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Annual
Report



Contents

2. Chair's Report
4. Our Key Values
5. Our Strategic Objectives
7. Our Performance Results
8. The Sector Scorecard
10. Development Growth
11. Highlights of 2018
13. Summary of Accounts
18. Note from the Chief Executive



Chair's Report

The operating environment for Housing Associations remains challenging, although government recognition of the crucial role we play in addressing the housing crisis has seen a much more supportive environment in recent times.

The roll out of Universal Credit has so far not affected many of our tenants but no doubt will do so as we move forward. We continue to support those who are struggling to make ends meet and are suffering hardship. The staff are committed to providing practical support and advice to all our tenants and strive to provide services of a high standard. As a small association we pride ourselves on being able to provide a much more supportive and personal service to our tenants.

PHA Homes operates in an area of high value and housing need. The need for social housing remains acute and we are committed to developing as many homes as we can to help address the local need for more homes. However, we are not just about numbers and the quality of the homes we build and own is also of real importance to us.


During 2018 the Board has undertaken a major review of how the organisation is governed, how we manage 'risk' and our operational environment. We believe that this has made us stronger and we therefore continue to move forward from a position of even greater strength.

We have already developed our new business plan for 2019-2023 and have made progress in implementing the new strategy. This could not have been achieved without the efforts and support of our partners, staff and Board members. I would therefore like to thank them for their ongoing support and hard work to ensure the ongoing success of PHA Homes.

We look forward to the future and are confident that PHA Homes will continue to thrive and support the local communities in our area of operation.

Hilary Channing
Chair of the Board





"As a small association we pride ourselves on being able to provide a much more supportive and personal service to our tenants."

Our Key Values

1

Professional, effective and efficient.

Regularly examining how and what we do will help us find different ways to do things better in the future.

2

Honest and accountable.

We will be open and honest about our business; what we do and how we do it.

3

Proactive partnerships.

We want to be a partner of choice; ensuring the best of our skills and resources to deliver more for our residents.

4

Community focused.

We will put the needs of our residents and communities at the heart of what we do.

5

Embracing diversity.

We will work with our residents to ensure that our services remain responsive to their changing needs and aspirations going forward.

6

Ensuring robust financial management and value for money.

We will control our costs, increase income and meet the targets in our Value for Money statement.

Our Strategic Objectives

1

To maintain flexibility and embrace opportunities as they arise

2

To understand and respond to residents' changing needs and aspirations

3

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

4

To develop good quality homes which address local need

5

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

6

To maintain robust financial management to enable future growth

Our strategy moving forward is based on:

- a strong track record of partnership working and good business relations
- experience of providing high quality services to residents
- excellent performance statistics and high tenant satisfaction

To achieve the vision, in 2019-2023 we will:

- be open to discussions with other housing providers wanting to transfer, rationalise or dispose of properties in the areas where we operate
- maximise the value in our current assets
- procure development services to enable new house building
- be flexible in our approach to new developments to maximise grant income and facilitate cross subsidies where required
- consider strategic partnerships and alliances to meet gaps in skills and expertise
- pursue potential mergers with organisations with similar values and geographic spread.
- continue to develop new homes for people in housing need
- work closely with the local authority to address homelessness and meet housing need



Our Performance Results

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

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

Area	PHA Homes Results	Benchmarking Group Median	National Results Median
Void Loss % (PHA was abnormally affected by homeless accommodation in 2018)	1.25	0.65	0.58
Lettings as % of stock	7	7	8
Average re-let times (calendar days)	12.72	19	20
Rent collected as % of rent owed	101.33	99.89	100.03
Current tenant arrears %	0.85	3.25	2.88
Overhead cost as % of turnover	12.47	13.45	15.01

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

The Sector Scorecard

The scorecard, which was developed by a working group of associations in 2016, provides benchmarking figures for areas which are seen as key to association business performance. PHA Homes was part of the sector scorecard pilot.

Some of the metrics are used by our regulator to assess 'the value for money' performance of housing associations.

Last year the scorecard was piloted with 315 housing associations submitting data with this year's report taken from data provided by 329 associations, owning 2.3 million homes and representing 80% of the stock.

The report has revealed that the average operating margin had fallen more than two percentage points to 27.89% from 30.3% last year. In a commentary report published by the National Housing Federation (NHF) this fall was explained as "a result of the ongoing rent reduction and greater pressure on costs".

Costs per unit has risen at above inflation across the years. While there has been a slight change in methodology, the report said this was likely due to landlords "putting more resources into operating services to deal with external factors such as welfare reform and fire prevention".

Results From The Scorecard	Sector Results	PHA Results
Operating margin (overall)	27.89%	43.27%
EBITDA (major repairs included)	213.61%	346.09%
New supply (as % of stock)	1%	0.32%
Gearing ratio (ratio of debt to assets)	87.5%	17.78%
Return on capital employed	3.72%	3.8%
Occupancy	99.4%	96.96%
Rent collected	99.9%	101.33%
Customer satisfaction	87.5%	97.4%

NOTE: EBITDA = Earnings Before Interest, Taxes, Depreciation, and Amortization (used as an indicator of the overall profitability of a business).

"PHA Homes
will thrive and
support the
communities
in our area
operation."

Development Growth



2009

**274 Units in
ownership &
management**

2009 - 2018

**Total disposals
41 Units or 15%
of stock**

New units 2009 - 2018

4 Units

Havant

5 Units

Petersfield

51 Units

Alton

24 Units

Rogate

4 Units

Steep

Total new build/management 88 units

2018

321 Units in ownership & management

Therefore, we have seen a 32% growth due to new development and a net growth of 17% despite a disposal programme of 41 units since 2009.

Building work to develop 12 units at Stroud in 2019, will bring the stock total to 333 units bringing growth to 36.5% since 2009.



Highlights of 2018 Include:

- Maintaining healthy operating surpluses as a percentage of turnover at 34.80%
- Continuing the downward trend on rent arrears and bad debts
- Increasing our borrowing capacity to support our development ambitions
- Renewing our management agreement on behalf of a local, small provider for a further 5 years
- Completing a review and the strengthening of our compliance management to ensure the health and safety of our residents
- Reviewing our strategic objectives and produced a renewed business plan for 2019 -2023
- Carrying out an external audit of our debt collection service with a very positive outcome
- Completing a comprehensive review of the governance of the association and the skills required on the Board going forward
- Strengthening our Board membership and therefore the skills on our Board
- Reviewing our financial forecast to ascertain the resources available to deliver the growth strategy
- Remodelling our development appraisal model for the Board to assess the business case for all development proposals
- Reviewing the Asset Management strategy and commissioned a 20% stock condition survey to ensure data is up to date and relevant.
- Reviewing and redefining the association's attitude to risk and re-appraised the risk map going forward
- Completing on 6 new properties and started the conversion of an undercroft unit into 2 x 1 bed flats
- Converting two bedsits into a two bedroom flat
- Ensuring compliance with GDPR
- Completing document scanning and electronic storage to help with GDPR compliance

"We have already developed a new business plan for 2019-2023 and have made progress in implementing the new strategy."



Summary of Accounts 2018

"2018 was a very busy year for PHA Homes and we have achieved a considerable amount which has consolidated our position locally."



Where Our Money Comes From

£

Rents	1,697,784
Service charges	62,345
Interest receivable & similar income	4,294
Other Income	29,600
Amortisation of capital grants	98,333
Total Income	1,892,356

Where Our Money Goes

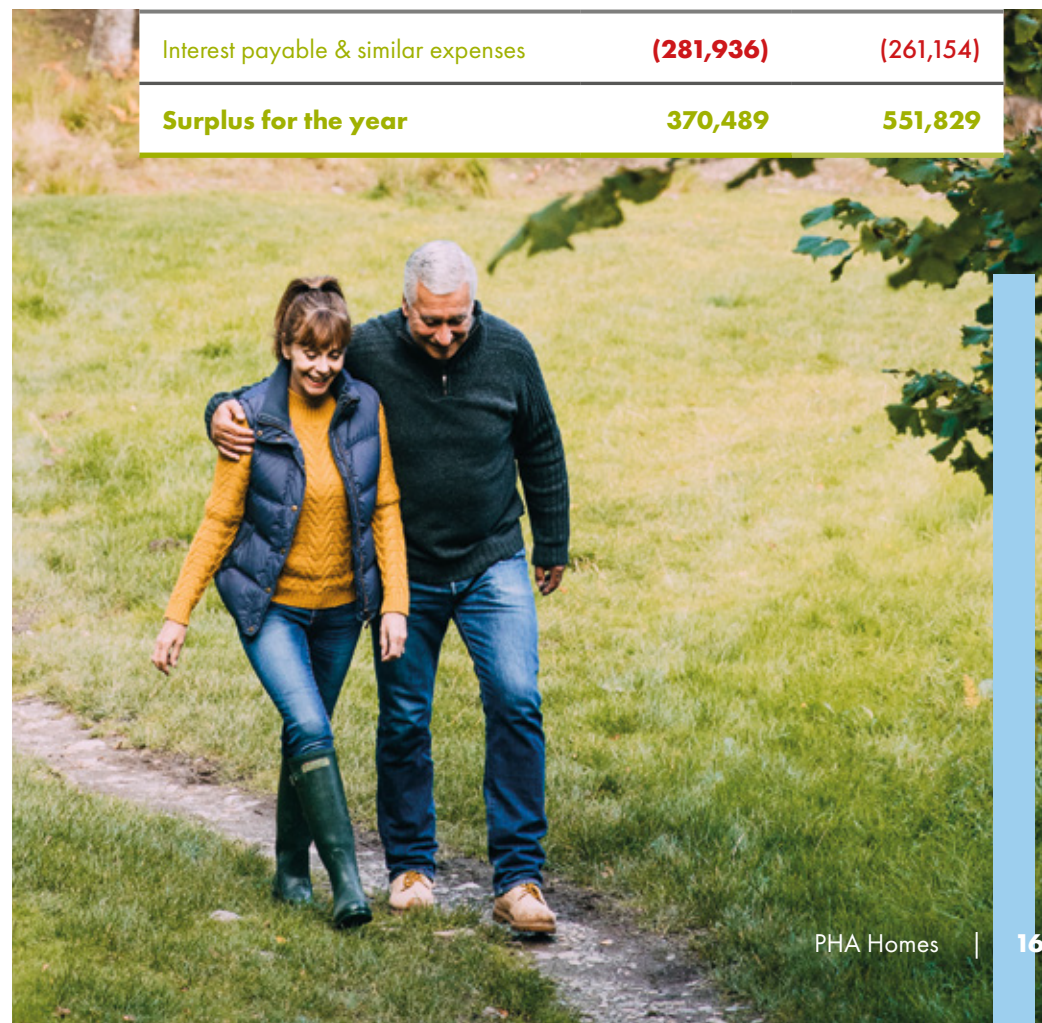
£

Property maintenance	427,702
Housing management	339,497
Depreciation	321,446
Interest payable & similar charges	281,936
Service charges	52,076
Loss on disposal of components	10,320
Other	88,890
Total Expenditure	1,521,867
Surplus for 2018	370,489

Summary of Accounts 2018

Balance sheet at 31 st December	2018 (£)	2017 (£)
Tangible assets	19,856,597	19,381,547
Current Assets		
Debtors	39,957	89,494
Cash at bank and in hand	2,320,762	2,755,938
Creditors: amounts falling due within one year	(876,225)	(867,145)
Net current assets	1,484,494	1,978,287
Total assets less current liabilities	21,341,091	21,359,834
Creditors: amounts falling due after more than one year	(14,208,878)	14,681,111
Provision for liabilities	(116,242)	(33,242)
Net Assets	7,015,971	6,645,481
Capital and Reserves	2018 (£)	2017 (£)
Called up share capital	10	9
Income and expenditure reserve	(7,015,961)	(6,645,472)
Total Equity	7,015,971	6,645,481

Income and Expenditure Account For The Year Ended 31 st December	2018 (£)	2017 (£)
Turnover	1,892,356	1,843,828
Administration expenses	(1,244,225)	(1,031,432)
Operating surplus	648,131	812,396
Interest receivable & similar income	4,294	587
Interest payable & similar expenses	(281,936)	(261,154)
Surplus for the year	370,489	551,829





From the Chief Executive

I hope that you have found this annual report informative about the work and performance of PHA Homes during 2018.

2018 was a very busy year for PHA Homes and we have achieved a considerable amount which has consolidated our position locally.

The tragedy at Grenfell has resonated across the housing sector and at PHA Homes' focus has been very much in ensuring the continued health and safety of all our residents. We have worked hard to ensure compliance with relevant legislation, and I am pleased to be able to reassure all our residents that we are fully compliant.

We have also been working closely with our trade body, the National Housing Federation, throughout the year to ensure appropriate support for smaller associations and to raise the profile of the excellent work of smaller housing associations on behalf of all our tenants.

We continue to look forward to another positive and productive year for PHA Homes.



Denise Rajchel
Chief Executive





Tel: 01730 263589

Web: www.phahomes.co.uk

Address: PHA Homes, 32 Lavant Street,
Petersfield, Hampshire, GU32 3EF



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