



  
**archeshousing**  
peoplecommunitieshomes

**ANNUAL REPORT 2017 - 18**





# ABOUT US

We are a social landlord providing 1,200 affordable homes in Sheffield and Rotherham. We were formed in 1975 by members of our local community as they focussed on renovating old houses into quality homes to stop communities in North Sheffield being broken up by slum clearance.

Although we've since expanded and now serve communities across Sheffield and Rotherham, we're proud to still be based in the heart of the community that our founders cared so deeply about.

## Our mission

Bringing affordable homes to diverse communities across the Sheffield City Region.

## Our vision

Contributing to people's well-being by providing safe, secure, warm homes that meet their needs.

## Our strategic priorities

- Putting customers at the heart of what we do
- Providing homes that people want to live in
- Playing our part in increasing the number of affordable homes in the Sheffield city region
- Maintaining a sustainable and balanced business model
- Being a well-run organisation

## Our Values

- **Innovation** - we challenge ourselves to do things better; thinking outside of the box to bring better outcomes for our customers;
- **Integrity** - we work in a professional and ethical manner;
- **Empathy** - we care and plan for the needs of our diverse staff and customer base;
- **Responsibility** - we take our commitments seriously, providing valuable services and delivering on our promises;
- **Passion** - we are driven by our shared personal beliefs and commitment to the provision of quality affordable housing whilst putting our customers at the heart of all we do.

# A MESSAGE FROM OUR CHAIR AND CHIEF EXECUTIVE



Paul Common - Chief Executive

members, all bringing invaluable skills and knowledge. In the past year, we at Arches have worked hard to regain our G1 governance grading, which we are proud to say is the highest compliance rating.

I would like to thank our tenants, my colleagues, and Board members for making Arches the successful organisation it is today.

This message would not be complete without paying tribute to Brian Summerson who stood down as Chief Executive in March 2018 after 21 years at Arches. We wish Brian a long and healthy retirement.

## Chair's Message

Although 2017/18 was another year of significant change for Arches I'm really pleased that we can once again report strong financial results. They have allowed us to commit significant investment to improving our existing properties, as well as agreeing to develop 400 new homes by 2028. During the year staff have also worked incredibly hard to regain our G1 regulatory rating, ensuring that we can demonstrate the highest levels of governance and compliance. With the support of the newly strengthened Board, and under Paul's leadership, I'm confident that Arches can look forward to continued success.



Kay Dickinson - Chair



## Chief Executive's Message

Welcome to our review of the financial year 2017/18, my first as Chief Executive. Arches has had another busy twelve months, delivering new homes, and housing and maintenance services to tenants both old and new.

We have been planning for the future to both grow, and to invest in the quality of our existing homes.

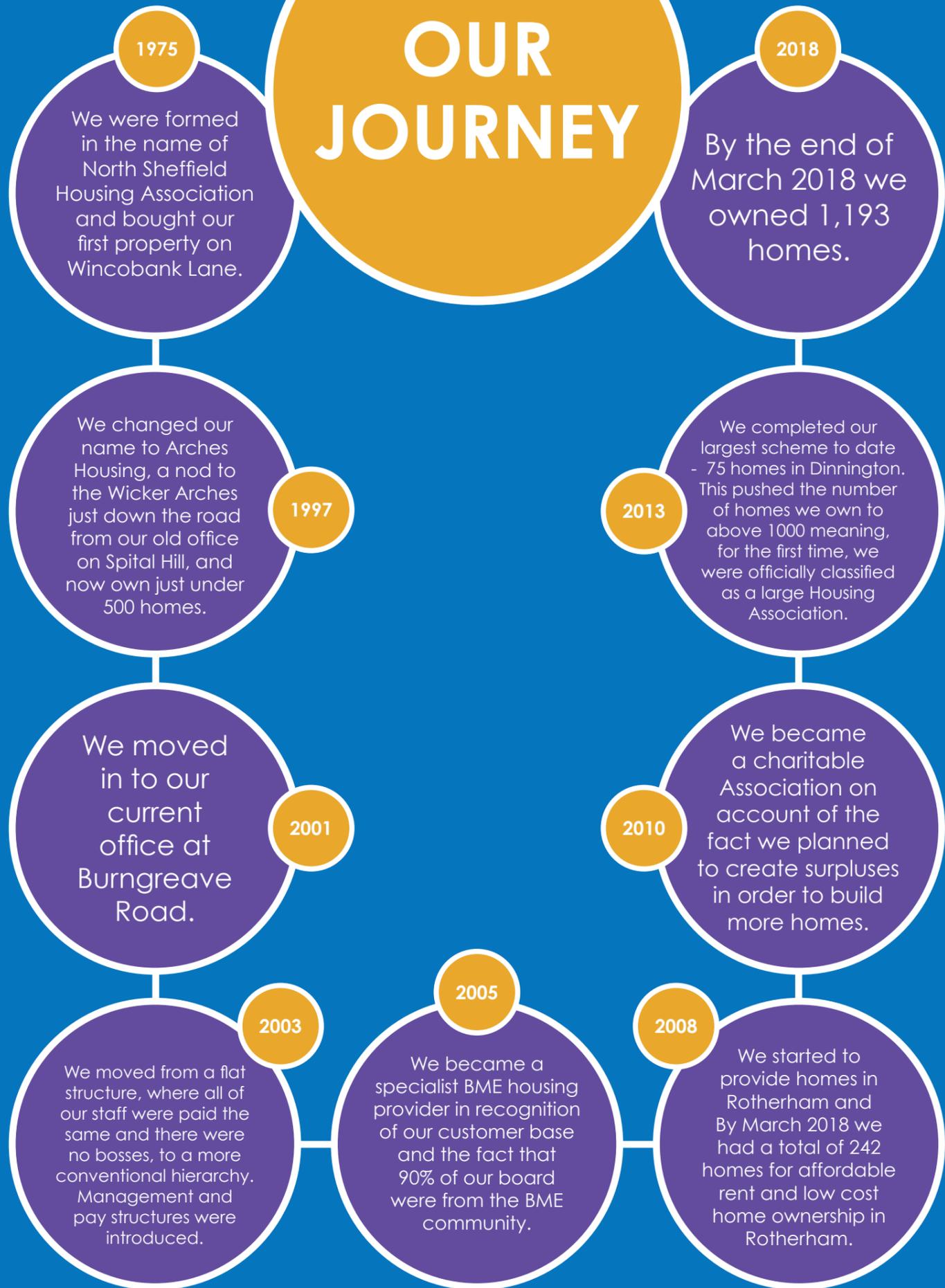
With residents we have agreed the Arches Home Standard, and have committed to making sure all of our homes meet the 12 point standard by March 2021.

We focussed on ensuring that our homes are safe and redoubled our work on fire safety and electrical testing, and introduced new gas servicing arrangements, improving maintenance quality and customer satisfaction.

During the year we also completed 15 new properties in Rotherham and the transfer of 25 properties in Sheffield into our ownership. We have ambitious growth plans and a substantial development programme.

2017/18 was a significant year for our governance arrangements as we welcomed four new Board

# OUR JOURNEY



# TIMELINE OF 2017/18



## April

The Board bid farewell to Tenant Board member Brian Thomas, who retired from his position. We wish Brian well and thank him for his valuable contribution.



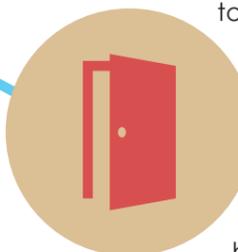
## May

We commenced an Arches stock condition programme which aimed to survey our homes to ensure we understood their current condition, and what was required in order to maintain them.



## June

We re-homed our 23rd asylum seeker family in conjunction with **Sheffield City Council's Gateway project** for people settling in Sheffield, having fled war and oppression overseas. We are very proud to have provided so many homes to this worthy project.



## July

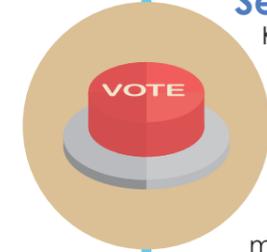
After 21 years at Arches, Brian Summerson announced his intention to retire from his position as CEO at the end of the year - it'll be hard to find someone to fill those shoes!

We also bid farewell to Christine Woods, Co-opted tenant Board member who resigned her position this month. We wish Christine well and offer her our thanks.



## August

Arches partnered with Tpas, the Tenant Engagement Experts, to help us form a Customer Excellence Panel which helped us keep customers at the heart of our business.



## September

Kay Dickinson was re-elected as Arches Board of management Chair, making this her 2nd year as Chair of the Board. Kay will be supported by Tony Jervis, who was also re-elected as Deputy Chair of Arches Board of management.



## October

Bill Truin of 4Point2 Housing and Finance Consultancy joined Arches to work as part of our finance and executive team, working as an interim Director of Finance and Corporate Services.



## November

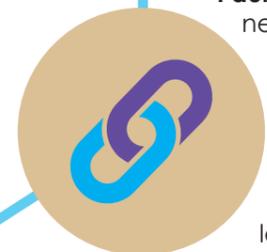
Our Customer Excellence Panel began work on their first project, which started to review Arches Repair and Maintenance Service. The team looked at what we did, how we did it, and the results that were achieved. The project spanned over six months, and was extremely beneficial.



## December

We welcomed 4 new co-opted members onto our Board of management: Ajman Ali, Ian Falconer, Joice Rennie and Terry Gallagher. They all bring with them a wealth of professional experience and skill, and have helped to further strengthen our Board.

We also said goodbye to Sandra Bates, PA to the Chief Executive, who retired after 15 years at Arches, as well as Donna Biggs, who was an accountant for Arches for over 6 years. We thank both for their contribution and offer our best wishes.



## January

**Paul Common** joined the team as our new Chief Executive, supported by our outgoing Chief Executive Brian Summerson until his departure in March.

Arches bid farewell to Housing Officer Kanwaljit Singh who leaves us after almost 9 years. We wish him well in his retirement.



## February

Earlier in the year we made progress with our review of Governance at Arches, which looked at ensuring our Board continues to work to serve the best interests of the organisation. This led to a shareholder vote which supported new rules to help us to be a well governed association.



## March

We welcomed new tenants and new properties this month with the stock transfers of 13 tenanted homes in Firth Park, and a tenanted 12 home complex for our over 55 customers.

We exchanged contracts with developers Avant for 25 more new homes at Waverley over the next 3 years. The first phase will be ready from September 2019.

**End of financial year - 1,193 properties managed.**  
**We had completed all works needed to improve our approach to asset health and safety.**

# THE YEAR IN NUMBERS

## Rent



**Collected £4,717,669**

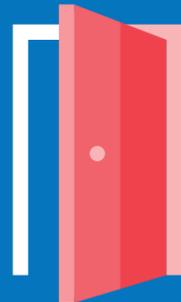
(99.52% of the rent we charged in the year)

**Arrears total £185,094**

(3.7% of the rent we charged in the year)

**2 evictions for arrears**

## Voids



**90 tenants left us (8.5% property turnover)**

### Termination reasons include:

Property unsuitable for needs **24** • To move nearer to family or work **18** • Relationship breakdown **2** • Do not like the area **17** • Buying own home **1**

## Lettings



**81 new families joined us**

**17** of these were judged to be in urgent need of rehousing by their local council

Housed **10** more asylum seeker families with Sheffield City Council's Gateway project = **23** in total for the project

Transferred **2 families** to a more suitable home

Took an average of **12 days** to let an empty home

## Maintenance



**Carried out a gas service at all of our properties**

Replaced **75** fire doors to comply with new health and safety standards

Completed **4,833** repairs of which **4,746** were completed on time (**98.2%**)

**8** homes had their external paintwork repainted as part of our Heart of Burngreave scheme

**29** of our homes underwent full external redecoration

## Customer Service



**Logged 28,756 notes on our system about rents, repairs and numerous other things**

### Received 10 formal complaints

**7** Repairs, **1** Estate Management, **1** Rent Arrears, **1** Lettings

Received **1** written compliment which was about a repair

Achieved **79.4%** satisfaction with the service we provide

Answered **31,911** phone calls and spent a total of **2,145** hours on the phone

Investigated **69** cases of anti-social behaviour. Cases Resolved - **100%**; **92%** of complainants were satisfied with the outcome and handling of their case: Noise **28** • Gardens **2** • Verbal Abuse **14** • Pets **3** • Litter **8** • Other **14**

## Staff



Said goodbye to **6** members of staff, of which **3** retired, and said hello to **6** new permanent employees

## More Arches Homes

Arches acquired **13** family homes, as well as **12** flats specifically catering to our over **55** customers

**1** more of our shared owners now owns **100%** of their property



# THE YEAR AHEAD

The Arches Home Standard was approved by our Board in January 2018, and, together with the stock condition survey, we can begin delivery of home improvements as part of our 3 year programme Arches Home Standard. We also have a clear ambition to grow our stock and provide more affordable housing for the Sheffield City region.

As an organisation with charitable aims we are not in the business of making profits from your rent. We **ARE** in the business of investing that money into improving the homes that our tenants live in, improving the service that you receive, and doing our part in the Sheffield City Region to provide more affordable homes.

Our plans for our existing stock, and our plans for new stock, have been incorporated into our business plan, and approved by our Board. This will ensure we can continue to develop our services and staff, and offer more jobs in the future.



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## HOME STANDARD

### Kitchen



By March 2021 all homes will have a kitchen that is less than 20 years old.

### Bathroom



By March 2021 all homes will have a bathroom fitted with a shower and all homes will have a bathroom that is less than 30 years old.

### Doors



By March 2021 all homes will be fitted with modern, weather tight and draft free front and back doors.

### Windows



All homes will have draft free, weather tight double glazing, this will be uPVC on replacement except where planning consent restricts its use.

### Heating



All homes will be fitted with energy efficient "A" rated boilers when replaced. In homes with electric heating systems, the systems will be of a modern standard which allow programming when they are replaced.

### Energy Efficiency



By March 2021 every home will have an energy efficiency rating of "D" or above.

## Safety in your home



Regular water safety testing will be conducted where this is needed.

Every home will have an annual gas safety check.

The electrical wiring in all homes will be tested for safety no less than every 10 years.

By October 2018 all homes will be provided with a mains or battery powered smoke alarm and carbon monoxide detector.

## Modern Living



By March 2021 all homes will have at least two double sockets in every lounge, kitchen and bedroom.

At the time of installation of a new kitchen, an outside tap will be installed.

## Outside your home



All fencing will be repaired or replaced when broken; we may do this as part of a wider fencing programme.

Trees will be maintained and pruned as appropriate where these are our responsibility.

Open spaces will be maintained and managed to a good standard where these are our responsibility.

We will paint the outside of your home every five years.

## Communal Living



All communal areas will be painted every five years.

We will maintain and repair paths, hard standings and car parks.

The electrical wiring in all communal areas will be testing for safety no less than every five years.

## Living Independently



Where equipment designed to support independent living is installed after approval by us, it will be serviced regularly and repaired when it breaks down.

We will provide minor adaptations to support tenants to live independently in their homes for longer.

## General Repairs Service



An emergency repairs service is provided operating 24 hours per day, 365 days per year, including boiler breakdowns.

A general repairs service is provided to carry out repairs that are the responsibility of Arches.

The boiler in each home will be serviced annually.

# OUR FINANCES

## Value for Money

In April 2018 The Regulator of Social Housing (RSH) revised the Value for Money Standard. The Standard required organisations to demonstrate:

- A robust approach to achieving value for money
- Regular and appropriate consideration by the board of potential value for money gains
- Consideration of value for money across the whole business
- That there are appropriate targets in place for measuring performance in achieving value for money in delivering our strategic objectives
- That there is regular monitoring and reporting of our performance against these targets

We are required publish evidence in our statutory accounts annually, to enable stakeholders to understand our:

- Performance against our own value for money targets and any metrics set out by the regulator, and how that performance compares to peers;
- Measurable plans to address any areas of under-performance, including clearly stating any areas where improvements would not be appropriate and the rationale for this

The Regulator believe that this approach will help us to show that we are making best use of our assets and resources. The metrics are set out in the table "Regulator Metrics" on page 14. Arches have added two more metrics which help to paint a bigger picture, which are; "Customer Satisfaction" and "Rent as Value for Money" taken from the most recent tenant feedback/surveys.

The RSH reports on the financial strength of the social housing sector as a whole annually, called 'Global Accounts', which is used by economists and lenders to better understand our market. We also compare and benchmark ourselves to our peers through Housemark.



## Financial Summary

Statement of Comprehensive Income	2017/18 £'M	2016/17 £'M
Turnover	6.1	5.9
Operating Surplus	1.8	2.2
Surplus for the year before taxation	1.1	1.5

Statement of Financial Position	2017/18 £'M	2016/17 £'M
Fixed Assets	53.1	53.7
Net Current Assets	0.7	(0.1)
Long term creditors - debt	17.8	18.3
Long term creditors - grant	23.7	23.9
Long term creditors - pension deficit	0.4	0.5
Reserves	11.3	10.2

Accommodation (units)	2017/18	2016/17
Total owned and managed	1,193	1,156

Ratios	2017/18	2016/17
Operating Margin	28.9%	36.6%
Covenant Interest Cover	3.41	3.27
Covenant Gearing*	38.45%	41.65%

Regulator Metrics	2017/18	2016/17	2016/17 Global Accounts
Reinvestment %	2.59%	8.30%	6.52%
New social housing units supply delivered %	3.35%	2.25%	1.73%
Gearing %	34.03%	34.98%	41.70%
EBITDA MRI* Interest Cover %	359%	306%	334%
Headline social housing cost per unit	£2,202	£2,416	£4,180
Operating Margin (social housing lettings only)	28.25%	36.23%	32.95%
Operating Margin (overall)	28.91%	36.60%	29.87%
Return on capital employed (ROCE)	3.42%	4.05%	5.20%

Arches Metrics	2017/18	2016/17	2016/17 House Mark
Customer Satisfaction	79.40%	78.00%	88.00%
Rent as Value for Money	85.26%	88.00%	84.89%

\* Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included



The metrics show that Arches cost per unit continues to be low-cost compared to the sector as a whole. This is the result of a dedicated effort to reduce spending over the last 2 years to minimise any negative impact of the national 1% rent reduction. However, due to the 3 year Investment programme which has already commenced, we expect our headline social housing cost per unit to rise to circa £3,200, with reinvestment increasing to circa 3.40%

Arches gearing remains low compared to the global accounts data. We are currently negotiating new funding arrangements to support a more ambitious development programme. This new funding will be in place in 2018/19 and will ensure we continue to deliver an above average number of 'New social housing units supply delivered'.

Within the year we have achieved an improvement in customer satisfaction, however this falls below our targeted level of 81.2%. Our Rent as Value for Money metric of 85.26% is above the House Mark average of 84.89%, but remains below our target of 85.6%. These metrics focus on the value that the customer derives from our service. We have targeted improvements in these metrics for the next financial year through our commitment to an increased investment programme to deliver the 'Arches Standard' over the next three years. We expect that this increased spend will impact on these VfM metrics in a positive way as customers see improvements to their homes and neighbourhoods.

**The Board of Management:**

Kay Dickinson (Chair)  
Tony Jervis (Deputy Chair)  
Andrew Liles  
Iain Campbell  
Mohammed Jamil  
Shamsa Latif  
Ajman Ali (Co-opted)  
Ian Falconer (Co-opted)  
Joice Rennie (Co-opted)  
Terry Gallagher (Co-opted)

The board are committed to the National Housing Federation code for members, "Excellence in Governance"

**Chief Executive:**

Paul Common

**Company Secretary:**

John Hudson

**Registered Office:**

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**Auditors:**

Mazars LLP  
45 Church Street, Birmingham, B3 2RT

**Solicitors:**

Taylor & Emmet  
20 Arundel Gate, Sheffield, S1 2PP

**Bankers:**

Co-operative Bank plc  
84-86 West Street, Sheffield, S1 3SX



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- Homes & Communities Agency Registered No. LH0884
- Register of Co-operative and Community Benefit Societies No. 21451R (Exempt Charity)
- Member of the National Housing Federation, PlaceShapers and BMENational

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