations.



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