Plymouth Community Homes Ltd

Consolidated Financial Statements
For The Year Ended 31 March 2014

Legal and Administrative Details

Registered Office: Plumer House, Tailyour Road, Plymouth, PL6 5DH

Legal Status : Plymouth Community Homes Ltd is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Financial Conduct Authority (registration 30637R) and the Homes and Communities Agency (registration L4543).

At the time of signing these financial statements Plymouth Community Homes Ltd has three wholly owned subsidiaries, Plymouth Community Homes Manufacturing Services Ltd (PCHMS) (formerly Plymouth Community Homes Services Ltd) (company number 07001677), Plymouth Community Homes Regeneration Company Ltd (PCHR) (company number 7272688) and Plymouth Community Homes Energy Ltd (PCHE) (company number 8028170). All three subsidiaries are incorporated under the Companies Act 2006.

Report of the Plymouth Community Homes Board
Operating and Financial Review

The Board is pleased to present its report and the audited financial statements for the year ended 31 March 2014.

(A) Principal Activities

A Profile of Plymouth Community Homes Ltd

Plymouth Community Homes' (the 'Association') purpose is to be a leading housing provider, through the provision of affordable homes and associated services. The Association owns and manages just under 14,600 homes and provides a range of key customer services across Plymouth.

The Association is a Registered Provider (RP) with the Homes and Communities Agency (HCA) and is a charitable Industrial and Provident Society. It is registered with the Financial Conduct Authority and commenced business on 20 November 2009. Significant funding has been secured from the HCA and private funding from the Royal Bank of Scotland (RBS) and The Housing Finance Corporation Ltd (THFC).

The Association is the parent company of three subsidiary companies, which form the Plymouth Community Homes Group. The Board is ultimately responsible for the control of the Group, which includes establishing the overall strategies and policies, and for monitoring performance against targets, within a clearly defined framework of delegation and system of control.

Subsidiary Companies

The three subsidiary companies are registered with Companies House and are for profit organisations. They are not registered with the HCA. Surpluses generated by these companies are generally gift aided to Plymouth Community Homes to provide support for its work.

The subsidiary Company Boards contain a mixture of Plymouth Community Homes Board members and members of the Executive Management Team. The PCHE and PCHR Boards have also co-opted Roger Pipe for knowledge and experience in this area. In January 2014 the decision was taken to run co-terminus PCHR and PCHE Board meetings, to increase efficiency in decision making.

Plymouth Community Homes Manufacturing Services Ltd by Guarantee (PCHMS) (100% owned by PCH Ltd)

The principal activity is the sale of windows, doors, joinery, signs and metalwork to customers outside the Plymouth Community Homes Group.

The key objective of the company is to grow its trading in a sustainable way, maintain product quality and workforce skills, achieve a high level of customer satisfaction and offer a value for money portfolio of products and services.

Its name was changed from Plymouth Community Homes Services Ltd on 1 July 2013.

Plymouth Community Homes Regeneration Company Ltd (PCHR) (100% owned by PCH Ltd)

This subsidiary oversees the design and build work for regeneration projects.
The company has successfully overseen work on Phase 1 of the redevelopment of North Prospect and work is currently underway on Phase 2. The company will also oversee design and build work on future development sites.

Plymouth Community Homes Energy Ltd (PCHE) (100% share owned by PCH Ltd)

The principal activity of this subsidiary is to install and manage photovoltaic panels, under a license agreement, on properties owned by Plymouth Community Homes Ltd.

Photovoltaic cells have been installed on 432 properties to date. The company receives the Feed in Tariff and Export Tariff from these cells and sells electricity generated to PCH, which is then passed on free to tenants during the day.

Following the success of the first phases, a further 2,800 installations are planned for the year to March 2015.

The Board

The Board members holding office during the period 1 April 2013 to 3 July 2014 are listed in note 28 (Board members, Executive and Advisors). The Board consists of members from a wide variety of backgrounds with a good range of skills and knowledge. There are no members of the Executive on the Plymouth Community Homes Board.

The principal obligations of the Board are:

- To determine vision and ensure that its achievement underpins all strategic planning and decision making ensuring long-term success.
- To ensure that PCH keeps within the law and its Rules, and complies with all necessary regulatory requirements.
- To maintain overall control through:

- strong governance arrangements
- clear and appropriate levels of delegated authority and systems of control
- agreed frameworks for strategic planning, risk management, policy making, performance management and review.

Individual Board members are required to exhibit the highest standards of probity and in particular to:

- have no financial interest either personally or through a related party in any contract or transaction within the Association, except as permitted under the Association’s Rules
- act only in the interests of the Association (or its subsidiaries) whilst undertaking its business.

Committee structure

Reporting to the Board are:

- The Audit and Risk Committee: This met four times during the year, addressing internal and external audit issues, and ensuring compliance with systems of internal control. It advises the Board on risk management policies and processes. As part of the re-structuring, the Committee is now responsible for approving governance policies relating to staff and information management, ensuring that health and safety is delivered and monitored regularly, and ensure there are appropriate procedures for Board payment. Simon Ashby has been co-opted to this committee for his skills and experience, and as part of our succession planning arrangements.

- The Customer Focus Committee: This met five times during the year and is tasked with monitoring compliance with the consumer related standards in the HCA's Regulatory Framework, approving service delivery related policies and monitoring the implementation of customer service related strategies.

- The new Development and Regeneration Committee: This has co-terminus meetings with the PCHR and PCHE Boards, and met twice during the year (created January 2014). It is tasked with overseeing the implementation of the PCH Development Strategy, Asset Management Strategy and Development Programme.

  The responsibilities of the Governance Committee were, in part, passed to the Audit and Risk Committee and in the main to the PCH Board.

Governance Review

A review of the PCH Governance arrangements was undertaken in 2013 and changes approved by shareholders at the AGM on 20 September 2013. These changes allow greater flexibility in the recruitment of Board members, helping to ensure that there is a good mix of the right skills and experience on the Board.

The Board undertakes an annual appraisal of its performance and an annual appraisal of individual Board members. As part of a review in 2013, a business case for the payment of board members (prepared by an independent advisor) was considered and agreed by the board. Payments to board members commenced on 1 April 2014. A number of performance measures have been set for board members as part of this agreement.

Alongside these changes, the governance structure has been reviewed. The Governance Committee was disbanded in January 2014 and at the same time a Development and Regeneration Committee was created, as part of the organisation's approach to managing the risks associated with the increased Development Programme.

The Association has adopted the National Housing Federation's Code of Excellence in Governance and complies with the latest version of the Code. The introduction of payments to Board members in April 2014 is also compliant with the Code.

Executive Management Team

The Board is responsible for the overall strategy and policy. The Chief Executive and the Executive Management Team of the association and subsidiaries are responsible for the day to day operation, monitoring and reporting performance to the Board and its committees.

Regulation

The HCA, as our Regulator, has assessed compliance with its Governance and Viability Standard. This is expressed as grading G1 to G4 for governance and V1 to V4 for viability.

The regulatory judgement for the Association in February 2014 states

G1: “the Provider meets the requirements on governance set out in the Governance and Financial Viability standard”.

This judgement is unchanged from the previous rating of January 2013.

V2: “The provider meets the requirements on viability set out in the Governance and Financial Viability standard but needs to manage material financial exposures to support continued compliance”.

This judgement is also unchanged from the grading of the previous Viability Report published in January 2013.

(B) Business and Financial Review

The Management Teams and Board use a variety of management information and performance indicators, both financial and non-financial some of which are shown in the value for money section, to assist with the effective management of the Association’s activities.

This table summarises the financial results over the four years:

	Group	**Group**	**Group**	**Group**
	March 2014	**March 2013**	**March 2012**	**March 2011**
INCOME & EXPENDITURE	£'000	£'000	£'000	£'000
Turnover before GAP funding	58,081	54,866	49,935	48,325
GAP funding	2,010	19,234	32,129	25,992
Total turnover	**60,091**	**74,100**	**82,064**	**74,317**
Costs	(62,485)	(65,411)	(54,839)	(43,650)
Operating (loss)/surplus	**(2,394)**	**8,689**	**27,225**	**30,667**
Surplus on sale of fixed assets	2,214	727	762	1,081
Net interest payable	(1,869)	(5,377)	(850)	(1,490)
(Loss)/surplus for the year	**(2,049)**	**4,039**	**27,137**	**30,258**
Corporation tax	(3)	-	-	-
Actuarial gain/(loss) on pension scheme	3,637	2,983	(10,209)	(4,442)
Total surplus after actuarial adjustments	**1,585**	**7,022**	**16,928**	**25,816**

Key Financial Ratios are:

	March 2014	**March 2013**	**March 2012**	**March 2011**
% of income from Social Housing Lettings	92%	91%	93%	92%
Growth in turnover (after gap funding)	6%	10%	3%	88%
Operating cash flow (£m)	£2.7m	£8.6m	£28.9m	£0.6m
Operating (loss) / surplus to total turnover	(4%)	12%	33%	41%
Net debt / turnover	0.42	0.41	-	0.33
Current ratio -current assets / current liabilities	1.3	3	2.1	3.4
Loans / fixed assets before grant	0.2	0.2	-	0.5
Loans / fixed assets net	0.3	0.4	-	2.1
Loans / reserves	0.6	0.4	-	0.4
Growth in reserves	2%	15%	54%	463%
Growth in property valuation	161%	65%	12%	41%
Debt per unit	1,558	1,402	-	981

Turnover

Turnover for the year to 31 March 2014 reduced by 19% to £60m (2013: £74m). This was due to the ending of gap funding with capitalised gap funding now being released to income at £2m a year. Turnover before gap funding grew by 6% to £58m (2013: £55m).

Social rental income remains dominant at 92% of income growing by 14% in the year to £53.4m (£49.6m 2013). This reflects an underlying rent rise in the year with additional growth due to the strategy of moving rents to a mid-market social rent in Plymouth. There was also growth in affordable rental income of 130% to £687k (£298k in 2013) supporting new housing development. Property numbers declined by 48 homes from 14,627 to 14,579 in the year mainly due to 72 Right to Buys (RTBs) partly offset by new homes completed.

Gap funding, supporting people income, garage lettings and shared ownership first tranche sales count towards the overall turnover from social housing.

Other income came from commercial letting of shops, at £1.2m (2013: £1.1m) and manufacturing of £763k (2013: £1.3m).

Operating costs

Operating costs including cost of sales reduced by 5% over the year to £62.4m (2013: £65.4m). Underlying running costs of housing management and repairs remained stable at £25.3m (2013: £26m). Depreciation increased by 46% to £5.4m (2013: £3.7m) and the expensed costs of major works decreased by 7% to £21.9m (2013: £23.4m) as we continued to deliver the promised improvement programme to tenants with more capital spend. The surplus on sales of fixed assets of £0.12m slightly lower than last year. At the year-end there were 121 promises completed out of 125.

Interest costs

Interest costs reduced by 64% to £1.9m (2013: £5.3m). This reflected lower debt drawn than planned and 100% of the debt drawn held on very low floating rates. Previous year costs were inflated as the forward fix for 2 years was purchased. Taking 2014 and 2015 together an interest cost saving of £0.24m is forecast.

Operating margin and interest cover

The decline in total turnover, as a result of gap funding ending in 2013, and the continued high level of major works costs are the main reasons for the reduced operating margin of minus 4.1% (2013: 12%) with interest cover at 150% (166% in 2013).

Both ratios will continue to be low in the next year as we still need to spend £22.2m revenue and £16.6m capital on major works to complete the promises to tenants and meet the decent homes standard by March 2015. After that the ratios improve.

Surplus

For the financial year to 31 March 2014 the reported surplus after actuarial gains on pension funds is 77% down at £1.6m (2013: £7m). There was a loss on ordinary activities of minus £2m (2013: £4m surplus). However, when gap funding is excluded the underlying deficit for the year improved by 73% from a deficit of minus £15m in 2013 to a deficit of £4m in 2014. Surpluses from our subsidiary companies were negligible during the year. PCH Manufacturing Services made £13,000 (2013: £52,000) as it had a difficult transitional year and PCH Energy made a profit of £6,000 (2013: £25,000 loss). The PCH Energy profit was low as most panels were installed part way through the year so the related income from the feed in tariff came part way through the year.

Information on operational performance is given in the assessment of the business effectiveness against all our objectives (pages 23-53).

Balance Sheet

The following table summarises elements within the group balance sheet and the notes for the last four years:

	March 2014	March 2013	March 2012	March 2011
	£'000	£'000	£'000	£'000
Fixed assets - housing	133,881	92,650	54,217	24,264
Less: grants	(50,799)	(47,919)	(46,844)	(20,867)
Housing assets less grant	**83,082**	**44,731**	**7,373**	**3,397**
Tangible assets - other	**9,393**	**7,403**	**6,593**	**2,799**
Total fixed assets	**92,475**	**52,134**	**13,966**	**6,196**
Assets > 1 Year	25,852	37,412	61,672	80,694
Current assets	24,040	50,801	43,015	48,635
Current liabilities	(18,844)	(16,794)	(20,363)	(14,408)
Net current assets	**5,195**	**34,006**	**22,652**	**34,227**
Loans (outstanding) / prepaid	(31,827)	(19,473)	1,181	-
Reserves	(56,923)	(55,341)	(48,321)	(31,393)
Homes in management	14,579	14,627	14,644	14,779
Valuation of housing stock EUVSH Basis 1 (voids relet)	396,695	151,876	92,297	82,461
Ave Staff employed (full time equivalent)	635	605	569	530

Housing Properties

PCH continues with its substantial investment in its homes to reach decent homes standards. £46m was spent on housing properties (2013: £41m), giving a total cost of housing properties at 31 March 2014 of £142m. £3.4m was spent on other fixed assets, including £2m to complete Plumer House.

Cash funding included £37m GAP Funding, £4.7m from sale of properties and £2.3m subsidy from British Gas for insulation work.

The overall impact has been an increase in values (EUV-SH voids relet) of nearly £245m. Reserves have increased by over £1m.

Cash Flows

The operating activities of Plymouth Community Homes generated a cash inflow of £2.7m. After allowing for capital GAP Funding, capital expenditure and financing movements, there was an overall increase in net cash of £9.3m.

(C) Capital Structure and Treasury Policy

The core funding for the first four years has come from Government Gap Funding of £125m with the last payment received in July 2013.

Plymouth Community Homes has loan facilities with the Royal Bank of Scotland (RBS) totalling £110m, of which £33m was drawn at 31 March 2014. The undrawn balance of £77m will be required to meet future major works and development programme requirements as laid out in the 30 year financial model. Within the year we have also negotiated a loan of £30m with The Housing Finance Corporation Ltd (THFC) which will fund an element of the North Prospect development.

Based upon the current 2014 30 year financial model, borrowings will reach £129m at the end of five years (March 2019) and will peak at £133m in 2023; within the organisation's loan facilities of £140m. The Plan demonstrates that we can pay back all RBS loans by 31 March 2040, meeting the conditions set by lenders. A key measure is the security of the stock against these loans. The security valuation at 31 March 2014 was £683m (voids sold) compared with £262m in March 2013, providing asset cover of 21 times gross debt.

PCH operates a centralised Treasury Management function. Its primary function is to manage liquidity, funding, investment and financial risk, including risk from volatility in interest rates. Treasury Policies are approved by Plymouth Community Homes Ltd Board.

Interest Rate Risk Management Strategy

As part of the treasury management strategy, PCH has implemented an interest rate risk management (hedging) strategy to protect a proportion of the loan against the potential of rising interest rates.

The hedge was taken out at transfer and embedded in the RBS loan as a forward fix interest rate swap covering 50% of the debt profile at 2039. It was restructured in September 2010 into a forward fixed rate loan, from 20 May 2012 to 20 February 2039, and a 10-year interest rate SWAPtion starting 20 August 2014.

Whilst this hedge provides protection against future interest rate rises, current rates are at their lowest for 350 years and we evaluated that it would be beneficial to buy out the early years and move to 100% floating until March 2015.

The SWAPtion was sold during the year as there was no likelihood of it being exercised by August 2014.

The hedge peaks at £70.8m in 2020 covering 64% of RBS facility. The value of the hedge as at 31 March 2014 is a deficit of £17m.

We have the flexibility to maintain 100% of our borrowings on a variable rate until May 2015, as we can draw the £30m loan from THFC on a floating or fixed rate, with the option to switch from floating to fixed rates after three years.

Liquidity Risk

Surplus cash is invested according to policies approved by the Board, with the preservation of capital value as the primary objective. The organisation's target cash holding is set at £2m although higher cash levels may be held in anticipation of significant capital spends. Funds are deposited with a limited list of approved banks, whose ratings are monitored continually, and may also be invested in approved Money Market Funds.

Counter Party Risk

PCH has approved lending and investment counterparties and monitors counter party risks based on independent credit intelligence supported by our treasury advisors.

(D) Other Risks and Uncertainties

Other risks that may prevent the organisation achieving its objectives are considered and reviewed annually by the Senior Management Team and Board as part of the corporate planning processes. The risks are recorded and assessed in terms of their impact and probability. Major risks are reported to the Board quarterly together with action taken to manage the risks, including assessments of key controls, and the outcome of the action.

We have identified the key risk to the achievement of our future business objectives as the inability to raise finance to meet our future development aspirations. This is dependent on strengthening our operating performance through raising rents and controlling costs as well as making sure we properly understand the quality of our assets and the capacity of our staff.

The main risk to raising rents is the regulatory risk around the new criteria for rent increases, and the risk to costs stems from the potential inflationary impact on major works as fixed term contracts come to an end.

We have undertaken significant sensitivity testing looking at the following scenarios list:

- Early ending of rent convergence.
- The effect of major works inflation increasing above the existing level.
- Loss of rent with long term higher inflation.
- Loss of rent convergence with short burst of inflation for major works.
- The increasing of bad debts as a result of the implementation of Universal Credit.
- An adverse differential movement in rent inflation to cost inflation.
- The effect of a housing market slump, reducing shared ownership first tranche proceeds and delaying their sale.
- Sensitivity to interest rate changes.

Finally, scenarios combining the effects of some of the above variations were run showing the effect of firstly the loss of rent convergence combined with higher cost inflation and then the loss of rent convergence combined with the short burst of inflation for Major Works.

In terms of knowing our assets we are embarking on a detailed exercise to check our legal titles and covenants and use our strategic asset management tool to actively manage our homes and other assets.

Should these risks occur then we will review where we can make savings and also whether we would reduce our development plans. The key mitigating steps we could take are:

- advance planned asset sales
- review structures to seek cost savings
- review discretionary major works and environmental spending
- stop non contractual development.

(E) Future Developments

Sound financial planning continues to be crucial for Plymouth Community Homes. Over the last year we have again met our operational performance targets and have outperformed our financial targets, ending the year with considerable headroom against the covenant limits set by our funders.

Our financial plans are designed so that we can meet our promises to residents, fulfil our regulatory requirements and demonstrate long term viability. We regularly review our financial planning and confirm our funders' commitments to providing the money we need.

Our key strategy remains to move our rent to be comparable to other housing associations in Plymouth which are roughly £10 per week above our 2013 rents, and to continue to control our running costs. In particular we expect a significant improvement in our management of empty properties over the coming year which will reduce our loss of income when they are not occupied.

We will be continuing with our improvement programme to complete our transfer promises and bring all our homes up to the decent homes standard by March 2015. We are reviewing our future asset spend with a view to obtaining independent, up to date information and regularising the spend in each year as far as possible so as to reduce the variation in future operating margins and interest cover.

We have sufficient funds to complete the regeneration of North Prospect which will see 107 new homes completed by March 2015, as well as tender for the next stage of 112 properties. We also have plans to start 141 properties in other areas of Plymouth subject to grant approval from the HCA.

We will need to continue our programme of letting properties at an affordable rent (80% of market value) to raise £8.3m to support development as well as dispose of around 50 homes over the next 8 years though our asset management strategy (see pages 18 –22) to raise £4m for development.
Our current loan facilities do not provide sufficient capacity to meet the development targets that we have set. We need to raise significant long term funding to meet the 750 new homes target and we are actively working towards this.

(F) Value for Money

Value for money is not a separate activity but something that is embedded throughout the organisation and integral to the delivery of our business effectiveness model.

It is a regulatory requirement of the Homes and Communities Agency (HCA) that Registered Providers will annually "*... publish a robust self-assessment which sets out in a way that is transparent and accessible to stakeholders how they are achieving value for money in delivering their purposes and objectives*". The Accounting Direction for Registered Providers of Social Housing in England April 2012 then requires a statement to be included in the Board report or Operating and Financial Review (OFR).

Thus reflecting this aim and our approach to business effectiveness, this Operating Financial Review (OFR) incorporates our assessment of value for money including all the information required by the HCA.

As part of the assessment we use the following benchmarking services

Benchmarking service	**Last date of benchmarks**
Housemark – core and repairs service	31 March 2013
STAR satisfaction surveys	February 2013
Baker Tilly Back Office Benchmarking	31 March 2013
HCA rent comparison data	Year to 31 March 2013

The main benchmarks used throughout the report are Housemark using the LSVT (over 7,500 properties) group, unless otherwise stated. The assessments are based on quartiles with the score ranging from the bottom (4th) quartile as red to top (1st) quartile as green.

Key:					
Quartile	1st	2nd	Median	3rd	4th

As part of the annual appraisal for value for money, self-assessments are carried out by each service lead and heat maps are used to demonstrate the relative quality, cost of service and the direction of travel. A selection of these heat maps are used within the text of this report against the relevant objectives.

In addition to the OFR, further information on how we approach Value for Money can be found within our Annual Report which we publish for our residents and other stakeholders. This can be found at http://www.plymouthcommunityhomes.co.uk/annualreport. You can also find other documents in this section relating to our business effectiveness.

Stakeholders

The aim of the Board Report and Financial Statements is to provide anyone who has involvement or is affected by what we do with an understanding and confidence in the business delivery of our objectives.

Key stakeholders

- Residents and customers
- Employees and volunteers
- Current and future funders, specifically Royal Bank of Scotland (RBS) and The Housing Finance Corporation (THFC)
- Central and local government, specifically the HCA both as investor and regulator, and Plymouth City Council
- Suppliers and partners
- Other public bodies such as health authorities and the police
- The general public who ultimately pay taxes to support the government funding provided to housing associations.

We regard residents, customers and staff as our main stakeholders.

How we manage and monitor Value for Money

The Board regularly reviews and approves the Value for Money (VFM) strategy and has responsibility for ensuring the delivery of business effectiveness.

The Executive Management Team is responsible for the implementation of the strategy and integrating value for money into organisational culture and processes. One of its members sponsors VFM ensuring that it has the necessary profile within PCH.

The Senior Management Team is responsible for implementation at team level, whilst front line staff ensure the integration of VFM into day to day work.

The key areas of managing and monitoring our business effectiveness are set out in our VFM strategy and strategic framework for delivery of VFM which includes the following strategies:

- Procurement strategy
- Treasury Management strategy
- IT strategy
- Brand strategy
- Risk Management strategy
- Asset Management strategy
- Regeneration and Development strategy
- Employee Engagement strategy
- Environment Strategy
- Co-regulation strategy
- Subsidiary Company business plans, including, in particular, the Plymouth Community Homes Manufacturing Services business plans.

Alongside these strategies, reports are submitted and reviewed by the Board throughout the year:

- The annual cycle of Board engagement of business plan objectives and performance target setting against the objectives.
- The approval of an annual budget and 30 year financial model and allocation of resources and money to achieve our key aims. This includes the approval of the rents and service charges strategies and any annual increases. The budget process is key in ensuring that expenditure is allocated to the right places to deliver on our objectives. Each year the process includes scrutiny of business cases for additional resources and areas where there may be potential savings. There are also review meetings where Directors and Heads of Service are challenged on their cost assumptions.
- VFM is embedded in the culture of the organisation and all Board reports are required to provide ‘Value for Money and Social Returns’ under the decision making implications.
- There is a clear process for managing and monitoring contractors within the procurement strategy.
- Management accounts are presented monthly to the Executive Management Team with quarterly monitoring reports to the Board on finance, performance, treasury and on procurement.
- Internal Audits and Service Reviews are reported to the Audit and Risk Committee and to the Board.
- An annual report incorporating the results of benchmarking exercises from Housemark on core social housing activities and repairs, Baker Tilly for back office costs and an analysis of rents and services charges using national data available from the Homes and Communities Agency.
- Annual self-assessments are carried out by Service Leads on Value for Money with heat maps used to demonstrate the relative quality and cost of services. Savings achieved in year and planned are captured. This is an extensive exercise carried out by all heads of service which include benchmark information. The self-assessments are reviewed and challenged; the summary results are presented to the Board and results are reflected within this statement and the Annual Report.

How Our Residents Scrutinise Value for Money

Resident scrutiny of services has been in place in PCH since the first Continuous Improvement Group (CIG) met in 2010. These groups, made up of tenants and staff, are commissioned to review specific areas of service delivery. To date, reviews have included customer service standards, responsive repairs, customer service and anti-social behaviour. The CIG process has recently been reviewed, to ensure that it is effective.

The Customer Assurance Panel (CAP) was set up in 2011, with the aim of scrutinising the delivery of transfer promises made to tenants, and to obtain assurance on the implementation of the recommendations made by the various Continuous Improvement Groups. The CAP have undertaken a number of scrutiny reviews, including community walkabouts and environmental improvements, and most recently obtained assurance on the implementation of the responsive repairs CIG recommendations.

As the CAP has progressed, it has become apparent that the approach to scrutiny within PCH must develop alongside the organisation. As we approach our fifth birthday, the vast majority of transfer promises have been delivered, and the focus of resident scrutiny needs to change to accommodate a wider range of activities.

As an organisation, we have recently started along the path towards obtaining resident involvement accreditation with Tenant Participation Advisory Service (TPAS). Part of this process involves developing a new Resident Involvement strategy. It is also likely to lead to changed involvement structures.

As part of the accreditation work, we are reviewing our resident scrutiny arrangements, with a view to developing them to meet Quality Assured scrutiny criteria so that scrutiny is truly resident led, and can recommend clear improvements to the quality, value for money, and accessibility to our services as a result of their activities.

Our Purpose

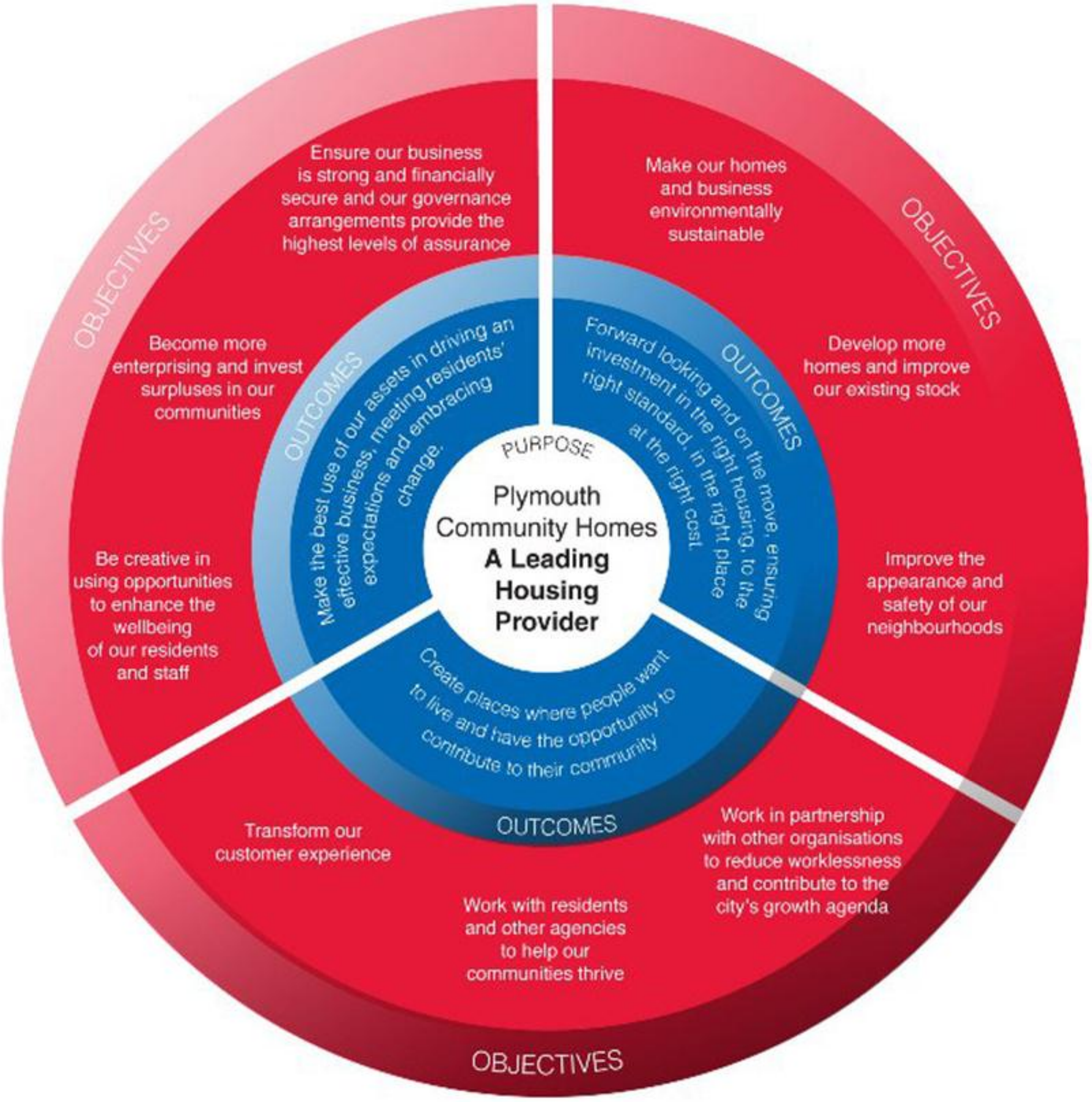
To be a leading housing provider

During 2012/13, we asked residents and other stakeholders for their views on what PCH’s priorities and activities should be over the next five years, as we come to the end of delivering on our transfer promises.

Using these priorities, the Board agreed one purpose, three desired outcomes and nine strategic objectives. Our objectives are supported by a series of activities, which combine to deliver our overall purpose of being a leading housing provider.

Our five-year plan, which can be seen overleaf at-a-glance, will ensure we deliver for our residents and our city in what will continue to be a tough economic and social environment.

Five Year Plan



Our agenda over the five years is about:

- Transforming the experience of the way our customers engage with us and we engage with them
- Building new affordable homes for Plymouth
- Improving the energy efficiency and kerb appeal of the stock
- Working with partners to improve the general health and well-being of our residents
- Ensuring we have a strong financial base to achieve our ambitions.

Business Effectiveness

Business effectiveness is about delivering our purpose of being a leading housing provider, whilst making best use of our assets in a cost effective, environmentally friendly, customer focused and efficient way. It is integral to all that we do. The following model, reproduced here from our 2013-18 Business Plan, demonstrates how we deliver business effectiveness.

We have three overarching strands which are kept in balance, these are:

Financial - Seeking to optimise the financial return on our assets both in terms of income and capital gains by growing income, controlling costs and investing in and sometimes selling our assets.

Social - We are concerned with the wider context of value for money in terms of social value and community impact. That is how we can have a positive impact on all residents of Plymouth and how we can play a role in supporting local businesses. Our key measure is residents' customer satisfaction and how well we are achieving our social objectives.

Environmental - Our approach to value for money will also consider our effect on the environment. This is not only about the way we make our organisation environmentally sustainable but also the important role we have in helping our residents to reduce their environmental impact and therefore the cost of running their homes. We measure this using SAP ratings on our homes and energy and carbon savings.

Strategic Asset Management

An essential part of business effectiveness is how we manage our assets.

Our physical assets include:

Social: Homes.

Corporate: Offices, Fleet, IT Equipment.

Social Commercial: Commercial Shops, Manufacturing Equipment, Photovoltaic Panels.

Social Assets

The main social assets are our homes. They are the core driver of our business for financial, social and environmental purposes.

This year we have used a new tool to ensure that we are managing our homes as effectively as possible, making the right decisions in line with our business objectives.

We have used this "asset management appraisal tool" to assess all our homes (except those at North Prospect where we are in the process of demolition and rebuild).

It scores each home for social, environmental and financial factors. Within each factor there are four criteria, each scored from 1 (good) to 5 (poor), giving a maximum score for each home of 60.

By combining all the scores our stock has the following averages:

Assessment for 2013/14:

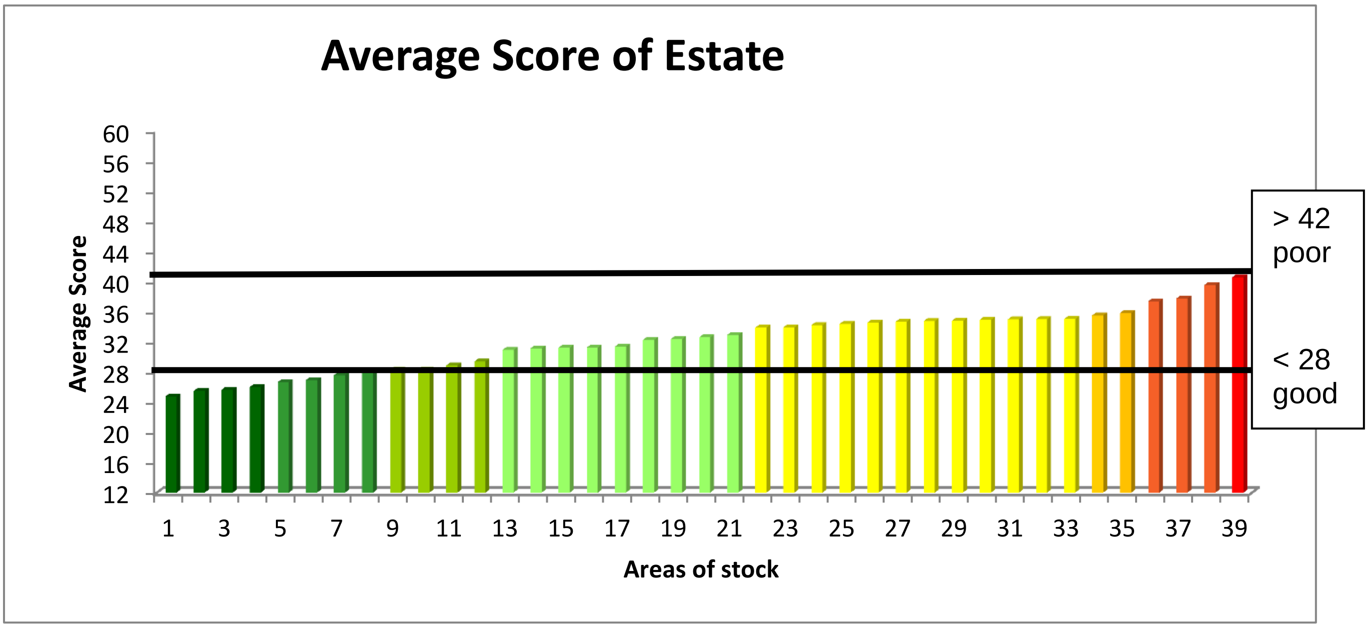
Factor	**SOCIAL**	**ENVIRONMENTAL asset management**	**FINANCIAL**	**TOTAL**
Average Score - from a maximum of 20 per factor	12	12	10	34
	Performance linked to neighbourhood stability - how residents like their home and area including community activities and levels of anti-social behaviour.	Performance considering the type of construction and age of the homes, the energy efficiency (SAP) rating and future investment requirements.	Performance against management and maintenance of the property on a day to day basis and over the long term, the level of rent against its value and the financial worth in use measured by net present value (NPV).	Maximum total score is 60 (worst) and Minimum score is 12 (best).
Key stat (average)	Tenancy turnover per property = 2.6	Energy efficiency SAP = 69	Worth in use NPV = £15,733	

Our aim is to achieve an energy efficiency SAP rating of 72 by March 2015 and 81 (EPC rating B) by 2020. We do not yet have specific targets for a stable tenancy turnover and desired NPV.

We have ranked the properties and presented them in a simple traffic light system. We can drill down and produce reports on:

- Neighbourhood areas and estates
- Individual streets and each property
- Different property types

In terms of the estates the worst score is 42 and the best is 24 as shown in the table below.



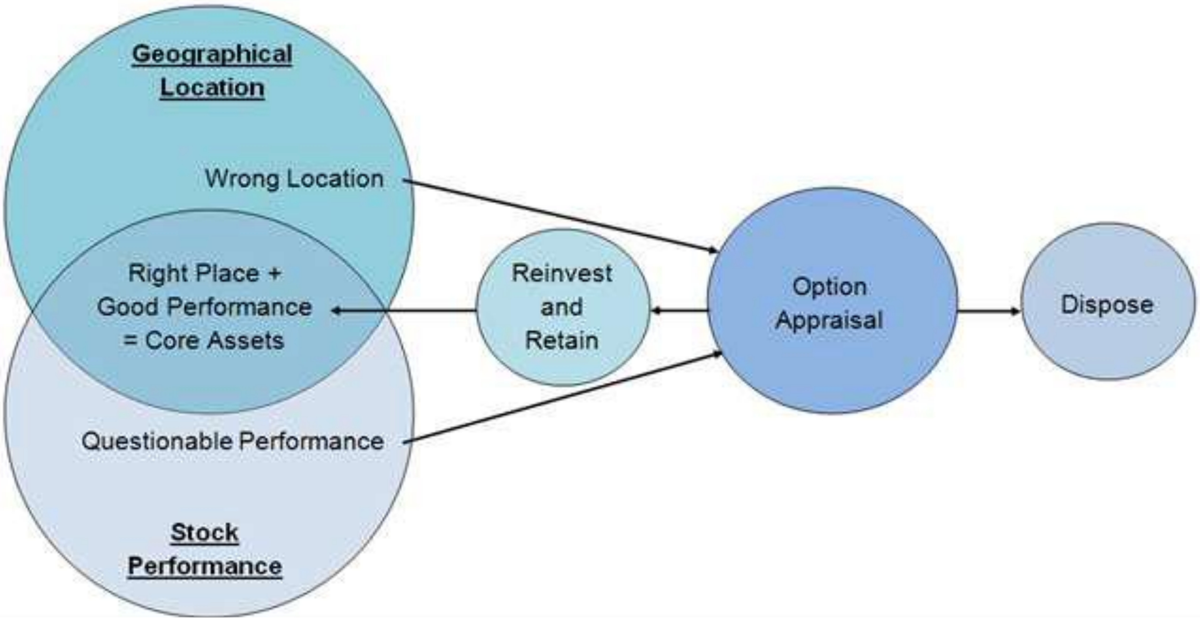
**Excludes North Prospect properties - demolition and new build properties.*

Our overall aim is to increase the number of estates which have a ‘green score’. Our programme of investment, housing and neighbourhood activities and environmental projects will make a significant impact over the next year. We do not yet have the ability to set realistic targets but we are making further enhancements to the appraisal tool so that this will be possible. We will also use the information from the stock condition survey scheduled for 2014 plus the new asset management software which will help us model various scenarios.

There are a number of neighbourhoods within our stock where the score was higher (poor) relative to other areas. In 2013 we launched our first five area plans in Barne Barton, Devonport, North Prospect, Stonehouse and Whitleigh. We looked at a range of social and key performance indicators which suggested a need for intervention. The neighbourhoods chosen are all amongst the 10 most deprived wards in Plymouth.

We also use the asset management tool to identify individual homes or blocks which have high scores and have been identified as a ‘red’ on our investment list. Subject to a detailed appraisal, we consider whether the property is in the appropriate area and whether it is possible to improve performance based on economic, social or environmental returns.

Recommendations are then made to reinvest, change use or sell. The process is illustrated below:



We use the sale proceeds to support the development of new homes in consultation with Plymouth City Council. In 2013/14 we sold 5 homes for £0.6m and plan to fund part of our future development programme with £4m of future sales.

We have identified 520 homes which are potentially suitable for disposal. Included in that number are: the 41 overall poorest performing houses, 430 homes of non-traditional construction which we expect to need major works and 49 homes which are isolated from our main estates. We believe we will be able to sell 53 of these homes within eight years through our usual voids process without the need for a costly active decant strategy.

Corporate Assets

Our corporate assets include: offices, fleet and IT equipment. Our ethos and strategy is ‘invest to save’.

We have recently completed our move to our new Headquarters (Plumer House). Where we have planned efficiencies, we are confident they will be realised, namely through the closing of neighbourhood offices around the city and bringing all office based staff together under one roof.

We have clad the building to make it more energy efficient, introduced recycling throughout, re-used core materials wherever possible and dedicated a ground floor area to tenant use. It is too early to evaluate all the benefits to date but this will be determined during the year. The top floor remains available to let which will be another income source.

Our fleet (PCH vans) supports the repairs and rangers teams operating around the city and is subject to regular review and investment. We have taken on one green fuel vehicle as a pilot.

We have invested £3.3m in IT since 2009 because it is critical to our business objective of transforming customer service. The main business aim for IT is to improve customer service, enable efficiencies and protect assets. There is a strong focus on joining up systems, 'investing in best' when needed and enabling flexible mobile working and self-service capabilities. We operate a green system of virtual servers hosted offsite and are increasingly using cloud based systems.

Social Commercial Assets

Our social commercial assets are the shops and manufacturing assets.

We categorise them in this way because the 171 shops are part of our main housing business and used to meet tenants' needs in our neighbourhoods; the manufacturing assets are owned by PCH and are part of our vertical supply chain management in delivering windows, doors and environmental and renewal works across our homes and estates.

They both provide a financial return with shops bringing in £1.2m in income and external profits of manufacturing products targeted at £50,000 for next year and between £0.7m and £1.3m over the next 3 years.

Our investment in PV's has made a good start and we have plans to 'retrofit' a total of 3,217 properties by March 2015. The income generated from government feed in tariffs for the PV schemes last for 20 to 25 years has been appraised against a financial return, an environmental return (from the reduction in carbon footprint) and a social return (from the saving in energy bills for tenants).

	At 31/03/2014	Scheme target
Financial investment	**£2.5m**	**£14.m**
Financial surplus	**£6k**	**£6.5m**
Carbon saving	**740 tonnes**	**104,940 tonnes**
Average household fuel bill reduction	**£210 For a year**	**£5,000 Over life of scheme**

An assessment of our business effectiveness against our objectives.

The following provides a snapshot in terms of where we are on our journey against our objectives, taking account of how we compare against others, costs, efficiency and quality outcomes.

All the objectives contribute to our return of value against financial, social and environmental factors but for simplicity we have categorised the main contribution from the objectives as follows:

Value Return	Objective	Page Ref.
Financial return	2 – Develop homes and improve stock	24
	7 – Financial robustness	27
	8 – More enterprising with commercial activities	38
Social Return	3 – Improve neighbourhoods	41
	4 –Transform customer experience	43
	5 –Thriving communities	45
	6 – Reduce worklessness and support growth in Plymouth	47
	9 – Enhance wellbeing of residents and staff	49
Environmental return	1 – Make our homes and our business environmentally sustainable	51

Financial Return – Objectives 2, 7 and 8

Objective 2: We will develop more homes and improve our existing stock.

Critical to PCH strategic planning is improving our current homes and building new ones.

Core to our vision is having the right housing, to the right standard, in the right place and at the right cost.

Our ambition is to ensure all our 14,579 homes are to a good, modern standard, and that we are developing new affordable homes for future generations in the city. Our financial planning underpins these core ambitions.

Key strategies - Asset Management Strategy, Development Regeneration Strategy, Disposal Strategy.

Key stakeholders – Residents, Royal Bank of Scotland, The Housing Finance Corporation, Plymouth City Council, Suppliers (Barratt David Wilson Homes, Mi-Space), Staff, Central Government.

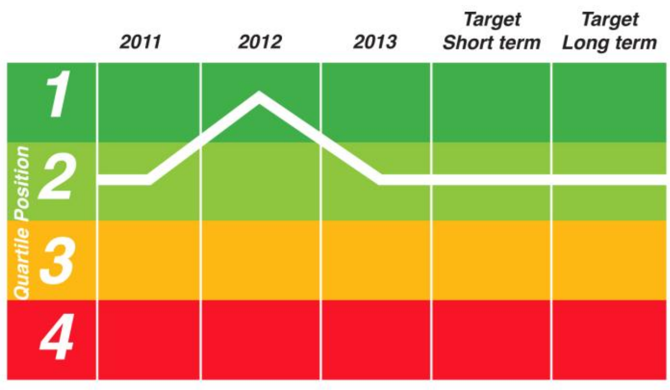
Pages 18-22 provide a review on strategic asset management.

True to our business plan, we are continuing with our regeneration programmes in North Prospect and Devonport. 297 homes will undergo major refurbishment and we will construct 223 new build homes for rental or shared ownership.

Outside of the regeneration scheme in North Prospect, we aim to build up to 750 new affordable homes across Plymouth.

We will complete our Decent Homes improvement programme by March 2015 and develop our own standard 'over and above' this to continue to maintain high quality, safe and energy efficient homes for the wellbeing of residents. We will continue to adapt our homes as the needs of our residents change.

Our assessment based on what we said we would do and what we are aiming to do is as follows with the self-assessment heat map and direction of travel:



OBJECTIVE 2:	Actual (Target) 2013	Benchmark 2013	Actual (Target) 2014	(Target) 2015	Financial Social Environmental
Asset Investment Options Tool - average score	N/A	N/A	34	N/A	F S E
KPI: % of tenants happy with the overall quality of their home	87%		N/A	N/A	S
KPI: % of tenants happy with the overall condition of their home	84%	N/A	N/A	N/A	S
KPI: % of tenants satisfaction with their new home	N/A	N/A	96% (95%)	90%	S
KPI: % of homes meeting the Decent Homes Standard	79% (72%)		84% (85%)	100%	S
KPI: Increase in number of decent homes	3,441 (2,376)	N/A	918 (1,313)	2,215	F
KPI: Number of new homes delivered	80 (80)	N/A	65 (124)	81	F S
KPI: Affordable rent income	£298k (£341k)	N/A	£686k (£798k)	£1m	F
Cost per unit of spend on maintaining and improving homes	£5,591		£4,694	£4,898	F S E

Note - N/A - where benchmarking is not available or targets not yet set.

Our strategic asset management function (which includes major works, development and cyclical maintenance) has been assessed as ‘medium quality and high cost’.

We believe we have delivered an excellent cost effective quality service over the first five years, representing great value for money for our residents. Customer satisfaction with the quality of homes and overall condition is high – the number of residents satisfied with the overall condition of their home has gone up by 12% since 2011 - however we took over homes where only 41% met the decent homes standard and although we have hugely improved this to 84% this is still below most associations which met the standard by the end of 2010.

The trend line above shows that in 2012/13 we improved but for 2013/14 the score has reduced. We are still where we expect to be but we have taken a more holistic view of our position against the decent homes standard as opposed to how well we deliver the service and also taken into account a slower delivery than planned on the regeneration of North Prospect.

Our high investment spend is clearly related to making this change in our homes but it must also be borne in mind that we have received £125m of gap funding to support these works. We have also received Community Energy Saving Programme (CESP) funding of £1m and are working in partnership with British Gas to use Energy Company Obligation (ECO) funding to clad 4,300 homes. This funding means an overall saving to PCH of £30m.

This saving has already allowed us to approve investment of £14m into the installation of Photovoltaic panels in over 3,000 of our homes.

We have also invested in and delivered a very high level of adaptations service – making changes to residents' homes where necessary and appropriate to their changing physical needs. This is across both major adaptations (e.g. wheelchair access) and minor (e.g. handrails). We have delivered against a huge waiting list of need over the last five years (including clearing a long backlog at the point of transfer) installing 2,917 adaptations at a cost of £2.9m and improving responsiveness for minor adaptations from 14 weeks at transfer to 3.8 weeks.

We have a long term commitment to provide adaptations but our future strategy may be revised, in line with the evolving needs of residents as well as considerations around cost effectiveness.

The decent homes programme will be complete by March 2015 and we will then be comparable to most other housing associations. However, we want to create sustainable homes for years to come, so where we need to invest in additional improvements to some homes we will. We believe this is the right business decision both in terms of resident welfare and cost effectiveness – this avoids having to spend more in future. This means that we are likely to keep our investment spend above that of other associations for the time being.

The North Prospect project represents one of the most ambitious regeneration projects undertaken by PCH, or indeed by any Housing Association, within the South West region. The central aim of the project is to regenerate the North Prospect area of Plymouth. For Phase 1 this involved demolishing 140 existing poor quality houses and replacing them with 148 new homes, 68 for outright sale, 28 shared ownership and 52 affordable rent. This along with a further 53 homes of 39 flats for the over 55's above the Beacon and 14 affordable rented units adjacent to it.

For Phase 2, the total number of properties demolished was 240. These were replaced by 118 affordable rented units, 56 shared ownership and 173 outright sale units.

The bid for Phase 3 has been submitted to the HCA. This allowed for 151 units to be demolished, with 81 affordable rented, 31 shared ownership and 52 outright sales being built.

Where we want to be

In 2014/15 we will have completed and delivered our Decent Homes programme, our high average levels of spend will fall as planned but they will remain above other associations.

We will continue to build on these very strong foundations by carrying out further improvements which are transforming our homes and neighbourhoods. Most notably these include installing a total 3,217 PVs and continue the large-scale over cladding to hundreds of homes. Both of these major projects will sustain our homes for the future without the need for further investment as well as hugely impacting on levels of fuel poverty for our residents.

Other ways in which we will 'work our assets' include:

- Carrying out a new stock condition survey in 2014. This will ensure we have the most accurate data possible about our properties. This will inform us and ensure we continue to make the right business decisions for the future. It presents a critically important opportunity to further standardise and streamline our processes. In this way we are further ensuring the sustainability of our stock for the future.
- We will implement a new asset management system which will allow us to model various scenarios and we will work on achieving clean title of our assets.
- Achieve funding for future development outside of North Prospect from the disposal of homes through our asset management strategy, from successful bids with the HCA and from affordable rents.

We will then be able to:

- Acquire land and develop new affordable housing for future generations in Plymouth, in partnership with Plymouth City Council. This is core to our strategic and business plan for the future. As this is a 'backbone' of our ambitions, we have ensured that the financial planning and funding opportunities are in place to support it. This financial planning is based on the presumption of our ability to continue with rent convergence in order to afford to realise these plans. It is only through investing in the development of new homes that we can achieve our responsibility of creating opportunities for affordable homes for people in Plymouth.

Objective 7: We will ensure our business is strong and financially secure and our governance arrangements provide the highest levels of assurance

Key strategy – VFM Strategy, Treasury Management Strategy, Risk Management Strategy, Co-regulation Strategy

Key stakeholders – Residents, RBS, THFC, Suppliers, Staff, Plymouth City Council, Central Government.

We want to be a strong, open, effective organisation making a difference to people's lives in financially austere times.

This requires having excellent structures in place, namely:

1. Governance (and methods of assurance)

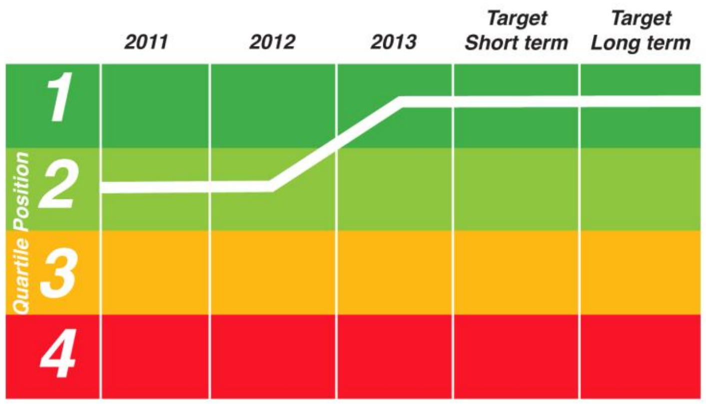
2. A robust financial system.

Only this combination will ensure we can continue to deliver high quality services to residents whilst complying with the Regulatory Framework. We have implemented and will continue to fully embrace the principles of co-regulation.

1. Governance

Our governance structure and methods of assurance are set out on pages 3-5 and 54-56.

Our assessment based on what we said we would do and what we are aiming to do is as follows with the self-assessment heat map and direction of travel:



The performance of our governance and leadership arrangements has improved in terms of cost and quality during 2013/14. The Board and committee structure is reflective of a maturing organisation (we will be five years old in November 2014) and supports our “2013 - 18 Business Plan – Looking Ahead”.

We have proactively recruited new people with additional skills to our Board to strengthen further its effectiveness. We have made sure we have the skills mix to add value to every area of our business. We have also made significant efficiencies, for example by implementing a new IT system for Board members and the Executive Management Team – this means that all reports are now sent out electronically.

We have the highest rating for governance from the HCA and believe that our practices and procedures will maintain this strength well into the future. We have a regular independent review of our Board and all our committee structures (e.g. our new Resident Scrutiny Team). We implement any appropriate recommendations to add value to our effectiveness – for example the introduction of Board pay and the involvement of Tenant Participation Advisory Service (TPAS) in improving resident scrutiny.

2. Financial robustness

Our strategic approach

Through everything we do we want to have the highest standards of effectiveness and we want to demonstrate optimum impact for efficient cost. We are not aiming for a cheap

budget value service but firmly believe that quality and high standards bring their own efficiencies. This ethos runs through our management of both income and expenditure.

That way we can ensure we are delivering in the best possible way for Plymouth and realising our vision of investing for social good in the city, including new homes.

We will ensure our business remains strong and financially secure and obtain external funding to achieve our objectives. We will continue to benchmark our performance against other housing organisations so we can understand not only what we do well but also where we could improve.

Our financial strategy is to optimise the financial return on assets (in balance with social and environmental objectives) by growing income, controlling costs and investing in - and sometimes selling - assets.

Our current strategic approach to deliver this is to:

1. Raise our social rents to the mid-market social rent for Plymouth.
2. Develop new homes to grow the organisation.
3. Maximise other income (e.g. commercial activities).
4. Set clear targets for our subsidiary companies.
5. Improve services to customers which will also lead to efficiencies (e.g. centralised customer areas).
6. Control staff and contractual costs.
7. Use procurement to enhance value and control costs.
8. Invest in IT to improve services.(e.g. mobile working to transform customer service).
9. Follow our strategic asset management approach to invest in existing assets to a good level and review those that are not performing well.

This approach will improve the financial return on our assets so that we can raise additional money in the capital and debt markets to fulfil our aspirations for the development of new homes.

We operate a financial framework to provide an early warning against breach of lending covenants and to assess whether new strategies and activities add financial value to the organisation. This framework will be reviewed in 2014.

Understanding and Managing our Assets

a) Measurement of Financial Return on Capital

Our strategic approach to asset management is set out on pages 18-22

We measure the financial return on capital as an

Income return (yield) - the net income before interest costs *divided by* the value of the housing assets

and

Capital return – the increase in value of housing assets *divided by* the investment in housing assets

The most variable part of the calculation is the value of our housing assets which can be measured in several ways for loan, security and other purposes.

We have chosen two valuations that we believe are relevant to our stakeholders and which demonstrate the constraints on the financial return due to the social purposes of our organisation:

1. **Existing Use Value of Social Housing (EUV-SH) assuming voids are re-let:** this valuation is based on homes continuing to be let as social housing and is based on the value of future rent less running costs at today's prices. *This is the value used by most lenders for security purposes.*

2. **Open Market Value** – the value of properties if they were being sold to any buyer. *This is what a private home owner would normally consider to be the value of their home.*

Our summary results are:

Yield – net income/housing assets.	**March 2011**	**March 2012**	**March 2013**	**March 2014**
EUV-SH (voids re-let)	32.5%	29.5%	5.7%	-0.6%
Open Market Value	2.0%	2.2%	0.7%	-0.2%

Capital return – increase in value/investment.	**March 2011**	**March 2012**	**March 2013**	**March 2014**
EUV-SH (voids re-let)	119.0%	74.3%	124.0%	325.1%
OMV	-349.0%	-321.4%	-184.2%	-124.3%

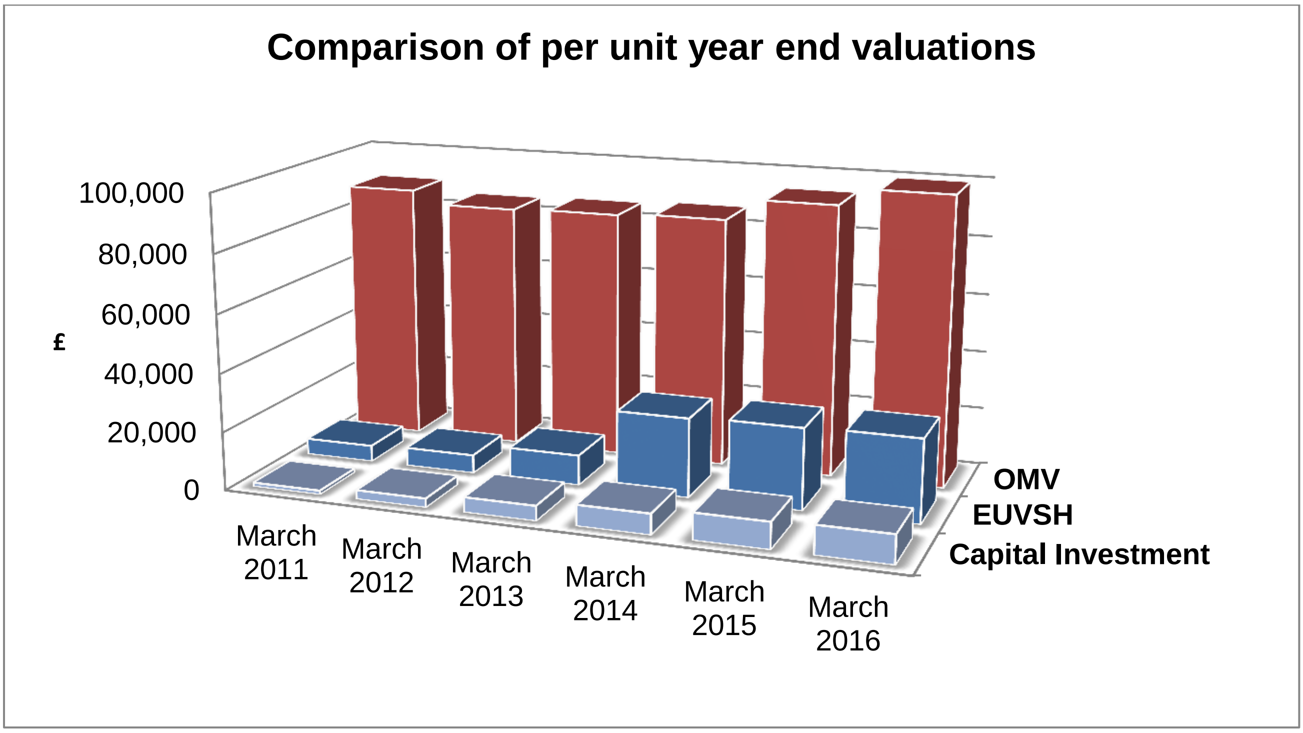
During the 5 year period since transfer it is difficult to compare with other housing associations because of the quite exceptional position of PCH. That is, as we have received £125m in gap funding grant from government up until March 2014. This clearly increased our income, and has accounted for our significant spend on major works to complete our promises to tenants. This was the financial basis underpinning the creation of PCH. In 2014 we continued to meet our promises, but no longer received gap funding, hence the negative yield in 2014.

Once our promises to residents are complete then the business plan forecasts the income return on EUV-SH (voids re-let) to be closer to 2.5% by March 2016.

The Open Market Value is vulnerable to fluctuations in the local economy and housing market and also the reduction in our stock numbers due to Right to Buy sales (135 since transfer) and the properties we have demolished as part of the regeneration at North Prospect and Devonport.

The net income return is very low compared with private rental organisations because social housing rents are controlled significantly below market rents. As a social landlord, any surplus we generate is used to invest in our homes and communities in line with our social purpose. This is a fundamental principle of our organisation.

On the other hand EUV-SH capital values for our homes have significantly increased since we transferred in 2009. The average EUV-SH (voids re-let) has increased since March 2010 from nearly £4,000 per property to over £27,000 in March 2014. This is still relatively low compared with other registered providers.



Total Stock Value £m	March 2011 Actual	March 2012 Actual	March 2013 Actual	March 2014 Actual	March 2015 Forecast	March 2016 Forecast
EUV-SH (voids re-let)	82	92	152	397	398	402
Open Market Value	1,310	1,235	1,242	1,251	1,326	1,399
Capital Investment	20	45	75	104	130	139

The above tables show that the value of our existing homes will gradually increase in the future. It does not include the projected changes in the type of stock. We will have a reduction in transferred stock through Right to Buy and we are planning to develop new homes in North Prospect and an additional 750 new homes elsewhere. These plans will significantly increase the total and average value of our stock. We are also conscious of the recent increase in Right to Buys, as a result of recent legislation, which will have an impact on future rental streams.

b) Income and Income Protection

Operational Performance

Capital investment plays a significant part in the increase in values and since 2009 we have invested over £101m. However our rents in March 2013 were the lowest in Plymouth and seventh lowest in the country compared to other Housing Associations.

Average Social Housing Rents:

March 2013	PCH	Plymouth position	National position
PCH	£62.69	Lowest	7th Lowest
Other Plymouth	£74.30		
National	£100.58		

Average Market rent for Plymouth (including service charges) - £126.64 (2012/13) and £144.03 for 2013/14

In order to meet the challenge presented by this dichotomy, we have firm plans in place to raise rents which are comparable with other housing associations operating in Plymouth in order to support our organisational ambitions.

<u>How we set rent levels, charge rent and service charges</u>

The rent is set yearly by the Board, based on the formula rules applied to the social rent sector. This policy sets a target rent based on relative 1999 property valuations and earnings and property size. Since transfer rents have increased annually by an inflationary increase, based on the Retail Price Index +/- ½%, and a move to target uplift of a maximum of £2 per week. An additional tolerance on the target of +/- 5% is allowed.

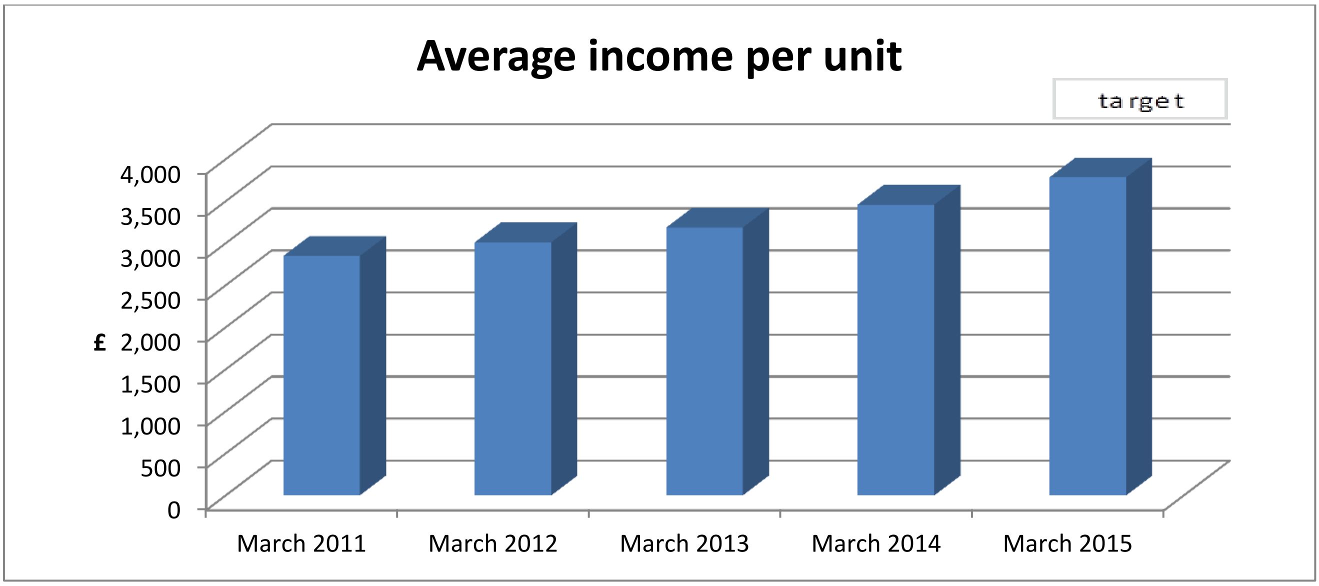
The national rent policy will change from April 2015. The inflationary increase will be based on CPI + 1% and the move to target increase will cease; rents will only move to target on re-let of an empty home. PCH has an exemption in its transfer agreement to continue using the £2 a week to converge to target up to April 2016.

In January 2013 the Board approved the strategy to achieve target rent +5% over time, which will increase our average social rent to nearer the mid-market social rent in Plymouth. This will take time, as from April 2016 rents will only increase by inflationary uplifts based on CPI. The move to target will only be applied to re-lets when a property becomes void.

In April 2014, 1,000 properties were at target + 5% by April 2016 c.3,500 will be at target + 5%. By April 2018, there will be 4,700 achieving target + 5%.

The strategy will generate significant additional income to raise higher levels of long term funding to meet our agenda for developing new homes.

The income per home has increased over the past four years as shown in the following graph:



	March 2011	March 2012	March 2013	March 2014	Target March 2015
Rental income (£'000)	42,325	44,085	46,002	50,473	53,852

Linked to the above we have a programme of converting around 800 homes to affordable rent (i.e. 80% of market rent) by 2015 and also letting 75% of new build homes at this rent to support our new homes development plans.

Closely linked with rents are the service charges paid by leaseholders and tenants. We have significantly reduced the gap between the cost of services and the charges made by better charging and reduced costs of services. We now have a system where, over time, residents will pay for the full cost of services. Charges are fair and we can be held to account for the quality of services.

We have controlled service costs through long term energy contracts and introduced a Ranger service (to replace caretaking) which has not only improved the service but significantly reduced costs.

How we collect rent / income protection

As with all housing associations we are vulnerable to a changing economic and political external environment. We have to adapt our strategies to reflect these and remain relevant.

Welfare reform created a business risk as well as a risk to tenants with the introduction of the spare room subsidy reduction. We invested time and staff to support our tenants and changed our working practices, the result being that we have now got our best arrears figures which improves the cash flow in the business.

Another area of income protection is our management of void properties - how quickly we let our empty properties to reduce loss of income.

We recognised this as an area which needed work. At the 1 April 2013 the number of empty properties available to let was 141 with re-let times at 37.4 days. We reviewed the services during the year using a 'LEAN systems' approach. The number outstanding has reduced to 73 and the re-let days down to 35.6 days. Our target for 2015 is 25 days and we are confident this will be achieved. We are also reviewing the effectiveness of how we spend money on voids including the standard we want a property to be when it is let. This may not significantly reduce costs but it will make sure the money is better spent.

The table below shows the significant improvement in financial and operational performance since transfer in 2009:

	Actual			**Target**
	March 2012	**March 2013**	**March 2014**	**March 2015**
Growth in turnover (excl grant funding)	3%	10%	6%	7%
Current Arrears as % of annual debit	3%	3%	2%	2%
Loss of income from voids	£0.8m	£0.9m	£0.8m	£0.5m
Service charge costs recovery	53%	72%	75%	75%
KPI: % of tenants that think service charges are good value for money	N/A	79%	79%	N/A
KPI: % of tenants think rents are good value for money	83%	89%	89%	N/A

Note - N/A - where information or targets not yet available.

We have also established net income targets for our commercial shops and our subsidiary manufacturing and energy companies. It has been a good year for our shops but a year of transition for our manufacturing subsidiary which only made a surplus of £13,000 for the year compared to £52,000 in 2012/13. This was expected as part of the process of restructuring in order to be fit for purpose to compete in the open commercial market.

<u>Expenditure and costs</u>

As well as growing income we have worked hard at controlling costs. We had a monetary target to reduce costs within our financial plans at transfer. Our philosophy has been to review services, aiming to deliver high quality services to residents. We believe achieved properly this will lead to efficiencies, although the services may need some increased investment in the first instance and we plan for this.

The group accounts over the past four years show the evidence of our success in the following figures:

	March 2011	**March 2012**	**March 2013**	**March 2014**	**TARGET 2015**
	£'000	£'000	£'000	£'000	£'000
Running costs - social housing lettings	30,951	33,100	35,627	36,361	36,431
Increase/(decrease) in costs		6.5%	7.1%	2. %	0.2%
Major repairs	12,137	18,427	23,131	20,838	20,412
Increase/(decrease) in costs		34.1%	20.3%	(11)%	(2.1)%
Running costs - other social housing	3,409	2,502	5,060	4,040	3,104
Increase/(decrease) in costs		(36.3)%	50.6%	(25.3)%	(30.2)%

Between March 2012 and March 2015 income will have increased by 29%, with running costs increasing by 18% (inflation in period was 9.6%). Budgets for 2015 show a projected 0.25% increase with inflation expected to be at 3%.

Major and cyclical works have been high cost due to the nature of the large scale improvements necessary to all our homes. These costs will reduce significantly after 2015, although where we need to continue to invest, we will. Unit costs have also been high but the true worth of this expenditure and the capital element of major works has been the significant increase in the number of homes meeting the decent homes standard each year.

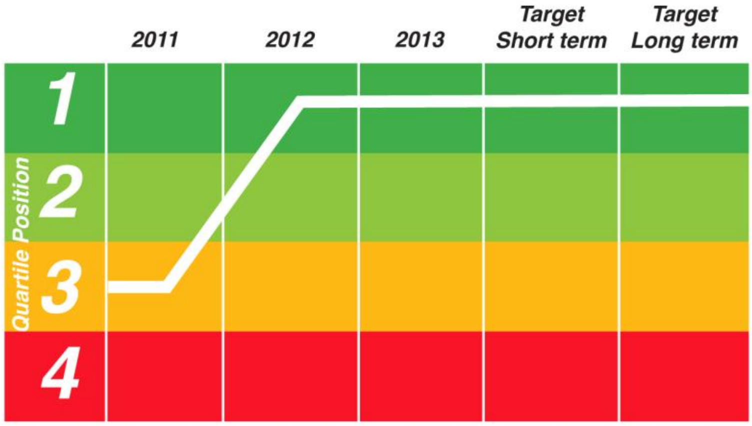
During 2014 we signed a contract with British Gas to undertake the External Wall Insulation works. Over the life of our financial model we have removed over £30m of costs for work that is being undertaken by British Gas. This is a huge future saving creating financial capacity which helps protect the long term viability of the organisation as well as allowing investment in projects to sustain our homes, including investment in PV panels.

The main indicators to show if we are providing cost value for money are the total cost per property figures (£):

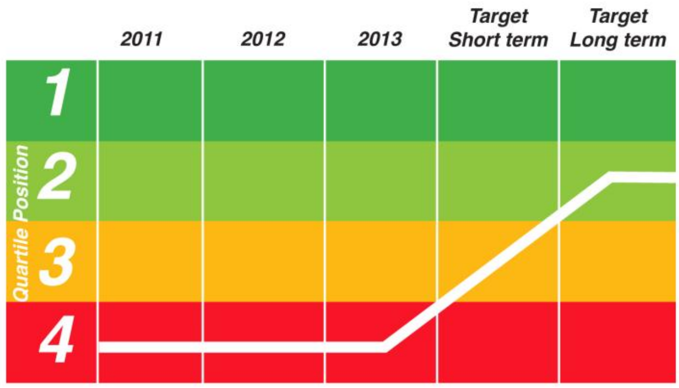
	2011		2012		2013	
Housemark results - Total cost per property:	Actual	Quartile	Actual	Quartile	Actual	Quartile
Housing management	381		427		435	
Responsive repairs and voids	808		710		772	
Major works and cyclical	2,304		3,285		3,931	

Our assessment based on what we said we would do and what we are aiming to do is as follows with the self-assessment heat maps and direction of travel:

Responsive Repairs



Voids



Responsive repairs are high quality, based on high customer satisfaction and the costs are in the second quartile. Due to the success of the LEAN review in voids we intend to carry out a similar review in the coming year for repairs.

Housing management costs are high compared with our benchmarks. This is because of the initial investment necessary to expedite our delivery – in order to meet the very high expectations of customers at transfer.

We did a full review of the service which resulted in an increase in the base line costs by around £225k. We have seen an improvement in satisfaction with the service, as demonstrated by the customer satisfaction results of the STAR survey over the last few years. We are hopeful that the STAR survey undertaken in 2014 will show further improvements in customer satisfaction (“Satisfaction with the services provided by landlord” up to 88%)

STAR survey results:	2011	2013
Satisfaction with overall quality of their home	77%	87%
Satisfaction with overall condition of their home	72%	84%
Satisfaction with the repairs and maintenance service	81%	85%
Satisfaction with the services provided by landlord*	82%	88%*

***** Housemark national comparator

Service Reviews

As part of ensuring that the business remains strong and financially secure, we have reallocated our resources to ensure we meet our objectives. Since transfer we have brought in-house services that were originally provided by Plymouth City Council under service level agreements, and carried out reviews on areas identified as costly or of poor quality.

Main examples of Value for Money gains over the period of the last 4 years:

Service	Annual Saving £000's	Cumulative to 31 March 2014 £000's	Potential lifetime savings £m	Quality of service
Review of repairs service	265	530	3.8	Service maintained at above average per benchmark
Review of environmental (Rangers) service	268	804	3.8	Improved quality
Anti-social behavior service (ASB)	200	400	2.9	Increased availability for our residents
Cash collection	200	600	2.9	Improved service
Review of sheltered housing services	100	200	1.4	Improved service
Centralisation of offices. Initial investment of £5.1m.	47	47	0.7	Transition year for delivery of anticipated future efficiencies. We anticipate greater savings in future years.
Procurement gains*	17,600	42,600	N/A	See below
Energy Company Obligations (ECO) cladding of homes	2,200	2,200	30	Improved quality of homes achieving energy efficiencies for our residents. Saving PCH from spending around £30m.

*Procurement savings include gains and cost avoidance – money we have saved from getting a good price through our procurement process. Our procurement strategy has also helped to achieve improved levels of service.

We have also invested in services where we recognised that we needed to improve the service. Value for Money investments over the period of the last 4 years:

Service	**Annual Investment £000's**	**Cumulative to 31 March 2014 £000's**	**Quality of service**
Information technology		3,261	Capital investment led to improved, more flexible service and efficiency savings in services throughout PCH
Review of manufacturing services	285	285	Improved productivity
Review of housing management	225	990	Both quality and customer satisfaction improved

The current reviews underway include:

- The First Contact Project, the aim of which is to improve our customers' experience by enabling the contact centre to deal with the majority of enquiries first time and handling the calls once. The project will open up access to key data in a single system, streamlining and modernising our customer communication channels.
- Efficiencies arising from being on one site for the majority of staff
- Extension of LEAN working across the organisation, the first being the repairs service reviews.

<u>Objective 8: We will become more enterprising and invest surpluses in our communities</u>

Key stakeholders – Residents, Plymouth Energy Company, Suppliers, Staff

Plymouth Community Homes embraces a social enterprise model. That is, we invest all our surpluses directly back into our work transforming homes and communities across the city. We are a business and any profits are used to directly impact our residents.

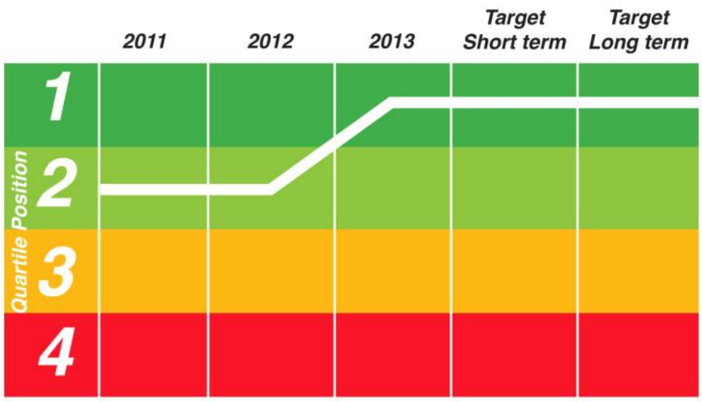
There are several key areas of our work through which surpluses are, or will be, created. Namely: Plymouth Community Homes Manufacturing Services; our work with our Energy Board and other energy providers and our Commercial Lettings (shops, the Beacon and others).

- Our manufacturing unit has four workshops making a range of products from one hour fire doors to triple glazed windows and bespoke signage. As our major refurbishment works approach completion, we're branching out into other markets. To support this we have a five year business plan which is predicated on securing commercial custom supported by a commercial marketing plan. Profits will be used to directly impact our core work with communities (a recent example being funding of a community street art project "Ernemetal").

- PCH Energy Company was set up to support energy conservation initiatives that benefit PCH tenants initially through the installation of photo voltaic panels on PCH properties. Along with the installation, we will also be responsible for management and maintenance of the panels. The surpluses generated from the feed in tariffs will then be reinvested back into Plymouth Community Homes.

- We have a commercial portfolio, primarily of shops which we rent to businesses and community organisations with a focus on sustaining local communities. For example as well as the Credit Union Shop in our city centre we also have an American themed diner as a new start up business.

Our assessment based on what we said we would do and what we are aiming to do is as follows with the self-assessment heat map and direction of travel:



OBJECTIVE 8:	Actual (Target) 2013	Benchmark 2013	Actual (Target) 2014	(Target) 2015	Financial Social Environmental
KPI: Total surplus made from our manufacturing activities	£78,000 (£30,000)	N/A	£13,000 (£48,000)	(£0.5m)	F
Net income from our shops	£791,000 (£696,000)	N/A	£875,000 (£729,000)	(£0.7m)	F
Surplus on PCH Energy Co	-£11,600 (£1,245)	N/A	£4,700 (£15,900)	(£0.3m)	S F E

Note - N/A - where benchmarks not available.

The value for money self-assessment for commercial lettings (shops) in 2013/14 has increased to low cost, high quality. In spite of the current economy, shop arrears and the number of empty units are very low. When shops become vacant, they are let quickly. The team that manages commercial property is small yet effective – and they manage our leaseholder service in addition to commercial property.

In addition to our shops, other commercial letting opportunities include the recently opened Beacon Community Hub in North Prospect (community space is available to rent there by any local groups from karate clubs to weddings; from charity committees to Zumba classes). The Beacon is also home to the local library and SureStart nursery. Also, we plan to let office space on the fourth floor of our new headquarters at Plumer House at competitive rates.

We will continue to work with our commercial tenants to keep our arrears low and identify other ways of expanding our commercial portfolio where we can and is appropriate to community need. Surpluses go to directly help sustain our estates and community activity.

- As we continue to invest in PV panels through PCH Energy we anticipate we will generate future surpluses of £6.5m, which will be directly re-invested to support our core strategic plan – specifically around delivering environmental improvements for the city.
- We have invested in delivering energy projects for our communities, for example in “solar shares” in Plymouth Energy Community.

  We are working towards close neighbourhood relations with primary schools through this contract and also through our own PV programme (through PCH Energy Co).

Through all of these ways we adopt a social enterprise model and identify appropriate ways of generating income, reinvesting surpluses to support Plymouth and play our part in delivering ‘social good’.

<u>Where we want to be</u>

We aim to maintain the level of performance. This is being achieved through:

- Increasing the external business opportunities for Manufacturing and looking at opportunities to supply to other registered providers. Over the next four years we intend to gift aid surpluses in excess of £0.8m.
- Fitting out of the business space and conference facilities within the Beacon and ensuring full use and income receipts from the space.
- Letting out the top floor of Plumer House.
- Completing the investment in 3,217 PVs by PCH Energy – up to the value of £14m and generating surpluses in the longer term of £6m.

Social Return – Objectives 3,4,5,6 and 9

We measure our social return in terms of how we are performing against our social objectives to achieve the desired outcomes in our business plan. We also measure social return by the increase in customer satisfaction.

As is the case with such activities there is often an element of subjectivity. However it is also possible to provide a financial quantification of the social return by looking at the difference between the value foregone through charging social and affordable rents rather than charging full market rents.

This is best looked at as the difference in value between the full open market value of the homes that are owned by PCH and the value of keeping them in use as a social landlord.

Referring back to page 31 the values of the homes at 31 March 2014 were:

	£m
Open Market Value	1,251
Economic Value in Use - Social Housing	397
Financial Assessment of Social Value	854

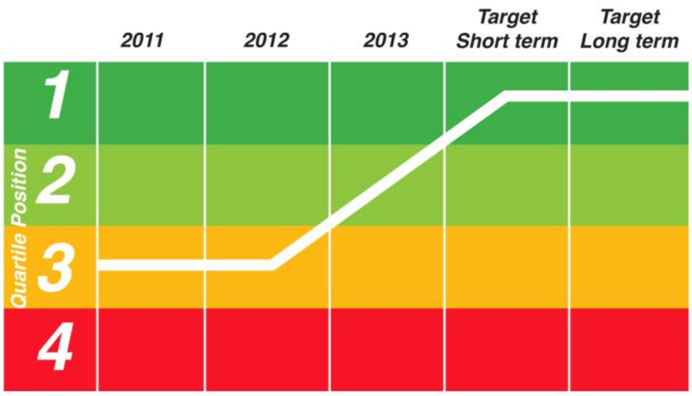
Objective 3: We will improve the appearance and safety of our neighbourhoods.

Key policies /strategy – Anti-Social Behaviour (ASB) policy

Key stakeholders – Residents, Plymouth Energy Company, RBS, THFC, Plymouth City Council, Suppliers, Staff, Residents of Plymouth, Police, Central Government.

In our business plan we said we value the green spaces and communal areas within our ownership and will invest in environmental priorities jointly agreed with residents to improve the overall quality of the environment. We said we will continue to invest in improved and more accessible community facilities and improve safety measures within the community ‘designing out’ crime.

Our assessment based on what we said we would do and what we are aiming to do is as follows with the self-assessment heat map and direction of travel:



OBJECTIVE 3:	Actual (Target) 2013	Benchmark 2013	Actual (Target) 2014	(Target) 2015	Financial Social Environmental
KPI: Annual spend from the 'Money Tree' Fund	£600k (£1m)	N/A	£850k (£1m)	£1m	F S E
KPI: Average score of our community walkabouts (YTD)	N/A	N/A	86% (80%)	80%	F S E
KPI: %of homes with a valid landlord's gas safety check	99.79% (100%)		99.99% (100%)	100%	S F
KPI: % of residents satisfied with the outcome of their anti-social behaviour complaint (YTD)	79.93% (75%)		81.31% (80%)	82%	S
% of residents satisfied with their neighbourhood as a place to live	87%		N/A	N/A	S

Note - N/A - where information, benchmarks or targets not available.

We are committed to creating places where people want to live and feel safe.

Encouragingly 87% of our residents are happy with their neighbourhoods and although we benchmark as below average for gas safety checks the standard is very high and at 99.99% we are confident that tenants do not need to worry about the risk of gas leaks.

However there are other aspects that make a neighbourhood a good place. Tenancy and anti-social behaviour management are important. We brought the anti-social behaviour service in house three years after transfer, saving £0.2m. It is still expensive to run the service. So for 2013/14, we have assessed our performance in tenancy and anti-social behaviour management as 'medium cost and medium quality'. When comparing ourselves to other organisations we are in the top 50% for satisfaction with case handling and cost of tenancy management.

Other activities include environmental improvements and working with our communities. Working with residents we have produced five area plans for neighbourhoods in areas of deprivation which we then used to focus resources on improving them.

We also provide an annual fund of £1m specifically used to improve indoor, outdoor and green spaces. Called the 'Money Tree' fund, it is driven by residents' applications and every project helps improve these spaces for local communities. Examples would include security with fencing, CCTV or by creating garden areas.

Where we want to be

Over the next two years we plan to reach an assessment of 'low cost, high quality' through more prevention works within our neighbourhoods aimed at reducing tenancy management issues, improving the environment and reducing anti-social behaviour. This is being achieved through:

- The Neighbourhood Area plans, identifying particular areas of need and working with our residents to achieve improvements.
- Continuing to provide the 'Money Tree' fund which currently has 36 projects in the pipeline. The overall fund available is £10m of which £4.2m has been spent and £5.8m remains for future years' projects.
- We plan to carry out an ecological survey within a pilot area to determine a baseline for green space and biodiversity projects.
- We are currently seeking resident views on a revised ASB Policy as a result of the new Anti-social Behaviour, Crime and Policing Act 2014. We are also in the process of revising our procedures to ensure that they comply with the new Act.

Objective 4: We will transform our customer experience

Key strategy – Brand Strategy

Key stakeholders – Residents, Staff

We value the choice people make to become one of our residents. Our new head office at Plumer House provides the opportunity to create a dedicated customer service centre to further improve the way we deliver services and listen to the views of customers.

Our assessment based on what we said we would do and what we are aiming to do is as follows with the self-assessment heat map and direction of travel:

OBJECTIVE 4:	**Actual (Target) 2013**	**Benchmark 2013**	**Actual (Target) 2014**	**(Target) 2015**	**Financial Social Environmental**
KPI: Number of new complaints received (YTD)	N/A	N/A	447 (400)	N/A	S
KPI: % of residents satisfied with the repairs service (YTD)	98.93% (95%)		95.2% (95%)	95%	S
KPI: % of residents satisfied with Decent Homes improvement work (YTD)	94.85% (95%)	N/A	95.97% (95%)	95%	S
KPI: % of residents satisfied with services overall	88%		TBC	N/A	S
Cost per home on resident involvement	£42.82 (£43.95)	N/A	£46.68 (£44.72)	£43.58	S

Note - N/A - where information, benchmarking or targets not available.

Our overall customer service has been assessed as medium cost and medium quality. In terms of cost, the way we do things is not as efficient as it could be, for example we have a range of enquiry telephone numbers all with a member of staff covering each one. When we ran our last resident satisfaction survey in early 2013, we were given a clear message that our customer service could be better. It was about ensuring residents get through to the right person quickly and for resolution. Since then, we have been working with a group of residents to help shape our customer service for the future. During 2013/14 we have started with the first priority to open a new customer service centre in Plumer House, and refurbishing the ground floor to create a welcoming one stop shop for all of our services.

Our Frankfort Gate shop in the city centre will continue to provide a service, so that residents can also pop in there to talk to us.

We have achieved Gold Standard accreditation from Equality South West in recognition of the emphasis we place on equality and diversity whilst delivering our services.

<u>Where we want to be</u>

- We will continue to look at how we can “transform our customer experience”. This is our first contact project in which we are aiming to improve our customers’ experience by enabling the contact centre to deal with the majority of enquiries first time, handling calls only once. The project will open up access to key data in a single system, streamlining and modernising our customer communication channels.
- Potential procurement of a customer relationship management system.
- We will review our complaints policy with staff and residents to make sure that we are listening to views and experiences. The aim is to help shape our policy to make being able to give feedback an easy process.

Objective 5: We will work with residents and other agencies to help our communities thrive

Key strategy – Resident Involvement Policy**Strategy currently being revised, as part of TPAS accreditation.

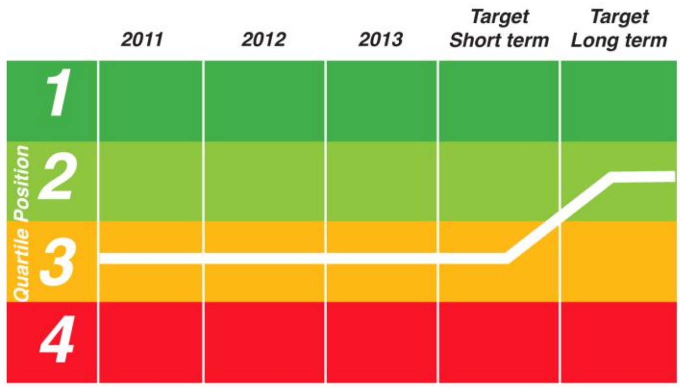
Key stakeholders – Residents, Plymouth City Council (Youth Service, Libraries, Revenues) Shekinah Mission, Peninsula Medical School, Police and Fire Service, Barclays Bank, Credit Union, Shelter, Plymouth Community Health, Community groups, the voluntary community sector, Job Centre Plus, Citizens Online

In our business plan we said welfare reform has had a significant impact, with the scope and scale of the effects yet to be fully seen. We will work with our residents to help manage the changes for individuals, families and our business as a whole. These include ensuring residents live in the right type of home, providing access to financial advice and helping people into paid employment through training opportunities and work clubs.

We will continue to be a strong community voice that advocates on behalf of residents on matters relating to housing.

We will work with our partners to improve the general health and well-being of our residents.

Our assessment based on what we said we would do and what we are aiming to do is as follows with the self-assessment heat map and direction of travel:



OBJECTIVE 5:	Actual (Target) 2013	Benchmark 2013	Actual (Target) 2014	(Target) 2015	Financial Social Environmental
KPI: Current tenant arrears as a percentage of annual debt	2.97% (2.5%)		2.04% (2.83%)	2.00%	F
KPI: % of income lost due to vacant properties	1% (0.9%)		1.21% (0.9%)	0.90%	F
KPI: % of income collection	100.29% (100%)		100.41% (99.79%)		F
KPI: % of new tenancies sustained after 12 months	N/A	N/A	98.64% (95%)	N/A	F S

Note - N/A - where information, benchmarking or targets not yet available.

During 2013/14, community support and resident involvement has been focussed largely on supporting residents through the impacts of welfare reform.

We have assessed this part of our service as ‘high cost, medium-high quality’ – the cost is high because of the PCH investment to ensure that we speak to as many residents as we can about a broad range of services. This has been a vital resource investment in order to help enable residents find practical ways to manage their money and make the right decision about their home (e.g. whether to downsize).

The quality is medium-high because residents are mostly satisfied that we listen to their views and act upon them. But there were areas where we could have done better - for example we need to be more co-ordinated across the business to avoid asking the same person the same question.

Under welfare reform we have reviewed our policies, centralised income recovery and financial inclusion, provided financial training and achieved our lowest arrears percentage at 2.04%. This is testimony to the need for the initial investment of resource in working with residents.

More generally, our five area plans demonstrate we are responding to the needs of our residents in areas of greatest deprivation. For example the ‘Money Tree’ fund panel for Devonport has approved 20 applications from local people since 2012. Unemployment in Devonport is significantly higher than average in Plymouth. We helped to establish and run the St Aubyn’s Work Club which provides person-centred support for the long term. The job club sees around 16 people each week.

Another example of working with our partners is that over the next three years. At least £0.3m will be used to give 11-19 year olds in Ernesettle the chance to improve their health, lifestyle and to get involved in community events. The purpose of the project is to reduce levels of anti-social behaviour and increase levels of confidence and community engagement among young people in the area.

Our Learn for Free courses continue to support residents to gain skills and get into work.

We spend a lot of time on community activities such as summer fetes and community events but we know that we can do better and so we are working with TPAS on a thorough review and change to our approach to ensure that residents are at the heart of everything we do.

<u>Where we want to be</u>

Our aim is to show steady improvement so that we are in a position to meet the challenges facing our residents with welfare reform and Universal Credit. This will be achieved through:

- The welfare reform action plan as the Universal Credit programme is rolled out.
- Delivering 6 healthy living projects, one of which will be our key annual customer event. Investigate and pilot a food growing/productive gardening project.
- Working with TPAS (Tenant Participation Advisory Service) on achieving the national Landlord Accreditation in Resident Involvement kitemark. Achieving this means going through a guided process of self-assessment, listening, planning, implementation and evaluation, measured against a set of 99 standards for resident involvement. We

submitted our self-assessment in December 2013 and are now in the listening phase, which includes a series of city-wide events and interviews, work with a staff and resident steering group and a range of surveys. All the views that we gather will contribute to a new resident involvement strategy and ultimately to achieving accreditation in 2015. This work will help us to be better at identifying residents' priorities, engaging in joint development of services, and will enable us to have better ongoing relationships with the key trained residents who help us to make decisions around value for money services.

- We will work with the Plymouth Fairness Commission in creating more of a level playing field across the different areas and communities in Plymouth

<u>Objective 6: We will work in partnership with other organisations to reduce worklessness and contribute to the city's growth agenda</u>

Key strategy – Procurement Strategy

Key stakeholders – Residents, Plymouth City Council, Local & National Suppliers and Social Enterprises, Staff, Central Government.

We are a major business in the city and have adopted a social enterprise model, meaning we invest in and support Plymouth wherever possible. We do this through employment, apprenticeships, procurement of services and supporting residents in to work.

In terms of procurement, we use local suppliers and social enterprises, where possible, so we support our local community. Our strategy and procurement processes ensure we 'stay local' wherever we can.

We want to help our residents to maximise their income and life opportunities so we are offering training and apprenticeships to increase prospects in the workplace and to assist our residents with managing household budgets.

OBJECTIVE 6:	Actual (Target) 2013	Benchmark 2013	Actual (Target) 2014	(Target) 2015	Financial Social Environmental
KPI: Number of commercial shops vacant for 3+ months	N/A	N/A	1 (3)	N/A	F
KPI: Amount spent on goods, services and works with businesses in the Plymouth postcode area	N/A	N/A	£41 m 47% (£28m)	40%	F S
KPI: % of 'Learn for Free' course places taken up by residents	N/A	N/A	71.7% (60%)	60%	S

Note - N/A – where new information, benchmarking or targets not yet available.

This is a very difficult area to benchmark with others or to quantify success. Key achievements across all areas include:

- We are working to maximise the 'Plymouth Pound' by procuring as much of our goods and services locally as is practicable. We have spent £41m on local businesses in Plymouth.
- We have worked to provide viable employment opportunities with specific emphasis on training and support for our residents.
- We have a workforce of over 600 people, 95.6% of whom reside in the PL postcode area, contributing to the local economy.
- We offer apprenticeships within our workforce including thirteen apprenticeships.
- We support the 'Get IT Together' programme to help our residents get online.
- We provide Construction Skills Certification Scheme (CSCS) training, with 25% of attendees successfully employed as a result. An example of the impact of our tenant training is available on YouTube: http://www.youtube.com/watch?v=OZ3S2Ulcp8g

Where we want to be

In terms of worklessness:

- Continuing to reduce barriers to local employment opportunities for PCH residents. We will do this through supporting work clubs in our priority neighbourhoods and continue our support to residents in other ways.
- Delivery of 500 free training places for our residents, half of which to be worklessness related
- Further strengthening our links with local schools and colleges to promote PCH as an employer.

Through procurement:

- Maximising opportunities to 'spend' in the Plymouth (PL) postcode area through membership of the Plymouth Procurement Forum.
- Exploring the use of social enterprises within PCH's supply chain.
- Continuing to generate income from the renting of space in the Beacon Community Hub and through our commercial lettings (shops).

Objective 9: We will be creative in using opportunities to enhance the wellbeing of our residents and staff

Key strategy – Our People Strategy

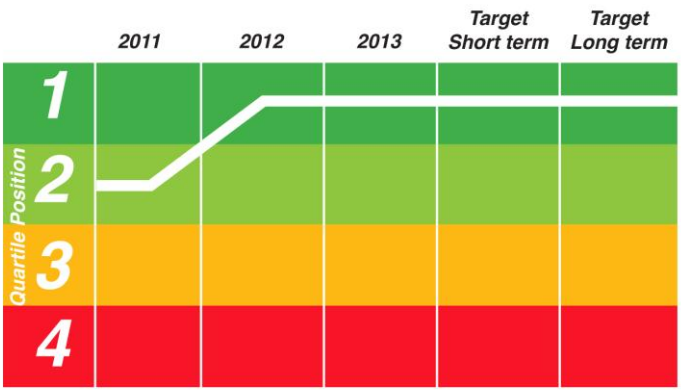
Key stakeholders – Staff, Residents, Herald, Plymouth City Council, College of St Mark and St John, Public Health

We recognise that housing has a fundamental role to play in contributing to the health and wellbeing of residents so we will prioritise linking with our partners to support healthier living for our residents.

We will also undertake research into how we can better support our older residents as Plymouth's population ages.

The health and wellbeing of our staff is paramount to being an effective organisation - our staff are the people who make it all happen for our residents. We're proud to be an employer of choice in Plymouth, with an engaged, motivated workforce who have a wide ranging set of skills.
In order to deliver on our objectives we need to ensure that our 635 staff are appropriately trained, motivated and valued. We recognise that sound employment and management practices build an engaged, trained and motivated workforce which will give a high level of service. Disengaged staff are more likely to be absent, uncommitted to PCH and deliver poor performance. Dissatisfaction can drive staff turnover with attendant costs, disruption and talent loss.

Our assessment based on what we said we would do and what we are aiming to do is as follows with the self-assessment heat map and direction of travel:



OBJECTIVE 9:	**Actual (Target) 2013**	**Benchmark 2013**	**Actual (Target) 2014**	**(Target) 2015**	**Financial Social Environmental**
Ave cost per staff	£32,660	N/A	£33,384	£34,120	F
Ave cost per agency	£34,783	N/A	£36,250	£36,549	F
Total FTE's:					
Staff numbers	624	N/A	635 (678)	(649)	F
Agency numbers	60	N/A	44	(6)	F
cost of training per staff employed	£646 (£645)	N/A	£730 (£612)	(£585)	F
Sickness rates (ave days per FTE)	11.33 (8)		7.05 (8)	(8)	F
Cost of sickness per employee	£391k	N/A	£235k	£239k	F

Note - N/A where information, benchmarking or targets not available.

The value for money assessment for Human Resources is 'low cost, high quality', which has been maintained from last year. For 2013/14, the Human Resources function has worked actively with managers to:

- Reduce staff sickness absence which is now at its lowest ever and has saved us £9.8m in gained productivity time.
- Implement an online recruitment system whereby job applicants can apply for a job through our website instead of using paper forms
- Implement the Learning and Development programme offering staff opportunities to get up-to-date skills they need to do their job within the organisation. Within this we have started a 2 year accredited management course for all managers within the association to strengthen the delivery of customer service in every department.

In addition to this is the work we do with our residents. We sponsored the LoveLIFE campaign working towards healthy lifestyle and continue to do so. Through our proactive communications and resident involvement activity we are raising awareness of a range of issues associated with health and wellbeing (e.g. smoking, healthy eating) as well as signposting residents to sources of help and support wherever appropriate.

Where we want to be

Our aim is to continue at this level. This will be achieved through:

- Carrying out a staff survey in 2014 as part of our employee engagement strategy.
- Starting to realise the benefits of office based staff being on one site at our new Headquarters.

- Promoting healthy living including the provision of a gym within our head office to staff and residents and raising awareness around issues of health and wellbeing through the LoveLIFE campaign partnership.

Environmental Return – Objective 1

Objective 1: We will make our homes and our business environmentally sustainable

Policies/Strategies – Environmental Sustainability Strategy

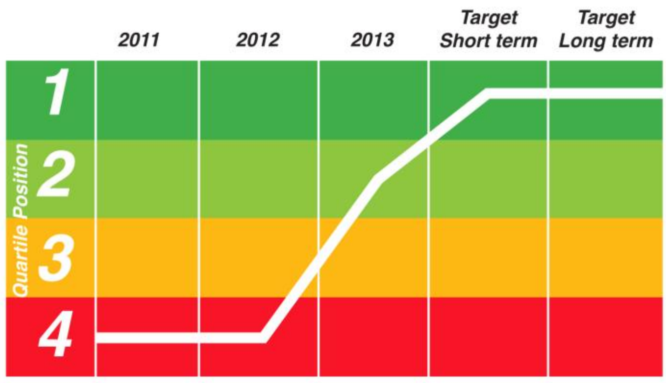
Key stakeholders - Residents, Plymouth Energy Company, Royal Bank of Scotland, The Housing Finance Corporation, Plymouth City Council, Suppliers (British Gas; Alliance Homes), Staff, Central Government.

In our business plan we said we would fulfil our environmental responsibilities both as the leading landlord in the city and one of the largest employers.

We said we would improve the energy efficiency in our homes, help reduce residents' water, gas and electricity bills, install more solar panels on our homes, consider how we make the best use of our existing homes and reduce the impact our business has on the environment.

Our approach is about residents and staff working together to implement practical solutions to managing waste, carbon, water, sustainable procurement, pollution and green spaces - and to reduce costs as much as possible for our organisation and residents.

Our assessment based on what we said we would do and what we are aiming to do is as follows with the self-assessment heat map and direction of travel:



OBJECTIVE 1:	**Actual (Target) 2013**	**Benchmark 2013**	**Actual (Target) 2014**	**(Target) 2015**	**Financial Social Environmental**
KPI: % of trade waste sent to recycling (New Head Office -Plumer House)	N/A	N/A	74% (70%)	70%	F E
No. of properties with PV panels	227 (227)	N/A	517 (727)	3,217	F S E
Number of homes with overcladding installed as part of ECO programme	N/A	N/A	601 (1600)	3,700	F S E
Lofts insulated as part of the roofing programme	195 (160)	N/A	65 (135)	300	S E
Average SAP Rating of Stock	68.8		69.67	72	S E

Note - N/A where information, benchmarking or targets not available.

For 2013/14, we have assessed our environmental performance to be ‘high cost and medium quality’. This is because our homes have a relatively low base level SAP rating – a challenge which we are working on.

We have previously had a range of offices with poor energy efficiency, and high levels of business travel between locations. Waste management costs within offices were also high.

However, we have now moved our office based staff into one building – Plumer House - which has been insulated to modern standards, business travel is more limited than before and we now have an environmental sustainability strategy, based on an independent gap analysis completed in 2012. This strategy covers every area of our business.

Where we want to be

Our aim is to build steadily on these foundations and improve year on year, becoming at least medium cost and high quality in 2014/15. We have a strategy to underpin this.

Key areas of activity include:

- The work being carried out by British Gas under the ECO programme of external cladding to 3,700 non-traditional homes. Aiming to increase the average SAP rating by 9 points as well as transforming neighbourhoods.
- The installation of PV Panels on 3,200 homes by March 2015 typically achieving an increase in SAP of 13 and reducing residents’ fuel bills by up to £210 a year.
- Raising the organisational recycling rate to 70% by implementing the waste hierarchy in an innovative way i.e. assessing current practices to identify new ways to reduce waste, promote re-use where possible and segregate all remaining waste at source for recycling. Long term, a zero to landfill target will be considered.

(G) Valuation of Property Assets

Completed housing properties were valued as at 31 March 2014 by Bruton Knowles Ltd. Valuation Basis 1 assumes that the properties will be re-let and the figure is £396.695m (£151.876m in 2013).

Valuation Basis 2 assumes that a number of voids would be sold on the open market with vacant possession as they arise. The resultant figures for the housing stock were: £682.625m (£262.273m in 2013).

(H) Share Capital

During the year, 4 shares were issued and 4 were cancelled leaving a balance in the share capital of the company of £44 (2013: £44).

(I) The Board

Membership of the Board, including subsidiaries, is detailed on pages 102 -104.

(J) Statement of Compliance

In preparing this Operating and Financial Review and Board report, the Board has followed the principles set out in the Statement of Recommended Practice: Accounting by registered social housing providers (SORP).

Statement of Board's responsibilities in respect of the Board's report and the financial statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

The Industrial and Provident Society Acts require the Board to prepare financial statements for each financial year. These must give a true and fair view of the state of affairs of the Association and of the surplus or deficit for that period. In preparing these financial statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The Board have elected to prepare the financial statements in accordance with UK Accounting Standards.

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Industrial and Provident Societies Acts 1965 to 2003, the Industrial and Provident Societies (Group Accounts) Regulation 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012. The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Group & Association and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

So far as the Board is aware, there is no relevant information of which the Group’s auditors are unaware. The Board has taken all reasonable steps to make itself aware of any relevant audit information, and to establish the Group’s auditors are aware of that information.

The Board's Report on Internal Controls Assurance

The Board is responsible for the Group's systems of internal control and for reviewing their effectiveness. The Group's systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatements or loss.

A robust process for managing, evaluating, mapping and monitoring the significant risks faced by the Group is in place. This is continually being developed and is regularly reviewed by both the Audit and Risk Committee and the Board.

We have robust financial planning and monitoring systems and have established financial indicators which we use as a means to evaluate the risk to our business as we continue change the way we work. This helps us to make good investment decisions and continue to keep within our financial covenants with the lenders as the business moves forward.

There is an anti-fraud and anti-money laundering policy covering prevention, detection and reporting and the recovery of assets. This is also supported by a whistle blowing policy. We have registered with the Office of Fair Trading under the Anti-Money Laundering regulations 2007.

The Audit and Risk Committee has reviewed the Fraud Register and can advise that there were no material incidents of fraud recorded during the year to 31 March 2014 and up to the date of signing these financial statements.

The Board exercises internal control through a framework, which comprises:

- Board overview of plans, finances and key policies
- Operational reports on key business drivers
- Performance information
- Risk management strategy and policy
- Assurance framework
- Compliance with quality management systems
- The Executive's management assurance and Members' review
- Internal audit
- External audit
- Health and Safety audits
- Reports to regulators and funders.

The Audit and Risk Committee reviews reports received from management and from internal and external auditors and will make regular reports to the Board on the extent to which internal controls continue to take account of the major risks facing the Group. A formal process exists for the reporting and correction of significant control weaknesses.

The Board has received the Executive's annual report and has conducted its annual review of the effectiveness of the system of internal control. Account has been taken of any changes needed to develop and maintain the effectiveness of the risk management and control process. The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Association. This process has been in place throughout the year under review, up to the date of the Annual Report.

Internal Audit Annual Report

Mazars LLP completed 12 planned internal audit reviews during the year. These identified 2 high, 4 medium and 17 low risk findings to improve controls.

In their report Mazars stated : "*In our opinion, Plymouth Community Homes has in place an appropriate framework for identifying, evaluating and managing the significant risks faced by the Association....... Plymouth Community Homes has an effective and reliable framework of internal control and effective risk management and governance processes which provides reasonable assurance regarding the effective and efficient achievement of the association's objectives."*

Disclosure of information to auditors

The Members of the Board who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Association's auditors are unaware; and each Member of the Board has taken all the steps that he/ she ought to have taken as a Member of the Board to make himself/ herself aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

Auditors

A resolution for the re-appointment of KPMG LLP as auditors of the Association is to be proposed at the forthcoming Annual General Meeting

Our external auditors are appointed for a term of five years. This work will therefore be retendered for the years ending March 2015 to 2019.

By order of the Board

Elaine Pellow, Chair Date : **5 August 2014**

Plymouth Community Homes is registered with the Financial Conduct Authority (registration 30637R) and the Homes and Communities Agency (registration L4543)

Independent auditor's report to the members of Plymouth Community Homes Ltd

We have audited the financial statements of Plymouth Community Homes Ltd for the year ended 31 March 2014 on pages 59-106.

The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the association's members, as a body, in accordance with section 128 of the Housing and Regeneration Act 2008 and section 9 of the Friendly and Industrial and Provident Societies Act 1968.

Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditor

As more fully explained in the Statement of Board's Responsibilities set out on pages 54-56, the association's Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council’s website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

• give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the Group and Association as at 31 March 2014 and of the Group and Association deficit for the year then ended; and

• have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2003 and the Industrial and Provident Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2003 and the Industrial and Provident Societies (Group Accounts) Regulations 1969 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Harry Mears
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Plym House
3 Longbridge Road
Plymouth
PL6 8LT

8 August 2014

Income and Expenditure Account

	Note	Group 2014 £000's	Group 2013 £000's	Association 2014 £000's	Association 2013 £000's
Turnover	2a	60,091	74,100	59,198	72,728
Cost of sales	2a	(1,494)	(2,038)	(990)	(1,123)
Operating costs	2a	(60,991)	(63,373)	(60,620)	(62,968)
Operating (deficit) /surplus		**(2,394)**	**8,689**	**(2,412)**	**8,637**
Surplus on sale of properties not developed for outright sale	6	**2,092**	**598**	**2,092**	**598**
Surplus of sales of other fixed assets		**122**	**129**	**122**	**129**
Interest receivable	7	23	33	20	31
Interest payable and similar charges	8	(1,892)	(5,410)	(1,892)	(5,410)
(Deficit)/surplus on ordinary activities before taxation	3	**(2,049)**	**4,039**	**(2,070)**	**3,985**
Gift aid receivable		0	0	610	401
Tax	9	(3)	0	0	0
(Deficit)/surplus on ordinary activities for the period after taxation	17	**(2,052)**	**4,039**	**(1,460)**	**4,386**

All amounts relate to continuing activities. The above results are based on historic costs.

Statement of Total Recognised Surpluses and Deficits

	Note	Group 2014 £'000	Group 2013 £'000	Association 2014 £'000	Association 2013 £'000
(Deficit)/surplus for the period	17	**(2,052)**	**4,039**	**(1,460)**	**4,386**
Actuarial gain on pension scheme	15	**3,637**	**2,983**	**3,637**	**2,983**
Total surplus recognised for the year		**1,585**	**7,022**	**2,177**	**7,369**

Balance Sheet at 31 March 2014

	Note	Group 2014 £'000	Group 2013 £'000	Association 2014 £'000	Association 2013 £'000
Fixed Assets					
Tangible assets - housing	10	133,881	92,650	132,621	92,362
Less: Social Housing Grant		(7,965)	(6,453)	(7,965)	(6,453)
Less: GAP Funding	10	(38,142)	(40,152)	(38,142)	(40,152)
Less: other grant		(4,692)	(1,314)	(4,692)	(1,314)
		83,082	44,731	81,822	44,443
Tangible assets - other	10	9,393	7,403	9,393	7,403
Investments	10	-	-	3,400	900
		92,475	52,134	94,615	52,746
Assets : amounts receivable after more than one year					
Development debtor		25,832	37,412	25,832	37,412
Investment in Plym Energy		20	-	20	-
	12	25,852	37,412	25,852	37,412
Current Assets					
Shared Ownership completed properties		1,111	931	1,111	931
Shared Ownership properties in progress		753	237	753	237
Stock	11	661	687	661	687
Debtors	12	11,240	47,965	11,788	48,304
Cash at bank and short term deposits		10,276	980	7,201	306
		24,041	50,800	21,514	50,465
Creditors: amounts falling due within one year	13	(18,846)	(16,794)	(17,275)	(16,482)
Net current assets		5,195	34,006	4,239	33,983
Total assets less current liabilities		123,522	123,552	124,706	124,141

	Note	Group 2014 £'000	Group 2013 £'000	Association 2014 £'000	Association 2013 £'000
Creditors: amounts falling due after more than one year	14	31,827	19,473	31,827	19,473
Disposal Proceeds Fund		127	-	127	-
Development creditor		25,832	37,412	25,832	37,412
Pension liability	15	8,813	11,326	8,813	11,326
Capital and Reserves					
Share capital	16	-	-	-	-
Restricted reserves	17	474	197	474	197
Designated reserve	17	474	197	474	197
Revenue reserve	17	64,788	66,273	65,972	66,862
Pension fund reserve	17	(8,813)	(11,326)	(8,813)	(11,326)
		123,522	123,552	124,706	124,141

The financial statements and related notes on pages 59 to 108 were approved by the Board on 5 August 2014 and were signed on its behalf by:

Chair:

Elaine Pellow 5 August 2014

Vice-Chair:

Sue Dann 5 August 2014

Secretary:

Belinda Pascoe 5 August 2014

Group Cash Flow Statement

	Note		2013/14 £'000		2012/13 £'000
Net cash inflow from operating activities	18		2,678		8,597
Returns on investments and servicing of finance					
Interest received		23		33	
Interest paid		(1,729)		(5,299)	
Net cash outflow from returns on investment and servicing of finance	18		(1,706)		(5,266)
			972		3,331
Capital Expenditure and Financial Investment					
Acquisition and construction of housing properties		(43,402)		(41,333)	
Social Housing Grant Receivable		1,512		2,652	
Proceeds from sale of land		1,114		432	
GAP Funding Received		36,580		12,517	
Proceeds from sale of housing properties		3,578		820	
Proceeds from sale of other assets		156		146	
Purchase of other fixed assets		(3,414)		(1,961)	
Loan arrangement fee		(300)		-	
Net cash outflow from capital expenditure			(4,176)		(26,727)
Net cash outflow before management of liquid resources and financing			(3,204)		(23,396)
Financing	21		12,500		20,500
Increase / (decrease) in net cash			9,296		(2,896)

Notes to Financial Statements

1. Principal Accounting Policies

Basis of Accounting

The Group is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Homes and Communities Agency as a Registered Provider as defined by the Housing and Regeneration Act 2008. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements comply with Schedule 1 of the Housing Act 1996, the Accounting Direction for Private Registered Providers of Social Housing 2012 and the Statement of Recommended Practice (SORP) published by the National Housing Federation in 2010 (SORP 2010). The financial statements are prepared on the historical cost accounting rules.

Basis of Consolidation

These consolidated financial statements include the financial statements of the Association and its subsidiary undertakings, Plymouth Community Homes Manufacturing Services Ltd, Plymouth Community Homes Regeneration Company Ltd and Plymouth Community Homes Energy Ltd (the Group).

Going Concern

The Association and Group have sufficient financial resources based on forecasts and current expectations of future sector conditions. As a consequence, the Board believes that the Association and Group are well placed to manage their business risks successfully.

The Board has a reasonable expectation that the Association and Group have adequate resources to continue in operational existence for the foreseeable future. Thus they adopt the going concern basis in preparing these financial statements.

Turnover

Turnover represents rent and service charge income receivable; revenue grants from the department for ‘Communities and Local Government’, Local Authorities, the ‘Homes and Communities Agency’ and other public bodies; the proceeds of first tranche sales of shared ownership properties and any other income. Turnover is shown net of rent and service charge losses from voids.

Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected remaining economic useful lives of the assets as follows:

Category	Years
Plant & Machinery	5
Motor Vehicles	5
Office and estate equipment and furniture	5
Computer equipment and software	5
Freehold Office Properties	50

1. Principal Accounting Policies (continued)

The threshold for capitalisation is £1,000. The useful economic lives of all tangible fixed assets are reviewed annually. Assets are depreciated from the month following purchase.

Housing Properties

Completed housing properties are stated at cost less accumulated depreciation and capital grants and the Association has adopted component accounting.

Cost includes the cost of acquiring land and buildings, development costs, and expenditure incurred in respect of improvements. Expenditure incurred by way of improvement of major repairs that increases the rental income, reduces future maintenance or significantly extends the life of housing properties is capitalised. Other expenditure incurred on major repairs, cyclical or void day to day repairs to housing properties is charged to the Income and Expenditure Account in the period in which it is incurred.

Depreciation is charged on a straight line basis over the expected remaining economic useful lives of the assets as follows:

Category	**Years**
Structure of Building	80
Kitchens	20
Bathrooms	30
Heating Systems	15
Windows	30
Roofs:	15-80
Flat roofs - felt	15
Pitched roofs - Concrete	55
Pitched roofs - Slate	80
Lifts	25
Photovoltaic Panels	20-25

Social housing property depreciation is charged on the cost, including the cost of components, excluding freehold land, which is not depreciated.

All properties are reviewed for impairment annually.

Donated land is included in cost at its valuation on donation, with the donation treated as a capital grant.

Housing properties in the course of construction are stated at cost less Social Housing Grant ('SHG') and are not depreciated.

Housing properties are transferred to completed properties when they are available for letting.

1. Principal Accounting Policies (continued)

Properties Held for Resale

Where a decision has been taken to dispose of housing properties, these are held on the balance sheet under current assets. These properties are held at the lower of historical cost less depreciation, or net realisable value.

Shared ownership properties are included in housing properties at cost related to the % equity retained, less any provisions needed for impairment or depreciation. Costs relating to the 1st tranche element of the property are held in current assets until such time as the property is complete and 1st tranche sold. Proceeds from 1st tranche sales are recorded within turnover, any subsequent disposals of further equity or ‘staircasing’ are recorded as disposals of fixed assets.

Gap Funding Grant

As the expenditure is eligible under the agreement with department for ‘Communities and Local Government’ in principle this means that gap funding to match the expenditure is accounted for in the period in which the expenditure has been incurred irrespective of when the grant is received.

Where the capital costs of housing properties have been financed wholly or partly by the grant the cost of the property is shown net of the grant receivable. The associated grant is amortised over the economic useful life of the asset to which it relates. Grants in respect of revenue expenditure are credited to the Income & Expenditure Account in the same period as the expenditure to which they relate.

Social Housing Grant

Social Housing Grant (‘SHG’) is paid by the Homes and Communities Agency to subsidise the cost of housing properties and is included in fixed assets. SHG received in excess of the cost of housing properties in the course of construction is shown as SHG received in advance and included as a current liability. SHG may be repayable on the sale of housing properties.

Operating Leases

Rentals paid under operating leases are charged to the Income and Expenditure Account on a straight line basis over the lease term.

Loan Issue Costs

The cost of raising finance is amortised over the period of the facility. The deferred amount is included within debtors or creditors: amounts falling due after more than one year, as appropriate.

Bad and Doubtful Debts

Provision is made against rent arrears of current and former tenants and miscellaneous debtors.

1. Principal Accounting Policies (continued)

Right to Buy

Proceeds from the sale of dwellings under Right to Buy are received by the Association in the first instance. The Association is entitled to retain a share of these proceeds in accordance with the terms of the Right to Buy clawback agreement between the Association and Plymouth City Council (PCC). The Association pays the balance to PCC by no later than 30 April immediately following the end of each financial year. Any surplus relating to such properties is recognised in the Income and Expenditure Account at the date of transfer of title.

Stocks and Work in Progress

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Pension Costs

The cost of providing retirement pensions and related benefits is accounted for in accordance with FRS 17 - 'Retirement Benefits'.

The Association participates in two externally administered defined benefit pension schemes.

The LGPS scheme is administered by Devon County Council and is independent of the Group's finances. Contributions are paid to the scheme in accordance with the recommendations of an independent actuary to enable the scheme to meet the benefits accruing in respect of current and future service.

Pension scheme assets are measured using market value. Pension scheme liabilities are measured using a projected unit method and discounted at the rate of return on a high quality corporate bond of equivalent term and currency to the liability. The increase in the present value of the liabilities of the Group's defined benefit pension scheme expected to arise from employee service in the period is charged to operating surplus. The expected return on the scheme's assets and the increase during the period in the present value of the scheme's liabilities arising from the passage of time are included in other finance income/charges. Actuarial gains and losses are recognised in the consolidated statement of total recognised surpluses and deficits.

The pension scheme's surpluses to the extent that they are considered recoverable, or deficits are recognised in full and presented on the face of the balance sheet.

The Association is unable to identify its share of the underlying assets and liabilities of the Social Housing Pension Scheme (SHPS) on a consistent basis and therefore accounts for the scheme as if it were a defined contribution scheme.

Restricted Reserves

Where funds are provided which are subject to external restrictions these are carried in trust and the balance of any unspent funds is held in a restricted reserve.

1. Principal Accounting Policies (continued)

Designated Reserves

Where funds are provided which are to be used for a specific project balance of any unspent funds is held in a designated reserve.

Provisions

Provisions are recognised where the Group has an obligation to incur future expenditure. The value of provisions is re-assessed each year in the light of estimated future income and costs as appropriate.

Taxation

The subsidiary companies are liable to Corporation Tax. The charge for taxation is based on the profit/loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting. Deferred taxation is provided using the full provision basis, in accordance with FRS 19 - 'Deferred Tax'.

Value Added Tax ('VAT')

Plymouth Community Homes Ltd and its subsidiary Plymouth Community Homes Manufacturing Services Ltd are registered as a VAT Group but the majority of its income, including its rents, is exempt for VAT purposes. Under a special arrangement with HM Revenue and Customs, VAT on certain of the Association's planned maintenance and improvement programme is fully recoverable. The costs of these activities are therefore shown net of recoverable VAT. Under the Transfer Agreement 50% is repayable to Plymouth City Council.

The majority of other expenditure which is subject to VAT cannot be reclaimed and is shown inclusive of irrecoverable VAT. The values of the asset and liability which arose under the contract are shown separately in the balance sheet as is the matching release of income and expenditure relating to the asset and liability in the income and expenditure account.

Where opportunities for the regeneration of local authority housing stock arise after transfer requests from tenants and residents, the Association may seek to maximise the resources available for regeneration schemes by entering into VAT shelter arrangements. In these circumstances, the underlying substance of the transactions is reflected in the accounts on a gross basis. The obligation of the local authorities is shown as long term debtors and the obligation as contractors under the refurbishment contracts is shown in long term creditors. Amounts due within one year under the arrangements are classified within current assets and liabilities.

Plymouth Community Homes Regeneration Company Ltd was incorporated on 3rd June 2010 to oversee the design and build work for the North Prospect Development. Plymouth Community Homes Energy Ltd was incorporated on 12th April 2012 to manage the fitting of photovoltaic panels and associated income. These companies are not part of the above VAT group.

1. Principal Accounting Policies (continued)

Interest Payable and Capitalisation of Interest Costs

Interest costs relating to the construction and acquisition of fixed assets are capitalised to the extent that they are incremental to the process and directly attributable to bringing the assets into their intended use.

Capitalisation of Administration Costs

Administration costs relating to development activities are capitalised to the extent that they are part of the development process and directly attributable to bringing the properties into their intended use.

Income from Supporting People and Support Services

Supporting People contract income and income from charges for support services are recognised when receivable and included in turnover. If support is provided under a contract separate from a tenancy agreement the related income is shown under ‘Supporting People’. Charges for support services, if the services are provided within a tenancy agreement, it is shown as ‘Services’ costs.

2a. Turnover, Operating Costs and Surplus: Group

Group	2014 Turnover	2014 Cost of Sales	2014 Operating Costs	2014 Operating (Deficit) / Surplus	2013 Operating (Deficit) / Surplus
	£'000	£'000	£'000	£'000	£'000
Income and Expenditure from social housing lettings					
Rents	50,473	0	(53,226)	(2,753)	(7,785)
Service Charges	2,998	0	(3,973)	(975)	(1,243)
GAP funding Revenue Receipt	0	0	0	0	17,224
GAP funding Capital Release	2,010	0	0	2,010	2,010
	55,481	0	(57,199)	(1,718)	10,206
Other Social Housing Income and Expenditure					
Supporting People	421	0	(807)	(386)	(327)
Development not capitalised	0	0	(1,293)	(1,293)	(1,429)
Resident Involvement	0	0	(681)	(681)	(617)
Garage Lettings	1,284	0	(280)	1,004	67
Shared ownership	816	(979)	0	(163)	(105)
	2,521	(979)	(3,061)	(1,519)	(2,411)
Non-Social Housing Activities					
Commercial Properties managed by agents	1,155	0	(219)	936	856
Other	42	(11)	(141)	(110)	(14)
External Sales	893	(504)	(371)	17	52
	2,089	(515)	(731)	843	894
Total Year ended 31 March 2014	60,091	(1,494)	(60,991)	(2,394)	8,689
Total Year ended 31 March 2013	74,100	(2,038)	(63,373)	8,689	

2a. Turnover, Operating Costs and Surplus: Association

	2014				2013
Association	**Turnover**	**Cost of Sales**	**Operating Costs**	**Operating (Deficit) / Surplus**	**Operating (Deficit) / Surplus**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Income and Expenditure from Social Housing Lettings					
Rents	50,473	0	(53,226)	(2,753)	(7,785)
Service Charges	2,998	0	(3,973)	(975)	(1,243)
GAP funding Revenue Receipt	0	0	0	0	17,224
GAP funding Capital Release	2,010	0	0	2,010	2,010
	55,481	**0**	**(57,199)**	**(1,718)**	**10,206**
Other Social Housing Income and Expenditure					
Supporting People	421	0	(807)	(386)	(327)
Development not capitalised	0	0	(1,293)	(1,293)	(1,429)
Resident Involvement	0	0	(681)	(681)	(617)
Garage Lettings	1,284	0	(280)	1,004	67
Shared ownership	816	(979)	0	(163)	(105)
	2,521	**(979)**	**(3,061)**	**(1,519)**	**(2,411)**
Non-Social Housing Activities					
Commercial Properties managed by agents	1,155	0	(219)	936	856
Other	42	(11)	(141)	(110)	(14)
	1,197	**(11)**	**(360)**	**826**	**842**
Total Year ended 31 March 2014	**59,198**	**(990)**	**(60,620)**	**(2,412)**	**8,637**
Total Year ended 31 March 2013	**72,728**	**(1,123)**	**(62,968)**	**8,637**	

2b. Income and Expenditure from Social Housing Lettings: Group and Association

	General Needs	Supported Housing	Shared Ownership	Total 2014	Total 2013
	£'000	£'000	£'000	£'000	£'000
Income					
Rents	49,057	1,363	53	50,473	46,602
Service Charges	2,668	330	0	2,998	3,128
Gap Funding Revenue Receipt	0	0	0	0	17,224
Gap Funding Capital Release	1,950	60	0	2,010	2,010
Total Income	**53,675**	**1,753**	**53**	**55,481**	**68,964**
Expenditure					
Management	(7,608)	(250)	0	(7,858)	(7,756)
Services	(3,562)	(411)	0	(3,973)	(4,371)
Cyclical & Planned Maintenance	(5,940)	(15)	0	(5,955)	(8,231)
Response Repairs	(11,245)	(249)	0	(11,494)	(9,966)
Major Repairs	(21,306)	(77)	0	(21,383)	(23,493)
VAT Recovered	529	16	0	545	362
Bad debts	(167)	0	0	(167)	(307)
Pension charges	(832)	0	0	(832)	(913)
Office moves transitional costs	(691)	0	0	(691)	(395)
Depreciation	(5,391)	0	0	(5,391)	(3,688)
Total	**(56,213)**	**(986)**	**0**	**(57,199)**	**(58,758)**
Operating (deficit)/Surplus	**(2,538)**	**767**	**53**	**(1,718)**	**10,206**
Void loss	**(595)**	**-**	**-**	**(595)**	**(526)**

3. (Deficit) / Surplus on Ordinary Activities before taxation is stated after charging / (crediting):

	2014 Group £'000	2013 Group £'000	2014 Association £'000	2013 Association £'000
External Auditors Remuneration (exclusive of VAT)				
In their capacity as auditors	38	36	25	25
In respect of other services	25	25	18	23
Internal Audit Fees	23	47	23	47
Depreciation:				
Housing properties	4,128	2,580	4,071	2,554
Other Assets	1,389	1,133	1,389	1,133
(Surplus) on disposal of properties	(2,092)	(598)	(2,092)	(598)
(Surplus) on disposal of other assets	(122)	(129)	(122)	(129)
Operating lease payments:				
Land and buildings	451	503	451	503
Other assets	303	353	303	353
TOTAL	**4,143**	**3,903**	**4,062**	**3,911**

4. Executive Directors' Emoluments

(Group & Association)

	2014 £'000	2013 £'000
The aggregate emoluments paid to or receivable by Executive Directors:		
Basic Salary	634	660
Employers Pension	87	86
Total	721	746

The Non-Executive Board Members did not receive remuneration in respect of their services.

	2014 £'000	2013 £'000
The emoluments paid to the highest paid Director of the Group excluding national insurance and employers pension contributions	171	156

The full time equivalent number of staff who received emoluments of £60,000 and above:

	2014 No.	2013 No.
£60,001 to £70,000	7	7
£70,001 to £80,000	1	1
£80,001 to £90,000	0	1
£90,001 to £100,000	0	0
£100,001 to £110,000	3	2
£110,001 to £120,000	1	0
£120,001 to £130,000	0	1
£130,001 to £140,000	1	0
£140,001 to £150,000	0	0
£150,001 to £160,000	0	1
£160,001 to £170,000	0	0
£170,001 to £180,000	1	0

The Chief Executive is a member of the Local Government Pension Scheme. No enhanced or special terms apply and there are no additional pension arrangements in place. Pension contributions of £27,792 (2013: £25,352) were made by the Association during the period on behalf of the Group Chief Executive, who is also the highest paid Director.

5. Employee Information

	2014	2013
(Group & Association)	**No.**	**No.**
The average number of persons employed during the period (full time equivalents of 37 hours) was:	**635**	**605**

Staff Costs

	2014 £'000	2013 £'000
Wages and salaries	**17,410**	16,258
Social security costs	**1,404**	1,321
Other pension costs	**2,172**	2,180
TOTAL	**20,986**	**19,759**

Full Time Equivalents at 31 March	**2014 No.**	**2013 No.**
Regeneration & Development	53	53
Corporate & Strategic Services	70	66
Homes & Neighbourhoods	367	361
Business Services & Manufacturing	146	144
	636	624

6. Surplus on disposal of properties

	Group 2014 £'000	Group 2013 £'000	Association 2014 £'000	Association 2013 £'000
Right to Buy sales	3,388	1,065	3,388	1,065
Open Market sales	583	196	583	196
Cost of Sales	(94)	(31)	(94)	(31)
Depreciation eliminated on Disposal - RTB	(335)	(58)	(335)	(58)
PCC Share under the clawback	(1,344)	(456)	(1,344)	(456)
Components written out on disposal of demolished properties	(106)	(118)	(106)	(118)
SURPLUS ON DISPOSAL	**2,092**	**598**	**2,092**	**598**

7. Interest Receivable

	2014 Group £'000	2013 Group £'000	2014 Association £'000	2013 Association £'000
Bank interest receivable	23	33	20	31
	23	**33**	**20**	**31**

8. Interest Payable and Similar Charges

	2014 Group £'000	2013 Group £'000	2014 Association £'000	2013 Association £'000
Interest	552	4,350	552	4,350
Non utilisation fee	763	707	763	707
Amortisation of arrangement fees	319	154	319	154
Interest capitalised on NP Development	(34)	(25)	(34)	(25)
FRS 17 interest charge (note 15)	292	224	292	224
Interest charge for the period	**1,892**	**5,410**	**1,892**	**5,410**

9. Tax on Surplus on Ordinary Activities for the Period

	2014 Group £'000	**2013 Group £'000**	**2014 Association £'000**	**2013 Association £'000**
(a) Analysis of the Charge in the Period				
The tax charge on the surplus on ordinary activities for the period was as follows:				
Current Tax				
UK Corporation Tax charge for the period	**3**	**-**	**-**	**-**
Total current tax	**3**	**-**	**-**	**-**
(b) Factors Affecting Tax Charge for the Period				
(Deficit) / Surplus on ordinary activities before tax	**(2,049)**	**4,039**	**(2,070)**	**3,985**
(Deficit) / Surplus on ordinary activities at 23% (2013 : 24%)	(471)	969	(476)	956
Effects of:				
Surplus from charitable activities	474	(969)	476	(956)
	3	**-**	**-**	**-**

Reductions in the UK corporation tax rate from 26% to 24% (effective from 1 April 2012) and to 23% (effective 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. Further reductions to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. This will reduce the Group's future tax charge accordingly.

10. Housing Fixed Assets: Group	Housing Property Components (Eligible for GAP Funding)	Housing Property Components (Not Eligible for GAP Funding)	British Gas Insulation Works	Development Property Completed	Development Property under Construction	Development Leasehold Shared Ownership Property Completed	Development Leasehold Shared Ownership Property under Construction	Community Hub Completed	Community Hub under Construction	Photovoltaic Panels	Total Housing Properties
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost											
At 1 April 2013	43,504	31,675	-	8,123	7,899	2,394	275	-	1,830	876	96,576
Additions	-	29,331	2,764	7,254	238	2,109	964	2,546	-	1,639	46,846
Redisclosed components on completed properties (Phase 1a)	-	10,267	-	(10,267)	-	-	-	1,830	(1,830)	-	0
Disposals	-	(543)	-	-	-	(979)	-	-	-	-	(1,522)
At 31 March 2014	**43,504**	**70,730**	**2,764**	**5,110**	**8,137**	**3,524**	**1,239**	**4,376**	**0**	**2,515**	**141,900**
Grant Funding											
At 1 April 2013	(40,152)	(765)	-	(3,594)	(2,158)	(1,098)	(152)	-	-	-	(47,919)
Social Housing Grant receivable during period	-	-	-	(457)	(410)	(305)	(340)	-	-	-	(1,512)
British Gas Grant	-	-	(2,264)	-	-	-	-	-	-	-	(2,264)
Sale of Land (Other Grant)	-	-	-	-	(1,114)	-	-	-	-	-	(1,114)
Amortised to Income & Expenditure	2,010	-	-	-	-	-	-	-	-	-	2,010
At 31 March 2014	**(38,142)**	**(765)**	**(2,264)**	**(4,051)**	**(3,682)**	**(1,403)**	**(492)**	**0**	**0**	**0**	**(50,799)**
Depreciation											
At 1 April 2013	(3,352)	(548)	-	-	-	-	-	-	-	(26)	(3,926)
Charge for period	-	(4,072)	-	-	-	-	-	-	-	(57)	(4,129)
Allocate Depn	(2,010)	2,010	-	-	-	-	-	-	-	-	0
Disposals	-	36	-	-	-	-	-	-	-	-	36
At 31 March 2014	**(5,362)**	**(2,574)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(83)**	**(8,019)**
Net book value at 31 March 2014	**0**	**67,391**	**500**	**1,059**	**4,455**	**2,121**	**747**	**4,376**	**0**	**2,432**	**83,082**
Net Book Value at 1 April 2013	**0**	**30,362**	**0**	**4,529**	**5,741**	**1,296**	**123**	**0**	**1,830**	**850**	**44,731**

10. Tangible Fixed Assets – All Fixed Assets: Group

	Total Housing Properties	Freehold Offices	Vehicles	Equipment & Furniture	Computers & Software	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2013	96,576	3,127	2,385	988	3,057	106,133
Additions	46,846	1,972	515	723	204	50,260
Redisclosed components on completed properties (Phase 1a)	0	-	-	-	-	0
Disposals	(1,522)	-	(187)	-	-	(1,709)
At 31 March 2014	**141,900**	**5,099**	**2,713**	**1,711**	**3,261**	**154,684**
Grant Funding						
At 1 April 2013	(47,919)	-	-	-	-	(47,919)
Social Housing Grant receivable during period	(1,512)	-	-	-	-	(1,512)
British Gas Grant	(2,264)	-	-	-	-	(2,264)
Sale of Land (Other Grant)	(1,114)	-	-	-	-	(1,114)
Amortised to Income & Expenditure	2,010	-	-	-	-	2,010
At 31 March 2014	**(50,799)**	**0**	**0**	**0**	**0**	**(50,799)**
Depreciation						
At 1 April 2013	(3,926)	(25)	(744)	(260)	(1,125)	(6,080)
Charge for period	(4,129)	(57)	(489)	(216)	(628)	(5,519)
Allocate Depn	0	-	-	-	-	0
Disposals	36	-	153	-	-	189
At 31 March 2014	**(8,019)**	**(82)**	**(1,080)**	**(476)**	**(1,753)**	**(11,410)**
Net book value at 31 March 2014	83,082	5,017	1,633	1,235	1,508	**92,475**
Net Book Value at 1 April 2013	44,731	3,102	1,641	728	1,932	52,134

10. Housing Fixed Assets: Association

	Housing Property Components (Eligible for GAP Funding)	Housing Property Components (Not Eligible for GAP Funding)	British Gas Insulation Works	Development Property Completed	Development Property under Construction	Development Leasehold Shared Ownership Property Completed	Development Leasehold Shared Ownership Property under Construction	Community Hub Completed	Community Hub under Construction	Total Housing Properties
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost										
At 1 April 2013	43,504	31,675	-	8,123	8,461	2,394	275	-	1,830	96,262
Additions	-	29,331	2,764	7,523	249	2,284	1,007	2,659	-	45,817
Redisclosed components on completed properties (Phase 1a)	-	10,267	-	(10,267)		-	-	1,830	(1,830)	0
Disposals	-	(543)	-	-	-	(979)	-	-	-	(1,522)
At 31 March 2014	**43,504**	**70,730**	**2,764**	**5,379**	**8,710**	**3,699**	**1,282**	**4,489**	**0**	**140,557**
Grant Funding										
At 1 April 2013	(40,152)	(765)	-	(3,594)	(2,158)	(1,098)	(152)	-	-	(47,919)
Social Housing Grant receivable during period	-	-	-	(457)	(410)	(305)	(340)	-	-	(1,512)
British Gas Grant	-	-	(2,264)	-	-	-	-	-	-	(2,264)
Sale of Land (Other Grant)	-	-	-	-	(1,114)	-	-	-	-	(1,114)
Amortised to Income & Expenditure	2,010	-	-	-	-	-	-	-	-	2,010
At 31 March 2014	**(38,142)**	**(765)**	**(2,264)**	**(4,051)**	**(3,682)**	**(1,403)**	**(492)**	**0**	**0**	**(50,799)**
Depreciation										
At 1 April 2013	(3,352)	(548)	-	-	-	-	-	-	-	(3,900)
Charge for period	-	(4,072)	-	-	-	-	-	-	-	(4,072)
Allocate Depn	(2,010)	2,010	-	-	-	-	-	-	-	0
Disposals	-	36	-	-	-	-	-	-	-	36
At 31 March 2014	**(5,362)**	**(2,574)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(7,936)**
Net book value at 31 March 2014	**0**	**67,391**	**500**	**1,328**	**5,028**	**2,296**	**790**	**4,489**	**0**	**81,822**
Net Book Value at 1 April 2013	**0**	**30,362**	**0**	**4,529**	**6,303**	**1,296**	**123**	**0**	**1,830**	**44,443**

10. Tangible Fixed Assets – All Fixed Assets: Association

	Total Housing Properties	Freehold Offices	Vehicles	Equipment & Furniture	Computers & Software	Investment in Plymouth Community Homes Energy Ltd	Total Assets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost							
At 1 April 2013	96,262	3,127	2,385	988	3,057	900	106,719
Additions	45,817	1,972	515	723	204	2,500	51,731
Redisclosed components on completed properties (Phase 1a)	0	-	-	-	-	-	0
Disposals	(1,522)	-	(187)	-	-	-	(1,709)
At 31 March 2014	**140,557**	**5,099**	**2,713**	**1,711**	**3,261**	**3,400**	**156,741**
Grant Funding							
At 1 April 2013	(47,919)	-	-	-	-	-	(47,919)
Social Housing Grant receivable during period	(1,512)	-	-	-	-	-	(1,512)
British Gas Grant	(2,264)	-	-	-	-	-	(2,264)
Sale of Land (Other Grant)	(1,114)	-	-	-	-	-	(1,114)
Amortised to Income & Expenditure	2,010	-	-	-	-	-	2,010
At 31 March 2014	**(50,799)**	**0**	**0**	**0**	**0**	**0**	**(50,799)**
Depreciation							
At 1 April 2013	(3,900)	(25)	(744)	(260)	(1,125)	-	(6,054)
Charge for period	(4,072)	(57)	(489)	(216)	(628)	-	(5,462)
Allocate Depn	0	-	-	-	-	-	0
Disposals	36	-	153	-	-	-	189
At 31 March 2014	**(7,936)**	**(82)**	**(1,080)**	**(476)**	**(1,753)**	**0**	**(11,327)**
Net book value at 31 March 2014	**81,822**	**5,017**	**1,633**	**1,235**	**1,508**	**3,400**	**94,615**
Net Book Value at 1 April 2013	**44,443**	**3,102**	**1,641**	**728**	**1,932**	**900**	**52,746**

10. Fixed Assets (continued)

The total expenditure on works to existing housing properties during the year to 31 March 2014 for the Group and Association was as follows: capitalised £27,868,000 (2013: £30,146,000); charged to Income and Expenditure : £21,383,000 (2013: £23,493,000).

Interest of £33,760 (2013 : £25,339) was capitalised (both Group and Association), based on an average interest rate of 4.05%. Cumulative interest of £93,800 has been capitalised to 31 March 2014. This was incurred on the North Prospect development.

Investments

During the year Plymouth Community Homes Ltd purchased a further £2,500,000 in shares in Plymouth Community Homes Energy Ltd. The total shareholding is now £3,400,000, being 100% of that company's share capital.

Net book value of property assets by tenure:

All property assets are freehold. The housing and commercial properties were transferred at nil value on 20 November 2009. Office premises are included at cost.

Valuation as at 31 March 2014 for security purposes:

Completed housing properties were valued as at 31 March 2014 by Bruton Knowles, Chartered Surveyors, on Basis 1: the Existing Use Value – Social Housing ('EUV-SH') and under the loan agreement Basis 2 which is a valuation calculated on Existing Use Value for Social Housing (EV-SH, Voids Sold) assuming an element of void properties being sold on the open market. The valuations were carried out in accordance with the RICS Appraisal and Valuation Manual effective from 1 January 1996 (as amended). The valuation of PCH properties as at 31 March 2014 on the basis of these independent professional valuations was as follows:

Valuation Basis 1 - the Existing Use Value – Social Housing of the housing stock for loan security, as at 31 March 2014, is: £396,695,000 (2013 : £151,876,374).

Valuation Basis 2 - Assuming that a number of voids would be sold on the open market with vacant possession as they arise. The resultant figure for the housing stock is £682,625,000 (2013 : £262,272,722). Properties are held in the balance sheet at nil value transferred plus the cost of components to date, less depreciation and grants receivable.

11. Stock

	Group 2014 £'000	Group 2013 £'000	Association 2014 £'000	Association 2013 £'000
Raw materials	592	610	592	610
Work in progress	69	77	69	77
	661	**687**	**661**	**687**

12. Debtors

	Group 2014 £'000	Group 2013 £'000	Association 2014 £'000	Association 2013 £'000
Amounts falling due after one year :				
Development debtor	25,832	37,412	25,832	37,412
Investment in Plym Energy	20	-	20	-
	25,852	**37,412**	**25,852**	**37,412**
Amounts falling due within one year:				
GAP Funding receivable within 1 year	-	36,580	-	36,580
Trade debtors	524	623	437	462
Rent arrears	3,230	2,755	3,230	2,755
Less: provision for bad debts	(1,822)	(1,795)	(1,822)	(1,786)
Prepayments and accrued income	2,313	1,402	2,313	1,390
Inter-company debtors :				
- PCH Manufacturing (Gift Aid)	-	-	-	78
- PCH Regeneration (Gift Aid)	-	-	610	322
- PCH Manufacturing (trading account)	-	-	133	140
- PCH Regeneration (trading account)	-	-	19	-
VAT	1,351	1,361	1,306	1,352
Other debtors	84	703	1	675
Development Debtor	5,561	6,336	5,561	6,336
	11,240	**47,965**	**11,788**	**48,304**
Total debtors	**37,093**	**85,377**	**37,641**	**85,716**

13. Creditors

	Group 2014 £'000	Group 2013 £'000	Association 2014 £'000	Association 2013 £'000
Amounts falling due within one year :				
Trade creditors	4,164	2,667	3,521	2,362
Taxation and social security payable	420	407	420	407
Pension contributions	268	233	268	233
VAT	25	10	-	-
Rent received in advance	1,057	934	1,057	934
Corporation Tax	3	-	-	-
Accruals and deferred income	7,143	6,109	6,244	6,109
Loan interest and charges	47	38	47	38
Development creditor	5,561	6,336	5,561	6,336
Inter-company creditors:				
- Plymouth Community Homes Regeneration Company Ltd	-	-	3	3
-Plymouth Community Homes Energy Ltd	-	-	1	1
Other creditors	158	60	153	59
Total	**18,846**	**16,794**	**17,275**	**16,482**

14. Creditors

	Group 2014 £'000	Group 2013 £'000	Association 2014 £'000	Association 2013 £'000
Amounts falling due after one year :				
Loans not repayable by instalments:				
In five years or more	33,000	20,500	33,000	20,500
Deferred loan costs	(1,173)	(1,027)	(1,173)	(1,027)
	31,827	19,473	31,827	19,473
Disposal Proceeds Fund	127	-	127	-
Development Creditor	25,832	37,412	25,832	37,412
Total	**57,786**	**56,885**	**57,786**	**56,885**

Housing loans from Royal Bank of Scotland are secured by fixed charges on the housing properties and bear interest rates at LIBOR + 1.7%. Non utilisation fees are charged at 0.85%. Under current forecasts, loan repayments will start in 2024 and end in 2040.

At 31 March 2014, the Group had undrawn loan facilities of £77m (2013: £89.5m) plus an additional £0.5m (2013: £0.5m) overdraft facility to finance future operating cash flows and investments.

During the year to 31 March 2014 PCH negotiated a loan of £30m with the Housing Finance Corporation Ltd which will fund an element of the North Prospect development. None of this loan had been drawn at year end.

15. Pension Obligations

Group Pension Schemes

Devon County Council are the Administering Authority to the Devon County Council Pension Fund ("the Fund"). The Local Government Pension Scheme ("the LGPS") provides pension benefits to employees of Plymouth Community Homes Ltd ("the employer"). The staff working for Plymouth Community Homes Manufacturing Services Ltd, Plymouth Community Homes Regeneration Company Ltd and Plymouth Community Homes Energy Ltd are employed by Plymouth Community Homes Ltd (or on dual contracts) and their costs of employment are recharged to those companies. All pension costs are therefore included in these notes.

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013/14. It is contracted out of the State Second Pension.

	31 March 2014 £'000	**31 March 2013 £'000**
Present value of funded defined benefit obligations	(61,777)	(59,186)
Fair value of plan assets	52,964	47,860
Deficit	(8,813)	(11,326)
Net liability	(8,813)	(11,326)

Movements in present value of defined benefit obligation

	31 March 2014 £'000	**31 March 2013 £'000**
Defined benefit obligation at 1 April	59,186	54,304
Current service cost	2,469	2,544
Interest cost	2,776	2,495
Actuarial (gains) / losses	(2,416)	12
Losses on curtailments	-	352
Estimated benefits paid net of transfers in	(870)	(1,172)
Contributions by scheme participants	632	651
Defined benefit obligation at 31 March	61,777	59,186

Movements in fair value of plan assets

	31 March 2014 £'000	31 March 2013 £'000
Fair value of scheme assets at 1 April 2013	47,860	41,132
Expected return on Fund assets	2,457	2,271
Actuarial gains	1,221	2,995
Contributions by employer including unfunded	1,664	1,983
Contributions by scheme participants	632	651
Estimated benefits paid net of transfers in (including unfunded)	(870)	(1,172)
Fair value of scheme assets at 31 March 2014	**52,964**	**47,860**

Expense recognised in the profit and loss account

	31 March 2014 £'000	31 March 2013 £'000
Current service cost	2,496	2,544
Employer Contributions	(1,664)	(1,983)
Other finance costs	319	224
Settlements and curtailments	-	352
Total	**1,124**	**1,137**

The expense is recognised in the following line items in the profit and loss account

	31 March 2014 £'000	31 March 2013 £'000
Distribution expenses	-	-
Administrative expenses	832	913
Other interest receivable and similar income	-	-
Interest payable and similar charges	292	224
	1,124	**1,137**

The total gain recognised in the consolidated statement of total recognised gains and losses in respect of actuarial gains and losses is £ 3,637,000 *(2013 : £2,983,000)*.

The fair value of the plan assets and the return on those assets were as follows:

	Assets at	Assets at
Employer Asset Share - Bid Value	**31 March 2014 £'000**	**31 March 2013 £'000**
Equities	13,771	29,194
Gilts	3,707	6,222
Overseas Equities	18,008	-
Property	4,767	3,829
Infastructure	1.059	-
Cash	1,059	1,436
Target Return Portfolio	7,945	7,179
Other Bonds	2,648	-
Total	**52,964**	**47,860**

Expected return on assets

The expected return on assets is based on the long-term future expected investment return for each asset classes as at the beginning of the period (i.e. as at 1 April 2014) for the year to 31 March 2015. The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an allowance for defaults) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields. We have adopted the following expected returns.

Assumptions as at	31 March 2014 % p.a	31 March 2014 Real	31 March 2013 % p.a.	31 March 2013 Real
RPI Increases	3.7%	-	3.4%	-
CPI Increases	2.9%	-0.8%	2.6%	-0.8%
Salary Increases	4.7%	1.0%	4.8%	1.4%
Pension Increases	2.9%	-0.8%	2.6%	-0.8%
Discount rate	4.6%	0.9%	4.7%	1.3%

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

· Current pensioner aged 65: 22.7 years (male), 26.0 years (female).
· Future retiree upon reaching 65: 24.9 years (male), 28.3 years (female).

History of plans
The history of the plans for the current and prior periods is as follows:

Balance sheet as at	31 March 2014	31 March 2013	31 March 2012
	£'000	£'000	£'000
Present value of scheme liabilities	(61,777)	(59,186)	(54,304)
Fair value of scheme assets	52,964	47,860	41,132
Deficit	**(8,813)**	**(11,326)**	**(13,172)**

Experience adjustments	31 March 2014	31 March 2013	31 March 2012
	£'000	£'000	£'000
Experience adjustments on scheme assets	3,857	2,995	(1,271)
Experience adjustments on scheme assets as a percentage of scheme assets	7.3%	6.3%	-3.1%
Cumulative actuarial gains/ losses	(7,500)	(11,357)	(14,340)

The Group expects to contribute approximately £1.7 million to the LGPS defined benefit plan in the next financial year.

Social Housing Pension Scheme

Plymouth Community Homes Ltd participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.

SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the 'SHPS House Policies and Rules Employer Guide'.

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 31 March 2007. From April 2007 three defined benefit structures have been available, namely:

Final salary with a 1/60th accrual rate.

Final salary with a 1/70th accrual rate.

Career average revalued earnings (CARE) with a 1/60th accrual rate.

From April 2010 a further two defined benefit structures have been available, namely:

Final salary with a 1/80th accrual rate.

Career average revalued earnings (CARE) with a 1/80th accrual rate.

A defined contribution benefit structure was made available from 1 October 2010.

An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can only operate one open defined benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Plymouth Community Homes Ltd operated the final salary with 1/60th accrual rate and the defined benefit structures for active members and new entrants as at March 2014.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate. From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applies.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Plymouth Community Homes Ltd paid the following contributions :

Defined Benefit: 12.9% (members : 6.5%).

Defined Contribution: 2x member contributions, maximum 14% (members : minimum 3%)

As at the balance sheet date there were 127 active members of the Defined Benefit Scheme and 133 active members of the Defined Contribution Scheme employed by Plymouth Community Homes Ltd. The annual pensionable payroll in respect of these members was £4,512,273. Plymouth Community Homes Ltd continues to offer membership of the Schemes to its employees.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Scheme is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67.0%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The market value of the Scheme's assets at the date of the Actuarial Report was £2,718 million. The Actuarial Report revealed a shortfall of assets compared with the value of liabilities of £1,151 million, equivalent to a past service funding level of 70%.

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

Valuation Discount Rates:	% p.a.
Pre-Retirement	7.0
Non Pensioner Post Retirement	4.2
Pensioner Post Retirement	4.2
Pensionable Earnings Growth	2.5 per annum for 3 years, then 4.4
Price Inflation (RPI)	2.9
Pension Increases:	
Pre 88 GMP	0.0
Post 88 GMP	2.0
Excess Over GMP	2.4

Expenses for death-in-service insurance, administration and Pension Protection Fund (PPF) levy are included in the contribution rate.

The valuation was carried out using the following demographic assumptions:

Mortality pre-retirement – 41% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI 2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females.

Mortality post-retirement – 97% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI 2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females.

The long-term joint contribution rates required from April 2013 from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit Structure	Long-term Joint Contribution Rate (% of pensionable salaries)
Final salary with a 1/60th accrual rate	19.4
Final salary with a 1/70th accrual rate	16.9
Career average revalued earnings (CARE) with a 1/60th accrual rate	18.1
Final salary with a 1/80th accrual rate	14.8
Career average revalued earnings (CARE) with a 1/80th accrual rate	14.0
Career average revalued earnings (CARE) with a 1/120th accrual rate	9.7

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a Recovery Plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £1,035 million would be dealt with by the payment of deficit contributions as shown in the table below:

From 1 April 2013 to 30 September 2020	A cash amount(*) equivalent to 7.5% of Members' Earnings per annum (payable monthly and increasing by 4.7% per annum each 1 April)
From 1 October 2020 to 30 September 2023	A cash amount(*) equivalent to 3.1% of Members' Earnings per annum (payable monthly and increasing by 4.7% per annum each 1 April)
From 1 April 2013 to 30 September 2026	£30,640,000 per annum (payable monthly and increasing by 3% per annum each 1 April; first increase on 1 April 2014)

(*) The contributions of 7.5% will be expressed in nominal pound terms (for each Employer), increasing each year in line with the Earnings growth assumption used in the 30 September 2008 valuation (i.e. 4.7% per annum). The contributions of 3.1% will be calculated by proportioning the nominal pound payment at the time of the change. Earnings at 30 September 2008 (for each Employer) will be used as the reference point for calculating these contributions.

These deficit contributions are in addition to the long-term joint contribution rates as set out in paragraph 14 above.

The next formal valuation of the Scheme will begin later this year and will give an update on the financial position as at 30 September 2014. The results of this valuation will be available in Spring 2016.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

Employers that have closed the defined benefit section of the Scheme to new entrants are required to pay an additional employer contribution loading of 2.5% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into SHPS.

New employers that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and new employers joining the Scheme between valuations up until 1 April 2010 do not contribute towards the deficit until two valuations have been completed after their date of joining. New employers joining the Scheme after 1 April 2010 will be liable for past service deficit contributions from the valuation following joining. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

A copy of the Recovery Plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to The Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or Recovery Plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Scheme liabilities and hence impact on the Recovery Plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the Recovery Plan).

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer’s share of the buy-out debt is the proportion of the Scheme’s liability attributable to employment with the leaving employer compared to the total amount of the Scheme’s liabilities (relating to employment with all the currently participating employers). The leaving employer’s debt therefore includes a share of any ‘orphan’ liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

16. Share Capital

Ordinary shares of £1 each. Allotted, called up and fully paid.	2014 £	2013 £
At 1 April	44	38
Issued during the year	4	6
Cancelled during the year	(4)	(2)
At 31 March	44	44

17. Association Reserves

	Restricted Reserve (Development & Community Subsidy) £'000	Designated Reserve £'000	Revenue Reserve excluding pension deficit £'000	Pension Deficit £'000	Total Reserves including pension deficit £'000
At 1 April 2013	197	197	66,862	(11,326)	55,930
Loss on ordinary activities for the period	-	-	(946)	(1,124)	(2,070)
Actuarial gain recognised in Statement of Total Recognised Surpluses and Deficits	-	-	-	3,637	3,637
Gift Aid Receivable	-	-	610	-	610
Transfers between reserves	277	277	(554)	-	-
At 31 March 2014	**474**	**474**	**65,972**	**(8,813)**	**58,107**

For both the Association and the Group the Restricted Reserve (Development & Community Subsidy) and Designated Reserve arose from open market sales, the proceeds from which will be used to fund regeneration and social housing developments.

17. Group Reserves

	Restricted Reserve (Development & Community Subsidy)	Designated Reserve	Revenue Reserve excluding pension deficit	Pension Deficit	Total Reserves including pension deficit
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2013	197	197	66,273	(11,326)	55,341
Surplus on ordinary activities for the period	-	-	(928)	(1,124)	(2,052)
Actuarial loss recognised in Statement of Total Recognised Surpluses and Deficits	-	-	-	3,637	3,637
Transfers between reserves	277	277	(554)	-	-
Transfers between reserves	-	-	-	-	-
Rounding Adjustments	-	-	(3)	-	(3)
At 31 March 2014	**474**	**474**	**64,788**	**(8,813)**	**56,923**

18. Group Cash Flow

Reconciliation of Operating Surplus to Net Cash Inflow from Operating Activities	**2014 £'000**	2013 £'000
Operating (deficit)/surplus	(2,394)	8,689
Add back FRS17 charges against operating income	1,124	1,137
Add back depreciation charge	5,517	3,713
Add back GAP funding released against depreciation	(2,010)	(2,009)
Decrease/(increase) in debtors > 1 year	11,560	(615)
(Increase)/decrease in leasehold shared ownership property	(696)	594
Decrease in stock	26	135
Decrease/(increase) in debtors < 1 year	147	(233)
Increase/(decrease) in creditors < 1 year	857	(3,429)
(Decrease)/increase in creditors > 1 year	(11,453)	615
Net cash inflow from operating activities	**2,678**	8,597

Reconciliation of Net Cash Flow to Movement in Net Debt		
Increase/(decrease) in cash in the period	9,296	(2,896)
Increase in loans	(12,500)	(20,500)
Non cash movements		
- amortise loan arrangement fee	(154)	(154)
- new loan arrangement fee	300	-
Change in net debt	(3,058)	(23,550)
Net debt at 1 April	(18,493)	5,057
Net debt at 31 March	**(21,551)**	(18,493)

Returns on Investments and Servicing of Finance		
Interest received	23	33
Interest paid	(1,729)	(5,299)
	(1,706)	(5,266)

Financing		
Loans received/(repaid)	12,500	20,500
Arrangement fee released	154	154
New arrangement fee	(300)	-
	12,354	20,654

19. Analysis of Changes in Net Debt – Group

	At 1 April 2013 £'000	Cashflow £'000	Non Cash Movements £'000	At 31 March 2014 £'000
Cash in hand and at bank	980	9,296	-	10,276
Debt due after one year	(19,473)	(12,500)	146	(31,827)
	(18,493)	(3,204)	146	(21,551)

20. GAP Funding Receivable

The total accumulated amount of GAP Funding receivable	2014 Group £'000	2013 Group £'000	2014 Association £'000	2013 Association £'000
Capital	-	-	-	-
Revenue	-	36,580	-	36,580
Total	-	36,580	-	36,580

21. Capital Commitments

	2014 Group £'000	2013 Group £'000	2014 Association £'000	2013 Association £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	11,225	16,733	16,248	16,232
Capital expenditure that has been authorised by the Board but has not yet been contracted for	46,064	50,210	46,064	50,210
TOTAL	**57,289**	**66,943**	**62,312**	**66,442**

These commitments will be financed by grant and loan finance.

22. Operating Leases

Annual commitments under non-cancellable operating leases are as follows:

	2014		2013	
	Land and Buildings	Other	Land and Buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	9	25	87	3
In the second year to fifth years inclusive	0	271	194	349
Over five years	183	0	154	0
TOTAL	**192**	**296**	**435**	**352**

23. Contingent Liabilities

On transfer, Plymouth Community Homes agreed to meet additional costs incurred, over and above those originally budgeted for by the Council in respect of the properties transferring to Plymouth Community Homes. At the time of publishing the accounts the potential obligations remain as the Council is still awaiting confirmation of any liability. There is a potential liability of between nil and £0.95m depending on the level of subsidy received by the Council in respect of the Housing Revenue Account.

24. Units of Accommodation

	Group 2014 No.	Group 2013 No.	Association 2014 No.	Association 2013 No.
Under development at end of period:				
Housing accommodation	73	57	73	57
Shared ownership	22	10	22	10
	95	**67**	**95**	**67**
Under management at end of period:				
Housing accommodation	13,771	13,857	13,771	13,857
Supported housing	417	415	417	415
Shared ownership	45	36	45	36
Long leaseholders	1,500	1,478	1,500	1,478
Unavailable for letting	338	311	338	311
	16,071	**16,097**	**16,071**	**16,097**
Managed but not owned:				
Supported housing (Brock Trust)	8	8	8	8
	16,079	**16,105**	**16,079**	**16,105**

All owned properties are freehold.

25. Related Party Transactions

The Board members who served during the period that are also tenants have a standard tenancy agreement and are required to fulfil the same obligations and receive the same benefit as other tenants.

Up to 30 September 2013 four Board members were nominees of Plymouth City Council (PCC). Two of these were serving councillors, and two were ex-councillors. With effect from 1 October 2013 two board members were nominees of PCC, both serving councillors. Two ex-councillors also sat on the Board from 1 October. All transactions with PCC during the year were conducted at arm's length and on normal commercial terms.

All trading transactions between PCH and its non-regulated subsidiaries are charged at the cost of providing the service between the subsidiaries. Recharges are determined by an appropriate allocation depending on the nature of the cost, such as headcount, floor space and services.

The value of transactions between PCH Ltd and its subsidiaries was as follows :

PCH Manufacturing Services Ltd : costs recharged from PCH Ltd to PCH Manufacturing : £750,000 (2013: £1,256,000).
PCH Regeneration Company Ltd : service charge from PCH Ltd to PCH Regeneration : £151,000 (2013: £153,800); cost of design & build work invoiced from PCH Regeneration to PCH Ltd : £12,743,000 (2013: £6,756,000)

PCH Energy Ltd : service charge from PCH Ltd to PCH Energy : £19,000 (2013: £18,000); charge from PCH Ltd to PCH Energy for lease of roofs : £11,044 (2013: £4,050). Charge from PCH Energy to PCH Ltd for electricity : £8,884 (2013: £4,344)

The intercompany debtor and creditor balances at 31 March are disclosed in notes 12 and 13

26. Post Balance Sheet Events

There were no post balance sheet events.

27. Status

Registered Office
Plumer House, Tailyour Road, Plymouth PL6 5DH.

Legal Status
Plymouth Community Homes is incorporated under the Industrial and Provident Societies Act 1965 and is registered with the Financial Services Authority (registration 30637R) and the Homes and Communities Agency (registration L4543).

Plymouth Community Homes Group

At the time of signing these financial statements Plymouth Community Homes has three wholly owned subsidiaries - Plymouth Community Homes Manufacturing Services Ltd (company number 07001677), Plymouth Community Homes Regeneration Company Ltd (company number 7272688) and Plymouth Community Homes Energy Ltd (company number 8028170). All three subsidiaries are incorporated under the Companies Act 2006.

Plymouth Community Homes Manufacturing Services Ltd sells manufactured goods to third parties. Plymouth Community Homes Regeneration Company Ltd oversees the design and build work for redevelopment projects. Plymouth Community Homes Energy Ltd oversees the installation of photovoltaic panels on properties owned by Plymouth Community Homes Ltd.

28. Board members, Executives and Advisors

Members of the Board

Elaine Pellow	Chair of Plymouth Community Homes Ltd
Sue Dann	Vice Chair of Plymouth Community Homes Ltd
Alan Clifford	Chair of Audit and Risk Committee
Jack Thompson	Chair of Plymouth Community Homes Regeneration Company and Chair of Plymouth Community Homes Energy. Chair of Development and Regeneration Committee from 28 January 2014
Maureen Alderson	Chair of Governance Committee until 28 January 2014. Chair of Customer Focus Committee from 28 January 2014
Mike Hanrahan	Chair of Plymouth Community Homes Manufacturing Services
Katie Pratt	Leave of absence to 31 December 2013
Jonny Morris	Appointed 22 July 2013, resigned 6 June 2014
Grant Monahan	Appointed 22 July 2013, Resigned 20 February 2014
Nigel Warn	Resigned 8 April 2013, Chair of Governance Committee to that date
Nicky Williams	Resigned 17 May 2013, Chair of Customer Focus Committee to that date
Sheila Cooper	Resigned 3 October 2013
Nigel Pitt	Appointed 28 January 2014
Graham Stirling	Appointed 28 January 2014

Directors of Plymouth Community Homes Manufacturing Services Ltd:

Mike Hanrahan	Chair
Elaine Pellow	Resigned 28 January 2014
Nicholas Jackson	Resigned 25 March 2014
Sue Shaw	Resigned 25 March 2014
Graham Stirling	Appointed 28 January 2014
Mike Knowles	Appointed 25 March 2014
Gill Martin	Appointed 25 March 2014

Directors of Plymouth Community Homes Regeneration Company Ltd:

Jack Thompson	Chair
Clive Turner	
Nigel Pitt	
Sue Dann	
Mike Knowles	Resigned 25 March 2014
Sue Shaw	Appointed 25 March 2014
Elaine Pellow	Appointed 28 January 2014
Roger Pipe	Independent Co-optee, Appointed 28 January 2014

Directors of Plymouth Community Homes Energy Ltd

Jack Thompson	Chair from 28 January 2014
Roger Pipe	Independent Chair. Resigned 28 January 2014, Appointed as a Co-optee. 28 January 2014
Clive Turner	
Nigel Pitt	Appointed 28 January 2014
Sue Dann	Appointed 28 January 2014
Elaine Pellow	Appointed 28 January 2014
Sue Shaw	Appointed 25 March 2014
Gill Martin	Resigned 28 January 2014
Mike Knowles	Appointed 28 January 2014, Resigned 25 March 2014
Sheila Cooper	Resigned 3 October 2013

Audit and Risk Committee

Alan Clifford	Chair
Katie Pratt	
Maureen Alderson	
Jack Thompson	
Grant Monahan	Appointed 22 July 2013, Resigned 20 February 2014
Simon Ashby	(Co-optee to the Audit and Risk Committee)

Customer Focus Committee:

Nicky Williams	Chair, Resigned 17 May 2013
Maureen Alderson	Chair, Appointed 28 January 2014
Mike Hanrahan	Resigned 28 January 2014
Jonny Morris	Appointed 22 July 2013
Nigel Warn	Resigned 8 April 2013
Sheila Cooper	Resigned 3 October 2013
Elaine Pellow	Appointed 28 January 2014

Governance Committee (deleted from structure 28 January 2014):

Maureen Alderson	Chair, Appointed 8 April 2013, Resigned 28 January 2014
Nigel Warn	Chair, Resigned 8 April 2013
Elaine Pellow	Resigned 28 January 2014
Nicky Williams	Resigned 17 May 2013
Sue Dann	Resigned 28 January 2014

Development and Regeneration Committee (created 28 January 2014):

Jack Thompson	Chair
Nigel Pitt	
Sue Dann	
Elaine Pellow	

Customer Assurance Panel

Malcolm Clancy	Chair
Diana Hill	Vice Chair
Glynis Leaton	
Patricia Turner	
Derek Wheatley	
Pat Gillespie	
Eleanor Whitehead	
Mel Leonis	Appointed 28 August 2013
Sheila Cooper	Appointed 6 November 2013
Denise Favager	Resigned 5 August 2013
Keith Shepherd	Passed away September 2013

Executive Management Team:

Clive Turner - Chief Executive
Nicholas Jackson - Director of Business Services and Manufacturing
Gill Martin - Director of Corporate and Strategic Services
Sue Shaw - Director of Homes and Neighbourhoods
Mike Knowles - Director of Regeneration and Development

Company Secretary

Belinda Pascoe

External Auditors: KPMG LLP
3 Longbridge Road, Plymouth PL6 8LT

Internal Auditors: Mazars LLP
Tower Bridge House
St Katharine's Way
London E1W 1DD

Tax Advisors: KPMG LLP
1 Forest Gate, Brighton Road
Crawley RH11 9PT

Principal Bankers: National Westminster Bank Plc
14 Old Town Street, Plymouth PL1 1DG

Funders: The Royal Bank of Scotland Plc
Housing Finance
7th Floor
135 Bishopsgate, London EC2M 4UR

The Housing Finance Corporation Ltd
4th Floor
107 Cannon Street
London EC4N 5AF

Security Trustees: Prudential Trustees
Governors House
Laurence Pountney Hill, London EC4R 0HH

Solicitors:

Trowers & Hamlins LLP
The Senate Southernhay Gardens
Exeter EX1 1UG

Devonshires
30 Finsbury Circus
London EC2M 7DT

Bond Dickinson
Ballard House
West Hoe Road
Plymouth PL1 3AE

Tozers LLP[1]
Broadwalk House,
Southernhay West,
Exeter EX1 1UA.

Capsticks Solicitors LLP[1]
1 St George's Road,
London SW19 4DR

Ashfords LLP [2]
Princess Court
23 Princess Street
Plymouth PL1 2EX

Foot Anstey[2]
Salt Quay House
4 North East Quay
Sutton Habour

[1] From 11 July 2013
[2] To 11 July 2013

	Plymouth PL4 0BN
Financial Advisors:	Cannacord Genuity 88 Wood Street London EC2V 7QR
Development Advisors:	Savills (L&P) Ltd 20 Grosvenor Hill London W1K 3HQ