



  
**archeshousing**  
peoplecommunitieshomes

**ANNUAL REPORT 2018 - 19**





# ABOUT US

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

Although we've since expanded, 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 peoples wellbeing, by providing safe, secure, warm homes that meet their needs.

**peoplecommunitieshomes**

## Our Values

- **Steel** - choosing to do the right thing over the easy thing; being determined to see things through and staying true to our roots.
- **Momentum** - being responsive to people and opportunities; generating solutions swiftly as a consequence of having the trust and freedom to take decisions.
- **Simplicity** - Sticking to what actually matters; to make it easier to do a good job and achieve positive outcomes.
- **Connections** - Recognising that we can achieve more with others than alone; building honest and supportive relationships inside Arches and beyond.
- **Individuality** - Appreciating the life experience, skills and insights of others; listening with empathy, seeking to dignify everyone involved.

# A MESSAGE FROM OUR CHAIR & CHIEF EXECUTIVE



Paul Common - Chief Executive



## Chief Executive's Message

Welcome to our latest annual report covering the 2018-19 financial year. The last year was one of delivering improvements to our existing homes and of preparing the ground for new housing.

As you will read elsewhere in this report, we are proud to report the successful implementation of improvement works to our properties during the first year of the Arches Home Standard programme.

£2.6M was spent on property maintenance in 2018/19 compared to £1.6M in 2017/18, including new front doors, kitchens and bathrooms, as well as the all-important day to day maintenance of homes.

The safety of our residents continues to be a top priority and colleagues and our partner contractors have worked diligently to ensure we comply with all areas of property health and safety including gas services, electrical testing, fire safety, water hygiene and asbestos management.

We are most grateful to our Customer Excellence Panel who conducted a comprehensive scrutiny review of our repairs service. The panel presented their findings directly to our board and we have implemented most of the recommendations with other ideas from the panel being used to influence our future approach to delivering repairs.

Customer Satisfaction with our services is improving, most notably an increase of 6 percentage points to 85% for overall satisfaction with our services. We know we need to keep improving and do better.

My colleagues have delivered another year of excellent performance in the letting of vacant properties, income recovery and tenancy sustainment. Again, my thanks go to our residents, my colleagues, our Board members and our partners for their support and hard work in making Arches a success story.

## Chairs message

At Arches we are always trying to improve our services to tenants and during 2018/19, we have achieved some really positive results, with the strategic direction and priorities previously set by the Board now starting to be realised.

Arches is a financially strong organisation with a low cost base. We have developed a clear approach to providing Value for Money, by keeping our running costs down while significantly increasing reinvestment in our properties.

We also have an ambitious growth programme —using our surpluses and more borrowing to bring additional, much needed new homes in the Sheffield City Region. To this end we are, again, an Investment Partner with Homes England, the governments 'housing accelerator' agency, which gives us access to grant funding. We also finalised a deal to secure access to an additional £6M funding from Yorkshire Building Society.

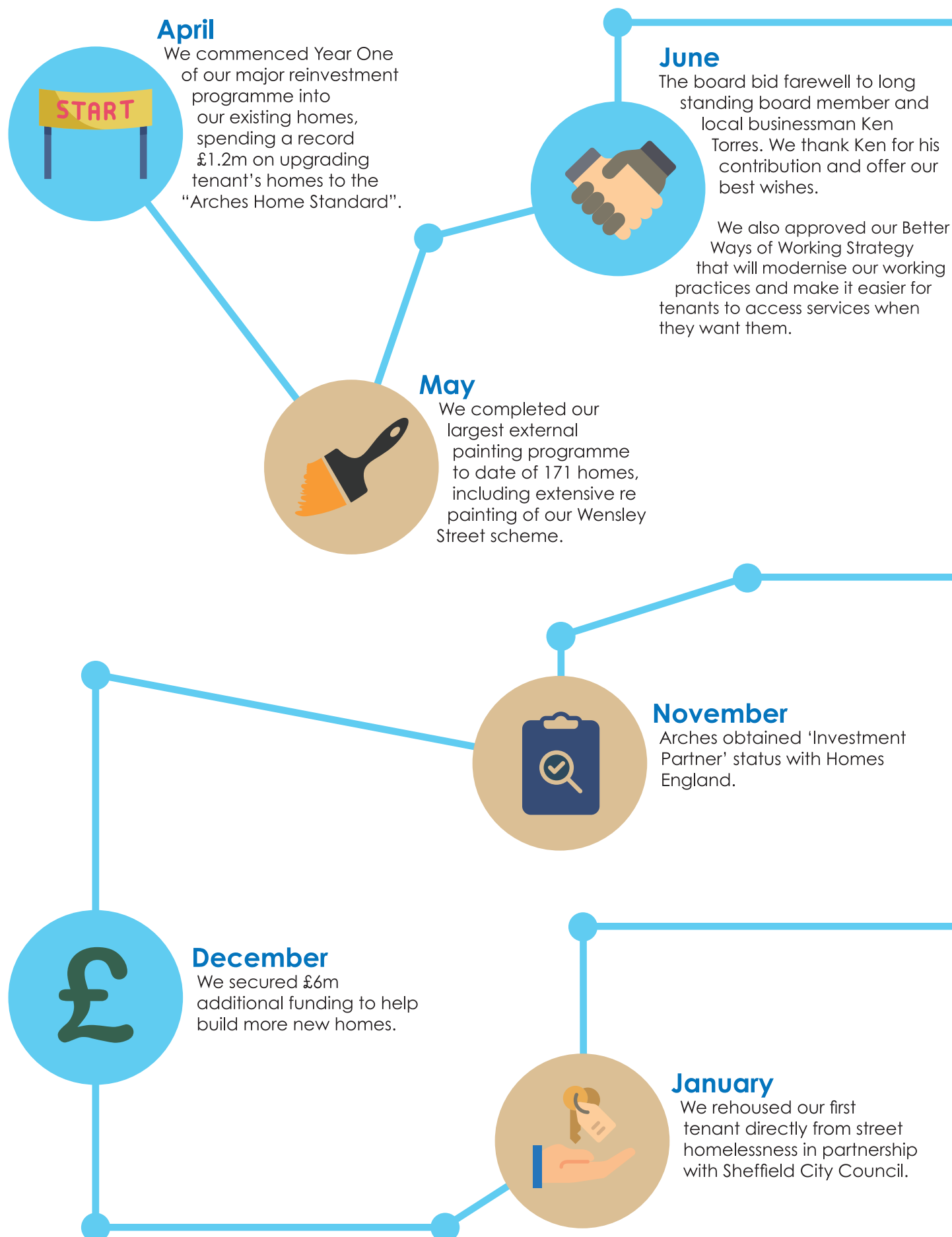
Arches is very much a values driven organisation and the board and staff have agreed a new set of values that we feel are authentic and better reflect the beliefs and ambitions that are at the heart of everything we do.



Kay Dickinson - Chair



# TIMELINE OF 2018/19



## July

We were given the highest grading for governance by our regulator – G1.



## August

We agreed our 10-year growth strategy – which will see us deliver 400 additional homes by 2028.



## September

Our shareholders voted to create a "Friends of Arches" group made up of local community stakeholders and people who have played a significant part in the development of the association.



## October

We delivered our 200th home improvement of the year.



## March

We started work on developing 15 new homes in Dinnington, Rotherham.



## February

We purchased 10 additional homes in Grimesthorpe, Sheffield.



**End of financial year - 1,200 properties owned and managed.**



## HOME STANDARD

### Investing in existing homes

2018/19 was a busy year for us. We spent £1.2m upgrading people's homes. Below are the improvement works we carried out in the 2018/19:

#### Kitchen



We installed 55 new kitchens.

#### Bathroom



Installed 43 new bathrooms.

#### Doors



Installed 355 new front doors.

#### Heating



We Installed 10 new "A" rated boilers.

#### Safety in your home



We services and carried out gas safety checks in 1,079 homes; We checked the safety of electrics carried out repairs in 275 homes; We installed smoke detectors in 89 homes; We installed carbon monoxide detectors in 117 homes.

#### Outside your home



We repaired or replaced fencing to 55 homes; We painted the outside of 171 homes.

#### Communal Living



We painted the internal communal areas of 4 buildings. We refurbished the communal areas at Colchester House, Crookes

#### Living Independently



We carried out minor adaptations to 3 homes last year.

#### General Repairs Service



We carried out 5,281 repairs, of which 96% were completed on time.

## Investing in new homes

As well as prioritising investing in our existing properties we have ambitions to grow. Our Board adopted a 10-year Growth Strategy in July 2018 which included the following targets:

- Grow by at least 400 properties.
- Focus development in areas of the Sheffield City Region within 30 minutes' travel from our office.
- Ensure that a minimum of 240 of our new properties are for rent.
- It is our ambition to increase our stock in our heartland of North East Sheffield by at least 80 properties, contributing to neighborhood renewal in our home area.



## Grimesthorpe flats

Arches Housing purchased 10 number 1 bedroom apartments from a private investor in 2018. The apartments were fully occupied with the residents transferring to more secure Arches tenancies. Working in conjunction with Homes England refurbishment works were undertaken to improve the quality of the homes.

The works, both internal and external, included new extractor fans, new heaters, new composite front doors, a number of the apartments had new kitchens and non-slip flooring to the bathrooms and kitchens. We also tidied the landscaping and improved the paving/car parking areas, carried out works to the roofs and gutters.

The works, which were completed in March 2019, have not only improved the appearance of the dwellings, in turn lifting the area, but have provided more comfortable, compliant homes for our tenants.



## Upcoming Developments Staveley Lane

Staveley Lane, Eckington, North East Derbyshire  
This our first shared ownership development in North East Derbyshire. The homes, being constructed by Strata, a major developer across the country, provide 2 and 3 bedroom houses for sale.

The site is situated close to Renishaw Hall and overlooks countryside and allotments but also provides easy access to the motorway and Chesterfield and Sheffield. We anticipate that our new shared owners will start to move from Summer 2019.





## *Upcoming Developments* **Dinnington, Rotherham**

Working in conjunction with Homes England, the governments housing investment agency, Rotherham Metropolitan Borough Council and Keystone Yorkshire Ltd this new development will provide 15 number 2 bedroom general needs homes for affordable rent.

Construction commenced in March 2019 after securing full planning approval. The site, previously a public house, is situated close to Arches' existing scheme on Doe Quarry Lane. The homes are due for completion in March 2020.



## *Upcoming Developments* **Homes for rent, Waverley, Rotherham**

To be completed in July to October 2019, Arches will be purchasing 12 number 2 bedroom apartments for affordable rent.

The development, our first with Avant Homes, will provide homes for nominations from Rotherham Metropolitan Borough Council. The apartments are situated on this major development which will soon have a school, hotel and shopping centre.



## *Upcoming Developments* **Homes for Shared Ownership, Waverley, Rotherham**

To be completed in September – October 2019, Arches will be purchasing 6 number 2 bedroom houses for shared ownership.

The development is being constructed by Taylor Wimpey and will be the third phase of properties purchased by Arches from this major developer on the Waverley development. We anticipate our new shared owners will move in before Christmas.





## Financial Summary

Statement of Comprehensive Income	2018/19 £'M	2017/18 £'M
Turnover	6.1	6.1
Operating Surplus	1.7	1.8
Surplus for the year before taxation	1.0	1.1

Statement of Financial Position	2018/19 £'M	2017/18 £'M
Fixed Assets	53.4	53.1
Net Current Assets	2.7	0.7
Long term creditors	44.1	42.5
Reserves	11.8	11.3

Accommodation (units)	2018/19	2017/18
Total owned and managed	1,200	1,193

Ratios	2018/19	2017/18
Operating Margin	28.60%	28.91%
Covenant Interest Cover	2.16	3.41
Covenant Net worth Gearing	38%	36%
Covenant Historic cost Gearing	25%	24%

VfM finance metrics	2017/18 Housemark peer group (median)	2017/18 Arches Actual	2018/19 Arches
Reinvestment% (including development spend)	5.27%	1.20%	4.08%
New social housing units supply delivered %	0.94%	1.26%	0.83%
Gearing %	35.57%	34.31%	36.95%
Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %	198%	348%	205%
Headline social housing cost per unit	£3,291	£2,202	£3,083
Operating Margin (social housing lettings only)	29.25%	28.25%	26.12%
Operating Margin (overall)	24.80%	28.91%	26.86%
Return on capital employed (ROCE)	3.81%	3.31%	2.91%

Arches Metrics			
Customer Satisfaction	81.00%	79.40%	85.31%
Rent as Value for Money	86.00%	85.00%	90.48%

# OUR FINANCES

## Value for Money

Arches has historically been a low cost provider of services. This is a great starting point for us to work to improve the quality of our services and to increase investment in our properties and in growth.

**Our three-year Value for Money Strategy is guided by feedback from residents on services and by our Corporate Plan priorities of:**

- Putting customers at the heart of what we do
- 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

To achieve our long term priorities our key Value for Money actions are:

- Deliver the Arches Home Standard
- Deliver the Growth Strategy
- Secure new funding
- Review and procure a new repairs service
- Improve our customer experience by implementing the Better Ways of Working strategy

Our Value for Money objectives for 2018/19 – 2020/21 are:

- Keep unit costs below our peer group - ensuring overall costs are kept down
- Maintain core unit costs at the same or reduced level – producing real terms savings on central costs such as administration
- Maintain major works unit costs above our peer group in line with the Arches Home Standard programme – prioritising spend on improving our properties
- Add 40 new properties per year to our stock, as per the Growth Strategy – prioritising spend on new properties
- Increase customer satisfaction – keeping customers at the heart of what we do

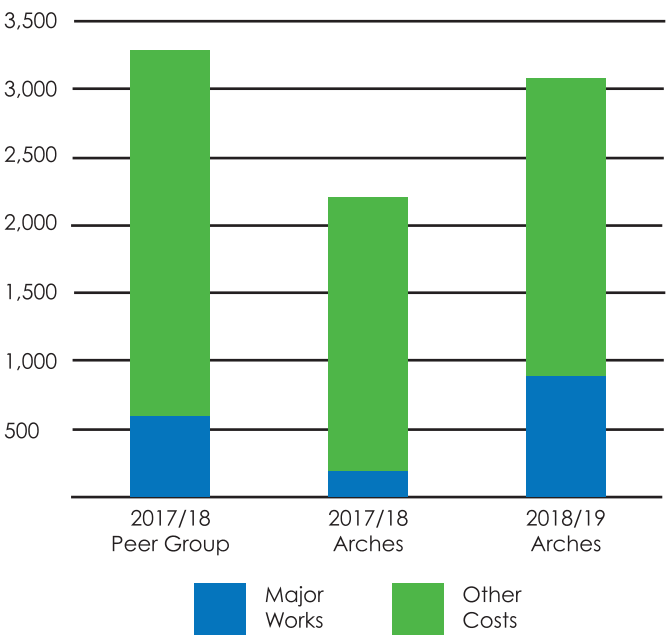




# Value for Money Metrics

The metrics show that although Arches cost per unit has increased from previous years, it still remains lower than our peer group. As outlined in the graph below, the increase in cost per unit for Arches is largely as a result of a conscious decision to invest more in our existing homes.

## Social Housing Cost Per Unit



Arches gearing remains low compared to our peer group. In the year we secured an additional £6m funding to deliver an above average number of 'New social housing units supply delivered'. We expect this indicator to increase to 3.5% in 2019/2020 as the development pipeline starts to deliver new units.

The association has seen another year on year increase in customer satisfaction, increasing to 85.31% in March 2019, which exceeded both the annual target of 85% and the peer group performance.

We have plans in place to further increase this in the year ahead to 87%. Our Rent as Value for Money metric of 90.48% has also increased from last year's performance of 85.26%.

We believe our planned approach of increasing investment in existing homes as well as redesigning services has had a direct impact on these indicators.



**The Board of Management:**

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

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:**

122 Burngreave Road, Sheffield, S3 9DE  
Telephone: 0114 288 100  
Email: [info@archeshousing.org.uk](mailto:info@archeshousing.org.uk)  
[www.archeshousing.org.uk](http://www.archeshousing.org.uk)

**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



Tel: 0114 228 8100  
Arches Housing Limited, 122 Burngreave Road,  
Burngreave, Sheffield S3 9DE

 /archeshousing  @archeshousing

[www.archeshousing.org.uk](http://www.archeshousing.org.uk)

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

**peoplecommunitieshomes**