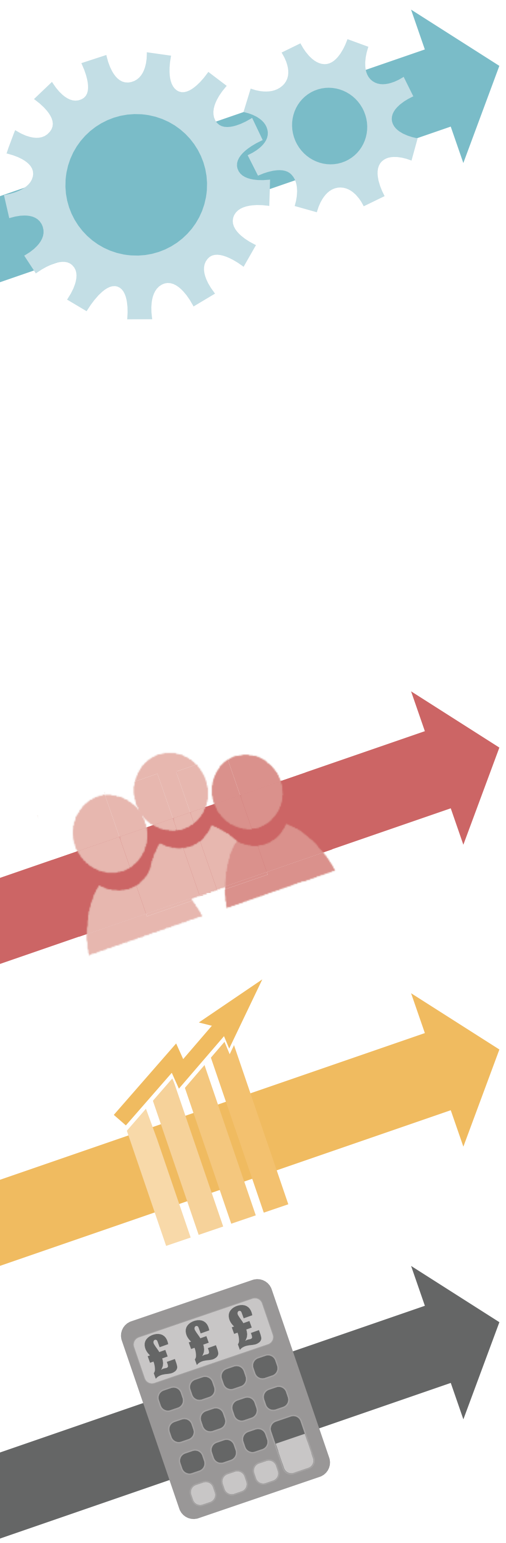
saha

Salvation Army Housing Association

Annual Report and Financial Statements 2016/17

Contents



Who we are

Salvation Army Housing Association ("saha" or "the Association") is a charitable provider of social housing and support services across England. The Association is registered under the Co-operative and Community Benefit Societies Act 2014 (registration no. 15210R) and is also registered with the Homes and Communities Agency (registration no. LH 2429).

We provide accommodation for a range of different people, young and old. Our support services help people to develop their personal talents, flourish and live independently.

Our mission

Transforming lives

Our primary purpose is derived from The Salvation Army's mission, which relates to tackling homelessness and supporting the most vulnerable people in society. We believe each person has value and an innate ability to transform their own lives and develop their potential as an individual and as a member of society. We believe that only by adopting a holistic approach to addressing people's 'whole' needs based on their physical, mental, moral and spiritual wellbeing can lives be truly and completely transformed and people achieve health in the fullest sense.

The homeless and vulnerable are the people we predominantly, but not exclusively, seek to serve.

They have a range of development needs as part of their transformation process to achieve health in the fullest sense. These development needs range from basic (housing, health, food, clothing), psychological (inclusion, social stability, self esteem) through to self fulfilment.

Our role in this transformation process is to provide housing and support a person's focus on their psychological development, which we believe provides the platform from which more advanced needs can be met and lives ultimately transformed. With our resources, housing assets and staff skills, this is where we believe we can contribute most effectively and add value to a person's personal development.

Saha Annual report and financial statements 2016/17

Our values

Servant Leadership

Our organisation has a Christian faith basis which includes welcoming and involving those of other faiths and backgrounds and those of none. Caring for other people and putting their needs first is the rock on which our organisation is built. Our style of leadership is participative and collaborative. As servant leaders we encourage, support and enable each other to achieve our full potential and abilities.

Passion

We have a strong affinity for our organisation's purpose and a compelling desire to see those whom society classes as vulnerable develop and flourish. This engages and motivates us to give the best of ourselves in our respective areas of work in the knowledge that we are contributing towards the fulfilment of people's lives and our mission.

Inclusion

We understand the richness that diversity brings and that a healthy community, whether that is our group structure, our residents, a scheme, estate, team or office, is one in which people feel they belong. Having a sense of belonging – feeling respected, valued for who you are, the talents you have, feeling a level of supportive energy and commitment from others – is when we work at our best and this is how we strive to work at saha. In the modern world, this also necessarily extends to being digitally included.

Respect

We believe that everyone should have a positive feeling of esteem and that we should show consideration for people whether they are our residents, colleagues, partners or others, by the way we conduct ourselves through our language and our actions.

Effectiveness

We believe in being solutions orientated, achieving our objectives successfully and performing over the long term. In an environment of finite resources, we work with agility and efficiency and we are advantaged and innovative in our thinking.

Chairman and Chief Executive's introduction

The Social Housing sector has for some years been in a constant state of flux – affected by economics, government funding – central and local, social policy and public perception. 2016/17 has not been any different. However, each year the saha Board and Executive ensure that we still focus on our principal aim – transforming lives – by seeking to house those who have experienced homelessness.

We have increased the number of people we can help during the year as Chapter 1 Charity Ltd, a housing association, has become a subsidiary of saha. This has enlarged the number of properties we own and manage and increased the range of services that we can provide. This is a very positive step in terms of growing our operations, stabilising our financial position and most importantly providing the resources for people to transform their lives.

An important part of our mission is to increase the number of properties to house those in need. This year we completed the development of 83 new homes and housed 295 people in our General Needs and Older Person Services. We assisted 273 residents to successfully move on from our Directly Managed Supported Housing schemes as well as supporting 48% of our residents in our directly managed supported housing to obtain paid work and 83% in developing their potential in terms of pursuing training and education. We are fortunate in that we are able to undertake the delivery of these services with the assistance of our parent The Salvation Army.

Due to the demand for housing, coupled with the continued growth in the levels of homelessness and the governments expectation of efficiency we have this year commenced the introduction of a transformation programme, which will change the way that we deliver services by maximising our investment in technology to provide modern, digitally available services – whilst at the same time achieving value for money.

In all that we do we will continue to ensure the focus of saha is always linked to Transforming Lives. We hope this report goes someway to explaining saha, its mission, and its purpose

Commissioner John Matear, Chair

Nigel Parrington, Chief Executive

Principal activities

Our principal activities are the development and management of social housing, primarily for single people. This includes Lifehouses for homeless people, Foyers offering support and training, housing with appropriate support services for vulnerable people, special housing for the elderly as well as self contained rented homes at rents affordable to those on low incomes.

We operate nationally in 64 local authorities across England and have four main areas of operation:

1. Agency managed centres

1,729 bed spaces

We work in partnership with a number of organisations nationally, including The Salvation Army, to provide a wide range of Agency Managed Supported Housing services. We have 35 schemes, including residential centres (called Lifehouses) for homeless single people and homeless families, centres for those detoxing and/or recovering from drug and alcohol addictions, accommodation for ex-offenders and individuals and families fleeing domestic violence. We also have one elderly care home. Within these partnerships, we act as the landlord owning and maintaining the buildings, whilst our managing agents undertake the day to day management of the service.

2. General needs

1,246 homes

We have a range of accommodation for mainly single people; we also have flats and houses for families. Generally residents come into this type of accommodation through council housing lists and choice based lettings.

3. Accommodation for the over 55s

293 bed spaces

Some of our accommodation comes with specialist services for those over the age of 55, including a scheme manager providing on-site support. In accommodation where there is no staff on site, there will be an alarm call system and other types of floating or community support available. Styles of accommodation vary from studio flats to bungalows. Many of our schemes have communal facilities where activities and clubs take place.

4. Directly managed supported housing

155 bed spaces

We have three Foyers, housing young people between the ages of 16 and 25, one supported housing direct access accommodation for those over the age of 16, two accommodation centres for young mothers in East Sussex and one scheme for people with mental health issues. All of these schemes have 24 hour staff support, and residents engage in a range of activities to promote independence with the aim of resettlement into other types of non supported accommodation.

Property Asset Definitions

It should be noted that there are variances in the stock profile data between the Statistical Data Return and the Annual Accounts. This is predominantly due to differences in regulatory and internal definitions of some property assets. Saha has a complex overall stock profile and as a consequence a cross departmental annual stock reconciliation exercise has been introduced in the last quarter of each year to provide assurance that the data is as robust as feasibly possible.

External contracts

We manage over 700 residential properties on behalf of The Salvation Army, providing a housing management service throughout the country. We also provide a supported housing inspection service to The Salvation Army and a number of external bodies and a housing management accredited service to supported housing providers.

Chapter 1

Chapter 1 became a subsidiary of saha in March 2017. Chapter 1 provides predominantly supported accommodation and services to a range of clients including young homeless people, mother and baby and domestic violence survivors. Chapter 1 provides accommodation and services to 811 units and bed spaces.

Saha Annual report and financial statements 2016/17

Our corporate strategy

Last year the saha Board approved a new 2016/21 five year corporate strategy. The key strategic priorities of this strategy are:

1. Financial viability and good governance
2. Digitisation
3. Organisational focus

Delivering our key objectives for 2016/17

Through the acquisition of Chapter 1, we have delivered on our key objectives to grow the organisation and to diversify income streams. This has necessarily slowed progress on other strategic priorities: It was important to ensure that the Chapter 1 financial position and operations were sufficiently stable to allow us to move forward with our ambitious plans around digitisation and organisational focus. We also felt it would be inappropriate to consider our objectives in isolation to saha as they required further thought given the additional homes and care and support services that the acquisition of Chapter 1 brought.

Financial Viability & Good Governance

Objective	Outcomes
Seek inorganic growth through acquisition where there is a strategic fit	• We have grown our group structure through the acquisition of Chapter 1 Charity Ltd. This will increase our group turnover to in excess of £50m per annum
Continue the development of new homes and schemes	• Delivered 83 new homes in Leeds • Started on site to develop 30 new homes in Bolton • Obtained HCA allocation of funding to build a further 50 homes
Maintain effective governance arrangements	• Reviewed governance structures and policies

Organisational Focus

Objective	Outcomes
Consider rationalisation of any outlying stock where this makes business sense	• We analysed our stock profile and performance through our dynamic Asset and Liabilities Register to target divestment opportunities, which exceeded the 2016/17 anticipated capital receipts.

Key objectives for 2017/18

This year the saha Board will determine the strategic direction of our combined saha and Chapter 1 operations and ensure that strategic priorities of financial viability and good governance, digitisation and organisational focus are delivered appropriately.

Case Study

Simon – Newhaven Foyer

Simon came to Newhaven Foyer in 2016 following eviction from another supported housing project within East Sussex. Simon had completed the saha led Youth at Risk programme and approached the Projects Manager to seek the opportunity to live at a saha service. Newhaven Foyer interviewed Simon; he met our criteria and we gave him a second chance.

On entry Simon was drinking heavily on a consistent basis. Simon went through the warnings process for alcohol related anti social behaviour, whilst also receiving coaching to address addiction issues. Simon was ambivalent about changing his behaviour but commenced work around 'cycles of change' with the team. Simon has excellent people skills and is a great cook. Simon became involved in leading cooking sessions with other residents and developed his confidence within the Foyer.

Simon started to attend weekly music sessions in house and along with some other residents led the campaign to save Newhaven Foyer when funding cuts risked the future of the service. He worked with our life skills worker completing DIY projects within the service.

During this time, Simon accessed his GP with staff support to discuss his mental health, which he has never spoken about before. Simon came to the Foyer with depression and anger management issues. Simon then stopped drinking. He completed an in house wellness recovery and action planning course and began to address his goals.

Simon became involved with Albion in the Community and secured a placement at a local leisure centre, pursuing his goal of getting into the fitness industry. The Cowan Fund supported initial costs and Simon completed his level 2 in personal training and 100 hours of work experience.

Simon has now secured full time work and is in a stable relationship. His girlfriend is pregnant and they are both focused and planning their future. He has successfully completed the Foyer programme and is seeking move on accommodation. This has been an excellent progression. He wishes to obtain a Disclosure & Barring Service Certificate (DBS) and public liability insurance and become a gym instructor.

(note: all names have been changed to maintain confidentiality)

Saha Annual report and financial statements 2016/17

Performance overview

We have a balanced scorecard of key performance indicators grouped into the four key areas of; People, Residents, Homes and Business. A summary of the main indicators is set out below.

We operate a colour coding for measuring our key performance indicators. A green colour code indicates a good level of performance that is within, or better than, target.

An amber colour code indicates that whilst performance was not at the target level expected, it was better than performance at the previous year end.

A red colour code indicates performance that is not at the target level expected and that has not improved on last year's performance.

The direction of movement is also colour coded to indicate a favourable movement (green) or adverse movement (red) between 2015/16 and 2016/17

People

Performance Indicator	Year end 2015/16	Year end 2016/17	Target	Movement
Average number of days sickness per person	7.7 days	6.82 days	7.6 days	v
Staff turnover	25%	22.79%	20%	v
Average number of hours learning per person	30.4 hours	25.75 hours	35.2 hours	v
Staff engagement index	713	700	697	v

Residents

Performance Indicator	Year end 2015/16	Year end 2016/17	Target	Movement
Satisfaction with repairs	97%	98%	90%	^
STAR overall satisfaction	86%	88%	90%	^
Planned move on	81%	76%	80%	v
Inspected schemes at 'Good' or 'Excellent'	59%	98%	85%	^
AMS (TSA) at 'Achieving' standard	70%	68%	80%	v
AMS (Non TSA) at 'Achieving' standard	22%	40%	80%	^
HMA at 'Achieving' standard	83%	83.3%	80%	^
DMS at 'Achieving' standard	86%	100%	80%	^
Average time to answer inbound calls (20 seconds)	8 seconds	12 seconds	20 seconds	^
Percentage of calls answered	99%	95%	98%	v

STAR: Survey of Tenants and Residents

AMS: Agency Managed Services

TSA: The Salvation Army

HMA: Housing Management Agreement

DMS: Directly Managed Services

Saha Annual report and financial statements 2016/17

Performance overview – continued

Homes

Performance Indicator	Year end 2015/16	Year end 2016/17	Target	Movement
Repairs completed in target (Handypersons)	99%	99.37%	96%	^
Repairs completed in target (Contractors)	97%	97.96%	96%	^
Repairs completed right first time	91%	86.03%	80%	v
Gas safety inspections overdue	0	0	0	<>
Fire Risk Assessment (saha)	100%	100%	100%	<>
Fire Risk Assessment (agency)	100%	100%	100%	<>
Voids (tenantable and non tenantable)	1.2%	2.1%	2%	^
Void rent loss	1.9%	1.9%	2%	<>
Average time to re-let voids	16.3 days	23.83 days	17 days	v
Net cash receipts from property disposals	£2,288k	£882k	£500k	v
Average energy efficiency rating	67	68	69	^

Business

Performance Indicator	Year end 2015/16	Year end 2016/17	Target	Movement
Current tenant arrears (gross)	4.5%	4.32%	5%	v
Current tenant arrears (net of HB)	2.2%	1.58%	2%	v
Former tenant arrears	0.9%	1.03%	1%	^
Rent written off	1.2%	1.17%	1%	v
Surplus as a % of turnover (social activities)	7.7%	9.16%	2%	^
Central overhead as a % of turnover	10.6%	11.00%	10%	^
Return on assets (surplus / fixed asset)	2.6%	1..94%	1%	v
Annualised management cost per unit	£1,265	£1,268	£1,404	^
Annualised maintenance cost per unit	£851	£856	£891	^
Interest cover covenant	5.3	5.6	1.1	^
Cash covenant	£8.8m	£17.7m	£3m	^
Gearing covenant	17%	22%	60%	^

Housing Services

Customer Service Centre & Housing Services

Our Customer Service Centre (CSC) is the first point of contact for all saha customer enquiries. It deals with all types of incoming enquiries and saha's front line housing management services. The CSC manages:

- a comprehensive telephone, email and survey process across all business areas
- business functions, including repair ordering, invoice management and day to day contractor liaison on behalf of Asset Management
- rent recovery facility with specialist Rent Account Officers
- allocations service across all our general needs and older persons services
- service complaint handling process
- access arrangements for our gas servicing programme
- front line housing management services through Housing Officer services, led by Housing Service Managers based North and South
- Acts as the managing agent for the day to day management of 700+ Retired Officers' properties for The Salvation Army

Customer Service Teams

The Contact Team is responsible for the day to day management of phone, text and email enquiries.

The team receives about 200 enquiries a day, ranging from general repairs calls, to those needing support from their Housing Officer. The Contact Team is also responsible for our new customer ownership process, ensuring a right first time approach is taken in all customer contact.

Other administration tasks include the day to day management of Retired Officer enquiries, processing former tenant arrears, rechargeable repair cost recovery, and completing a range of service surveys.

The Repairs Processing Team inputs and processes all repairs through our range of maintenance contractors, ensuring timescales are met and customer satisfaction is achieved.

The team is also responsible for assisting with the Gas Safe access programme, ensuring we meet all legal obligations. Other administration duties include invoice checking, contractor insurance checks and repair job completion checks.

The Rent Recovery Team manages the rent accounts for all our general needs and older people's accommodation.

The team works with residents who are in rent arrears and liaises with benefit departments to secure payments, provide support and signpost residents where they need help to manage their finances. Other administration tasks include Retired Officers' lettings, and rental agreements and payments.

The Allocations Team manages all aspects of saha's lettings process; from processing applications for housing to the letting of empty properties. They also arrange viewings and tenancy sign ups, which are carried out by local Housing Officers. Regulatory administration tasks include ensuring we are adhering to the Right to Rent legislation and dealing with CORE completion requirements.

The Housing Services Teams are split into North and South regions, with a Housing Services Manager based in each region to manage the performance of seven Housing Officers. The team is responsible for delivering local housing management services, including risk assessment visits to applicants for housing, tenancy viewings, tenancy sign ups, tenancy follow up visits, arrears visits, attendance at court, tenancy evictions, management of anti social behaviour issues, management of estate based services and regular scheme checks and inspections.

The five teams within the department work closely together, to ensure the best possible services for our customers.

Rent payment & income management

saha's pre-payment culture remains central to our new tenancy sign up procedures. All new residents are required to pay the full rental amount due in advance at the tenancy sign up.

Residents then choose how they would like to pay us – housing benefit direct, direct debit, standing order, Allpay payment cards and telephone payments.

We offer support and assistance to residents needing to make claims for benefit, particularly those that have to claim under Universal Credit regulations.

When residents fail to pay, we do our best to help. If a resident falls behind with their payments our first response is always to offer practical support, advising on any benefits they may be entitled to and putting them in touch with organisations that can help with debt management. We also give our residents an opportunity to arrange and agree repayment terms with us before we consider legal action.

The Rent Recovery Officers are responsible for collecting rent and service charge payments from residents in the properties we manage directly.

The central management of rent accounts continues to release our frontline housing services staff to focus on tenant support and tenancy sustainment.

Contact

33,000 Phone Calls

During the year the CSC received almost 33,000 calls, most of which were answered within four rings. There are no automated messages so the customer speaks directly to a member of the team. The highest proportion of calls related to repair requests and rent account calls, with around 3,700 calls received in both those categories.

Over 30,000 outbound calls were made by the team during the same period, dealing with an extensive range of customer care, repairs and rent recovery matters.

Complaints

39 Complaints Received

We received 39 service complaints in the year, eight fewer than in the last financial year. Two complaints were escalated to the second stage of the process for review at director level, one of which was referred to a stage three panel hearing.

The reasons for the complaints were:	
Repairs	17
Housing Services	8
Supported Housing Services	7
Agency Managed Services	4
Information Technology	3

Learning outcomes

We value feedback both good and bad and use it to improve services for residents. A number of the complaints we received resulted in changes to our working practices. These are reported to residents throughout the year via saha news.

Learning Outcome Repairs

Contractors now carry larger stocks of certain materials on their vans so that they are able to complete repairs on the first visit

Learning Outcome Information Technology

We received a complaint about the scheme Wi-Fi not being fixed quickly. We have updated the priority that such an incident would receive – this means that our IT Team will deal with any problems more quickly.

Learning Outcome Information For Applicants

We have updated the information for applicants on the eligibility to live at the Foyer to make it clearer

Compensation

During the year we made five compensation payments as part of the resolution of complaints received, the same number as the previous year. The payments were all made in line with the Association's compensation policy and were agreed with each resident concerned.

Compliments

80 Compliments

Many residents have taken the time to give us positive feedback and compliments on our services, which we really appreciate. We are very happy to hear when residents are satisfied and we immediately share this kind of information with the staff teams involved to reinforce good practice. This year we received 80 compliments, a huge increase from 38 received the previous year, which is extremely positive.

Surveys

850 Surveys 98% Satisfactory

The surveys completed by the team cover new tenancy services, the complaints service, the gas servicing process, the anti-social behaviour reporting service, repairs ordering and a survey for all residents vacating a property. We achieved an overall satisfaction level of 98% from almost 850 surveys completed.

Customer Excellence Accreditation

Each year the CSC is assessed by an external accreditor to ensure the services we provide for customers are excellent.

The latest result in August 2016 confirmed once again that we had secured full compliance with the external Customer Service Excellence Accreditation, with two new Compliance Plus awards this year based around the CSC team culture and staff empowerment within the team. This shows the Association's ongoing commitment to continuous improvement and to providing excellent customer service.

Independent Quality Inspectorate (IQI)

The IQI team provides a quality assurance function, and is responsible for monitoring and inspecting all our Agency Managed Supported Housing services. IQI provide The Salvation Army (TSA) Social Services Department with a national inspection service for TSA Homelessness Services Unit and the Employment Plus department.

In 2016/17, IQI inspected:

- 164 services for TSA including; Lifehouses, Floating Support services, Support Only services, Day Centres, Foyers, Night Shelters and Family services.

Saha Annual report and financial statements 2016/17

- 10 saha Landlord services under the management of seven different Managing Agents.
- 8 saha Directly Managed Services
- 25 inspections at Chapter 1 Services.

The inspection process measures performance against set standards depending on the nature and type of the service. Toolkits are regularly reviewed and updated and are tailored to meet regulatory and best practice requirements by assessing performance and service provision against a set of clear standards.

IQI Performance

IQI has a range of key performance indicator targets which were met and in some cases exceeded:

KPI	15/16	16/17	Target
Overall service customer satisfaction	93%	97%	95%
IQI reports completed within the IQI process timescales	100%	100%	100%
Issue of inspection reports to the customer within an 15 working days	100%	100%	100%

IQI Resident Inspector Project

This year IQI has expanded its volunteer Resident Inspector Project and appointed three new Inspectors. The Resident Inspectors, who typically have lived in Lifehouse accommodation, accompany IQI Quality Inspectors to homelessness service inspections and facilitate resident consultation.

In August 2016 a training session was devised and facilitated by two Resident Inspectors at the Braintree Foyer Discovery College to encourage resident involvement in such initiatives. The Inspectors produced a digi-story film that explained the role they undertake and how they became volunteers for the team. This film can be accessed and viewed on the saha website.

"It is a great pleasure to work as part of the IQI team in such a good initiative which is honouring the saha mission of 'transforming lives'. Each time we write a report after finishing an inspection we have the feeling that it is the voice of those residents and as volunteers we are giving that little something to improve their quality of life."

Danilo Rico, Resident Inspector

ISO Certification

IQI has worked within an ISO framework since 2011. The scope of the registration is as an Independent Inspectorate of Housing, Social Care and Welfare to Work Sectors.

Each year, IQI has had an annual external audit by ACS Registrars in order to maintain certification. ISO 9001 standards have been updated and extended since the last audit in June 2016, and accordingly IQI worked on a detailed transition plan to ensure that all processes meet the new requirements. As a result IQI have implemented new documents to monitor customer and stakeholder communication, have reviewed and improved risk and opportunity monitoring and have considered how ISO principles are embedded in the management of the team and in our monitoring and measuring of procedures.

New Business Opportunities

During 2016/17 IQI undertook new business work for two external customers. A review was undertaken of a care home against related national minimum standards to assist with preparation for a Care Quality Commission (CQC) inspection. A review was also undertaken of a housing related supported Service for New Hope in Watford.

"IQI has provided expert advice and guidance with the highest level of professionalism. They have an extremely positive, constructive and helpful engagement in the delivery of their consultancy services".

Aldwyck Housing

IQI have expanded marketing activity during the year and have attended events and exhibitions to promote the service we offer. Marketing will continue during the coming year in order to identify and target potential new business customers and fulfil the potential of the department to increase commercial activity.

"The inspections by IQI play an integral role in measuring and developing New Hope Services as we seek to provide a quality provision for our Service Users".

New Hope, Watford

Housing management performance

We select a range of measures to monitor performance and ensure we are on track. During the year 2016/17 we were pleased to report on many positive performance outcomes, as well as some areas where we will be working hard over the coming year to improve.

Rent Collection

Our income management processes helped to control our current tenancy arrears figures in 2016/17, with arrears at 4.32% of the total rent due at the end of the financial year, which is below our 5% corporate target and an improvement on last years performance of 4.5%

We also maintained a strong performance in the in-house recovery of former tenant arrears and continue our working relationship with our external debt collection agency. We were marginally above our target figure of 1% at the end of the financial year at 1.03%.

4.32% **of the total rent due at the end of the financial year**

Rent loss from our empty homes

We aim to let all our properties as quickly as possible. We want our homes to be available for those who need them. At the end of the financial year the rent loss due to properties being empty was 1.87%. This is better than our target of 2%

1.87% **rent loss due to properties being empty**

Re-let times

Across our General Needs, Older Peoples Service and Directly Managed services, it took us 23.83 days on average to turn a property round from one resident leaving to the next moving in. We have a challenging target of 17 days in which to complete this and our aim is to come within this target in the next financial year.

New Tenancies

97% **of residents said they were satisfied with the allocations and lettings service they received**

We let 653 properties across all our non Agency Managed services in the last year. In our General Needs Service we completed 249 lettings; 46 lettings in our Older Peoples Services and in Directly Managed 358 lettings took place. When we surveyed our residents 97% said they were satisfied with the new tenancy, allocations and lettings service they received.

Dealing with anti-social behaviour

192 incidents completed

Dealing with Anti-Social Behaviour (ASB) remains a priority. We have strong relationships with the local police and other voluntary and statutory agencies and work in partnership with them to prevent and tackle ASB when it occurs. At the end of March 2017, we had resolved 192 incidents of ASB compared to 93 cases in the previous year. These included noise nuisance, abusive and threatening behaviour, damage to properties and harassment.

Scheme inspections

We value feedback from our customers and partners so we've been capturing opinions through our scheme inspections, which focus on the general upkeep of each neighbourhood, gardening and cleaning, and access to services. During the year we undertook 533 scheme inspections (495 in 2015/16).

Our scheme inspections are well supported and attended by our residents and stakeholders and we consider this an excellent opportunity to meet our residents and gather their views on the services that they receive. In 2016 /2017 a total of 399 inspections were completed where residents volunteered to meet with Housing management staff. 87% of the Residents rated the services they received as excellent or good.

87% **of the Residents rated the services they received as excellent or good**

Saha Annual report and financial statements 2016/17

Housing Services – continued

Environmental improvements

You said: We did.....

Our scheme inspections provide an opportunity to gather feedback on the kind of improvements residents would like to see in their neighbourhoods. Following consultation with residents and the community, we budgeted and invested £20,000 on local and environmental improvements. Examples of the types of improvements we delivered are as follows:

- Widening bin area at Park Road, Kent
- Provision of a garden bench at Hope Court
- Motorcycle bay posts fitted at Clouts Wood
- Planting at Beccles/Station Avenue
- Removal of the grass verge, replaced with block paving and pin kerbs have been installed and some trees have been cut down to improve scheme visibility and to help with CCTV at Tom Raine Court.

Bridging the Gap with The Salvation Army

Saha works closely with The Salvation Army on the Bridging the Gap initiative that seeks to provide practical help and support to new and existing residents and to those in the communities we serve:

- In Leeds the housing team meet with The Salvation Army, Rebecca House and the nursery on a bi-monthly basis to discuss initiatives. The steering group has been a great success in developing local community cohesion and involving tenants in activities taking place in the Community Hub.
- At our St Helens schemes we worked in partnership with The Salvation Army and the Lifehouse, Salisbury House. We attended The Salvation Army mission focus group to discuss ways of linking in with the mission development plan and we are working together to look at initiatives that affect our vulnerable residents. We will be attending training and presentation days in the next 12 months to share ideas from saha experiences to shape further developments in these areas.
- In Leeds an informal residents association has been set up with four residents. This will become a formal association in the next 12 months, which will give the residents the opportunity to apply for funding.
- In St Helens our befriending and visiting service, launched in 2013, continues to be a great success. Tenants at our two sheltered schemes in St Helens and our general needs scheme Ramford and Hammond Street can access the service via referral from our Housing Support Workers based on the scheme. The service is delivered by a volunteer from The Salvation Army on behalf of saha.

Directly Managed Supported Housing

At our Directly Managed Supported Housing Services we work with the Salvation Army to help support residents in resolving the issues that arise from moving on from a temporary supported environment into independent living. These issues can include tackling loneliness and isolation, support to provide basic furniture and cooking facilities and establishing links with the community. Here are some of the highlights from 2016:

Roseberry, Middlesbrough

The Salvation Army Citadel has now relocated further away from Roseberry.

However the relationship has been maintained.

Staff baked cakes which were then sold within the Drop In to raise funds.

The Salvation Army and Roseberry have agreed the use of SA rooms for activities/events in the future. The Salvation Army can also offer Roseberry residents volunteering opportunities within The Salvation Army shop at the Citadel.

The SA and saha residents have agreed to complete some gardening when the weather improves.

Newhaven Foyer

Newhaven Foyer has re-established links with the Salvation Army in Brighton. The Brighton Corps have refurbished their community café and will provide work based volunteering opportunities for Newhaven Foyer residents both within the café and also other programmes they deliver such as community gardening and painting and decorating.

Saha Annual report and financial statements 2016/17

Housing Services – continued

East Sussex Young Mothers Service (Eastbourne)

ESYMS (Eastbourne) maintains links with the Eastbourne Salvation Army. The SA can provide move on furniture and white goods for residents and toys at Christmas for those with little income. The Eastbourne Salvation Army also hold regular mother and baby sessions which ensure that young people who move on from the service can maintain contacts within our Salvation Army/saha community.

Braintree Foyer

Braintree Foyer continues to offer its services to New Direction. Braintree Foyer offers a programme to train residents as gym instructors and this has been offered to residents from New Direction to provide health related benefits as well as employment opportunities.

Support Outcomes Data 2016-17

We collect information and measure against a whole range of support outcomes from our supported housing service. Below are 10 key areas that we focus on and measure against the national average.

We have positive performance outcomes in many of these categories, although we still have work to do. There are four areas where our performance is below the national average benchmark and in the coming 12 months we will seek to develop and deliver better outcomes for residents in these areas.

In a number of areas, although our performance is at or above the national average we are seeing slightly worse performance than in the previous year. In part this is a reflection of the changing environment, where the threshold to access services is increasingly prioritised for those with critical and complex needs, who may not have the basic skills for independent living and for whom securing entirely positive outcomes is more challenging.

	National Average	Saha Average 2015/16	Saha Average 2016/17	Better or worse performance on previous year
Maximising income	92%	95%	95%	<>
Reducing overall debt	79%	70%	79%	^
Obtaining paid work	39%	44%	48%	^
Participating in education and training	71%	85%	83%	v
Establishing contact with external groups	92%	95%	93%	v
Better managing physical health	88%	93%	88%	v
Better managing mental health	89%	82%	72%	v
Better managing substance misuse	67%	59%	57%	v
Managing accommodation/ avoiding eviction	82%	77%	65%	v
Better managing self harm	86%	89%	84%	v

Saha Annual report and financial statements 2016/17

Asset management

Developments

Broad Lane, Leeds

Last year we wrote about Broad Lane, which had been a vacant piece of land in Bramley, Leeds, owned by the Salvation Army and located adjacent to an empty saha hostel, that was due for refurbishment. It had been identified as a potential development site during a strategic review of housing stock and assets in 2012, and last year we reported that we were on site.

Saha secured grant funding from the Homes and Communities Agency to convert the hostel into 29 affordable homes for general needs housing, and develop 54 new build homes. DK Architects were appointed to assist in the design of the scheme and following extensive consultation with local stakeholders, a master plan design for a new community development was granted planning permission in March 2015. The plan included not only new homes but also a community hub. Work started on site soon afterwards. Throughout the design development and construction phases, local residents and the Nursery were fully engaged and involved in the progress of the scheme, through regular meetings and reviews.

We are delighted to report that in the last year, the development has completed and residents have moved in. Since August 2016, the homes have been fully occupied and the community hub is in use and providing a range of initiatives. The development was officially opened by the Chairman of saha, Commissioner John Matear, and the Salvation Army's Territorial Commander, Commissioner Clive Adams.

Beverley: "My son and I moved into Copper Beech after living in a privately rented home. Whilst there we experienced lots of anti social behaviour, including our car and home being damaged; my daughter was harassed when in the garden and had stopped visiting as much and my son felt unsafe when walking home.

When talking to a neighbour she told me about the new houses that were being built at Copper Beech, but I honestly thought that I would have been too late! I decided to apply anyway and sent my application by recorded delivery so I knew it would be safely received.

After putting in my application, I heard from the Housing Officer who invited me to an interview. It was the longest 24 hours waiting to find out if I had been accepted, but when he rang to tell me the good news, I could have kissed him; I was over the moon!

I'm very happy with my home. I love living here!!!"

Amy: "I moved into the Mount Cross hostel in 2010, as I was in need of a place to stay. I was 5-6 months pregnant with my son. I was offered a council property which was awful and needed lots of work doing to it, which never got done. I then separated from my son's dad and moved to a private rented flat, which was ok at first, then the problems started appearing. The roof was leaking and the cellar was flooded!! I was paying £475 a month for that and no repairs were ever done. I then found a private rented flat closer to my mum and it was perfect. It cost £525 a month, which was fine when I was receiving housing benefit, but once they dropped my entitlement I started to struggle to afford it.

I work at Copper Beech Nursery and my deputy manager encouraged me to put my name down for one of the flats at Broad Lane. My application was successful and we moved in on 8th August 2016.

We are so happy; it is lovely to stay somewhere I can call my own. We definitely won't be moving for a very, very long time".

Saha Annual report and financial statements 2016/17

Asset management – continued

Back Church Street, Bolton

30 homes

In December 2016, work started on site to build 30 new apartments for general needs affordable rent housing. This project is the final phase of a 5-year programme.

The new homes are being constructed on the remaining part of the site vacated by the former Gilead House hostel, which was replaced by a new hostel, Muamba House, which can be seen in the background of picture 1 below. The project is due to complete in Spring 2018.

HCA Shared Ownership Affordable Homes Programme 2016- 21

50 homes

Saha has successfully applied for HCA grant funding allocations in respect of four schemes to develop 50 new affordable homes for rent. These are located in Blackpool (20 units), Bolton (10 units), Leeds (10 units) and Maldon (10 units). These allocations were made under the affordable homes Rent to Buy programme, and will be delivered over the course of the next 4 years.

Chapter 1 HCA Programme 2015-18

£1.2m HCA funding for homes in South West

Chapter 1 has an existing grant allocation. The HCA has agreed it can be delivered by saha, which consists of 9 homes within the Affordable Homes Programme and 36 homes in the Empty Homes Programme. The HCA have agreed saha can utilise the combined allocation of £1,225,000 for additional general needs homes in the South West Region. Chapter 1 also has £583,538 of grant to be recycled from previous property disposals, which will now be used by saha to deliver new homes for the group.

Asset management – continued

Major repairs and planned maintenance

At saha we have an on-going commitment to improve the energy efficiency of our homes helping to reduce the burden of fuel poverty for our residents. This year we have replaced inefficient electric heating systems with more efficient systems.

With the help of £113,000 grant funding from Affordable Warmth Solutions, we installed new mains gas supplies and 111 new gas central heating systems. This included 8 flats located in converted street properties in London, where we secured a further £14,000 of funding via the Central Heating Fund. One of these flats had an EPC at band F prior to the gas central heating and internal wall insulation being installed. Following completion of these works, the EPC band increased to band D.

35 properties where gas mains connections were not possible or were prohibitively expensive benefitted from having Air Source Heat Pumps systems installed.

£1.2m spent on improving energy efficiency

The average SAP rating of the electrically heated properties prior to Gas Central Heating being installed was 61 (band D). Following the new heating being installed, and new EPC's carried out, this has increased to 73 (band C). The overall average SAP rating for the entire saha housing stock has also increased from 67 to 68.

Rothbury Court, St Helens-external repairs and redecorations

Kitty Wheeldon Gardens, Manchester-external repairs and redecorations

In addition to energy efficiency works, we also carried out routine planned works such as external decorations, window and door replacements and roof renewals at a number of our properties and Lifehouses.

Resident feedback demonstrated that 97.5% of residents were satisfied with the works undertaken. From the responses received, the overall satisfaction with the work programme was high, especially taking into account the highly disruptive nature of installing gas mains and gas central heating.

97.5% of residents were satisfied with the works undertaken

Thornham and Burnham Close, Blackpool-new doors and windows and gas mains and central heating installation

Ramford and Hammond Street - new doors and windows and gas mains and central heating installation

Responsive Maintenance and Compliance

In 2016/2017 saha carried out 10,120 repairs, of which over 7700 were carried out by saha's network of regional contractors with the rest completed by specialist contractors. These works cover a wide area from straight forward works such as replacing locks and repairing plumbing to large scale issues like door security and fire alarms.

10,120 Repairs Completed compared to 9,639 15/16

We monitor our contractors very closely and give them specific targets to meet. This year they completed 98% of repairs on time against their target of 96%, and made appointments for 93% of eligible works orders whilst keeping 87% of the appointments they made.

98% Completed in target (Contractors) compared to 97% 15/16

Saha Annual report and financial statements 2016/17

Asset management – continued

saha, in partnership with The Salvation Army, use a network of 23 handypersons to carry out minor repairs at Lifehouses. They have completed more than 9,900 repairs of which over 99% were completed on time. Using handypersons has proved so successful we are now working in partnership to extend the handyperson service at our Lifehouses run by other service providers.

In 2016, we introduced two innovations to try and improve our repairs service. In May, we signed an agreement with British Gas to use their "Voidcare" service, which aims to clear off debt from gas and electric meters quickly and ensure our empty homes are ready for new tenants as soon as possible. We've also given our Contractors responsibility to inspect voids and provide costs so we can complete work quickly.

In July 2016, we integrated our appointment systems with those used by our contractors. This allows our customer service team to offer appointments in line with contractor availability and notifies the contractor when an appointment is set.

We care about how residents and tenants feel regarding our service so we closely monitor tenant satisfaction. Our customer service team surveyed 592 residents last year for feedback about our repairs and reported 97% satisfied or very satisfied with the service.

98%

Satisfaction with Repairs
compared to 97% 15/16

Stock Condition

We have an on-going stock condition survey programme across our entire property portfolio, which enables us to maintain a fully up to date condition database to monitor and review the performance of our assets in terms of major repair programmes, decent homes standards compliance, energy efficiency and the Housing Health and safety Rating System (HHSRS). In 2016, our stock condition database was audited and independently validated by a firm of consultant surveyors: They successfully tested the methodology and accuracy of data collection, life-cycle assumptions and cost forecasting.

98%

Satisfaction with Repairs
compared to 97% 15/16

saha win Gas Safety Award

At the AGSM (Association of Gas Safety Managers) National Gas Safety Awards, we were announced as winners of the Gas Safety Staff Training & Development Award. It was awarded in recognition of our commitment in ensuring front line staff (Asset Management Team, Housing Management Team and CSC staff) met and exceeded the requirements to be aware of gas safety issues, be well trained and be up to date in their knowledge and skills.

Case Study

Heart Warming 'Storie'

As part of our on-going Energy Efficiency Planned Works programme the homes at Brewers Yard and Edward Bright Close in Maldon, had their electric panel and storage heaters replaced with Air Source Heat Pump systems.

Air Source Heat Pumps, are like fridges that work in reverse i.e. they pull air from the outside, compress it and use the heat it forms to heat water to provide hot water to heat up water filled radiators and provide hot water via a hot water cylinder. Because the heat units are so efficient, they are cheaper to run than electric panel heaters, storage heaters and traditional hot water cylinders.

Before starting the works, we held a meeting with residents. At the time of the meeting, one of saha's residents, Sara Hatt was expecting a baby. The dates for the heating installation were arranged with Sara so that she had plenty of time to get the works done before the baby was due. Sara was looking forward to having the new heating installed so that she could bring the little one back to a nice warm home.

However, things didn't go as planned and her baby was born 10 weeks prematurely and had to go into the baby care unit, which coincided with the dates for the new heating being fitted. Sara had to spend her time travelling to and from hospital to visit her new-born daughter, who she named Storie, as well as caring for her two sons, Radley and Frazer at home.

The last thing Sara wanted was to worry about the new heating being fitted but at the same time, she wanted a nice warm home for Storie, Radley and Frazer. Our contractor, TSG fully understood what Sara was going through and worked with her to ensure the works were completed in time with as little disruption as possible.

When Storie was eventually able to come home, Sara contacted saha and asked us to pass her thanks on to TSG for doing such a great job and commented how quickly they had done the works and had left her home clean and tidy at the end of each day.

Sara also added that her home was now lovely and warm throughout rather than just the odd few rooms that were heated before due to the high cost of her energy bills and also added that it was nice to have a warm bathroom. Sara also commented that she was already seeing savings on her energy bills which was most welcome as well.

As a thank you from saha and all involved in the project, we asked Sara if we could give Storie a little something and arranged to visit the family, along with representatives from TSG, who undertook the works, Pellings, our consultant surveyors who oversaw the works and Mitsubishi, whose ASHP units were specified and installed.

We presented Sara with a baby hamper for little Storie and with it being so close to Easter Sara, Radley and Frazer all had Easter Eggs.

Saha Annual report and financial statements 2016/17

Risk management

Our ability to fulfill our mission relies on our continuing viability and as such the protection of our social housing assets from undue risk. We therefore take a risk averse approach to managing our social business: We acknowledge that the nature of our business and our operating environment presents a number of risks over and above those faced by other providers of social housing and support, which is recognised in the HCA Sector Risk Analysis. These include funding risks, alongside risks associated with safeguarding the lives of vulnerable people. We see this as consistent with our mission and work to ensure that the benefits of our work far outweigh the risks.

Risk identification and management

Strategic and Operational Risks are recorded in our Risk Controls and Recovery Framework which is subject to regular review and updating. Individual risks are assessed and analysed according to their probability of occurrence and corresponding impact, the product of which gives rise to a risk score. Risk scores and trends are reviewed quarterly by the Executive, the Audit Committee and the Board.

Our risk controls assurance framework sets out for each risk:

1. Lead Executive Risk Owner
2. Perceived causes of identified risks
3. Controls in place to manage each possible cause
4. An assessment of the effectiveness of those controls
5. The source of assurance for each assessment
6. Remedial action for any controls assessed as weak
7. Recovery plans in the event of risk crystallisation

During the year we expanded the framework to test the resilience of our business plan to withstand stresses arising from multi-variant risks. This is kept under regular review by saha's Executive, Audit Committee and Board.

Key risks and controls

Policies and procedures	We have written policies and procedures which are kept under review and cover a range of areas intended to manage risks effectively. These include safeguarding adults and children, data protection, IT security, code of personal conduct, whistleblowing, financial regulations, health & safety, and equality, diversity and inclusion.
Business continuity and disaster recovery plans	We have plans in place that are periodically tested, which minimise the risk of interruption to our business in the event of a major disruption to normal functioning arrangements.
Budget and financial plan	We produce annual budgets, in accordance with a clearly outlined methodology. We also use a recognised and validated planning model to develop financial plans spanning up to 40 years. These, together with quarterly management accounts including a rolling cash flow, are reviewed and approved by the Board. Financial plans are stress tested for multi variant risks by the Executive and the Board. Monthly management accounts are produced and reviewed by the Executive Management Team.
Insurance	We have a large and comprehensive portfolio of insurance with a preference to insure against risks where appropriate.
Clear delegation and limits of authority	We have a Board approved schedule of delegated authority (reviewed every two years) that sets out levels of financial decision making authority delegated by it.
External accreditation in key areas	We are a Sunday Times top 100 not for profit employer, with Investors in People accreditation at Silver standard. We have Customer Service Excellence accreditation for our Customer Service Centre and our IQI inspection service is ISO9001 certificated. In addition we have Centre for Housing Support (CHS) and Elderly Accommodation Counsel (EAC) accreditations for our housing for older people and Foyer Federation accreditation for our Foyers for single young homeless people.
Resident scrutiny panel	We have a trained panel of residents who help to scrutinise services for quality and for compliance with regulatory customer standards. During the year three areas were selected by the panel for scrutiny and reported to the Board – what it means to transform lives; anti social behaviour; and value for money from allocations and lettings.

Saha Annual report and financial statements 2016/17

Risk management – continued

Internal and external audit	We employ internal auditors to provide independent assurance on the effectiveness of our risk management processes. During the year they were able to provide substantial assurance in this area. Our external auditors provide an independent opinion on the financial statements of our organisation and that the financial statements comply with all relevant accounting regulations.
Independent Quality Inspectorate (IQI)	Our IQI inspection service is a key driver of continuous improvement in the standards of our Agency and Directly Managed Supported Housing services.
Performance monitoring and reporting	We have a key performance indicator scorecard. The Board receives regular reports on financial and operational performance and matters of potential strategic significance. The Executive reviews performance of the business on a monthly basis.
An effective Board	Board performance is appraised annually and externally facilitated every third year. Annual improvement plans are implemented following each appraisal.

Strategic Risk Summary Table

Strategic Risk	Risk Controls	Our Approach
A lack of alternative uses / obsolescence of some housing assets	• Develop alternative operating models not reliant on SP funding • Exit Strategies • Stock rationalisation and opportunities multi-departmental working group regularly reviews potential voids for redevelopment, remodelling or disposal • HCA development partner status enables access to grants for new build schemes	We are committed to utilising our housing assets to achieve maximum impact on delivering our Mission. We are proactively managing the medium and longer term viability of our stock, including rationalisation, where this makes strategic sense.
A failure to successfully implement our Target Operating Model	• Encourage and enable staff buy-in to the vision and model through dialogue and transparency. • Digital Inclusion planning • Consultancy Support • Robust Project Methodology • Phased Implementation to manage failure risk • Staff and Stakeholder Engagement	We're committed to careful planning and transparency around TOM delivery, based on realistic, achievable timescales and incremental outcomes. We're ensuring that the delivery of TOM will reflect our customers' appetite for digital engagement, and will always tailor our offer to meet vulnerable clients' needs.

Strategic Risk	Risk Controls	Our Approach
A failure to meet financial plan targets	• Specific efficiencies identified in the HCA Financial Forecast Return (FFR) • Development of a new Target Operating Model (TOM) • Board monitor key performance indicators • Early intervention in arrears with welfare advice reasonable and not absolute assurance against material misstatement or loss.	We have a clear VfM approach and efficiency plan. We aim to work smarter and more efficiently to deliver cost savings, whilst enhancing the saha customer experience and continuing to address the needs of our most vulnerable customers.
A failure to successfully integrate Chapter 1 into saha	• Managed budgets • Robust due diligence process • HCA support • Two stage process • Consultancy support • Review of all contracts by saha's Asset Management and Housing Management staff.	We have a robust integration plan to ensure effective and timely integration of Chapter 1 into saha. The Plan covers all aspects of the merger and acquisition, including clear ownership of actions to enable a smooth transition. We aim to minimise disruption to residents of both organisations throughout the process.
Major contractor insolvency	• Undertake external financial analysis of major contractors prior to awarding contracts • Effective contractual payment controls based upon completed works, valued and certified by 3rd parties. • Retentions held throughout projects • For major developments, performance bonds are utilised equivalent to 10% of contract value.	We carefully manage the risks associated with contractor insolvency, through rigorous procurement of our contractors, effective contract management and financial risk mitigations throughout the contract period.
Development and major works costs exceeding budget	• Regular financial outturn forecast reporting with cost and quality controls by Employer's Agent/QS. • Robust and comprehensive Employer's Requirements and 'lump sum' pricing via 'design and build' procurement. • Agreed contractual mechanisms which govern cost and variation controls • Inclusion of contingencies and provisional sums to deal with risks, unknown quantities, variations and unforeseen works	We work effectively with our cost consultants to deliver effective cost control in the scoping, planning and delivery of development and major works contracts. Using the most appropriate forms of contract and procurement method, we minimise cost over-runs and maximise value for money through cost control and good contract governance and management.

Strategic Risk	Risk Controls	Our Approach
Property standards failing to meet customer needs and aspirations	• Comprehensive stock condition database, regularly updated for condition and cost data to ensure decent homes compliance • Regular stock condition surveys • Resident satisfaction data gathering during major works • 30-year component replacement spend profile incorporated within business plan • Annual Major repairs budget and works programme, including energy efficiency improvements	We prioritise compliance with property related standards and aim to provide high quality accommodation to all of our customers, across the entire saha portfolio. We invest in our stock to protect both its value and customer amenity, through our component replacement and major repairs programmes. We encourage residents to tell us about their experiences, to measure satisfaction and to inform our investment programmes.
A failure to expand profitable IQI commercial	• IQI Marketing Strategy • Sector networking	We publicise and extend Saha's positive reputation in the Quality Inspection field, through relationship
A failure in ICT infrastructure components	• Infrastructure maintenance programme • Server virtualisation • Back up leased lines • External support provider contract • ICT integration workstream in Chapter 1 Integration Plan • Network penetration testing • Off site back up and disaster recovery systems in place	We've prioritised investment in out ICT infrastructure to maximise system stability. This will help to manage ICT risks across the business and enable smooth systems integration with Chapter 1. It will also build user confidence in the infrastructure and enhance the desktop and mobile device experience, as we progress the digitisation programme. Resilience to cyber-threat is embedded in our ICT systems.
Increased cost of pension provision	• Deficit funding structure in place • Financial assessment by The Pensions Trust	We maintain visibility on pension fund status. Our recovery plans include a review of budgetary impact and associated deficit funding options.

Strategic Risk	Risk Controls	Our Approach
Property related health and safety failures	• Contracts in place for regular maintenance, servicing, testing and certification of all landlord's health and safety compliance components • Annual health and safety and fire risk assessments compiled by expert consultants • Comprehensive compliance database suite of KPIs via ServicePro, FireRiskPro, and AsbestosPro.	We monitor health & safety very carefully with regular reviews of performance against targets for health & safety compliance checks. We ensure that our staff are aware of our obligations as a landlord. We also keep up to date with current issues so that we can respond swiftly and appropriately to any new health & safety risks identified.

Controls assurance

The Board acknowledges that it is responsible for the Association's system of internal control and for reviewing its effectiveness. However, it accepts that such a system is designed to manage rather than to eliminate the risk of failure to achieve business objectives. Therefore, such a system can only provide reasonable and not absolute assurance against material misstatement or loss.

The process we follow for identifying, evaluating and managing the significant risks we face is on-going, and has been in place for the year under review and up to the date of approval of the Annual Report and Financial Statements, and is regularly reviewed by the Board.

The Board has approved an Anti Fraud, Bribery & Anti Money Laundering Policy which covers employee responsibilities in respect of fraud and the necessary actions to be taken. The Anti Fraud, Bribery and Anti Money Laundering Register is updated whenever fraud or attempted fraud is detected. This register is regularly reviewed by the Audit Committee.

In order to fulfil its responsibility, the Board approves the following guidelines and key policies, which are essential to achieve effective internal control:

- Governance Handbook (incorporating Financial Regulations)
- Treasury Management Policy
- Anti Fraud, Bribery & Anti Money Laundering Policy
- Risk Management Policy
- Health & Safety Policy
- Data Protection, Confidentiality and Disclosure Policy
- Equality, Diversity & Inclusion Policy
- Rent Policy

The Board has a separately designated Audit Committee. The Committee engages the services of an Internal Auditor and has adopted a strategic approach to risk management and performance improvement.

Assurances are gained from a number of functions and processes. These provide key sources of evidence for the Board to utilise in reviewing the effectiveness of the Association's System of Internal Control. The relevant functions and sources are as follows:

Audit Committee

The Audit Committee is responsible for reviewing the adequacy and effectiveness of the Association's System of Internal Control and reporting its conclusions to the Board. This committee receives reports from both the Internal and External Auditors. The Executive attends this meeting, supported by other staff as required.

Internal audit function

We purchase an externally provided Internal Audit service whose work is carried out in accordance with International Standards.

The Internal Auditors report annually to the Audit Committee on the System of Internal Control, with an opinion as to the adequacy and effectiveness of key internal control systems. The Internal Auditor attends the Audit Committee to present reports and to report on management progress in implementing agreed recommendations. The work of the internal audit is planned, based on the results of an Audit Needs Assessment, which in itself is derived from a review of our main risks. A rolling programme is undertaken to cover all of our systems of control.

The Annual Internal Audit Report for the year ended 31 March 2017 states that in the opinion of the Internal Auditor, we have an adequate, 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.

External audit

The External Auditor, in arriving at his audit opinion on the financial statements, assesses whether a satisfactory system of control over books of account and transactions has been maintained. Any material weaknesses in internal controls identified are reported to the Board and an action plan to address the weakness is agreed. The Management Letter for the financial year to 31 March 2017 did not contain any control issues.

Risk management

The risk management process is identified above. The risk assurance framework is reviewed on a regular basis and updated alongside the risk map.

The Executive Management Team meets monthly or more often if required. Part of the scope of the Executive Management Team is to review, monitor and summarise assurances to the Board through the Audit Committee on the effectiveness of the Association's internal control system, risk management and continuous improvement.

Reports from the Regulator

In accordance with guidance issued by the HCA, limited assurances are taken from reports issued by the Regulator.

The HCA set out its approach to the assessment of viability in the governance and financial standard of the HCA regulatory framework. The Association received the latest Regulatory stability check in December 2016, which maintains the Association's grading as "G1, V2".

The stability check reaffirms the Regulatory Judgement which states that the provider has an adequately funded business plan, sufficient security in place, and is forecast to continue to meet its financial covenants under a range of scenarios. The report also notes that saha is a provider of specialist accommodation and this is a key structural element of its business. Continuing low surpluses are forecast to be generated from this activity, leaving the business with limited capacity to manage unexpected risks. The Association continues to review the contracts in place to mitigate these risks.

Training & personal development

Training plans and personal development are key objectives of our approach to managing human resources; encompassing both staff training needs analysis and Board Members' training. Regular staff supervision and annual appraisals help to identify learning and development needs, which are addressed through an ongoing training programme.

Commissioner
John Matear, Chair
27 July 2017

Saha Annual report and financial statements 2016/17

Governance Report

The Board

Commissioner John Matear	Chair, Independent	Appointed July 2012
Maggie Cameron-Ratchford (H)	Deputy Chair, Independent, HR & Remuneration Committee Chair	Appointed July 2011
Andrew Taylor (A)	Independent, Audit Committee Chair	Appointed May 2010
Peter Taylor (A)	Independent	Appointed December 2015
Jennifer Laurent-Smart (H)	Salvation Army Nominee	Appointed May 2014
Nigel Parrington	Chief Executive	Appointed September 2006
Rich Blake-Lobb	Independent	Appointed March 2017
Alistair Heron	Independent	Appointed March 2017
Major Hilary Watchorn	Salvation Army Nominee	Appointed November 2009 Resigned September 2016
Russell Parker	Resident Representative	Appointed March 2013 Resigned September 2016
Jim Shearer	Resident Representative	Appointed September 2014 Resigned September 2016
Major Paul Kingscott	Salvation Army Nominee	Appointed May 2014 Resigned May 2016

(A) Audit Committee member

(H) HR & Remuneration Committee member

The Executive

Nigel Parrington	Chief Executive
Nigel Hills	Deputy Chief Executive and Director of Finance
Argiri Papathos	Director of Corporate Services and Company Secretary
Geanna Bray	Director of Housing, Care and Support Services
Tony Bacon	Director of Asset Management

The Executives of the Association hold no interest in the Association's share capital. They act within the authority delegated by the Board.

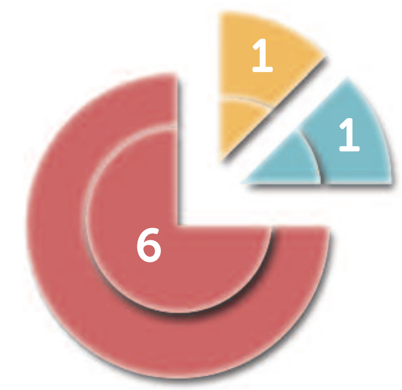
Board Governance

Board composition

In 2016 the Board completed a review of governance and agreed principles for a smaller skills based Board, which was implemented in 2016/17.

At the 31st March 2017, the Board comprised 8 members in accordance with the Association's agreed governance. The Board composition is kept under review to ensure that the skills, knowledge and experience of its members are, or will be, suitable to meet the current and longer term needs of the business and its strategic plans. Board members are drawn from a wide background bringing together professional, commercial and customer experience.

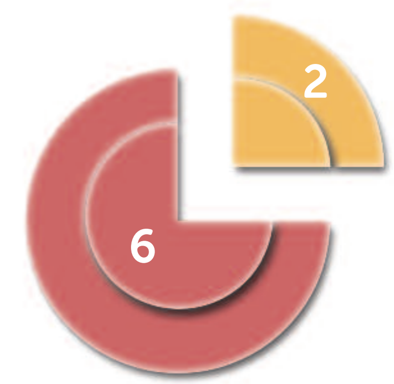
Board composition



Independents
CEO
Group Parent Nominees

The Board values diversity and recognises the benefits of having a diverse Board and the positive impact on the quality of decision making. The Board is clear that its aspiration and intent is not only to have a balanced and diverse Board, but also a workforce that reflects the diversity of the communities saha serves. This is consistent with the Association's policy on Equality, Diversity and Inclusion.

Board Diversity



Male
Female

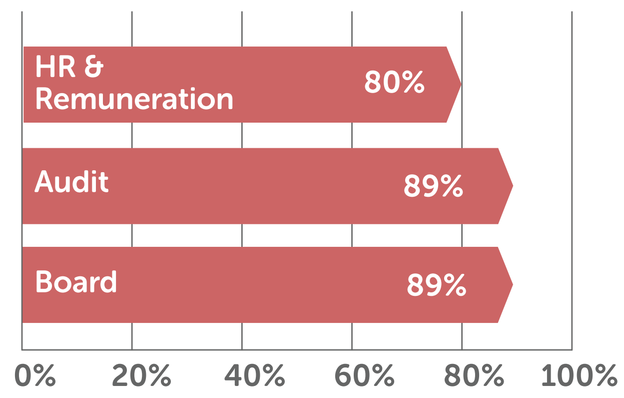
Governance Report – continued

The role of the Board

The role of the Board is to provide effective leadership of the Association within a framework of prudent and effective controls which enable risks to be assessed and managed well. It develops and promotes its collective vision of the Association's purpose, its culture, its values and the behaviours it wishes to promote in conducting its business. The Board is responsible for the Association's strategic planning and delegates the day-to-day management of the Association to the Chief Executive and the Executive Team. In particular, the Board:

- determines strategy and outcomes and provides direction for management to enable the Association to achieve its vision
- creates a performance culture that drives achievement without exposure to excessive risk
- makes well informed and high quality decisions based on a clear and accurate understanding of the business
- creates the right framework for supporting the executive to meet statutory duties and regulatory obligations
- is accountable and transparent in all it does
- delegates day to day management to the Association's staff
- embraces regular evaluation of its effectiveness
- accepts diversity in its composition as an important driver of its effectiveness by creating a breadth of perspective

Attendance record 2016/17

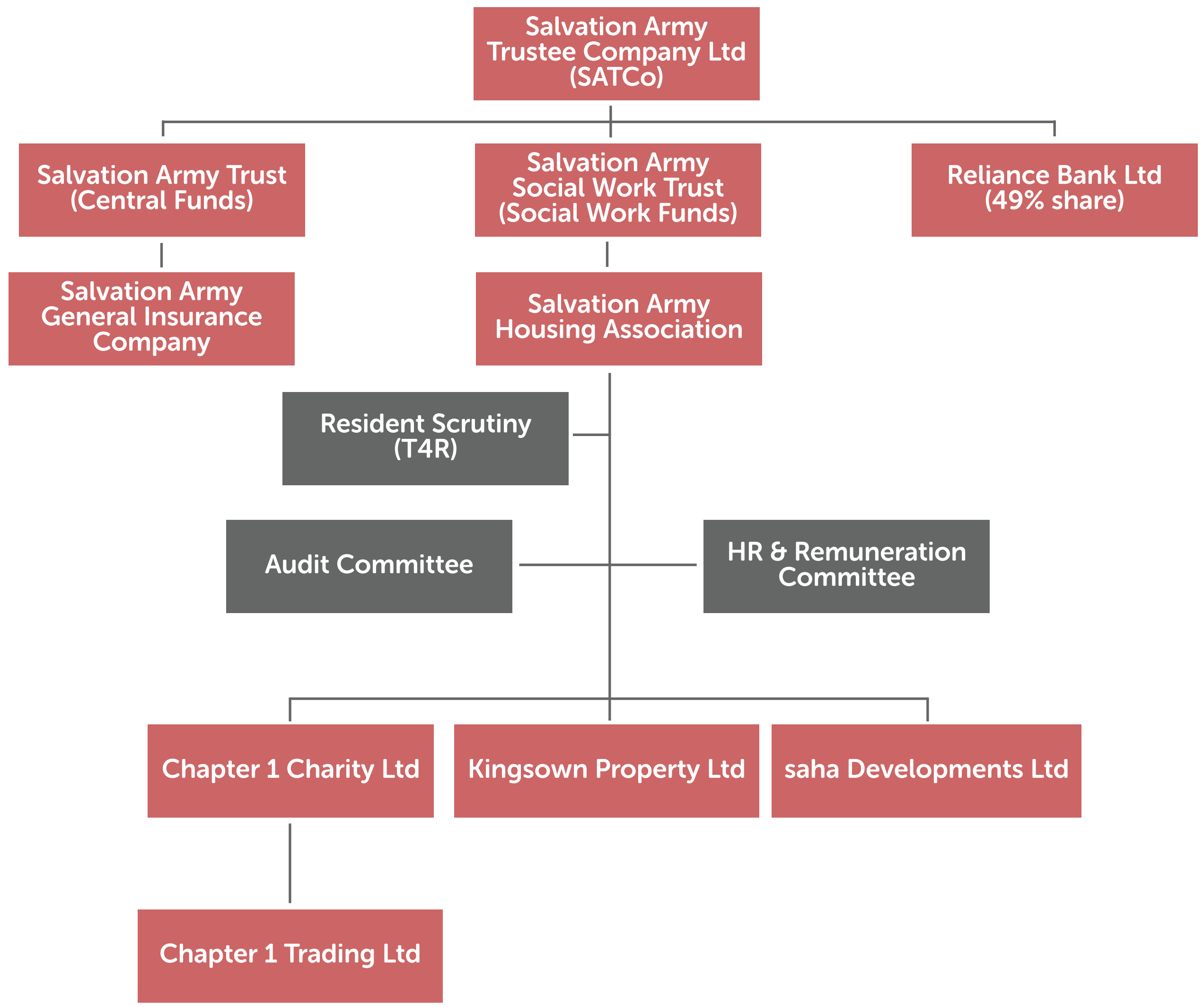


The target level of attendance for Board and Committee meetings is a minimum of 80%.

The Board met formally nine times during the year. The Audit Committee, comprising three members and three co-opted members met four times during the year. The HR & Remuneration Committee, comprising three members and two co-opted member, met two times during the year.

Governance structure

The Association's governance structure and relationship within The Salvation Army group is set out below



The Association's governance framework helps to ensure excellent leadership from the Board and makes accountability real to residents, the regulator and other stakeholders. The framework helps to provide for:

a) Effective relationships within saha, its Board, staff and residents that help the Board to monitor performance and make well informed, well judged and transparent decisions

b) Effective intra group relationships with The Salvation Army and its other subsidiaries that help to deliver added value services both to saha and its residents

c) Effective financial management, risk management and control to secure continued viability and growth

Saha Annual report and financial statements 2016/17

Governance Report – continued

Key areas of focus during the year

Strategic

- Acquisition of Chapter 1 Charity
- Business plan stress testing
- Strategic risk management and controls assurance
- Strategic review of assets and liabilities
- Annual budget

Governance and Compliance

- Compliance with service standards
- Value for Money self assessment
- Governance compliance assessment
- Regulatory financial viability review
- Board appraisal and improvement planning
- Annual financial statements
- Financial forecast return
- Committee briefings

Key Policy Reviews

- Health & Safety
- Annual Financial Treasury Plan

Performance

- Management accounts
- Business plan
- Operational performance
- Resident scrutiny reporting
- Development programme

Board appraisal

The Board commissions an externally facilitated appraisal of its effectiveness every three years with an internally facilitated review in other years.

The appraisal considered the balance of skills, experience, independence and knowledge of the Board, its diversity, how the Board, its committees, the Chair and individual Board members performed and worked together and other factors relevant to effectiveness.

The appraisal confirmed the Board to be performing well with no significant concerns expressed by members.

Board learning and development

The Board receives business briefings on saha's activities and topical issues as required. Board members are encouraged to undertake visits to sites and schemes as part of their own learning and development. New Board members receive a tailored induction and general on-going training is arranged in accordance with identified learning needs or as Board members may request. Minutes of various meetings, reports and briefings are also made available to the Board on line. The Company Secretary briefs the Board on any changes to the code of governance or regulation. The Chief Executive provides a regular briefing report to the Board on the operating environment and any potential impact on the Association.

Code of governance compliance

The Association has adopted the NHF Code of Governance 2015 this year and continues with the NHF Code of Conduct 2012. It is committed to upholding these codes. The Chair is required to be a practising Christian and have a good understanding of The Salvation Army. This deviates from best practice within the NHF code. The Chair is remunerated at £10,500 per annum.

Report of the Board

The Board presents its report together with audited financial statements for the year ended 31 March 2017.

Statement of the Board's responsibilities

The board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society legislation requires the board to prepare financial statements for each financial year. Under that law the board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under the Co-operative and Community Benefit Society legislation the board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the association and group for that period. In preparing these financial statements, the board are required to:

- select suitable accounting policies and apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers 2014, 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 Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing (April 2015). It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Operational framework

With effect from 1 April 2012, Registered Providers have been assessed against the framework introduced by the Localism Act 2011 and, in particular, specific standards in respect of economic and consumer regulation.

We have a fully funded financial business plan which is based on prudent assumptions. Sensitivity testing undertaken on the financial plan gives assurance that the plan is robust. This is noted in the HCA report.

The majority of the Supporting People funding shown in the financial statements is received by our preferred partner, The Salvation Army. Where operational deficits arise on this activity The Salvation Army contributes to top up shortfalls in Supporting People funding grant on The Salvation Army agency managed activity.

Governance Report – continued

We continue to review all controls identified in the risk controls assurance framework.

In respect of governance, the HCA notes that the intra-group agreement with The Salvation Army allows sufficient autonomy to achieve strategic priorities and key objectives as set out in the corporate strategy.

Performance in the year

Turnover and operating surplus by activity is shown in note 2A and 2B of the financial statements.

The following table shows the turnover and surplus over the past two years:

	2017	2016
	£000's	£000's
Turnover	40,658	41,508
Operating costs	(35,703)	(37,244)
Net interest payable	(1,230)	(1,075)
Movement in fair value of financial instruments	–	–
Surplus for the year	**3,725**	**3,189**

The following table shows the summary balance sheets for the past two years:

	2017	2016
	£000's	£000's
Total fixed assets	146,606	147,059
Net current assets	11,533	1,834
Loans and other long term creditors	(116,420)	(110,899)
Reserves	**41,719**	**37,994**

Communication to stakeholders

We communicate performance and other information through resident newsletters, via our website and using various social media. This report contains an assessment of performance on value for money. The report is located on our website and is signposted for relevant stakeholders, including residents, managing agents, consultants, suppliers, and lenders.

Investment for the future

The Board is committed to spending in line with the stock condition plan incorporated within the business plan each year to maintain and improve its existing housing stock. It endeavours to achieve an economic and pro-active approach to maintaining and investing in its stock through programmed major works such as replacements of roofs, windows, kitchens, bathrooms and heating systems. The Board previously committed £5m of investment from the major repairs fund to undertake specific energy efficiency improvement works to the Association's properties in the five years from April 2016.

Capital structure and treasury management policy

We have a Treasury Management Policy governing all of our borrowings and investments. It has been prepared in consultation with Capita Asset Services (Treasury Solutions) and is based on guidance issued by The Chartered Institute of Public Finance and Accountancy (CIPFA). Our policy is to achieve a satisfactory return while minimising risk. The overriding principle is to avoid risk rather than to maximise return.

In the case of borrowing, the objective is to minimise cost consistent with ensuring the stability of our financial position by sound debt management techniques. Borrowings are within the limits set out in our Rules and the HCA, and subject to a Policy and Strategy agreed annually by the Board.

We will not undertake currency risk and accordingly will not borrow or deposit funds denominated in foreign currencies.

Borrowings at the year end were £27.9m (2016: £19.9m). This debt is borrowed wholly from banks in the UK and The Housing Finance Corporation (THFC). This included £10m drawn down against the Metro Bank facility.

Treasury management is the responsibility of the Director of Finance. The Treasury Management policy is reviewed annually and approved by the Board.

The current policy is to maintain between 60% and 80% of borrowings at fixed rates of interest. The actual level of fixed rate borrowings is currently 69%.

An Annual Financial Plan is prepared by the Director of Finance as part of the Treasury Management Policy reporting requirements.

Maturity profile: the next table provides an analysis of when the Association's debt falls due for repayment:

	2017	2016
	£000's	£000's
< 1 year	2,012	1,600
1 – 2 years	1,681	1,578
3 – 5 years	4,224	3,219
> 5 years	20,019	13,539
	27,936	19,936

We do not use hedging instruments other than occasionally to fix variable rate debt at the time of drawdown, dependent on Treasury Management decisions. A rule change would be required to enable hedging to be undertaken at other times and it is not intended to seek such a change as it is considered by the Board that adequate control over interest rate arrangements currently exist.

Surpluses are invested in approved UK institutions meeting the credit rating criteria determined within the Treasury Management Policy.

Saha Annual report and financial statements 2016/17

Governance Report – continued

Compliance against loan covenants is as follows:

Key loan covenants		2017	2016
Income cover	level	> £0	> £0
Surplus excluding property depreciation	**actual**	**£7.34m**	**£6.68m**
Cashflow	level	> £1m	> £1m
	actual	**£17.71m**	**£8.82m**
Gearing	level	< 50%	< 60%
	actual	**22%**	**17%**

The updated 40 year financial business plan in respect of all lenders continues to demonstrate compliance with covenants.

Cash flows

We experienced a net increase in cash and bank balances in the year of £8.9m (2016: £1.1m increase), and a net increase in loans of £6.6m (2016: £1.6m decrease).

Current liquidity

Cash and bank balances at the year end were £17.7m (2016: £8.8m). Net current assets were £11.5m (2016: £1.8m).

Going concern

After reviewing the Association's budget for 2017/18, the 30-year business plan, and based on normal strategic business planning and control procedures, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements.

Statement of compliance

The Board confirms that this annual report and review have been prepared in accordance with the principles set out in Part 2 of the 2014 SORP for Registered Providers.

Statement of compliance with the Governance & Financial Viability standard

The Board completes an annual assessment of the compliance with the Governance & Financial Viability standard and can confirm that the Association has complied with the requirements of this standard throughout the year.

Movement in fixed assets

Details of movements in fixed assets are set out in notes 9, 10 and 11.

Policy on employment

Our aim to provide the highest possible service delivery is dependent upon a skilled, informed and committed workforce. We recognise employees as being a major strength and place great emphasis on adopting an Advantaged Thinking approach in coaching and supporting employees to realise their potential. Staff are appropriately trained and supported, through supervision, team meetings, appraisals and identifying training needs, all on a regular basis.

We are continually developing and expanding training opportunities for staff, with national training programmes, workshops, individual training courses and coaching.

We embrace diversity and foster inclusion through the implementation of inclusive working practices. All staff regularly undertakes training in equality, diversity and inclusion.

We strive to ensure that staff are working in a safe environment and are adequately trained in Health & Safety to carry out their everyday tasks with minimal risk to themselves and others. A separate Health & Safety staff group reviews Health & Safety good practice and compliance.

Rent policy

We set rents in accordance with The Regulatory Framework for Social Housing – Rent Standard Guidance 2015.

The plan provides details of current and future rent levels, which allows us to meet our obligations to residents, to maintain our stock and to continue to be financially viable, including meeting commitments to lenders. This rent plan enables the Association to monitor and apply the recent rent decreases introduced by the 2015 summer budget which applied to supported housing properties in the 2016/17 rent review having been exempted from this decrease in the initial year of application.

Reserves policy

We retain any surplus over expenditure by making a transfer to reserves. The Association sets a minimum target of 2% surplus against annual turnover. The classification of reserves depends on the source of the surplus and whether any restriction is placed on its use.

Any surplus generated which is subject to external restrictions is held as a restricted reserve.

Long term stock and maintenance repair policy

Our Asset Management Strategy is based on the stock condition information, and targets on-going compliance with statutory and regulatory standards and guidelines, as well as recognised industry best practice. The strategy achieves excellent customer service and value for money through the efficient procurement of goods, works and services, and economies of scale wherever possible.

Internal control

The Board's statement on the annual review of the effectiveness of the Association's internal control system appears in the Strategic Report section within this annual report.

Members of the Board Statement

The members of the Board have taken all of the necessary steps to make themselves aware of any information relevant to the audit.

The members of the Board confirm that they have given the Auditor, Grant Thornton UK LLP, all relevant information needed in connection with performing the audit.

Auditor

A resolution to reappoint Grant Thornton UK LLP as auditor for 2017/18 will be laid before the Annual General Meeting.

BY ORDER OF THE BOARD

Company Secretary

Argiri Papathos

27 July 2017

Value for money (VfM)

In order to ensure a long term sustainable business that delivers our mission we must have a robust business model that offers value for money in all that we do. Our Corporate Strategy 2016/21 sets out our key strategic priorities each of which recognises the importance and integral nature of delivering value for money.

Each year we complete a self assessment of value for money and in this section of our annual report we set out the extent to which we have delivered value during the year.

Our approach to ensuring VfM continues to be based on:

a) Regular progress reporting to the Board on the achievement of our corporate objectives

b) An assessment of the performance of our assets and resources by each business activity area based on the financial, social and environmental return achieved by those assets and resources. This includes past performance, current performance, future target performance and benchmarking performance against others.

c) Using both qualitative and quantitative reporting

d) Seeking independent assurance from our internal audit service and our resident scrutiny panel (T4R).

We measure performance on VfM through an assessment of the inputs, outputs and outcomes for each area of our business activity. We compare our performance against groups of similar organisations as well as against national benchmarks such as The Times Top 100 and the Chartered Institute of Personnel and Development.

Key benchmarking data used comes from HouseMark and Skills and Projects Benchmarking (SPBM). HouseMark is the largest source of data and analysis for social landlords and allows us to compare ourselves against similar sized organisations to see how we are performing. SPBM works in partnership with HouseMark but focusses on data from smaller social and supported housing landlords. This helps us understand how we are performing within our supported housing services.

For benchmarking our financial performance we have used data from the Homes & Communities Agency (HCA), which gives us the ability to compare ourselves to similar sized organisations as well as organisations providing supported housing services.

Assessment 2016/17

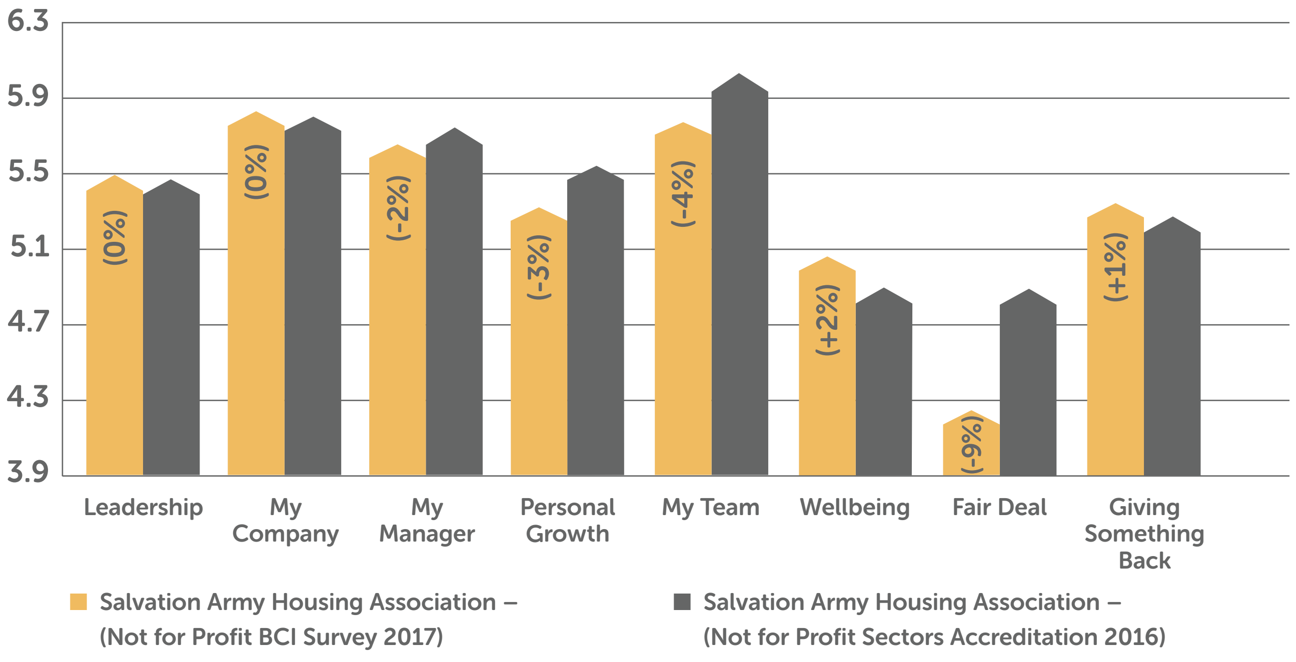
Human resources

We believe that investing in our workforce adds value to employees, to the organisation and to our residents. We create value for our employees by:

- Providing learning and development opportunities for their continuing professional development with appropriate targets and performance measurement
- Creating a working environment that is conducive to their health, safety and wellbeing
- Providing equality of opportunity for all and fostering inclusive working practices that aid cross-departmental working so that key objectives of our Corporate Strategy are delivered more efficiently
- Embedding a culture of 'Advantaged Thinking' supported by employment policies and benefits that create a rewarding place to work where people readily "go the extra mile".

Workplace engagement is the key to creating value for our residents through better quality services and a superior customer experience. We measure workplace engagement via the external Sunday Times Best Companies annual survey and for 2016/17 we retained our two star accreditation score although our ranking dropped from 27th in 2015/16 to 30th. We were delighted to retain our position of 14th highest in terms of registered social landlords. The graph below shows where we have increased our scores and where we need to focus our efforts in terms of improvement.

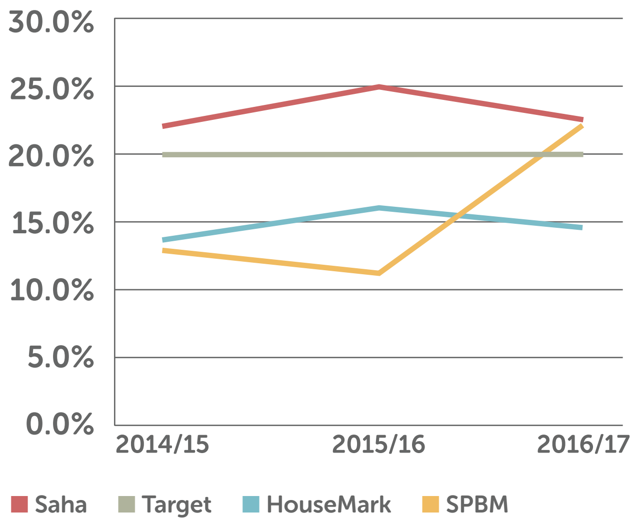
Overall by Factor



Source: Best companies employee engagement survey 2017

Employee turnover at the end of the year was 22.79% against a target of 20% and 2.21% lower than the previous year. This remains an area of relative poor performance when compared to the HouseMark national median of 14.90% for all providers. However, it is comparable to the Skills and Projects Benchmarking (SPBM) national average median of 22.38% for smaller supported housing providers. It remains a key area for improvement during 2017/18 with a continuing view to achieving the HouseMark median level.

Employee Turnover



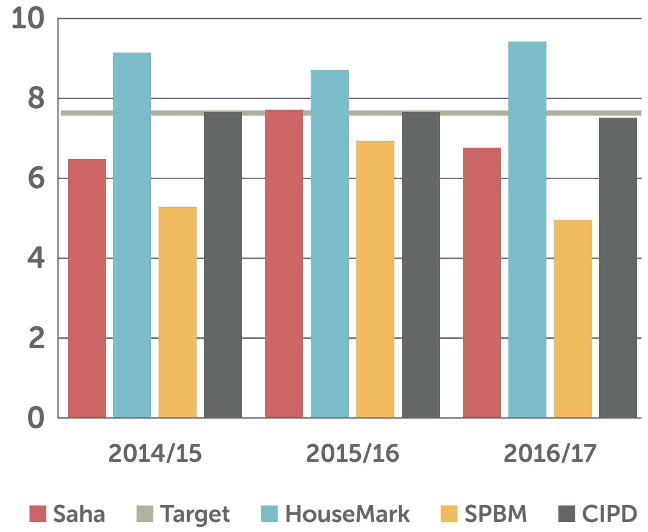
Employee turnover

	2014/15	2015/16	2016/17
saha	22.0%	25.0%	22.8%
Target	20.0%	20.0%	20.0%
HouseMark	13.6%	15.7%	14.9%
SPBM	12.9%	11.2%	22.4%

Average no. of days sickness per employee

	2014/15	2015/16	2016/17
saha	6.5	7.7	6.82
Target	7.60	7.60	7.60
HouseMark	9.20	8.74	9.50
SPBM	5.35	7.10	5.31
CIPD	7.60	7.60	7.50

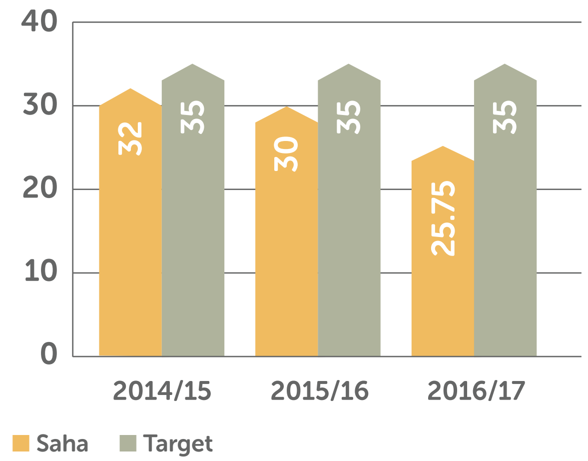
Average no. of days sickness per employee



The average number of days sickness absence for the year was 6.82 days per person. This was a slight improvement against the previous year's average of 7.7 days. It was comparable to the Chartered Institute of Personnel & Development (CIPD) national average of 7.5 days and better than the HouseMark national median of 9.5 days. The SPBM national median was 5.31 days.

A renewed emphasis on sickness and retention by the HR & Remuneration Committee has led to a review of good practice and amendments to procedures.

Average no. of CPD hours per employee



During the year our staff undertook an average of 25.75 hours of continuing professional development. This was slight reduction on 30.40 hours per person in the previous year and does not meet our annual target of 35.20 hours. We assess the return on our investment in our employees' learning and development to understand how both the organisation and the individual have benefited to ensure value and efficiency. This is a feature of our Investors in People assessment and our higher level of accreditation at the Silver standard.

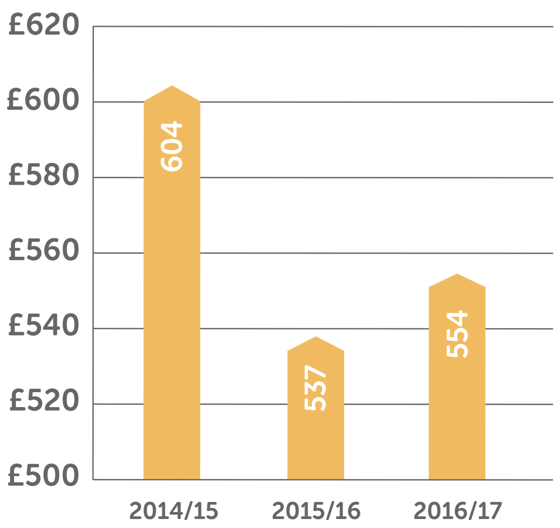
Saha Annual report and financial statements 2016/17

Value for Money – continued

Financial resources and environmental

VfM has traditionally focussed on finance and the relative scarcity, and vulnerability to deterioration, of our financial resources which directly affects our ability to create and sustain value. We have outlined new savings captured during the year in the knowledge that there are some initiatives captured in previous years that continue to have a beneficial financial impact. We achieved further efficiencies of £554k, equivalent to 1.4% of our turnover in 2016/17. It is recognised that there are many initiatives that realise financial efficiencies on a smaller scale as well as those non financial staff generated initiatives that impact on residents' lives as we seek to fulfil our mission objectives. We have captured some of the larger financial savings and these are broken down in the assessment below:

Efficiency savings trends 2014-17



Efficiency	2016/17	2015/16	2014/15
	£000's	£000's	£000's
Procurement and energy initiatives (b)	207	189	145
Efficiency initiatives (d)	19	17	17
National Water Contract (e)	52	62	62
VAT savings via Development subsidiary and other VAT Group savings (f)	50	28	116
Banking review (g)	6	6	6
Treasury Management (i)	220	235	258
Total	**554**	**537**	**604**

a) The condition of our homes and quality of responsive and planned repair programmes are a high priority for our residents. During the year, the Association completed almost £2.5m of major repairs, achieving an average customer satisfaction rating of 98% (2016: 98%).

b) During 2015/16 we achieved a procurement saving of £30k by undertaking stock condition surveys in-house and utilising existing staff resource and data systems instead of using external surveyors. This continues to be received with saha staff providing this function.

In addition, we work directly with providers to secure grant funding to install new gas central heating systems. The direct benefit to saha was £148k in 2016/17 enabling new gas central heating systems to properties in St Helens, Blackpool, Cirencester and Nottingham. This followed initial funding for new gas mains in properties which commenced in 2014/15.

Maintenance services retendered in the North East and Midlands continued achieving combined savings on previous contracts of £29k in year 2 of the procurement initiative.

c) As we complete planned maintenance works, the introduction of motion sensors, energy efficient lighting, water saving devices and efficient boiler systems continues to enable reductions in service charges to residents. This is a direct saving to residents and provides increased quality of service provision in saha homes.

d) saha successfully registered with the Renewable Heat Incentive (RHI) and received payments from Ofgem for the installation of Air Source Heat Pumps (ASHPs) in Essex, with a capital value of £19k.

e) The re-engineering and re-tendering in 2013/14 of our national water management contract continued up to January 2016/17 resulting in a saving of £52k. This is currently being negotiated going forward.

f) VAT savings of £43k were achieved through our subsidiary development company as the development contract in Leeds was finalised.

Being part of the Salvation Army VAT group enabled a further £7k efficiency saving in services provided to saha but also enabled £140k saving to TSA through the provision of our Independent Quality Inspection service.

g) A review and restructure of our banking facilities in 2014/15 continues to result in an annual saving of £6k. We will undergo a further review as part of the review of banking services after the acquisition of Chapter 1.

h) Overhead cost as a percentage of turnover was maintained at 11.1% compared to 10.7% in 2016 despite a reduction in turnover of 1.7%.

i) Good treasury management of our cash balances continued to ensure VfM in the pricing of our loan portfolio. We managed to maintain an average margin of 0.8% on all loan balances prior to the Metro loan drawdown. Current margins average 2.0% to 2.5% which continues to indicate a net efficiency of at least £220k pa to the Association in respect of 0.8% against the outstanding balance of £18.3m (excluding Metro £10m facility).

Turnover and surplus

We budget to achieve a 2% operating margin (net surplus as a percentage of turnover) to ensure that future management programmes are fully funded. Our prudent forecast is to increase and maintain our operating margin to over 3%. The forecast incorporates the recent acquisition of Chapter 1 and includes the budgeted position of that organisational activity into the future.

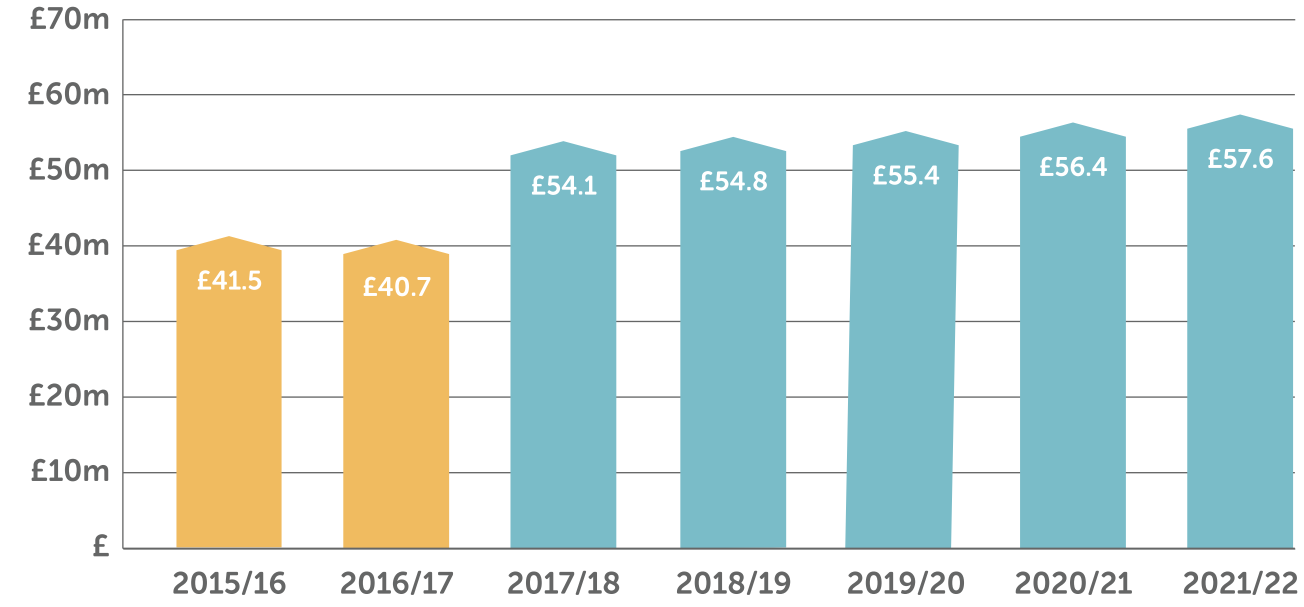
Any favourable variance against budget enables the Board to make resourcing decisions in relation to corporate objectives and achieve greater value for money through utilising efficiency savings in a customer focussed and financially viable manner.

Saha Annual report and financial statements 2016/17

Value for Money – continued

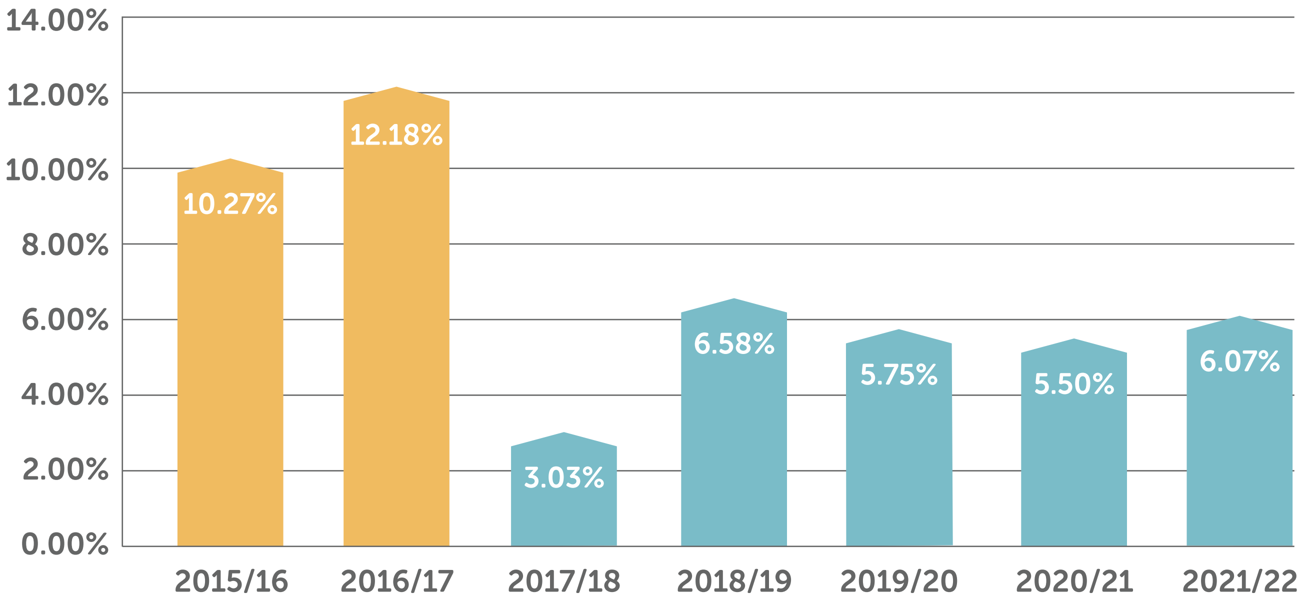
The Turnover and Operating Margin graphs demonstrate financial achievement in 2015-2017 and the forecast position through to 2022.

Turnover



The increase in turnover forecast from 2017/18 reflects the transfer of engagements from Chapter 1 to saha.

Operating margin forecast



The increase in the operating margin in 2016/17 was largely due to:

- Improved voids performance
- Property disposal
- Increase in rent and service charge income following development of 54 new units.

The performance achieved above budget during 2016/17 enabled us to resource the acquisition of Chapter 1 and plan for the full transfer of engagements to provide security and quality service provision for existing Chapter 1 residents. Saha have prudently budgeted to resource the acquisition but also recognised merger efficiencies as outlined in the business case for the transfer of engagements. These efficiencies are fully adopted within the combined business plan and have been subjected to stress testing against a range of scenarios identified in saha's risk framework.

We are able to continue to be flexible in our approach to asset management by utilising budget efficiencies during the financial year.

Asset Utilisation

Last year we delivered 83 new homes for affordable rent in Leeds. The scheme was originally identified in 2012 when a review of stock and assets highlighted a vacant piece of land owned by The Salvation Army that was adjacent to a redundant saha hostel due for refurbishment. We funded the scheme through a combination of HCA grant, private finance and reinvesting saha surpluses.

Saha has continued the energy efficiency improvements programme this year and has secured £177k worth of grants to assist with this work to ensure that our tenants have lower energy bills. This is part of the Board's 3-year, £5m financial commitment for energy efficiency.

Saha has a fully functioning dynamic Assets & Liabilities Register and has analysed its stock profile and performance to target divestment opportunities, which at £727k exceeded the 2016/17 anticipated capital receipts.

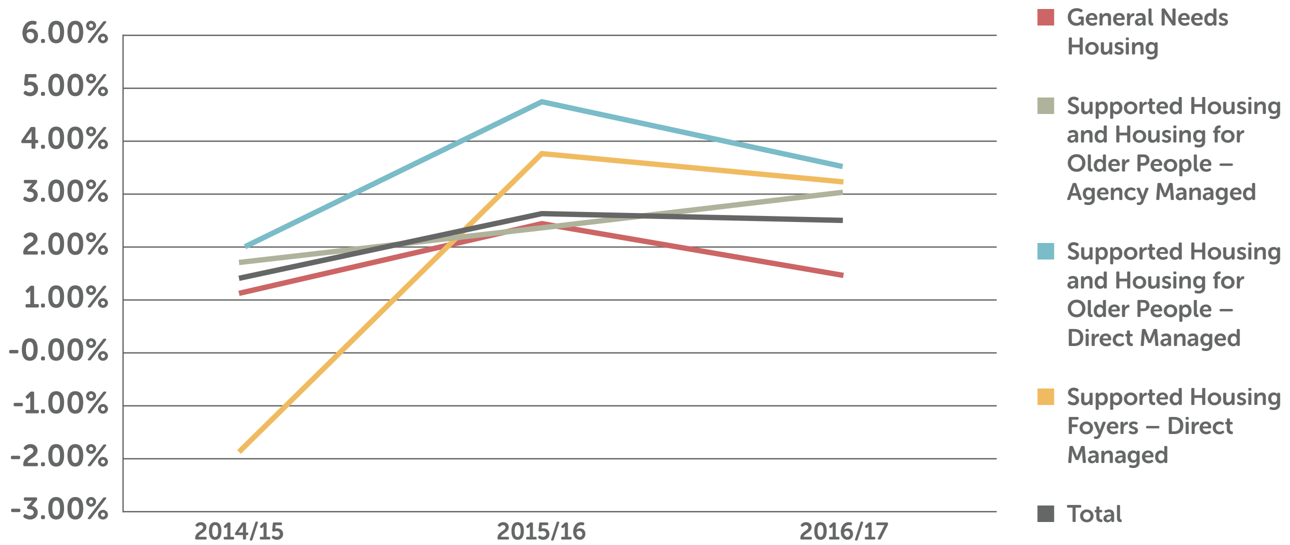
We achieved an overall financial return of 2.53% (2016: 2.62%) on our total assets, which continues to exceed our target of 1.5%. The potential to achieve a return on assets is assessed against our trading activity accounts, which include all income streams and associated costs relating to individual activities. Our target is set by taking into account the supported housing nature of our business. The returns we achieve on our assets across our social housing activities are set out in the table below and further in the graph, which shows trends in return on assets.

Social Housing Activity	Return On Assets		
	2014/15	2015/16	2016/17
General Needs Housing	1.13%	2.33%	1.47%
Supported Housing and Housing for Older People – Agency Managed	1.68%	2.29%	3.19%
Supported Housing and Housing for Older People – Direct Managed	2.11%	4.74%	3.60%
Supported Housing Foyers – Direct Managed	-1.91%	3.76%	3.03%
Overall financial return on assets	**1.40%**	**2.62%**	**2.53%**

The adverse trend in return on assets between 2015/16 and 2016/17 is indicative of the increasing financial constraint on Supporting People funding. This funding helps to fund the primary purpose of our organisation and our mission.

Value for Money – continued

Social Housing Activity - Return on Assets Trends 2014-17



The economic performance of our assets alone reveals only a partial picture about our business and our purpose. A more comprehensive assessment of VfM includes consideration of our 'social dividend'.

We define this as the rental income sacrificed by not renting our property assets at market value; or put another way, the cash saved from the Housing Benefit bill. For saha the difference between our social rents and the market rents generated a social dividend of £3.68m for the year which assisted the government in delivering added value for other social services.

How do we compare?

We have benchmarked key financial indicators of performance from our 2016/17 financial statements against a group of nearly 100 housing providers with up to 5,000 units of accommodation, using the HCA's global accounts for that peer group for 2015/16. We have further analysed this peer group to identify six support organisations of similar size and supported housing operation, which were highlighted in the same grouping as saha in the recent HCA communication in respect of registered providers' Costs Per Unit (CPU).

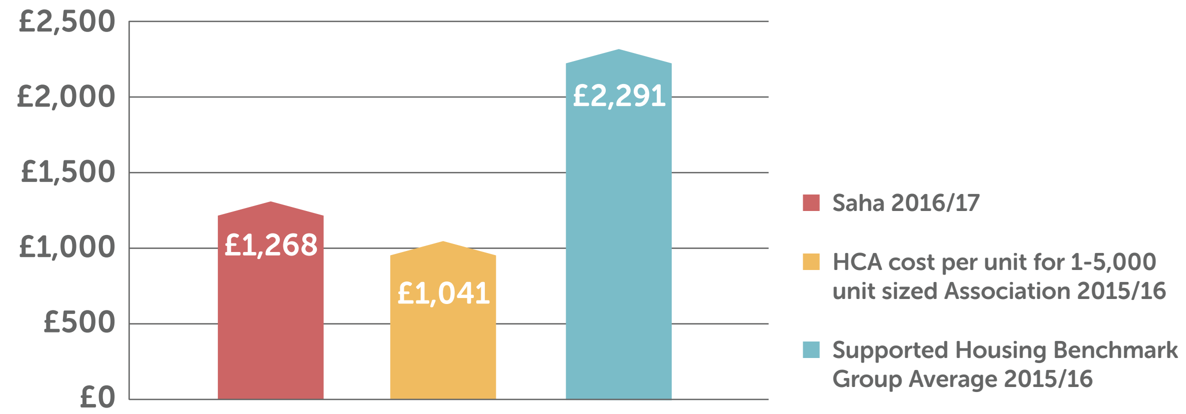
The benchmarking in this assessment contains adjusted saha unit figures because we incorporate full income and costs, including support, from schemes managed by The Salvation Army.

Given the nature of service provision in relation to Lifehouses, Foyers and Directly Managed accommodation, management costs are higher than the benchmark. The 'contribution' received from The Salvation Army ensures that our operational costs and any shortfall in excess management and support costs are met and the financial risk to the Association is mitigated.

This indirect 'contribution' to our services means that, despite cuts to supporting people funding, our parent subsidises and maintains services to rough sleepers. This provides an important contribution to community safety and community cohesion whilst also protecting the continuation of saha's rental stream.

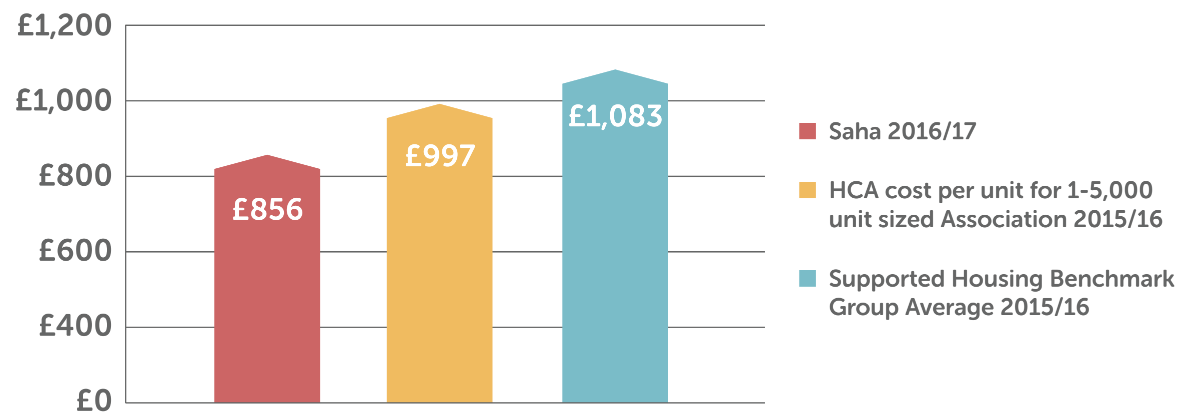
The following charts show how our management and maintenance costs compare against the national average of all associations with between 1 and 5,000 units (HCA) and against the national average for the six identified supported housing providers.

Management costs per unit compared to sector averages



Saha is one of seven supported housing associations identified within the Global Accounts as having more than 30% Supported Housing. We have 54% supported housing, yet in terms of Headline Social Housing Costs and Management Costs for the group, we are within the lower quartile.

Maintenance costs per unit compared to sector averages



Saha Annual report and financial statements 2016/17

Value for Money – continued

Overall maintenance costs across this provision are lower than the benchmark group average from both the HCA and the supported housing peer group.

Analysis of Costs

It is important that we understand why our costs per unit (CPU) are different to other organisations. The HCA issued cost per unit (CPU) communications to all registered providers to aid the analysis of data to help identify why different organisations show differing levels of cost for similar functions.

We have analysed our CPU across all the different trading activities in an attempt to identify CPU for general needs activity against all other types of our supported housing. Saha is striving to ensure we maintain the median level for this activity and we plan to make further efficiencies as we introduce our Target Operating Model (TOM) over the next three years. This approach was adopted after discussion with Housing Quality Network (HQN). It should be noted that this smaller benchmark group provides a wide range of support services to a diverse customer base.

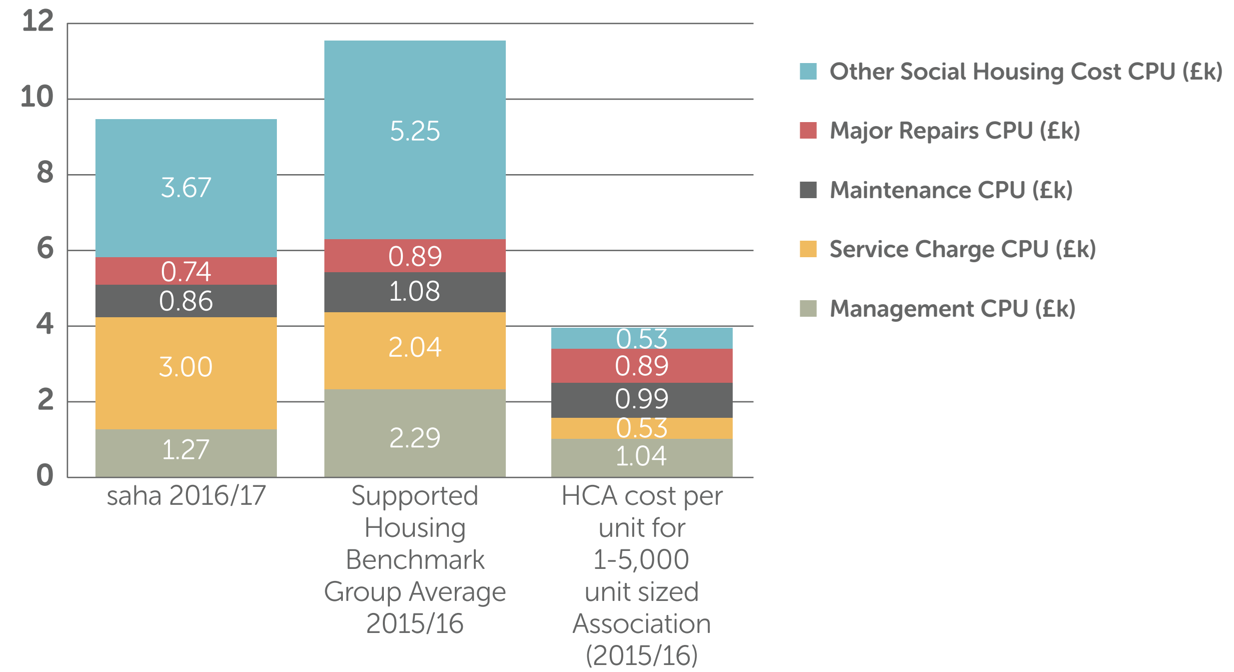
Saha's headline costs as reported in the recent release of Global Accounts 2015/16 cost per unit data have been adjusted to reflect how costs are incorporated in the financial statements and are shown below against the benchmark group of supported housing providers' average. The sector level data for traditional organisations between 1 – 5,000 units is also shown.

In order to further understand our performance we have included the 2016/17 reported headline CPU figures drawn from our financial statements to analyse fully the elements that make up our overall CPU. The CPU for 2016/17 is overall reduced by £0.8k against 2015/16 results, representing a reduction of 7.74%.

	Headline Social Housing Cost CPU (£k)
Saha 2014/15	10.30
Saha 2015/16	10.34
Saha 2016/17	9.54
Supported Housing Benchmark Group Average 2015/16	11.55
Operating cost per unit for 1-5,000 unit sized Associations	3.98

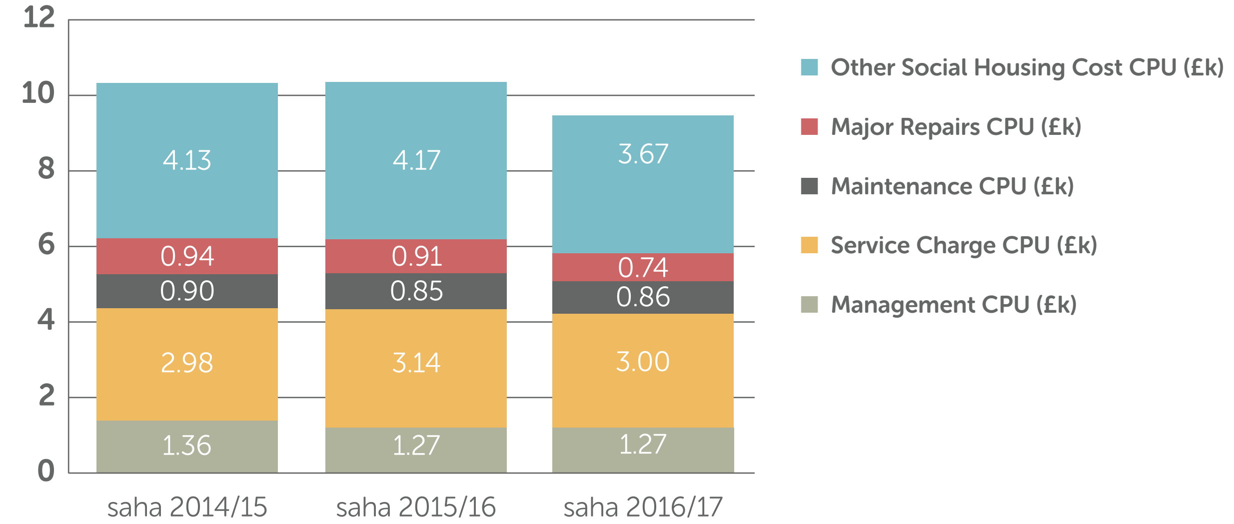
The elements that make up the headline CPU have been analysed and the graph below demonstrates the proportionate make up of the CPU and how they compare to the same benchmarks as previously used in this section.

Benchmarked analysis of saha CPU 2016/17 (£,000)



The chart shows that Service Charge CPU is higher than both benchmark groups. This reflects the high proportion of our stock that is Lifehouses and hostel type accommodation that by nature attracts higher levels of service charge through areas such as utilities, cleaning, catering and provision of furniture and equipment.

Trend analysis of saha CPU 2014-17 (£,000)



The 2016/17 management CPU has been held at the 2015/16 figure keeping in line with the management cost target set in the assessment last year.

An analysis of the saha business trading activity shown in the year end management accounts details a general needs management cost per unit of £0.9k. This is lower than the management CPU for the HCA 1-5,000 unit benchmark group (£1.04k)

Having succeeded in maintaining this overall management cost level for 2016/17 we will aim to

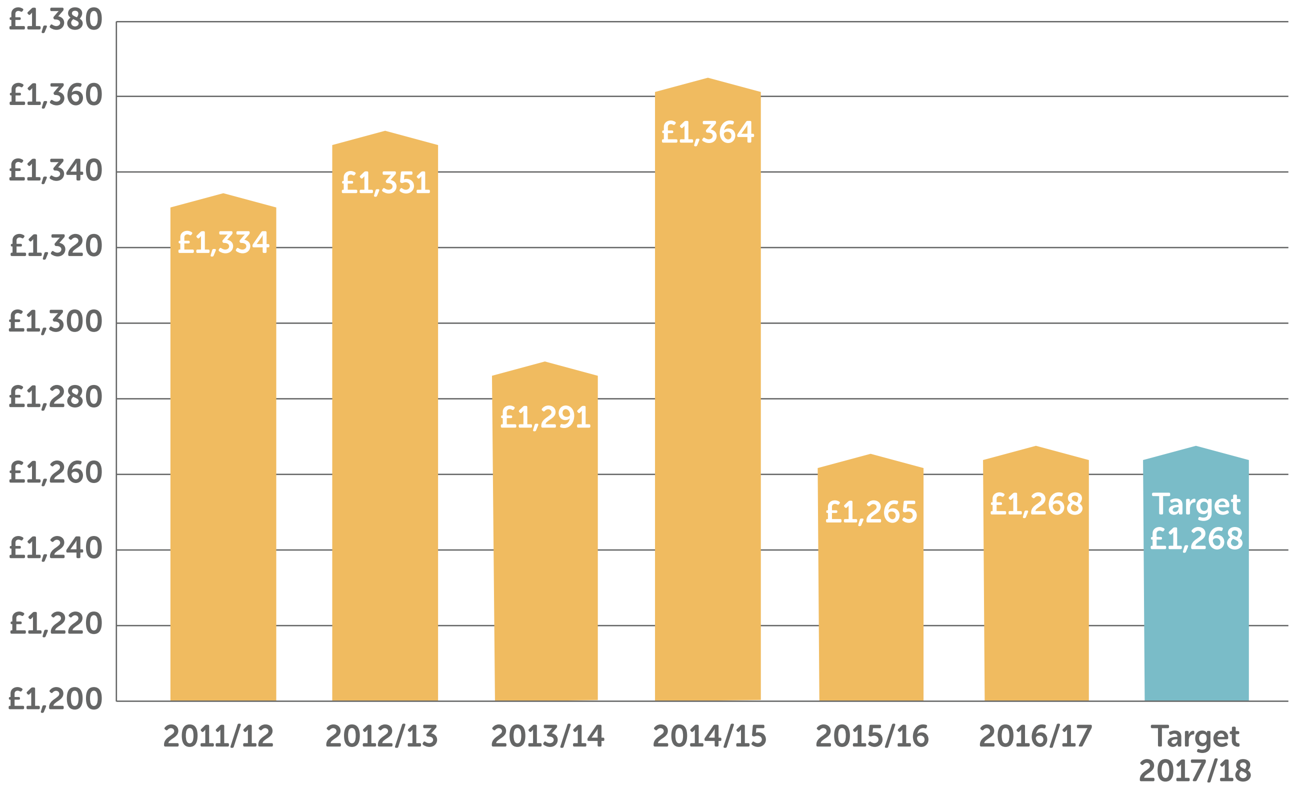
Value for Money – continued

reduce these further as we look to transfer engagements of the recently acquired Chapter 1. There are a number of issues to overcome as we integrate this acquisition but the business plan identifies a level of efficiency that will help to reduce our overall costs per unit. The combined business plan recognises these efficiencies with effect from year two as we resource the integration in respect of processes and culture. The 2017/18 budget also recognises the investment required to progress the implementation of the TOM. We will continue to adopt a stepped reduction in the implementation of the TOM alongside the new acquisition.

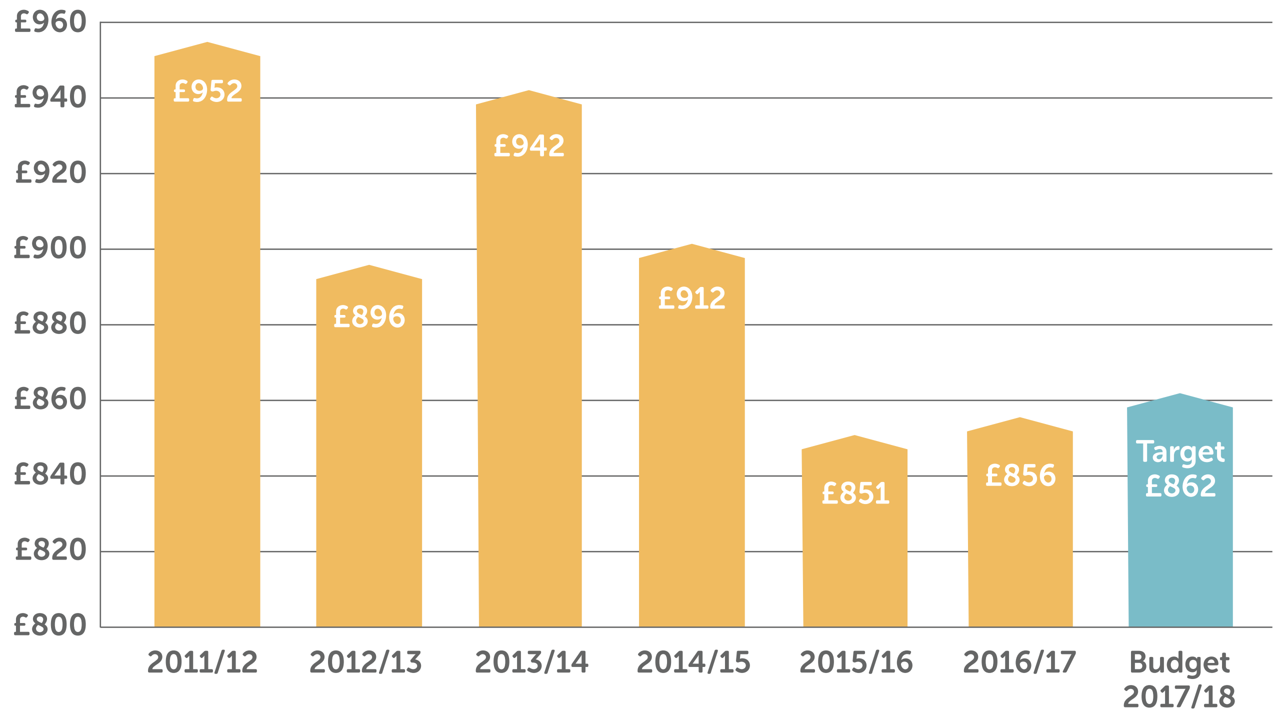
The "other social housing" element of £3.67k CPU (2015: £4.17k CPU) is predominantly made up of the cost of providing support directly and via our parent, the Salvation Army (£3.05k CPU). The excess cost of this support and the valuable programmes provided is supplemented by the Salvation Army. This means services are maintained that otherwise would suffer serious reductions in Supporting People funding, which would adversely impact on NHS and other social services.

We continue to review maintenance budgets annually in line with spend profiles and known maintenance requirements in order to maintain a balance between investing in our principal asset – property – whilst being conscious of rental yields, mission and maximising efficiency. The profile of the agreed maintenance costs for the year to 31 March 2018 is shown in the following graph. We will continue to review programmes to ensure any efficiency is maximised in order to achieve this aim as we undertake a programme of investment in future digital technology as part of the new TOM and provision of service delivery to our customers.

Management CPU



Maintenance CPU



If we rebase 2017/18 budget costs back to 2011/12 levels (adjusting for inflation), we have achieved a cost reduction per unit as follows:

Cost per social housing unit	(a) Actual 2011/12 (£)	(b) 2017/18 budget/ target (£)	(c) 2017/18 budget/ target rebased (£)	(a)-(c) Efficiency per unit (£)	Reduction (%)
Management	1,334	1,268	1,078	256	19.19%
Maintenance (routine & planned)	952	862	733	219	23.00%

Value for Money – continued

Social value

In 2016/17 our directly managed supported housing services offered a myriad of inspirational activities to our residents as part of the pathways through our services. To assess the social impact of our supported housing offer we worked with HACT (Housing Associations' Charitable Trust) to formally validate one project at each service to assess their social impact values and provide an indication of the social return on investment gained in respect of the many other projects and activities that take place across our services.

Newhaven Foyer: The tenner challenge.

Newhaven Foyer residents were provided with ten pounds to use as seed funding to create additional revenue that could be used within a social enterprise, which must have an outcome that benefitted other participants or the community. The project ran for three weeks and generated a profit of £164 which was used towards residents fundraising efforts to provide school equipment to children in KwaZulu-Natal in South Africa.

This project greatly increased the confidence levels of those who participated: Some gained employment and or, started a college course.

Every £1 invested was found to have a social impact of £25.

The overall net social impact that this activity generated was £26,157.

Social impact
£26,157

Doncaster Foyer: Chance for Change

Chance for Change is a rites of passage programme that prepares young people for independence as well as preparing them to be proactive volunteers, peer mentors and inspirational ambassadors. Those involved were able to build new skills and make the most of their personal experiences; both for themselves and in the context of their wider community. The programme involved residential and group work over a period of four months.

The project helped young people address mental health and sleep issues as well as gaining the skills to look for a job or attend college.

The HACT model was applied and the associated values indicated a social return of £14.16 for every £1 invested.

The overall net social value that this activity generated was £17,379.

Social impact
£17,379

Braintree Foyer: Discovery College Co-ordinators

Discovery College courses are free "taster" sessions aimed at igniting an interest in and a desire to take learning further. The Discovery College model is flexible and can be delivered across many different kinds of venues and to different client groups: The majority of the tutors are volunteers who give their time for free so the costs of delivering the programme are very low.

Saha Discovery Colleges are fundamentally about removing the barriers to learning and enabling people to discover new talents and interests. They open up learning opportunities to everyone and remind people about how enjoyable it is to learn new things.

Saha Discovery Colleges:

- Offer learning on the learners own terms
- Aim to inspire a passion for learning
- Empower students to take charge of their own learning
- Create a learning community

The project aim was to recruit two Foyer residents as Co-ordinators, which were funded through the Cowan Fund. One was based in Doncaster Foyer and one in Braintree Foyer. Their role was to assist Foyer Managers to set up Discovery Colleges at saha directly managed services.

The total investment required for both co-ordinator posts was £13,916.58. As a result of the initiative;

- The Coordinators increased their employability skills, communication skills and improved their team working, planning and organisational skills
- Both of the Coordinators reported increased financial wellbeing and greater ability to budget and cope financially
- They both gained increased confidence through being appointed to the post of Discovery College Coordinator

The HACT model was applied and the associated values indicated a social return of £7.13 for every £1 invested.

The overall net social value that this activity generated was £85,359.

Social impact
£85,359

Saha Annual report and financial statements 2016/17

Value for Money – continued

Abbott Lodge: Kickin' Comedy

The programme consisted of six residents attending eight sessions of comedy coaching. The programme was designed to assist residents in feeling sufficiently relaxed and comfortable to identify their own humorous material, and to design a comedy performance of 10-15 minutes duration. Critical rehearsal and supportive feedback was offered during the sessions, prior to the final performance being staged.

Participants reported an increase in confidence enabling them to re-focus on their life goals and an acceptance that they have skills in a new area previously not identified. Many felt that they were more in control of their lives and could actually redirect their lives in surprising directions.

Some participants felt improvement in their overall symptoms of depression and anxiety.

The project cost a total of £3,500.

The HACT model was applied and the associated values indicated a social return of £25 for every £1 invested.

The overall net social value that this activity generated was £214,173.

Social impact £241,173

Roseberry: Mural Project

The aim of the Mural project was to provide a regular social activity that could be facilitated within the building. By facilitating the project in the garden we also increased the attendance potential. The project provided regular social inclusion and opportunities to learn new skills in a setting in which the tenants felt comfortable.

The project to design and complete a mural on the wall in the garden over a period of 14 weeks was facilitated by staff and held at Roseberry.

The full cost of the project was £1000 including; staff time, equipment and refreshments.

In total, six tenants participated in the activity.

Residents that participated in the project reported improvements in their overall health and maintaining wellbeing. Some residents gained great satisfaction in seeing improvement in the local environment and some reported that due to the activity they now talk to neighbours when they had not previously.

The HACT model was applied and the associated values indicated a social return of £25 for every £1 invested.

The overall social impact was £75,023.

Social impact £75,023

Financial management and cost control

In order to progress the TOM and address the HCA CPU issues, we continued to re-engineer the trading activity management information. This included the following:

- The refinement of business trading activity management accounts to include separate reporting against the following activities:
  - Older People's Services
  - General Needs Housing
  - Direct Managed Supported Housing
  - Salvation Army Managed Lifehouses
  - Other Agent Supported Housing
  - Foyers
- Cost per unit measurement across the following cost drivers for each activity:
  - Management CPU
  - Maintenance CPU
  - Service Cost CPU
  - Major Repair CPU
  - Other Social Housing Costs CPU

This provides a basis for explaining the level of costs and the cost drivers under each spend category for each separate trading activity to our Board, management teams and centre staff as well as the HCA. This enables the Board to understand the drivers for costs and informs the Board decision making process.

Treasury management

a) We continued to manage our cash resources effectively, as endorsed by independent consultants, Capita Asset Services (Treasury Solutions), and the current margins on our outstanding loan balance continued to represent excellent VfM.

b) The Treasury Plan for 2017/18 has recently been approved by the Board and the current treasury position will be reviewed during the year following the transfer of engagements to maximise the overall efficiency of the combined loan portfolio.

Income management

The Rent Recovery team manages the rent accounts for all our General Needs and Older People's accommodation. A significant number of residents in the Lifehouses still have support needs when moving into their own accommodation. Because the majority of saha's stock is one-bed, the LA nomination system focuses on people with priority needs. These vulnerable residents are informally supported in certain cases by The Salvation Army and by the Rent Recovery team, providing welfare advice as well as securing rental income for saha.

The team works with residents who are in rent arrears, and liaises with benefit departments to secure payments, provide support and signpost residents where they need help to manage their finances. Other administration tasks include Retired Officers' lettings, vacation administration and rental agreements and payments.

The three teams within the department work closely together to ensure the best possible service for our customers.

Saha Annual report and financial statements 2016/17

Value for Money – continued

Performance against 2016/17 VfM elements from the Annual Plan

Strategic priority	Key Objective	Improvement Action	Achieved	Comments
Financial Viability & Good Governance	Continue the development of new homes and schemes	Develop a redefined Asset Management, Development and Investment Strategy by March 2017.	Yes	A new Asset Management Strategy was developed and approved by the Board in February 2017. This will be further reviewed and enhanced upon integration of Chapter 1, following Transfer of Engagements.
Financial Viability & Good Governance	Continue the development of new homes and schemes	Continue to access additional grant funding to enable further energy efficiency improvements to saha's stock and reduce energy costs for residents.	Yes	saha successfully accessed energy efficiency grant funding of almost £175,000 during the year, equivalent to approximately 10% of the total major repairs and improvements budget. Further grant funding has also been secured for projects in 2017/18, including Chapter 1 stock.
Financial Viability & Good Governance	Seeking greater efficiencies and value for money (financial and social) in all that we do	Complete the design of a new Target Operating Model that can maintain the cost reductions achieved in 2015/16 and identify circa £250k of efficiency savings in year 2 of implementation.	Partial	The Target Operating Model is being designed in conjunction with the acquisition of Chapter 1. Digitalisation of service provision will be designed and introduced once the model is fully adopted in year 3 of the Corporate Strategy.

Improvement plans 2017/18

Our improvement plans flow from the annual plan of our Corporate Strategy. Areas that relate to improving business effectiveness and delivering better value for money are summarised below.

Strategic Priority	Key Objective	Improvement action
Financial Viability and Good Governance	Seeking greater efficiencies and value for money (financial and social) in all that we do	Develop and deliver the Business Case to support the merger of Chapter 1 into saha
Financial Viability and Good Governance	Seeking greater efficiencies and value for money (financial and social) in all that we do	Scope and agree organisational restructure requirements to reflect the Chapter 1 merger.
Financial Viability and Good Governance	Seeking greater efficiencies and value for money (financial and social) in all that we do	Achieve targeted efficiencies for 2017/18 in line with the Financial Forecast Return (FFR).

Financial Statements 4

Contents | Forward

Financial Statements

Independent auditor's report to the members of Salvation Army Housing Association

We have audited the financial statements of Salvation Army Housing Association for the year ended 31 March 2017 which comprise the statement of comprehensive income, the statement of changes in equity and reserves, the statement of financial position, the statement of cash flows, and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the society's members, as a body, in accordance with regulations made under Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society'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 society and the society'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 the auditor

As explained more fully in the Statement of Board's Responsibilities set out on page 45, the 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 of the state of the society's affairs as at 31 March 2017 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires 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.

Grant Thornton UK LLP

Grant Thornton UK LLP Statutory Auditor, Chartered Accountants, London

Date: 5 September 2017

Statement of comprehensive income for the year ended 31 March 2017

	Notes	2017	2016
		£	£
Turnover	2A/2B	40,658,190	41,507,678
Operating expenditure	2A/2B	(35,702,945)	(37,243,743)
Operating surplus		4,955,245	4,263,935
Interest receivable	5	57,471	39,403
Interest and financing costs	6	(1,286,981)	(1,114,637)
Surplus for the financial year and total comprehensive income for financial year	7	**3,725,735**	**3,188,701**

All activities above both, in the current and preceding years, relate to continuing operations. The accompanying notes form part of the financial statements.

The financial statements were approved by the Board on 27 July 2017 and signed on its behalf by:

Chairman
Commissioner John Matear

Board Member
Andrew Taylor

Company Secretary
Argiri Papathos

Statement of changes in equity and reserves for the year ended 31 March 2017

	Share Capital	Revenue Reserve	Restricted Reserves	Total
	£	£	£	£
Balance as at 31 March 2015 (Restated)	12	28,271,247	6,533,582	34,804,841
Surplus for the year	–	3,188,701	–	3,188,701
Transfer from restricted reserves to revenue reserves	–	84,008	(84,008)	–
Shares issued/ (cancelled) (net)	(2)	–	–	(2)
Balance as at 31 March 2016 (Restated. Note 29)	**10**	**31,543,956**	**6,449,574**	**37,993,540**

	Share Capital	Revenue Reserve	Restricted Reserves	Total
	£	£	£	£
Balance as at 31 March 2016 (Restated. Note 29)	10	31,543,956	6,449,574	37,993,540
Surplus for the year	–	3,725,735	–	3,725,735
Transfer from restricted reserves to revenue reserves	–	2,503	(2,503)	–
Shares issued/ (cancelled) (net)	(2)	–	–	(2)
Balance as at 31 March 2017	**8**	**35,272,194**	**6,447,071**	**41,719,273**

The accompanying notes form part of the financial statements.

Statement of financial position as at 31 March 2017

	Notes	2017 £	2016 £
Fixed assets			
Housing properties	9	145,554,354	146,010,297
Property, plant and equipment	10	1,051,811	1,048,310
Investments	11	51	51
		146,606,216	147,058,658
Current assets			
Debtors	12	1,978,745	1,486,409
Cash and cash equivalents	13	17,706,107	8,821,648
		19,684,852	10,308,057
Creditors: amounts falling due in less than one year	14	(8,151,999)	(8,473,595)
Net current assets		11,532,853	1,834,462
Total assets less current liabilities		158,139,069	148,893,120
Creditors: amounts falling due after more than one year	14	(116,419,796)	(110,899,580)
Net Assets		41,719,273	37,993,540
Capital and reserves			
Call up share capital	18	8	10
Restricted reserves	19	6,447,071	6,449,574
Revenue reserve		35,272,194	31,543,956
		41,719,273	**37,993,540**

The accompanying notes form part of the financial statements.

The financial statements were approved by the Board on 27 July 2017 and signed on its behalf by:

Chairman
Commissioner John Matear

Board Member
Andrew Taylor

Company Secretary
Argiri Papathos

Statement of cash flows for the year ended 31 March 2017

	Notes	2017 £	2016 £
Operating surplus	2A	4,955,245	4,263,935
Amortisation of grants	16	(2,553,664)	(2,562,871)
Depreciation charges	7	3,789,937	3,759,082
Accelerated depreciation	7/2B	194,783	178,972
Gain on disposal of tangible fixed assets	2A/4	(332,813)	(498,535)
Abortive development costs		16,507	--
Increase in debtors		(490,381)	(263,812)
(Increase) / Decrease in creditors		(837,186)	359,458
(Deduct)/Add pension adjustment		(228,265)	665,408
Net cash generated from operating activities		**4,514,163**	**5,901,637**
Corporation Tax paid		--	--
Net cash generated from operating activities		**4,514,163**	**5,901,637**
Investing activities			
Interest received		55,513	37,918
Grants received		679,628	1,537,281
Additions to PPE		(4,080,141)	(5,958,580)
Proceeds on disposal of PPE	4	882,000	2,287,669
Net cash generated used in financing activities		**(2,463,000)**	**(2,095,712)**
Financing activities			
Interest paid		(1,166,748)	(1,090,447)
New loans		10,000,000	--
Loans repaid		(1,999,954)	(1,615,710)
Share issue	18	(2)	(2)
Net cash generated from/(used in) financing activities		**6,833,296**	**(2,706,159)**
Increase in cash and cash equivalents		**8,884,459**	**1,099,766**
Cash and cash equivalents at beginning of the year	13	8,821,648	7,721,882
Net cash and cash equivalents at 31 March	**13**	**17,706,107**	**8,821,648**

The accompanying notes form part of the financial statements.

Saha Annual report and financial statements 2016/17

Notes to the financial statements – year ended 31 March 2017

1. Legal status and accounting policies

Legal Status

Salvation Army Housing Association is registered with the Homes and Communities Agency (HCA) LH2429 and under the Co-operative and Community Benefit Societies Act 2014. The Association is incorporated and registered in England. The address of the registered office is 3rd Floor, St Olaves House, 10 Lloyd's Avenue, London EC3N 3AJ.

Accounting policies

The principal accounting policies of the Association are set out below.

Basis of accounting

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' ('FRS 102'). The financial statements have also been prepared in accordance with the Statement of Recommended Practice Accounting by registered social housing providers (Housing SORP 2014) and comply with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015 ("the Direction").

In accordance with FRS 102 (3.3A) the Association is a public benefit entity that has applied the "PBE" prefixed paragraphs.

The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below. Certain financial instrument balances were restated for the financial year ended 31 March 2016 as explained in note 29.

These financial statements of the Association have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland". The first date at which FRS 102 was applied was 1 April 2014.

The financial statements are those of the Association only and have not been consolidated to include the results of its subsidiaries, Kingsown Property Limited, SAHA Developments Limited and Chapter 1 Charity Limited. This is because the results of the Association and its subsidiaries are included within the consolidated financial statements of The Salvation Army Social Work Trust (SASWT), charity registration number 215174. The financial statements of SASWT are publicly available from The Salvation Army website www.salvationarmy.org.uk or from the Company Secretary on request. The address of the registered office is 101 Newington Causeway, London SE1 6BN.

These financial statements are prepared in pounds sterling, which is the functional currency of the Association.

Going concern

After reviewing the Association's budget for 2017/18, the 30-year business plan, and based on normal strategic business planning and control procedures, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements.

Key sources of estimation uncertainty and judgements

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period.

Significant management judgements

The following are the significant management judgements made in applying the accounting policies of the Association that have the most significant effect on the financial statements.

Financial instruments classification

The classification of financial instruments as "basic" or "other" requires judgement as to whether all applicable conditions as basic are met. This includes consideration of the form of the instrument and its return. A further £10m loan from private finance was drawn down during the year and this loan met the conditions of a "basic" financial instrument and has been treated as such within these financial statements.

Categorisation of housing assets as investment properties or property, plant and equipment

After initial recognition investment property is measured at its fair value based on the valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and class of the investment property valued. None of the properties held were classed as investment properties.

Properties rented to provide social housing and properties used for the production or supply of goods and services or for administrative purposes are classified as property, plant and equipment.

Capitalisation of property development costs

Distinguishing the point at which a project is more likely to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation of development costs management monitors the asset and considers whether changes indicate that impairment is required.

Housing property impairments

Social housing properties are held for their service potential and are not held solely for the cash inflows generated. Therefore if an impairment indicator exits or is triggered by events outlined in the SORP an assessment process is utilised to determine whether or not an impairment provision should be accounted for. There was no indicator of impairment for 2017.

Schemes managed by agents

Saha has a number of management agreements in place where judgement is required in respect of whether in substance a transfer of risks and benefits is judged to have taken place.

The measurement of the recoverable amount of assets for impairment and the calculation of depreciation replacement cost.

Impairments are recognised where management believes there is an indication of impairment, for example the decline in the future economic benefits or the service potential of an asset, over and above the depreciation charged for that asset's use and therefore the carrying amount of an asset exceeds its recoverable amount or replacement cost. During the year assessment of impairment carried out by management did not give rise to an impairment provision.

Estimation uncertainty

Useful lives of property, plant and equipment (PPE)

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to 'technological obsolescence' with regard to IT equipment/software and any changes to Decent Homes Standard requiring frequent replacement of components. The accumulated depreciation at 31 March 2017 was £45,081k.

The main components of housing properties and their useful lives

Housing property depreciation is calculated on a component by component basis. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components selected are those which reflect how the major repairs to the property are managed.

Saha Annual report and financial statements 2016/17

Notes to the financial statements – Year ended 31 March 2017 (continued)

Estimation uncertainty (continued)

Bad debt provision

The gross trade debtors balance of £574k is recorded in the Association's Statement of Financial Position comprising a relatively large number of small balances. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts that ultimately prove to be uncollectible.

Amortisation of government grants

Government grants received for housing properties are recognised in income over the useful life (as identified for the depreciation charge) of the housing property structure (excluding land), on a straight line basis under the accrual model.

Multi-employer pension obligation

The Association has entered into a contractual agreement with the Social Housing Pension Scheme (SHPS) to determine how the deficit will be funded. Contributions not expected to be settled within 12 months after the reporting date are measured at the present value of the contributions payable by using a discounted rate (discounted present value basis). The rate used is determined by reference to market yields at the reporting date on high quality bonds. A liability of £2,453k is recorded in the Statement of Financial Position at 31 March 2017.

Financial instruments

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Association becomes a party to the contractual provisions of the instrument.

Trade (including rental) and other debtors and creditors that are due for payment within the normal business terms are initially recognised at transaction/undiscounted price. Debtors and creditors that are due in more than one year and are material are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Association will not be able to collect all amounts due.

Loans to subsidiaries are classified as basic financial instruments, these are provided at an arms length on commercial terms and are repayable on demand. These are therefore recognised at the original transaction price and are not considered to be material.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts, which are an integral part of the Association's cash management.

Bank deposits with a maturity of more than three months are classed as current asset investments

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Employee benefits

Short term employee benefits including holiday pay and annual bonuses are accrued as services rendered. Contributions to defined contribution pension schemes are charged to profit or loss as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and those actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

The Association is party to a multi-employer defined benefit (final salary) contributory pension scheme administered independently. The Association is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis.

As there is a contractual agreement between the scheme and the Association that determines how the deficit will be funded, the contributions payable that arise from the agreement to the extent that they relate to the deficit is recognised as a liability in the Statement of Financial Position, and the resulting expense in the Statement of Comprehensive Income. When the contributions are not expected to be settled within 12 months after the reporting period, the liability is measured at the present value of the contributions payable by using a discounted rate (discounted present value basis). The rate used is determined by reference to market yields at the reporting date on high quality bonds.

The Association also contributes to the auto-enrolment SHPS defined contribution pension scheme. Contributions are charged to the Statement of Comprehensive Income as they become payable in accordance with the rules of the scheme. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Turnover and revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for rental and service charge income, contributions and management fees and miscellaneous donations from agencies, fees and revenue grants receivable from local authorities and government grants received for housing properties recognised in income on a systematic basis.

Turnover is recognised as follows:

- Rental and service charge income is recognised in the period to which it relates net of rent and service charge losses from voids.
- Contributions, management fees and miscellaneous donations from agencies are recognised in the period to which they relate to.
- Revenue grants are credited to and recognised in the Statement of Comprehensive Income in the same period as the expenditure to which they relate.
- Capital grants received are initially deferred and then credited to turnover in the Statement of Comprehensive Income on a straight line basis over the expected life of the asset which they have funded.
- Charges for support services funded under Supporting People are recognised as they fall due under the contractual agreement with Administering Authorities.
- Gift aid income is received from the two subsidiaries on a retrospective basis and recognised in the period in which it is received.

Interest payable

Interest on loans specifically financing development is capitalised on a weighted average cost basis for the period from start of works up to the date of practical completion or acquisition of legal title, whichever is later. Other interest payable is charged to the Statement of Comprehensive Income in the period in which it is incurred at an effective rate of interest.

Saha Annual report and financial statements 2016/17

Notes to the financial statements – Year ended 31 March 2017 (continued)

Accounting policies (continued)

Tangible assets: Property, plant and equipment

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and stated at cost less accumulated depreciation and any recognised impairment losses. The cost of properties is their purchase price plus any incidental costs of acquisition, or where the properties are acquired through acquisitions or transfer of engagements, then the cost is the "existing use value" valuation as provided by a professionally qualified valuer. Additions to housing properties under construction as a result of development expenditure are shown as "additions" and are transferred to completed properties when they are ready for letting. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure in respect of capital improvements.

Properties in the course of construction are not depreciated. Freehold land is not depreciated.

The Association accounts for its expenditure on housing properties using component accounting. Under component accounting, the housing property is divided into those major components which are considered to have substantially different useful lives. Depreciation is charged on major components so as to write off the cost of the components to their residual values, over their estimated useful lives, using the straight-line method, as follows:

Freehold Land	Not depreciated
Building – Main Fabric (structure)	50 years
Major Components	
Roof	50 years
Bathrooms	30 years
Lifts	25 years
Mechanical and Electrical Systems	25 years
Windows and External Doors	25 years
Kitchens	20 years

Where a separate identified and depreciated component of an existing property is replaced, the carrying value of the component is expensed and the cost of the replacement component capitalised.

Where a repair involves replacement, renewal or repair of items within the fabric of existing buildings which have not been assigned separate component lives, the repair is treated as a revenue item whether or not major repair Social Housing Grant (SHG) is payable for such items. Where applicable, the related SHG receivable is also treated as a revenue item.

For any replacement, renewal or repair to the fabric of a building or replacement of an existing component which enhances the net rental income generated from the property, a useful economic life is assigned to that component (as per policy) and depreciated.

Impairment of housing properties

For the purposes of impairment assessments, housing properties are grouped together into schemes, each scheme typically comprising one or more buildings in an immediate locality, and each building consisting of one or more accommodation units. Schemes are typically developed or acquired as one. The exception is street properties, which are geographically diverse and where individual properties may have been acquired piecemeal.

At each Statement of Financial Position date, housing schemes are assessed to determine if there are indicators that the scheme may be impaired in value; if there are such indicators of impairment, then a comparison of the scheme's carrying value to its recoverable amount is undertaken. Any excess over the recoverable amount is recognised as an impairment loss and charged as expenditure in the Statement of Comprehensive Income; the carrying value is reduced appropriately.

The recoverable amount of a scheme is the higher of its fair value less costs to sell and its value in use. Value in use for housing schemes which are able to be let in their current condition and which are fulfilling the social purpose for which they were acquired is based on the depreciated replacement cost of the asset. For other schemes, value in use is defined as the net present value of the future cash flows before interest generated from the scheme.

When an impairment loss is subsequently reversed, the carrying amount of the scheme is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

Other property, plant and equipment

Other property, plant and equipment are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected useful lives of the assets at the following rates:

Office Equipment - Hardware & Software	33% per annum
Office Equipment - New Business Systems	10% - 20% per annum
Office Furniture	20% per annum
Scheme Furniture	20% per annum

Sales of housing properties

Where housing properties are disposed of during the year, the surplus or deficit is accounted for on the face of the statement of comprehensive income. The sale of the property is recognised upon completion rather than on exchange of contracts.

Investments

Fixed asset investments are held and stated at cost less any provision for impairment.

Government grants

Government grants include grants receivable from the Homes and Communities Agency (HCA), local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure (excluding land), on a pro rata basis under the accrual model. The unamortised element of the government grant is recognised as deferred income in creditors.

Grants relating to revenue are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate. Until the revenue grants are recognised as income they are recorded as liabilities.

Government grants released on sale of the property may be repayable, but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and are included in the Statement of Financial Position in creditors due after more than one year.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income.

Saha Annual report and financial statements 2016/17

Notes to the financial statements – Year ended 31 March 2017 (continued)

Accounting policies (continued)

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose a specific future performance condition is recognised as revenue when the grant proceeds are receivable. A grant that imposes specific future performance related conditions on the Association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is shown as a liability in the Statement of Financial Position.

Capitalisation of interest

Interest on the loans financing a development is capitalised up to the date of practical completion of the scheme or acquisition of legal title, whichever is later. Interest on the loans after this date is charged to the Statement of Comprehensive Income.

Capitalisation of development overheads

Development overheads are capitalised to the extent that they are identified as incremental costs to the Association and would have been avoided only if the property / development had not been constructed or acquired.

Leases

Leases are classified as finance leases where the terms of the leases transfer substantially all the risks and the rewards incidental to ownership of the leased asset. All other leases are classified as operating leases.

Assets held under finance leases are measured initially at the fair value of the leased asset and the corresponding lease liability. Assets held under finance leases are included in tangible fixed assets and depreciated in the same way as owned assets.

Rentals payable under operating leases are charged to Statement of Comprehensive Income on a straight line basis over the lease term.

The aggregate benefits of any lease incentive are recognised as a reduction in expenses over the term of the lease.

Provisions for liabilities

Provisions are recognised when the Association has a present obligation (legal or constructive) as a result of a past event and it is probable that the Association will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Taxation

The Association has charitable status and therefore is not subject to Corporation Tax on surpluses derived from charitable activities, provided that the surpluses are applied to the charitable objects of the Association.

The Association and its subsidiary Kingsown Property Limited are registered as part of the VAT Group with its parent The Salvation Army. VAT is accounted for to HMRC for any vatable supplies made outside the VAT Group by the Association and its subsidiary. Expenditure is therefore shown inclusive of VAT. SAHA Developments Limited is a stand alone company for VAT purposes.

Schemes managed by agents

The Association has a number of agreements with third parties to manage schemes on its behalf and has assessed that in certain circumstances, in substance, and on balance a transfer to the managing agents of the risks and benefits attached to schemes has not taken place. These financial statements are therefore drawn up on the basis that it is appropriate to include the transactions managed by the agents. The values of the transactions associated with agency managed schemes are included in the Statement of Comprehensive Income. Debtors and creditors of Agency Managed schemes held in the books and records of the agent have not been included in these financial statements.

The Association also has a number of management agreements in place with other agencies where in substance a transfer of risks and benefits is judged to have taken place. In these circumstances, the transactions managed by these agents are not included in these financial statements.

With respect to the Agency Managed schemes, the total turnover for the year included in these financial statements amounted to £26.3m (2016: £26.7m) and total operating costs amounted to £24.3m (2016: £25.7m).

Management expenses

Management expenses are allocated to activities either directly or on the basis of staff time spent on the activity.

Restricted reserves

Restricted reserves relate to funds received by the Association for specific purposes and these are held and used for that purpose. These include Catherine Baird Court, Property Reserve and Other Reserves (see note 19 for detailed explanations and purpose of the reserves).

Revenue reserves

Revenue reserves relate to the cumulative surpluses less amounts transferred to designated and restricted reserves.

Notes to the financial statements – Year ended 31 March 2017 (continued)

2A. Particulars of turnover, operating expenditure and operating surplus / (deficit) for the year

	2017			2016		
	Turnover £	Operating Expenditure £	Operating Surplus/(Deficit) £	Turnover £	Operating Expenditure £	Operating Surplus/(Deficit) £
Social housing lettings (Note 2B):						
General Needs accommodation	7,296,342	(5,422,678)	1,873,664	7,187,383	(5,206,026)	1,981,357
Supported Housing and Housing for Older People	19,722,750	(15,603,974)	4,118,776	19,459,945	(15,867,496)	3,592,449
Other – Foyers	1,352,963	(1,205,513)	147,450	1,428,349	(1,373,975)	54,374
	28,372,055	(22,232,165)	6,139,890	28,075,677	(22,447,497)	5,628,180
Other social housing activities:						
Charges for support services	7,584,857	(10,802,773)	(3,217,916)	8,551,516	(11,198,593)	(2,647,077)
Gift Aid	52,607	--	52,607	--	--	--
Contributions from Agencies	1,726,890	--	1,726,890	1,458,030	--	1,458,030
Other income: Managing Agents	271,993	--	271,993	488,240	--	488,240
Association	1,329,824	(1,492,077)	(162,253)	1,308,399	(2,123,924)	(815,525)
Gain on disposal of tangible fixed assets	332,813	--	332,813	498,535	--	498,535
	39,671,039	(34,527,015)	5,144,024	40,380,397	(35,770,014)	4,610,383
Activities other than social housing activities:						
Registered Care	987,151	(1,175,930)	(188,779)	1,127,281	(1,473,729)	(346,448)
	40,658,190	(35,702,945)	4,955,245	41,507,678	(37,243,743)	4,263,935

Notes to the financial statements – Year ended 31 March 2017 (continued)

2B. Particulars of turnover and operating expenditure from social housing lettings

	General Needs Housing £	Supported Housing and Housing for Older People – Agency Managed £	Supported Housing and Housing for Older People – Direct Managed £	Other - Foyers £	2017 Total £	2016 Total £
Income						
Rent receivable net of identifiable service charges and voids	5,877,324	6,321,148	1,752,227	518,961	14,469,660	15,030,423
Service charge income	717,615	8,866,999	826,049	701,915	11,112,578	10,326,083
Support income	--	--	163,986	--	163,986	10,534
Amortised government grants	701,403	1,561,910	223,230	52,983	2,539,526	2,562,871
Other revenue grants	--	--	7,201	79,104	86,305	145,766
Turnover from social housing lettings	7,296,342	16,750,057	2,972,693	1,352,963	28,372,055	28,075,677
Expenditure						
Management	1,162,874	2,467,007	426,835	231,853	4,288,569	4,261,974
Service charge costs	713,286	8,022,664	769,157	645,154	10,150,261	10,296,202
Routine maintenance	1,421,327	1,011,903	337,646	123,624	2,894,500	2,887,764
Planned maintenance	133,998	42,819	69,585	--	246,402	444,014
Major repairs expenditure	398,824	332,991	54,711	6,500	793,026	770,243
Bad debts	88,793	--	13,578	28,574	130,945	124,532
Depreciation of housing properties	1,393,145	1,610,184	339,290	76,989	3,419,608	3,316,769
Additional depreciation on components replaced / planned demolition.	109,741	78,296	5,087	1,660	194,784	178,972
Other costs	690	--	22,220	91,160	114,070	167,027
Operating costs on social housing lettings	5,422,678	13,565,864	2,038,109	1,205,514	22,232,165	22,447,497
Operating surplus on social housing lettings	1,873,664	3,184,193	934,584	147,149	6,139,890	5,628,180
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	(124,483)	(1,224,001)	(37,728)	(33,690)	(1,419,902)	(1,511,693)

Saha Annual report and financial statements 2016/17

Notes to the financial statements – Year ended 31 March 2017 (continued)

3. Key management personnel and employee information

Key management personnel are defined for the purpose of this note as the members of the Board, the Chief Executive and any other person who is a member of the Executive Management Team. The emoluments of the board members and the executive directors including the Chief Executive were as follows:

	2017 £	2016 £
Aggregate emoluments (including pension contributions and benefits in kind) paid to key management personnel are made up as follows:		
Board members – Including employers NI contributions (see below *)	15,611	18,166
Executive Management Team – Excluding employers NI contributions	604,606	577,228
	620,217	595,394
Total employer's pension contributions in respect of directors	99,666	79,760
Emoluments of highest paid director, the Chief Executive (excluding pension contributions, including benefits in kind)	142,609	130,519
Employer's pension contributions in respect of the Chief Executive	26,913	19,654

The Chief Executive is a member of the Social Housing Pension Scheme. He is an ordinary member of the pension scheme and no enhanced or special terms apply.

Salaried board members*	2017 £	2016 £
Mr J Matear	10,662	10,260
Mr R Parker	2,399	3,973
Mr J Shearer	2,550	3,933
	15,611	18,166

Employee information

Average number of employees	Number Full-time equivalent 2017	Number Full-time equivalent 2016
Staff engaged in managing or maintaining housing stock	39	38
Staff providing central administration services	24	27
Staff providing support & services	72	83
	135	148

Full- time equivalent is calculated on the basis of the total number of hours worked by each employee divided by the standard 35 hour week. The above employee numbers do not include temporary agency staff.

Staffing costs

	2017 £	2016 £
Wages and salaries	4,444,208	4,711,219
Social security costs	413,101	398,906
Other pension costs (see note 21)	412,976	335,880
	5,270,285	5,446,005
Temporary agency staff costs	169,383	197,000

The full-time equivalent number of directors and staff whose remuneration (including compensation for loss of office) is payable in relation to the period of account and falling within each band of £10,000 from £60,000 in upwards is as follows:

	2017 No.	2016 No.
£60,001 to £70,000	7	4
£70,001 to £80,000	1	--
£80,001 to £90,000	--	1
£90,001 to £100,000	1	2
£100,001 to 110,000	1	1
£110,001 to £120,000	1	--
£120,001 to £130,000	--	1
£130,001 to £140,000	1	--
	12	9

4. Gains on disposal of tangible fixed assets – housing property

	2017 £	2016 £
Proceeds from disposal of housing property	882,000	2,288,270
Costs of sale	(548,973)	(1,785,820)
Incidental selling costs	(214)	(3,915)
Gain on disposal of housing property	332,813	498,535

Notes to the financial statements – Year ended 31 March 2017 (continued)

5. Interest receivable

	2017 £	2016 £
Bank deposit interest	57,471	39,403

6. Interest and financing costs

	2017 £	2016 £
Interest payable on borrowings	(1,235,586)	(1,098,045)
Unwinding of discount on multi-employer pension scheme liability	(51,395)	(16,592)
	(1,286,981)	(1,114,637)

7. Surplus for the year

	2017 £	2016 £
This is stated at after charging/(crediting):		
Depreciation – housing properties	3,419,608	3,316,769
– additional property depreciation on components replaced / planned demolition	194,783	178,972
Depreciation – property, plant and equipment	370,329	442,313
Auditor's remuneration excluding subsidiaries:		
– Audit services by Grant Thornton (excluding VAT)	25,390	--
– Audit services by Nexia Smith and Williamson (excluding VAT)	--	28,466
– Non-audit services by Nexia Smith and Williamson (excluding VAT)		
Tax compliance	2,200	--
Other **	59,200	16,480
Management fee and administration charge to Kingsown Property Ltd	(106,566)	(106,382)
Management fee and administration charge to SAHA Developments Ltd	(26,000)	(112,619)
Operating lease rentals – land and buildings	157,222	169,958
– other	290,291	294,532
Hire charges on rental of equipment	916,317	879,995

** Other services include technical and general accounting advice including FRS 102.

8. Taxation

The Association is registered with the Homes and Communities Agency and is exempt from liability to taxation on its income and capital gains arising from charitable activities. All activities were charitable during the year.

9. Housing properties

	Completed housing properties £	Housing properties under construction £	2017 Total £
Cost			
At 1 April 2016	184,340,056	3,898,246	188,238,302
Additions during the year	1,413,707	2,292,604	3,706,311
Replacements of components	(639,883)	--	(639,883)
Disposals during the year	(652,972)	(16,507)	(669,479)
Transferred during the year	5,497,349	(5,497,349)	--
At 31 March 2017	189,958,257	676,994	190,635,251
Depreciation			
At 1 April 2016	42,228,005	--	42,228,005
Charge for the year	3,419,608	--	3,419,608
Additional depreciation charged on components replaced / planned demolitions	194,783	--	194,783
Disposals during the year	(121,617)	--	(121,617)
Released on components replaced	(639,882)	--	(639,882)
At 31 March 2017	45,080,897	--	45,080,897
Net book value at 31 March 2017	144,877,360	676,994	145,554,354
Net book value at 31 March 2016	142,112,051	3,898,246	146,010,297

Housing loans are from private finance raised through UK banks and financial institutions, these are secured by charges on the Association's specific housing properties, and are repayable between 2018 and 2043.

Housing properties at net book value excluding SHG comprise:	2017 £	2016 £
Freeholds	75,956,327	75,949,787
Long leaseholds	59,135,267	59,305,136
Short leaseholds	10,462,760	10,755,374
	145,554,354	146,010,297

Additions to properties included £Nil (2015: £Nil) for administrative, direct and other indirect costs.

Saha Annual report and financial statements 2016/17

Notes to the financial statements – Year ended 31 March 2017 (continued)

Works to existing properties

	2017 £	2016 £
Works to existing properties	2,270,431	2,698,982
Less: Amounts capitalised in housing properties components	(1,476,117)	(1,925,569)
Amounts charged to the Statement of Comprehensive Income	794,314	773,413
Social Housing Activity - Note 2B	793,026	770,243
Non Social Housing Activity – Registered Care	1,288	3,170
Amounts charged to the Statement of Comprehensive Income	794,314	773,413

10. Tangible Fixed Assets – Property, plant and equipment

	Office Equipment £	Office Furniture £	Scheme Furniture £	2017 Total £
Cost				
At 1 April 2016	2,400,529	47,919	860,623	3,309,071
Additions during the year	301,984	6,009	65,837	373,830
Disposals during the year	(5,323)	(4,810)	(17,279)	(27,412)
At 31 March 2016	2,697,190	49,118	909,181	3,655,489
Depreciation				
At 1 April 2016	1,630,079	29,811	600,871	2,260,761
Charge for the year	261,379	6,490	102,460	370,329
Eliminated on disposals during the year	(5,323)	(4,810)	(17,279)	(27,412)
At 31 March 2017	1,886,135	31,491	686,052	2,603,678
Net book value				
At 31 March 2017	811,055	17,627	223,129	1,051,811
At 31 March 2016	770,450	18,108	259,752	1,048,310

11. Investments

	2017 £	2016 £
Cost of shares in wholly owned subsidiaries (see notes a and b below)	51	51
	51	51

a) Kingsown Property Limited, a wholly owned subsidiary of Salvation Army Housing Association, is a company registered in England and Wales – Registered No. 02304488. The company is not a Registered Provider.

Authorised share capital: 500,000 ordinary shares of £1 each

Issued share capital: 200,000 ordinary shares of £1 each

The issued share capital is held by Salvation Army Housing Association. Under section 98 Paragraph 2 of the Co-operative and Community Benefit Societies Act 2014, Salvation Army Housing Association is exempt from preparing Group Financial statements, including Kingsown Property Limited.

Saha originally purchased 50 shares in Kingsown Property Limited. As a result of a bonus issue this increased to 200,000 issued share capital.

	2017 £	2016 £
Kingsown Property Limited		
Profit for the year before tax	258,998	231,809
Net assets	1,571,133	1,362,418
Revenue reserves	1,371,133	1,162,418

Operating lease payments made to the subsidiary for the year amounted to £916,317 (2016: £879,995). At 31 March 2017 the amount owed by Kingsown to the Association was £31,339 (2016: £22,151); the amount due to Kingsown from the Association was £Nil (2016: £58).

b) SAHA Developments Limited, a wholly owned subsidiary of Salvation Army Housing Association, is a company registered in England and Wales – Registered No. 07552040.
The company is not a Registered Provider.

Authorised share capital: 100 ordinary shares of £1 each

Issued share capital: 1 ordinary share of £1 each

The issued share capital is held by Salvation Army Housing Association. Under section 98 Paragraph 2 of the Co-operative and Community Benefit Societies Act 2014, Salvation Army Housing Association is exempt from preparing Group Financial statements, including SAHA Developments Limited.

Saha Annual report and financial statements 2016/17

Notes to the financial statements – Year ended 31 March 2017 (continued)

Investments (continued)

	2017 £	2016 £
SAHA Developments Limited		
Profit/(loss) for the year before tax	67,788	52,607
Net assets	62,684	50,540
Revenue reserves	62,683	50,539

Saha made payments to SAHA Developments for property works £2,926,468 (2016: £3,210,534), SAHA developments raised invoices to saha at cost plus an agreed mark up of 5%. At 31 March 2017 the amount owed by SAHA Developments to the Association was £5,700 (2016: £132,483); the amount due to SAHA Developments from the Association was £5,767 (2016: £880,158).The Association also received a gift aid donation of £52,607 (2016: £Nil) from SAHA Developments.

12. Debtors

Amounts falling due in less than one year:

	2017 £	2016 £
Rent and service charges receivable	574,193	572,951
Provision for bad debts	(365,780)	(359,409)
Net rental and service charge debtors	208,413	213,542
Prepayments and accrued income	241,076	235,077
Other debtors	237,689	188,134
Loans due from subsidiary undertakings	249,999	249,999
Amounts due from subsidiary undertakings	37,039	132,871
Amounts due from parent undertaking	1,004,529	466,786
	1,978,745	1,486,409

13. Cash and cash equivalents

	2017 £	2016 £
Cash at bank and in hand	11,513,395	5,647,159
Short term deposits	6,192,712	3,174,489
	17,706,107	8,821,648

14. Creditors

Amounts falling due within one year:

	2017 £	2016 £
Trade creditors	1,295,265	1,069,675
Prepayment for rent and service charges	313,539	303,217
Deferred income and accruals	1,631,709	1,703,662
Other creditors	3,673	49,096
Housing loans (see note 15)	2,012,307	1,600,086
Amounts due to subsidiary undertakings	5,767	880,216
Amounts due to parent undertaking	11,005	26,136
Multi-employer pension scheme creditor (see note 21B)	312,126	301,000
Deferred capital grants (see note 16)	2,566,608	2,540,507
Social Housing Grant received in advance	--	--
	8,151,999	8,473,595

Amounts falling due after more than one year:

	2017 £	2016 £
Housing loans		
Loans repayable between 1 and 2 years by instalments	1,681,272	1,578,131
Loans repayable between 3 and 5 years by instalments	4,223,604	3,218,751
Repayable after five years by instalments and a bullet repayment	20,018,530	13,538,698
Total housing loans (see note 15)	25,923,406	18,335,580
Deferred capital grants		
Social housing grants	86,071,654	87,749,989
Other public grants	1,307,496	1,307,496
Total deferred capital grants (see note 16)	87,379,150	89,057,485
Recycled capital grant fund (See below)	976,236	1,177,515
Multi-employer pension scheme (see note 21)	2,141,004	2,329,000
	116,419,796	110,899,580

Saha Annual report and financial statements 2016/17

Notes to the financial statements – Year ended 31 March 2017 (continued)

15. Housing loans

Housing loans are from private finance raised through UK banks and financial institutions, these are secured by charges on the Association's specific housing properties, and are repayable between 2018 and 2043, and interest charged at varying rates between 0.92% and 9.20% as follows:

Housing loans

	2017 £	2016 Restated £
Loans at 0.92%	1,284,000	2,023,000
Loans at 1.14%	--	79,000
Loans at 2.00%	231,246	245,385
Loans at 2.40%	2,046,871	2,145,484
Loans at 2.42%	335,451	395,981
Loans at 2.75%	4,657,419	--
Loans at 4.10%	4,944,030	--
Loans at 5.20%	3,000,000	3,000,000
Loans at 5.35%	2,100,000	2,250,000
Loans at 6.11%	8,533,424	8,915,095
Loans at 9.20%	803,272	881,721
Total Housing Loans	27,935,713	19,935,666

	2017 £	2016 £
Housing loans due after more than one year	25,923,406	18,335,580
Housing loans due within one year	2,012,307	1,600,086
Total housing loans	27,935,713	19,935,666

16. Deferred capital grants

Analysis of deferred capital grants

	2017 £	2016 £
Opening balance at 1 April	91,597,992	94,328,467
Additions in the year	679,628	1,537,281
Released to income in the year	(2,553,664)	(3,092,329)
Moved to recycled capital grant fund (see note 17)	(146,815)	(1,175,427)
Moved from recycled capital grant fund (see note 17)	351,000	
Released on disposal of property	17,617	--
Closing balance at 31 March	89,945,758	91,597,992

Classified as:

	2017 £	2016 £
Amounts to be released within one year (note 14)	2,566,608	2,540,507
Amounts to be released in more than one year (note 14)	87,379,150	89,057,485
Closing balance at 31 March	89,945,758	91,597,992

The total Social Housing Grant or Financial Assistance received and receivable, both capital and revenue, for the year was £679,628 (2016: £1,537,281). The cumulative amount of Social Housing Grant or Financial Assistance receivable at 31 March 2017 is £132,161,901 (2016: £131,482,273).

17. Recycled capital grant fund (RCGF)

	Homes and Communities Agency £
Opening balance at 1 April	1,177,515
Inputs to RCGF:	
• Grants recycled	146,815
• Interest accrued during the year	2,906
Recycling of grant:	
• Properties developed	(351,000)
Closing balance at 31 March 2017	976,236
Amounts 3 years old or where repayment may be required	–

Saha Annual report and financial statements 2016/17

Notes to the financial statements – Year ended 31 March 2017 (continued)

18. Called up share capital

Each member of the Association holds one share of £1 each in the Association.

	2017 £	2016 £
Allotted, issued and fully paid:		
At 1 April	10	12
Issued during the year	2	1
Surrendered in the year	(4)	(3)
At 31 March	8	10

The shares have limited rights. They carry no entitlement to dividend, interest or bonus, they are not repayable and do not participate in winding up. The voting rights of the shares are entitlement to vote at the Annual General Meeting and Special General Meetings of Salvation Army Housing Association.

19. Reserves

Restricted

	Catherine Baird Court reserve £	Property reserve £	Other reserves £	Total £
At 1 April 2016	68,533	6,213,124	167,917	6,449,574
Transfer to revenue reserve	(2,375)	--	(23,077)	(25,452)
Transfer from revenue reserve	226	--	22,723	22,949
At 31 March 2017	66,384	6,213,124	167,563	6,447,071

Catherine Baird Court reserve

This represents funds left by way of a specific legacy for the benefit of Catherine Baird Court. The reserve will be utilised to fund both capital and revenue expenditure under the direction of the Resident / Association Joint Committee.

Property reserve

This represents the proportion of the cost of properties that was financed by charitable donations with on-going legal or constructive obligations to restrict the use of the funds.

Other reserves

Other restricted reserves are subject to specific restrictions imposed by the donor or by the nature of the appeal or grant. The Association holds these funds based on terms outlined when they were initially transferred. Where donor restrictions are for revenue purposes for activities normally carried out by the Association, transfers are made from restricted funds to offset the costs as they are incurred.

Revenue reserve

Revenue reserves as shown in the statement of changes in equity and reserves on page 73 is the accumulation of the surpluses and deficits of the Association since formation. The retained revenue reserves of £35,272,194 (2016: £31,543,956) are maintained to ensure the continued financial strength and viability of the Association on a going concern basis.

20. Capital commitments

	2017 £	2016 £
Capital expenditure that has been contracted for but has not been provided for in these financial statements	3,145,061	2,544,085
Capital expenditure that has been authorised by the Board but has not been contracted for	--	143,753
	3,145,061	2,687,838

This commitment will be financed from:

Social Housing Grant & other grants £0.771m (2016: £0.327m)

Private finance and internal funding £2.374m (2016: £2.361m)

The capital commitments listed above are for construction work contracted by saha with SAHA Developments Limited relating to the development of two schemes currently under construction:

- Broad Lane, Leeds
- Backchurch Street, Bolton

21. Pension obligations

Social Housing Pension Scheme (SHPS)

The Association participates in SHPS, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

Saha Annual report and financial statements 2016/17

Notes to the financial statements – Year ended 31 March 2017 (continued)

Pension obligations (continued)

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions

Tier 1 From 1 April 2016 to 30 September 2020	£40.6m per annum (payable monthly and increasing by 4.7% each year on 1 April)
Tier 2 From 1 April 2016 to 30 September 2023	£28.6m per annum (payable monthly and increasing by 4.7% each year on 1 April)
Tier 3 From 1 April 2016 to 30 September 2026	£32.7m per annum (payable monthly and increasing by 3.0% each year on 1 April)
Tier 4 From 1 April 2016 to 30 September 2026	£31.7m per annum (payable monthly and increasing by 3.0% each year on 1 April)

The scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

21A. Deficit provision for defined benefit scheme

	2017 £000s	2016 £000s
Pension provision		
Present value of provision for defined benefit scheme - SHPS	2,434	2,610
Present value of provision for growth plan	19	20
Total provision	2,453	2,630

21B.

	2017 £000s	2016 £000s
Pension provision		
Due within one year	312	301
Due after more than one year	2,141	2,329
Total provision	2,453	2,630

Where the scheme is in deficit and where the Association has agreed to a deficit funding arrangement, the Association recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present values of provision

	2017 £	2016 £
Reconciliation of opening and closing provisions		
Provision at the start of period	2,630	1,948
Unwinding of the discount factor (interest expense)	51	35
Deficit contribution paid	(301)	(212)
Re-measurements - impact of any change in assumptions	73	(17)
Re-measurements - amendments to the contribution schedule	--	876
Total provision	**2,453**	**2,630**

Impact on Statement of Comprehensive Income

	2017 £	2016 £
Total charge / (credit)	(177)	682
	(177)	**682**

Assumptions

	2017 % per annum	2016 % per annum	2015 % per annum
Rate of discount	1.33	2.06	1.92

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

Employer debt

Salvation Army Housing Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the Scheme as at 30 September 2016. As of this date the estimated employer debt for the Association was £20,642,063 (2015:£15,742,512) and for the defined contribution scheme (AVCs) the employer debt was £40,656 (2015:£34,999)

Employer pension contributions

	2017 £	2016 £
Defined benefit employer contributions including deficit contributions	391,015	311,960
Defined benefit (AVCs) deficit contributions	2,064	2,031
Auto-enrolment SHPS	19,897	21,889
	412,976	**335,880**

Notes to the financial statements – Year ended 31 March 2017 (continued)

Pension obligations (continued)

The defined benefit pension costs for Salvation Army Housing Association was £391,015 (2016: £311,960) covering 33 employees (2016: 35 employees). The pension cost is assessed in accordance with the advice of a qualified actuary using the Projected Unit Fund Method and is not materially different from that arising from the current employer's contribution rate.

The Association also allows the employees to pay additional voluntary contributions (AVCs) into their pension scheme. The amount charged to the Statement of Comprehensive Income represents the contributions payable to the scheme in respect of the financial year. The contributions due in the year were £Nil (2016: £Nil). Deficit contributions of £2,064 (2016: £2,031) were paid during the year in respect of the AVCs.

Auto-enrolment (SHPS)

As a result of the introduction of pensions "auto-enrolment" by the Government, the cost of the new defined contribution scheme was £19,897 (2016: £21,889) covering 102 employees (2016: 100 employees).

22. Operating leases

The Association has lease arrangements in respect of land and buildings and equipment. The future minimum lease payments of these leases are set out below:

	2017 £	2016 £
Land and Buildings – Leases expiring:		
Not later than one year	153,803	161,605
Later than one year and not later than five years	825,143	118,523
Later than five years	273,327	4,500
	1,252,273	284,628
Other operating leases – Leases expiring:		
Not later than one year	244,040	283,198
Later than one year and not later than five years	368,324	655,765
Later than five years	28,855	445
	641,219	939,408

Saha Annual report and financial statements 2016/17

23. Accommodation in management and development

The number of units of housing, lifehouses and foyer accommodation under development and in management at 31 March 2017 was:

	Number of Units in development		Number of Units in management	
	2017	2016	2017	2016
Housing accommodation for letting:				
General Needs:				
Owned and managed	--	--	1,051	1,131
Affordable:				
Owned and managed	30	84	195	122
Supported Housing and Housing for Older People:				
Owned and managed	--	--	326	328
Owned but not managed	--	--	1,652	1,650
Managed but not owned	--	--	10	17
Other – Foyer Accommodation:				
Owned and managed	--	--	112	112
Registered care bed spaces:				
Owned but not managed	–	–	77	77
Total owned and managed	30	84	3,423	3,437

Housing stock summary:

	Number of Units in development		Number of Units in management	
	2017	2016	2017	2016
Owned and managed	30	84	1,684	1,693
Owned but not managed	--	--	1,729	1,727
Managed but not owned	--	--	10	17
Total owned and managed	30	84	3,423	3,437

Saha Annual report and financial statements 2016/17

Notes to the financial statements – Year ended 31 March 2017 (continued)

24. Financial instruments

The Association's financial instruments comprise non-listed equity securities, cash and cash equivalents, bank borrowings and items such as trade creditors and trade debtors which arise directly from its operations. The main purpose of these financial instruments is to provide finance for the Association's operations.

The Association's operations expose it to a variety of financial risks, including credit risk, liquidity risk, and interest rate risk. Given the size of the Association, the Board have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies set by the Board of Directors are implemented by the Association's finance department.

Credit risk

The Association's credit risk is primarily attributable to its rental arrears (including rent arrears). The Association has implemented policies that require appropriate pre-tenancy checks on potential new tenants before a property is let. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the Board.

The carrying amount of financial assets represents the maximum credit exposure.

Liquidity risk

The Association actively maintains a mixture of long term and short term debt finance as well as maintaining a minimum cash level amount of £3m, which is all designed to ensure it has sufficient available funds for operations and planned expansion. The Association monitors its levels of working capital to ensure it can meet its operational liabilities and debt repayments as they fall due.

The Association's financial liabilities (none of which are derivative financial liabilities) comprise trade creditors and bank borrowings which are measured at amortised cost. The contractual maturity of the bank borrowings are shown in note 15. The trade creditors are all payable within six months.

Interest rate risk

The Association has both interest bearing assets and interest bearing liabilities. Interest bearing assets comprise only cash and cash equivalents which earn interest at a variable rate. The Association has a policy of maintaining debt at fixed and floating rates to manage future interest cash flows effectively. The Board will revisit the appropriateness of this policy should the Association's operations change in size or nature.

The Association's cash and cash equivalents earned interest at a variable rate of 0.36% during the year (2016: 0.44%).

Details of the terms of the Association's borrowings are disclosed in notes 14 and 15.

The carrying values of the Association's financial assets and liabilities are summarised by category below:

	2017 £	2016 £
Financial assets:		
Measured at undiscounted amounts receivable		
• Trade and other debtors	1,978,745	1,486,409
• Cash and cash equivalents	17,706,107	8,821,648
• Fixed asset investments in unlisted equity instruments	51	51
Financial liabilities:		
Measured at carrying value amortised cost		
• Loans repayable	(27,935,713)	(21,322,105)
Measured at undiscounted amounts payable		
• Trade and other creditors	(5,273,265)	(5,707,795)
The Association's income, expense, gains and losses in respect of the financial instruments are summarised below:		
Interest income and expense		
• Total interest income for financial assets at undiscounted amounts	57,471	39,403
• Total interest expense for financial liabilities at amortised cost	(1,235,586)	(1,098,045)
Fair value gains and losses		
• On financial liabilities (including loans) measured at fair value through statement of comprehensive income	–	–

Saha Annual report and financial statements 2016/17

Notes to the financial statements – Year ended 31 March 2017 (continued)

25. Contingent liabilities

As at 31 March 2017 there were no contingent liabilities (2016: £nil).

26. Related parties

The Association has taken advantage of the exemption permitted by Financial Reporting Standard 102.33.1A – 'Related Party Transactions', and does not disclose transactions with group undertakings that are wholly owned by such a member.

The Board had a tenant member (resigned September 2016) who lives in a saha property and holds a tenancy agreement on the same terms as other similar tenants, during his term of office the Board member was paid remuneration as disclosed in note 3.

The Association took out a loan of £315,000 with Reliance Bank Limited in the financial year ended 31 March 2011, and £2,200,000 in the financial year ended 31 March 2014, and a further loan of £150,000 in the financial year ended 31 March 2015, a partly (49%) owned bank by The Salvation Army Trustee Company (SATCo).

The Association made the following payments during the year to Reliance Bank Limited:

Capital repayments	£112,751
Interest payments	£55,580

The total outstanding balance of the loan at 31 March 2017 was £2,278,118. The long term loan was granted to the Association on normal commercial terms.

During the year, the Association paid £220,517 (2016: £216,365) for the property and liability insurance to SAGIC Ltd.

SAGIC Ltd is a company wholly owned by The Salvation Army Trust (Central Funds).

Key management personnel

All executive and non-executive directors and certain senior employees who have the authority and responsibility for planning, directing and controlling the activities of the Association are considered to be key management personnel. Compensation of key management personnel is disclosed in note 3.

Under the FRS 102.33.1A Sch72(2) definition of related party transactions, other than those transactions listed above, the Association did not have any other related party transactions with any of the key management or Board personnel.

27. Ultimate controlling party

The Board considers that the Association's immediate parent company is The Salvation Army Trustee Company, a company limited by guarantee and registered in England.

In the opinion of the Board, the ultimate controlling party is the General of The Salvation Army as defined by the Salvation Army Act 1980.

28. Post balance sheet events

Following the tragic events at Grenfell Tower on 14 June 2017, all Registered Providers were requested by the Department for Communities and Local Government to undertake checks on their high rise buildings (over 18m) to establish if they were clad with combustible Aluminium Containing Materials, and as such presented a fire risk. saha undertook this exercise across all saha and Chapter 1 properties, and no properties were found to contain such materials. Further additional fire safety checks were undertaken across the housing stock as a precautionary measure, and the organisation will continue to monitor fire safety guidance in what is a dynamic operating environment.

Following the acquisition of Chapter 1 on 23 March 2017, work has continued post 31 March 2017 towards the planned Transfer of Engagements in September 2017. This has included the conversion of Chapter 1 into a Community Benefit Society on 13th July 2017 as a preparatory event in this process.

29. Prior year adjustment

	£
Total Reserves as at 1 April 2014	33,418,403
Restatement of loan balances	1,386,438
Restated surplus for year to 31 March 2015	34,804,841
Surplus as originally stated for year to 31 March 2016	3,188,701
Shares issues/(cancelled) (net)	(2)
Total reserves as at 31 March 2016 as restated	37,993,540

The restatement of loan balances for the year to 31 March 2015 refers to the difference between the carrying value of the financial instrument at market rate and the amortised cost of that loan, and the subsequent write off of that difference in the carrying value of the loan due to a further modification of the loan. The financial instrument is classed as a basic financial instrument.

We can provide a translation service using Language Line if English is not your first language.
English

Wenn Englisch nicht Ihre Muttersprache ist, bieten wir einen Übersetzungsdienst über die Agentur Language Line an.
German

İngilizce ilk lisanınız değilse, Language Line (Lisan Hattı) vasıtasıyla çeviri hizmeti sunabiliriz.
Turkish

यदि आपकी पहली भाषा अंग्रेज़ी नहीं है तो हम Language Line (लैंग्वेज लाइन) को उपयोग करके आपको अनुवाद सेवा मुहैया कर सकते हैं।
Hindi

اگر انگریزی آپ کی پہلی زبان نہیں ہے تو ہم Language Line (لینگویج لائن) کے ذریعے آپ کو ترجمہ کی خدمت فراہم کرسکتے ہیں۔
Urdu

Si su idioma materno no es el inglés, podemos proporcionar un servicio de traducción mediante la compañía Language Line.
Spanish

Nous pouvons fournir un service de traduction via Language Line si l'anglais n'est pas votre langue principale.
French

Możemy zapewnić tłumaczenia używając firmy tłumaczeniowej Language Line jeśli język angielski nie jest Państwa językiem ojczystym.
Polish

Language Line services

Registered and Head Office:
Salvation Army Housing Association Limited
3rd Floor, St Olaves House
10 Lloyd's Avenue
London
EC3N 3AJ

Tel: 0800 970 6363
Fax: 020 7332 4837
Email: info@saha.org.uk
Website: www.saha.org.uk

Registered Number 15210R
Homes and Communities Agency Registration LH2429