



Security meets beauty. A better solution for Group residents at Timber Wharves.



Better solutions

Chairman's report



At Southern Housing Group we have more than a century's experience of providing housing and building communities in which people want to live. Our aim is to maintain the expertise and financial strength required to take this work forward into the future, combining our experience with innovative methods and thinking to ensure we meet challenges with better solutions. This, along with our commitment to attracting and retaining the best employees, will help us to maintain our position as a leading organisation in the social housing sector.

The Group has various objectives which are detailed elsewhere in this report. We have made good progress in each, but we are always alert to the need for constant improvement and investment. This requires constant efforts, each day, by all our employees, and I would like, on behalf of the Board, to thank our people for their hard work during the past year. In particular, we thank them for the exceptional efforts made to bring several recent Group mergers to successful fruition, and as a result, improving services to residents throughout the enlarged Group.

During the previous year we made some changes to the way in which the Board functions to ensure that we stay abreast of current best practice. We completed the last stages of this exercise during the year. Additionally, there have been membership changes: Jim Hitch and David Kelly who are both residents of the Group, have recently joined the Board and we have already felt the benefit of their contribution. Elisa Vaughan and Julia Unwin have retired as members. We thank them for their contribution, which in Elisa's case, stretched over many years both on the Board and other Committees.

Andrew McIntyre
Board Chairman



Chief Executive's report

By any standards it has been a busy year in Southern Housing Group.

At the end of March 2007 our development programme hit an all time peak of over 4,000 homes costing around £560m, effectively doubling our programme size against just three years ago; and new homes completed in 2006/7 totalled over 1,000. Our innovative PFI Consortium on the North Whitley estate in Reading reached building completion nine months early, on budget, and registering 90 per cent satisfaction from residents, thus becoming the first housing PFI to achieve completion.

Of the many potential competition highlights one scheme deserves special mention: the Group's success in being selected as preferred partner in a consortium to develop London's first zero carbon development at Gallions Park in Newham. In keeping with the Group's many innovative construction initiatives we are delighted to be in at the beginning of a new way of working, and look forward to migrating the best practice we learn at Gallions Park to the rest of our development programme.

In our Operations division we have embarked upon a programme of radical change to integrate our currently specialised management service. We have recognised that our residents increasingly demand a 'one-stop shop' service, reflecting the modern mixed tenure and mixed use nature of our developments. From September 2007 all of the Group's stock will be managed on a generic basis, irrespective of the resident's tenure. We are fully committed to providing an integrated and seamless service to our residents and we are convinced that this approach will best serve residents interests.

As the Group prospers, the demands upon Southern Housing Foundation grow as evidenced by the fact that our Small Grants Programme alone reached 6,000 beneficiaries in 2006/7. As pressure to perform increases it is vital that the Foundation has a clear focus to its work and during the course of the year they identified four key themes: Capacity Building, Financial Inclusion, Working with Older People, and Working with Young People.

Like many private sector developers our development company Southern Space experienced programme frustrations around planning issues and land purchases, but still managed to start 71 units in the year, completing 12 at the year end, and now looking forward to a programme of 150 homes in the coming year.

As the business grows, so does the strain on our office premises, and May 2007 saw the Group open a new regional office in Horsham at Spire Court, having outgrown the original regional office. We will be occupying three floors of this 56,000 sq ft building in the centre of Horsham, with one floor dedicated to the Group's Customer Service Centre and sub letting two floors to local companies.

In a similar vein, our London Region office moved from Old Street in September 2007 to the Group's headquarter at Fleet House, taking occupancy of the first floor.

Finally, I spent January 2007 engaged in roadshows throughout the Group briefing the organisation on changes to our business philosophy and other key issues on the horizon for the organisation. Employing 1,000 staff, in numerous locations, places particular emphasis upon effective communication, and this provided a great opportunity to share our plans for the future with our staff and take the time to thank them for their part in the success of Southern Housing Group.

Tom Dacey
Group Chief Executive

An exciting year: **major developments**

This has been a year of major achievements. Not only did the Group exceed development targets, we also had some significant contract wins, not least being selected as a preferred development partner in London's first zero-carbon development.

Our strategy to fully integrate our subsidiaries, South Wight Housing Association (SWHA) and James Butcher Housing Association (JBHA), with the Group's main development department was also carried forward. In this way, we can provide more people with homes that meet their needs in their own areas.

In addition, the Group's commercial development company Southern Space, which was set up two years ago to develop and sell good quality housing on the open market, continues to provide a valuable independent source of funding within the Group.

While working to meet our building targets, the Group never loses sight of the bigger development and regeneration picture. This year, more than ever, we have been involved in exciting projects that take into account the wider needs of our residents, providing them not only with homes, but with an infrastructure that allows their communities to grow and thrive.



The first 40 homes of our development at Holborough Valley, Snodland, Kent were completed this year. Of the 1,000 eventual homes, 25 per cent will be affordable.

Building on past success: **completed schemes**

This year, the Group completed the first year of its current two-year Preferred Partner development programme, exceeding Housing Corporation spending and completion targets by a third. By the end of the year, we had completed 1,017 homes comprising 407 for affordable rent, 570 for shared ownership and 20 for outright sale. Over 700 of these homes were built with Housing Corporation subsidy.

Award-winning Tabard Square gets that lived-in feeling

An inner city brownfield redevelopment, Tabard Square in Southwark is a joint venture between the Group, English Partnerships and Berkeley Homes. The scheme provides more than 570 homes, 212 of which are affordable with 79 for rent and 133 for shared ownership. All properties have the same high quality exterior and enjoy shared use of a central courtyard. Proximity to central London and ongoing regeneration in the area make these properties very popular, and residents began moving into the new flats in July 2006. The final homes were completed in November of the same year.

The scheme won the 'Best Design Initiative/ Partnership with an Architect' at the Housebuilding Innovation Awards for the Group's work with the Rolfe Judd architecture practice. It also won a Building for Life Gold Award, lead by CABE (Commission for Architecture and the Built Environment), which is given to new housing projects that demonstrate a commitment to high design standards and good place making.



Residents can now experience the multiple award-winning Tabard Square.

Building on past success: **completed schemes**

Wansey Street carries on winning

The first scheme to be completed in the £1.5 billion redevelopment of Elephant & Castle, Wansey Street includes 12 homes for affordable rent, 12 for outright sale and 7 for shared ownership. All the homes are now occupied. As well as an outstanding design, Wansey Street has many environmental features from high standards of thermal and sound insulation to excellent recycling facilities which earned the development an 'excellent' EcoHomes rating.

The scheme was recently recognised as the best public housing scheme at the Building Design Architect of the Year Awards 2006, winning the award for our architects dRMM. It also received a Commendation at the British Homes Awards, sponsored by The Mail on Sunday, in the Affordable Housing Development of the Year category.



Downsview, setting the standard for eco-aware development on the Isle of Wight.

Excellent Eco-homes completed at Downsview

One of the largest schemes on the Isle of Wight, Downsview provides over 100 homes and was completed in 2007. A third of the homes are for shared ownership and the rest for affordable rent. Four were awarded an EcoHomes 'excellent' rating, a first for the Island.

A spring in the step for Autumn House

Autumn House on Alkham Road in Hackney is the first scheme independently developed by the Group's subsidiary Southern Space. The site stands alongside the Group's Keates estate in Hackney, and consists of eight, 1-2-3 and 4-bedroom flats. The development has exceeded all expectations, with all of the homes selling off-plan within weeks and becoming occupied within six weeks of handover.

Former garages answer housing need in Hackney

Making best use of space formerly occupied by unused garages, the Island House development in Portland Avenue in Hackney is now an attractive housing feature on the Group's Stamford Hill Estate. All nine of the new 2-3 and 4-bedroom flats for outright sales were reserved within four weeks of release.



Many apartments at Seacroft, Isle of Wight sold off-plan.

Looking forward to better homes: **contract wins**

The past year saw the Group not only involved in a variety of developments with various partners, but also making the most of opportunities for the future. We successfully secured a number of large-scale projects which will keep us at the forefront of affordable housing provision throughout our regions.

Group chosen for London's first zero-carbon development

In February, Ken Livingstone, the Mayor of London, announced that the Group, along with other members of the One Gallions Consortium had won the preferred development partner competition for the zero carbon development at Gallions Park, Royal Docks in east London. The scheme will include 270 mixed-tenure homes of which 35 per cent will be affordable. Plans are currently being finalised, and work on the site is scheduled to start next year. This important development has already won Best Housing Project of the Year in the Daily Mail British Homes Awards and supports the Group's sustainability strategy.

A sweeter future for Sugar House Lane

Sugar House Lane in Newham has been a run down, light industrial area for many years. We are working in partnership with Cleveland Regeneration and East Thames Group and have jointly commissioned John Thompson and Partners to produce a masterplan for this area. The proposed development on the River Lea runs near the Olympic site, and will provide hundreds of mixed-tenure homes. As well as housing, a range of facilities will be provided including community spaces, health facilities, shops and employment premises for use as studios by TV production companies and other creative industries. In line with our sustainability agenda, we also intend to minimise the impact of this scheme on the environment in terms of energy, water and waste.

Breathing life back into the former Greenwich District Hospital

The Group, along with First Base, a developer specialising in market sale and affordable initiatives, have been chosen by English Partnerships to redevelop the site of the former Greenwich District Hospital. Under the name Heart of East Greenwich, the scheme will create a mixed tenure community, providing family, affordable and outright sale homes and aims to be carbon zero. Of the 740 homes planned, 35 per cent will be affordable and we are currently exploring with First Base how the scheme will be managed; the objective is to have a single management regime regardless of tenure. The development will also include a state-of-the-art leisure facility, health centre and library alongside a range of shops, cafes and markets. Work is planned to start in the late summer.



Plans afoot for a vibrant community on a former hospital site.



Development update: **projects in progress**

The Group has continued to work on a number of development projects which were already underway at the start of the financial year. Here is an update of these projects.

Residents move into new homes at the Market Estate

The Group became the landlord of this large estate in Islington in 2005, after a successful resident transfer ballot. In September 2007, the first phase of a complicated £40 million demolition and redevelopment programme was completed, and we handed over 140 new homes to residents. All the new homes are being built to suit the needs of existing residents on the estate, and are of varying sizes including large family homes. Work on phase two will start later this year.

Market Estate resident of 37 years Ray Maxey contemplating his move from a one-bedroom flat to one of the 359 new apartments being built commented: "They haven't cut corners on anything in my new flat, I can't believe my good fortune".



The Group is investing almost £1 million in the adjacent Caledonian Park as part of our commitment to regenerate the area. Over 100 new trees have been planted, a new ball games area has been completed and we will be replacing some of the missing historic Victorian railings with replicas.

Market Estate also featured on the Radio 4 programme 'Knocking down the past', where residents were asked for their views on their new homes and their hopes for the future. The responses were unanimously positive, demonstrating how residents feel that things are changing for the better.



Mayor Cllr Barbara Smith at Market Estate with Group Board Member David Kelly and project director Stephen Ross.

At Wansey Street, Elephant & Castle, excellent design produced **better solutions** for our residents.



Development update: projects in progress

Works commence in the Southern Quarter

Southern Quarter at Ryde on the Isle of Wight was the first large-scale project made possible on the Island by funds released by the Group after its merger with South Wight Housing Association (SWHA). The development will give the Island 149 much-needed new homes including 46 for affordable rent, 53 for New Build Homebuy and 50 for outright sale (through Southern Space). Short-listed for the Housing Design Awards 2007, building started in August 2007 and all the new homes will have a range of sustainable features including energy-efficient heating and insulation, and high levels of natural lighting.



149 new homes for the Isle of Wight in Ryde.

Open market opportunities in Croydon

Tollgate Court, Croydon was the first site purchased by Southern Space on the open market, and building is due to be completed by the end of 2007. Aimed at the young professional market, these homes have a very high specification and have already attracted considerable attention, with several already purchased off-plan.

Helping first time buyers in Crawley

In Spring 2006 the Group purchased a site for development at Crabtree Road in Crawley. Offering 14, 2-bedroom flats for outright sale, the scheme is aimed at the starter-home market. Building work is well underway and is due for completion by the end of 2007.

Outright sale in Surbiton

This development opportunity at Hook Road in Surbiton was purchased by the Group in January 2007. By June demolition of the existing buildings was already underway to make way for nine, 2-bedroom flats aimed at the young, professional market.

To Affinity... and beyond

At the end of its third year in operation, the Affinity Housing Consortium continues to deliver outstanding services to the residents of North Whitley Estate in Reading. Consisting of Southern Housing Group, Windsor Housing, Wates and Nationwide, the consortium is working to a 30-year Private Finance Initiative contract to manage and refurbish 1,350 properties on behalf of Reading Council, investing around £30 million to achieve Decent Homes Standards. The past year has seen completion of refurbishment nine months ahead of schedule, making this the first housing PFI in the UK to reach completion. Over the year, there have also been reductions in rent arrears and void turnaround. The consortium was shortlisted in the category of Best Operational Local Government Project in the 2007 Public Private Finance awards in May.

EcoHomes development for JBHA at The West Village

Previously home to the former Battle Hospital in Reading, this site was bought by Kingsoak, part of the Barratt Group, and Southern Housing Group has been chosen as development partner. This major development will deliver 435 new homes in total, of these 169 are for affordable rent and shared ownership. All the new homes will meet the EcoHomes 'Very Good' standard, with some meeting Lifetime Homes and six houses meeting wheelchair design standards. The development will include a large communal landscaped area as well a variety of retail units.

Successfully delivering affordable ownership options

During the year, the Group's affordable home ownership subsidiary Southern Housing Home Ownership (SHHO) achieved a record number of 413 sales against a target of 350. Through SHHO, the Group also made a successful bid to take part in the Social Homebuy pilot scheme run by the Government, which enables tenants to buy their own homes. Initial funding was given for homes in Southwark and Worthing, and we subsequently attracted funding for around 100 more homes in 30 local authority areas.

Launched in July 2006, the SHHO website offers 24-hour internet access to all of the Group's available affordable housing developments. The site has proved extremely successful, attracting 31,000 registrations in the first six months of operation.



Burney House in Leatherhead: 27 New Build Homebuy homes for locals.

History in the making for King Alfred

Destined to be a landmark development, the £290m King Alfred scheme on Hove sea front has now been given planning consent by Brighton and Hove City Council. A joint venture between Karis Holdings, ING Real Estate Development, Southern Housing Group and architect Frank Gehry, the scheme will deliver 751 flats for sale or rent with the majority having sea views, balconies or roof terraces.

Of these, the Group will provide 276 homes for affordable rent and shared ownership with 10 per cent being made available specifically for people with disabilities. The development will also offer a state-of-the-art indoor sports and swimming centre, two piazzas with direct access to the sea front as well as a range of cafes, restaurants and shops for residents and visitors.



The impressive King Alfred development in Hove.

A lasting impression: sustainability through development

The Group's definition of sustainability encompasses all aspects of the environment in which our residents live. We actively promote a sustainability strategy that covers building techniques, mixing tenures to encourage lasting communities, actively promoting resident inclusion in Group decisions, and encouraging resident participation in Group projects to create a sense of ownership. Our recent development activities demonstrate our commitment to buildings and communities that will stand the test of time.

A first for the Group in zero-carbon development

The Group was delighted to be part of the consortium selected as preferred development partner for London's first zero-carbon development at Gallions Park, Royal Docks in East London.

A zero carbon development is one that annually achieves zero net carbon emissions from energy use. The approach to be applied will significantly reduce carbon emissions and wider environmental impacts, through a host of measures such as renewable energy, energy efficient architecture, natural materials, as well as integrated waste management, on-site food growing and green transport measures such as car and cycle clubs.

Plans are in place to appoint a 'green' caretaker who will assist with recycling, composting and looking after the planned greenhouses on the development. In addition, an area will be devoted to green issues, where residents can learn more about the concept of 'One-Planet Living' which shows us how to live within our fair share of the Earth's resources.

This landmark development will act as pilot for testing the levels of sustainability we can achieve in the development of new homes, and learning from it will be disseminated to other housing associations and to the private sector.

Mayor Ken Livingstone has asserted that this scheme could help "set the standard for environmentally sustainable development across London". We aim to ensure that the benchmarks are high.

Protocol guarantees sustainable development

The Group joined Thanet and Dover District Councils, Canterbury City Council, The Orbit Group, Amicus Horizon and Town & Country Housing Group in signing up to the East Kent Triangle protocol. This commits us to the development of over 1,000 affordable homes for rent and sale in the area over the next five years. The protocol brings together partners with a track record in developing new homes and providing good services to residents, and gives us the opportunity to apply our sustainability standards to development work in the region.

On track to Decent Homes Standard

The Group is on target to meet the Government's Decent Homes Standard for all of our properties by 2010. By the end of the financial year 2006/07, 19,306 of our properties, or 82.5 per cent, met the Standard and we are investing £49 million over the next four years in order to achieve the Group's own Decent Homes Plus standard and meet the Government target.



Group homes in Hove enter the final phase of improvement to meet the Decent Homes Standard.

Gallions Park, London's first zero-carbon scheme offers better solutions for the environment.



A lasting impression: sustainability through resident involvement

By actively promoting resident involvement in decision-making and encouraging resident participation in projects, the Group aims to create a sense of ownership. This is a vital component in creating thriving communities that last. The Group has promoted greater resident involvement in a number of ways over the past year. Here are some highlights.

A new level of involvement in the West

Since joining the Group, James Butcher Housing Association (JBHA) has taken positive steps to improve the way it involves residents. Measures taken include working with the Group's Resident Involvement team, increased consultation with residents on policies and procedures and organising a group of 80 residents who have agreed to work with us and take part in focus groups. A policy of continuous improvement with regard to resident involvement has also been formally introduced at JBHA.

In addition to these initiatives in the West, the Group is also developing regional resident forums and piloting resident monitors to provide feedback on service standards.



Employment opportunity for Group resident Maice Brown from Bethnal Green.

Employment opportunities through partnership

The Group is committed to making a positive difference in local communities, and has recently been able to do this in a novel and unexpected way.

A combined recruitment exercise with our repairs' contractor, Axis Europe plc, has led to the employment of two Group residents as trainees. The initiative successfully brings job opportunities to the local community, and the Group's other day-to-day repairs' contractors are now also offering similar training opportunities.

Group Board welcomes new resident members

Resident representation at Board level helps ensure that our services meet the needs of our customers. This year we took the step of reclassifying the two tenant Board positions to better reflect the composition of our residents and our new integrated service structure. Consequently, two residents were appointed to the main Group Board: tenant David Kelly and leaseholder Jim Hitch. They also both joined our Customer Services Committee.

Barry McGuigan socks it to 'em

In response to a residents' survey conducted in 2006, the Group hosted a major event combining the South, London and Thames Gateway regions.

More than 100 residents attended the event at the Victoria Park Plaza Hotel in London, which was based around the theme of making a difference. Sky Sports presenter and former world featherweight boxing champion Barry McGuigan was the guest speaker, and 96 per cent of attendees rated the event as either good or above. Many residents indicated they would be interested in getting more involved in future.



A lasting impression: improving service provision

Over the past year we have taken a number of steps to ensure that the Group continues to improve services to our residents. The following is a selection of highlights.

Towards a better complaints system

As part of our commitment to dealing with complaints and anti-social behaviour more effectively, the Group has introduced a new software system. We are the first housing association to install the system, which is used by 200 local authorities across the country to record and track complaints. Not only will it improve our recording and handling of complaints, the feedback received will also help us to develop service improvements. Extensive training preceded the introduction of the new system and staff receive on-going support.

To oversee this vital area of our work, we have also recruited a Complaints Service Manager whose remit is to take the lead in developing best practice in the routine handling of complaints from within and beyond the sector. He is also responsible for ensuring lessons learnt are translated into improvements to the services we offer.

Group supplier strategy benefits JBHA residents

The Group is committed to rationalising contractors in order to deliver improved efficiency and cost-effectiveness to residents.

In November 2006, JBHA appointed one contractor to undertake day-to-day repairs on all their housing stock. Several new specialist contractors were also appointed to service and maintain the fire alarms and panels at all of JBHA's sheltered schemes. Having provided a high level of service to Southern Housing Group for a number of years, Robert Heath Heating was awarded the contract for gas servicing and repair work.

These appointments give the Group more control over quality and will result in better service for our residents.

Benefits of centralised service extend into Isle of Wight

In January 2007, South Wight Housing Association (SWHA) residents began using the Group's Service Centre in Horsham. Providing residents with a single point of initial contact improves service accessibility, as well as providing extended operating hours. It also allows our housing management staff to provide an increased focus locally. This is a major change in the level of service for Group residents on the Island.

New phone line for Turkish speakers

As part of our commitment to widening access to our services, we have introduced a dedicated phone number for our Turkish residents. This is in response to figures which showed that, of residents who are comfortable using their first language, 19 per cent were Turkish. It builds on the facility provided for Bengali residents which we introduced two years ago.

Service Centre tops peer group survey

During 2006 our Service Centre participated in a survey of service centres along with 10 other housing associations, run by independent telephony consultants, Mpathy. It found that the Group's 'one-stop shop' approach was particularly effective and out-performed the participating organisations by answering the highest number of calls – 96 per cent compared to an average of 89 per cent.



In the community: creating a better environment

Over the past year, our residents have benefited from our continued focus on building stronger, safer neighbourhoods. Our increased geographical spread means that our funding and initiatives now reach along the M4 corridor and through Hampshire onto the Isle of Wight, with residents experiencing a variety of services and initiatives designed to make lasting improvements to community life.

Group signs up to outdoor improvements

Our residents regularly tell us that improvements in the external environment make a real impact on their quality of life. As a result, the Group has for the first time produced an external environment strategy to support and encourage such improvement. The strategy aims to provide a framework to involve residents and Group partners in improving the quality of external spaces, and encourages innovative, thoughtful and creative thinking.

A youthful take on garden design for Ryde

Among the improvements being made to the communal grounds at Melton Hall, Ryde is a wooden bench designed by five residents aged between seven and thirteen, and built in the shape of a dragon! Older residents have also created a self-sustaining playdome for children made of woven willow that will take root and grow, and an old shed makes way for a focal point for outdoor entertainment in the shape of a brick barbecue.

Drive-in art gallery for East End estate

When the need for a pair of security gates was recognised at the Timber Wharves Estate on the Isle of Dogs in Tower Hamlets, more than 60 residents provided the creative inspiration for a spectacular, 4.5 tonne work of art in steel created by artist Ben Coode-Adams. The project was run by the Group's charitable arm, Southern Housing Foundation and the gates were constructed at a comparable cost to standard security gates. This collaborative project has given people a real sense of pride in where they live and has also produced a magnificent, lasting artwork.



Young residents framed by new security gates at Timber Wharf Estate.

Residents take the plunge and restore historic pond

During October 2006 residents and staff teamed up with local conservation group The Footprint Trust to restore an historic pond in Ryde. Dating back some 200 years, the pond is on land owned by South Wight Housing Association (SWHA) and is a breeding ground for rare Great Crested Newts. Over many years the pond had been harmed by the dumping of invasive plants, and the clean-up operation was seen as important for the environment. The Group contributed to the cost of the work through our environmental improvements budget.

Stamford Hill garden becomes a work of art

In December 2006 Stamford Hill Estate in Hackney celebrated the official opening of its own sculpture park. Residents worked with partners, Groundwork East, Arts Express and Mansell plc to design six sculptures in miniature. These were then transformed into life-size works of art as part of the final phase of environmental works at the scheme. The Group provided funding of around £53,000 for the project, with £29,000 of funding coming from the Arts Council of Great Britain and the Learning Trust through Groundwork East London. One resident commented: "The designs represent our multi-cultural community. The sculptures have transformed the estate."



Sculpture park partly designed by Group residents in Stamford Hill, London.



In the community: **taking stock**

The Group is committed to demonstrating value in its activities, and as such we constantly seek to improve our approach to the work we fund. Review and reassessment is key to the continuing provision of appropriate and effective support in all aspects of our activities.

Refining our approach to anti-social behaviour

Knowledge and skill sharing is now a key feature of Group life, an approach demonstrated in key aspects of our management of anti-social behaviour over the past twelve months.

Combining the expertise of the Group's anti-social behaviour team and the Foundation, we are reviewing our approach to mediation services. In addition, as part of a family support project, we are assessing the effectiveness of intensive family support. In order to quantify the benefits, we are comparing the cost of dealing with the problems generated by a family with a range of issues over time and the cost of early intervention. This exercise will provide benchmarks for the most effective and cost-efficient management of anti-social behaviour in the future.

Continuing support for credit unions

After several successful years, the Group has continued to provide support and funding for a number of credit unions, including those in Hackney, Islington and Hammersmith & Fulham and Brighton & Hove. Islington Credit Union is an initiative largely funded by Islington Council and supported by the Foundation and other partners. Currently, the Credit Union manager is given management and office support by the Group. By October 2007, in line with our objectives, we expect that the Islington Credit Union will become completely self-managing, while still receiving funding from the Foundation.



Don O'Sullivan from the Group's financial inclusion team.

Auditing our financial inclusion work

During the year, the Foundation appointed Community Finance Solutions of the University of Salford to act as external evaluators of our Financial Inclusion project. The ultimate aim of the project is to demonstrate that intervention in people's financial problems can reduce arrears and stop evictions. The evaluation gave recommendations on the best ways to take the project forward which the Foundation has agreed to fund for a further year.



Partnership working produces **better solutions**. The sculpture garden at Stamford Park, Hackney created by residents and professional artists has transformed the estate.

In the community: putting people first

The Group continues to place the needs of residents at the centre of our work. Over the financial year, a record 6,000 Southern Housing Group residents benefited directly from the Foundation's small grants programme. The Foundation also awarded over £190,000 during the year through our large grants programme on a variety of resident-focussed projects. Funded separately, South Wight Housing Association (SWHA) and James Butcher Housing Association (JBHA) residents also benefited from our work to improve neighbourhoods through resident initiatives. This year has seen a range of notable achievements.

Stress busting for older residents

In a project jointly funded by Age Concern and the Foundation, older residents at the Hogarth Court Sheltered Scheme in Tower Hamlets were offered weekly sessions with a physiotherapist. The range of services offered included head and foot massage, reiki and acupuncture. Reaction towards this stress-reducing programme was very positive.

Step-change in support for residents in Worthing

A £20,000 project to provide a range of support services for residents in Durrington, West Sussex was launched early in 2007. Funded by both Southern Housing Group and the Foundation, as well as partners, Servite Homes, Worthing Homes and Sanctuary Housing Association, the two-year project offers residents easier access to benefits advice, employment training, Age Concern support, advocacy and local mediation. As a result of consultation with residents, a new children's play area and a youth club will also be provided. At the opening of the project, local councillor Keith Sunderland commented: "I hope people will make full use of this friendly, informative resource. It is an exciting pilot and I hope to see it replicated in other areas."

Early intervention bears fruit in Folkestone

Through the Foundation, the Group supports the work of a Senior Family Liaison Officer (FLO) at the George Spurgen School in Folkestone, Kent. The role of the FLO is to work with the parents of children with behavioural problems. Parenting skills are taught and reinforced in order to address the root cause of the children's issues before they become a serious problem, an approach which has demonstrated the effectiveness of early intervention.

Soccer project kicks off in Sussex

In partnership with Worthing Homes and other local landlords, the Foundation is providing £15,000 over three years to enable young people in Sussex to take part in football coaching with Brighton & Hove Albion Football Club. Coaching sessions will be provided through after-school clubs, evening sessions and at weekends, as well as through annual tournaments and during school holidays. At the time of writing, the Foundation is seeking funding for research into how this project affects the health and well-being of young people.



Budding Beckhams battle it out in Brighton.

Making model citizens in Hackney

In May 2007, young residents at Hindle House in Hackney took part in a pioneering project aimed at promoting health, well-being and their future role as citizens. Run in the school holidays by Moving East and funded by the Foundation, the project employed a variety of martial arts exercises to emphasise relaxation, sensitivity, self-awareness, flexibility of mind and good health with a focus on the meaning of community and the idea of citizenship.

Help for entrepreneurs with a difference

In partnership with the London-based School for Social Entrepreneurs (SSE), the Foundation has funded an exciting new project which aims to enable residents who may have been excluded from mainstream activities to develop project ideas which can demonstrate a wider community benefit. Funding for the project will be £80,000 over three years and SSE will work with a group of 12 residents to provide skills and support to develop their ideas.

Group funded resident activity makes dramatic difference in Farncombe

Jointly funded by JBHA, the Local Network Fund and the local council, Northbourne Action Group (NAG) was set up by residents to improve life at Northbourne Estate in Farncombe, Surrey. In a remarkable turn-round, incidents of anti-social behaviour and crime on the estate have become negligible. The initiative has been singled out for praise by Surrey Police, which has agreed to contribute to the maintenance of the project.

Bike power for Isle of Wight residents

Residents at the Carisbrooke Road supported housing scheme are benefiting from three recycled bicycles thanks to inmates at Parkhurst Prison. The bikes were given to the scheme through the Inside-Out Trust, which runs prison projects designed to teach prisoners new skills and give them the opportunity to put something back into the community.



Six wheels are better than two for Isle of Wight Group residents.



Broadly speaking: Group-wide news and events

2006/07 has been a successful year for Southern Housing Group. Great strides have been made in many aspects of the organisation's activities, and the following highlights the numerous ways in which the Group is achieving its strategic objectives.

Profit through purchasing power

The Group has continued to work to the efficiency agenda by achieving good value for money through centralised and partnered procurement. The Buy4London procurement collective is made up of 10 of the largest housing associations in London, and the collaboration, in conjunction with Procurement for Housing, has produced significant savings.

To illustrate the collective in action, the Group began purchasing boilers in October 2006 direct and supplying them to our contractor for installation. As well as saving on boiler costs, the arrangement guarantees consistency of product and ensures good provision of repair and replacement services. Anticipated total savings are £40,000 a year.

Negotiations are currently under way for procurement of kitchen units and bathroom fittings on the same basis. It is anticipated that the first phase of purchasing through this contract will begin in early 2008.

Taking stock of our assets

A new asset management strategy for 2007/10 to ensure the long-term security of our housing stock has been introduced. Thanks to an effective, responsive repairs service and long standing reinvestment programme, our varied portfolio is well maintained. Upgrading of our homes is now focused around a programme designed to bring all our properties up the Decent Homes Standard by the Government's 2010 deadline, and we are on track to meet this.

Moving experiences for Group staff

In May 2007, around 130 employees including the Group's Customer Services Centre moved into new offices at Spire Court in Horsham. The move became necessary due to our continuing growth. The Group was pleased to continue its long term presence in Horsham, welcoming the support of Horsham

District Council in enabling it to do so. As well as housing local residents, the Group is making a significant contribution to the local economy by becoming one of the largest employers in Horsham.

In September 2007, London region housing management and Foundation staff moved from offices in Cowper Street to the Group's head office at Fleet House in Clerkenwell.



A warm reception awaits all who enter the new Spire Court Group office.

Employee benefits improve even further

Worklife Plus, our sector-leading flexible employee benefits scheme, entered its third phase this year, with several new options and benefits added to an already impressive choice. Worklife Plus recognises that we have a diverse staff and enables them to tailor a package combining pay and benefits to suit their lifestyles. It is an important part of the Group's commitment to recruit and retain the best people for the job.



Group Graduate Trainee Kate Lines with her Cycle to Work scheme bicycle.

Our new offices in Horsham provide better solutions for staff and the local economy.





Broadly speaking: Group-wide news and events

Ensuring fair treatment for all

A new equality and diversity strategy has been implemented to encourage an understanding of our residents and the people we work with in order that everyone is treated fairly and with respect. As well as producing and consulting residents on information literature, the Group piloted staff training on these issues using a combination of courses and e-learning modules. We also held a series of training days for around 80 key staff from the Group's repairs and service contractors to raise awareness of diversity and acknowledge the different needs and expectations of residents from diverse communities and groups.

Celebrating the Blunden legacy

The contribution of three generations of the Blunden family was formally recognised with the naming of Blunden Court at the Group's Vanston Place estate in Fulham. The family's involvement began in 1955 and ended in 2004 when George Blunden retired as Group Chairman after serving on the Board for 14 years. During that time, he made significant changes, including the introduction of resident Board representation and remuneration for Board members. Blunden Court is a new addition to one of the Group's very earliest estates, and offers 20, 2-bedroom flats for shared ownership.



Three generations of Blundens: From left to right Jane, Georgie, George, Lady Ann, Sir George and Victoria Blunden.

Group representation on the Williams Commission

Dale Meredith, the Group's Development Director, was asked to be a member of the Williams Commission. The independent report was commissioned by the Housing Corporation to look at the way affordable housing is delivered and sustainable communities created in the Thames Gateway region. Dr Tim Williams, Chair of the Commission, regeneration expert and former Ministerial adviser, said, "I believe that this report makes an important contribution to the urgent national debate about urban design and social housing and how to influence others in the delivery chain of development in the Thames Gateway."

Group Chief Executive becomes Chair of G15

Tom Dacey took up the position of Chair of the G15 in June 2007. Owning or managing nearly 360,000 homes in London and housing a tenth of the capital's population, the G15 is a highly-influential group of London's largest housing associations.



Broadly speaking: Group-wide news and events

Conference brings staff together

In May 2006, 700 people attended the largest gathering of Southern Housing Group staff in its 100-year history. One of the main objectives of the conference was to give staff the opportunity to meet new colleagues from the Isle of Wight and James Butcher Housing Associations and for peer groups to spend time together. The very successful day included team-building exercises, as well as a talk on What makes a World Class Housing Association, by guest speaker, Roy Irwin, Chief Housing Inspector from the Audit Commission. Andrew McIntyre, Group Chairman, spoke about his vision for the organisation. Tom Dacey, Chief Executive, gave a presentation on the Group's commitment to bringing 'one solution' to our organisational challenges with the objective of continuously improving our service delivery.



Roy Irwin, Audit Commission Chief Housing Inspector, at the staff conference.

Success in audits and inspections

One star with promising prospects for James Butcher Housing Association (JBHA)

JBHA, which owns and manages over 4,200 homes in nine central southern counties, was inspected by the Audit Commission in May 2007. Since the successful merger, JBHA and the Group have worked together to harmonise policies and procedures. This has helped JBHA to refocus its efforts on customer service. Marking a huge improvement on previous years, the Audit Commission awarded JBHA one star with promising prospects.

Caroline Tiller, Executive Director of JBHA, said: "We are very keen to ensure that we continue to build on the momentum already in place so that we can drive forward our service improvement plans. This independent review will help us identify how best to achieve this."



Caroline Tiller, Executive Director, JBHA.

Green light from the Housing Corporation

The Group, now including JBHA, was awarded four green lights by the Housing Corporation this year. The Corporation found that the Group is financially secure, well governed, well managed with excellent development performance. Particular recognition was forthcoming for the successful integration of JBHA into the Group.

Facts & figures 2006/07

Southern Housing Group

(including SWHA and JBHA)

- Homes completed: 1,017
- Total lettings in the year: 1,742
- Day to day repairs undertaken to Group properties: 49,460
- Annual programme of expenditure (routine and planned maintenance): £22.9m
- Major works investment on Group properties: £12.1m
- Total allocations 2004-2006: £65.9 million which will produce 1,182 homes
- Surplus for the year (after depreciation, investments in major repairs etc): £14.7m (£10.8m in 2006)

Southern Housing Foundation

Grant funded projects: 12 large
47 small

Funding contribution by Southern Housing Foundation: £262,569

Small grants: £69,860
Large grants: £192,709

Sir Ashley Bramall Memorial Fund

22 residents benefited from this fund to a total of £4,562

The information above relates to expenditure in the financial year 2006/07 on all currently approved projects. Large grants are usually awarded for a 3-year period. Where this applies, only one year of funding has been included.

Sales activity:

- Shared ownership sales: 413
- Shared ownership sales to Black & Minority Ethnic households: 13.2%
- Shared ownership sales to key workers: 25.5%
- Right to Buy / Right to Acquire sales: 16
- Resales of shared ownership homes: 63
- Shared owners staircasing to 100% ownership: 86

Stock profile:

As at 31 March 2007

General needs	17,112
Low cost home ownership	2,639
Supported housing	3,436
Other	945
Total	24,132

Summary of accounts

Assets and liabilities

	2007 £m	2006 £m
What we own		
Cost of investment in our homes	1,159	1,005
Investment in other assets	49	39
Cash plus amounts we are owed, less bills to be paid and grants in advance	<u>2</u>	<u>(19)</u>
	<u>1,210</u>	<u>1,025</u>
How it is funded		
Social Housing Grant	605	572
Loans from our funders	429	295
Reserves	<u>176</u>	<u>158</u>
	<u>1,210</u>	<u>1,025</u>

Income and expenditure

	2007 £m	2006 £m
Income	100.1	74.3
Less service costs	13.7	9.5
repair costs	25.6	26.4
housing properties depreciation	7.1	2.7
administration and other costs	<u>28.4</u>	<u>20.0</u>
	(74.8)	(58.6)
Operating surplus	<u>25.3</u>	<u>15.7</u>
Surplus on sale of properties	8.5	6.0
Interest paid less received	(19.1)	(10.9)
Leaving a surplus for the year of	<u>14.7</u>	<u>10.8</u>

A copy of the full accounts and financial statements for the year are available on the enclosed CD. Alternatively to download them from our website, visit www.shgroup.org.uk

Please note: The 2006 figures exclude James Butcher Housing Association as it joined the Group on 1 April 2006.

Southern Housing Group Board Members 2007



Andrew McIntyre

Chairman of the Group Board. He is a partner at Ernst & Young, where he acts for major institutions in the financial services sector and is a member of the Leadership Team of Ernst & Young UK. He is a chartered accountant and has worked in the City throughout his career, except for a year spent working at Guinness PLC. Born 1956.



Tom Dacey

Appointed Group Chief Executive in 1995, after 25 years working in the housing sector in the north of England. Member of the Southern Space Board. He is a Fellow of the Chartered Institute of Housing and a member of the Institute of Management. Appointed Chair of G15 June 2007. Born 1953.



John Argent

Deputy Chair, Chair of the Development Committee, member of the James Butcher Housing Association Board and member of the South Wight Housing Association Board and Southern Space Board. Trained as a surveyor and spent much of his career working in the social housing sector. In his professional capacity he worked on many of the Group's London estates and developments in the south east over 30 years, until his retirement in 1998. Born 1938.



Tony Bourne

Chief Executive of the British Medical Association. Prior to that he was in investment banking for over 25 years, most recently as a Director of Hawkpoint, an independent corporate finance advisory firm. Tony is a Scope trustee. Born 1953.



John Castelberg

Chairman of Southern Space Board. He has worked in social housing for local authorities and housing associations for over 25 years. Chief Executive of Kingston Churches HA and was chair of The Women's Housing Trust for 10 years until its merger with the Group in 2002, when he joined the main Board. Born 1949.



Peter Goodacre

Chairman of the James Butcher Housing Association and a member of the Remuneration and Nominations Committee. Senior Vice President of the Royal Institution of Chartered Surveyors. Former Principal (Chief Executive) and Trustee of the College of Estate Management. Has several current external positions and serves on numerous working parties and Committees involved with his profession. He is also actively involved in community work. Born 1945.



Chris Hampson

Chair of the Customer Service Committee. Director of Strategy & Operations at Look Ahead Housing & Care. 13 years experience in housing and social care, including work in policy for the National Housing Federation and for two Housing Associations working in policy, research, new business and PR. Born 1963.



Jim Hitch

Leasehold Resident Representative on both Group Board and Customer Services Committee. Sat on Southern Housing Home Ownership Board for 18 months. Spent two years helping to create the award-winning Manda Wilderness eco-tourist project in Mozambique before returning to London to resume English language training. Recently set up English Language Services Limited after a total of 10 years in the sector. Born 1968.



Jane Hives

Chairman of the Audit Committee and member of the Development and Treasury Committees and Southern Space Board. She is an independent consultant, having been a partner in Ernst & Young for 13 years to 2002. She brings valuable experience gained working with a number of property companies, the not for profit sector and several law firms. Born 1955.



Neville Hudson

Chairman of the Southern Housing Home Ownership Board. He served on Thanet District Council for 27 years, and was a former Council Leader. He was Mayor of Margate in 1982/83. Now semi-retired, he continues to chair the Board of Governors at the local High School, and is an active member of the local community. Born 1941.



David Kelly

Member of Southern Housing Foundation Board, former Secretary of METRA (Market Estate Tenants' and Residents Association). As a member of METRA he has experience of fundraising for community projects and played a key role during our stock transfer consultations. David was Project Co-ordinator for Aid to Tibet, and now works for St Mungo's, London's leading homelessness charity. Born 1967.



Letitia Stenning

Member of the James Butcher Housing Association Board, Remuneration and Nomination Committee, Market Estates Committee and the Group's Pensions Trustee. Runs her own training business specialising in management development, mediation skills, and equal opportunities/diversity workshops. Prior to consultancy, she worked in the public and voluntary sectors. She is also a community mediator and primary school governor. Born 1950.



Bob Sturges

Chairman of South Wight Housing Association Board and Chair of the Group's Pensions Trustee. Retired in 1998 as Assistant Head of Environmental Health (Housing Renewals) at Portsmouth City Council. Following period as private housing and environmental health consultant working with local authorities, now retired, apart from voluntary work with local charity and Parish Council. Born 1944.



Julia Unwin CBE

Chair of Southern Housing Foundation Board. Formerly member of the Housing Corporation Board, now Deputy Chair of the Food Standards Agency. Has worked in the voluntary and private sectors, and local and central government as a consultant and adviser. Senior Associate at the Kings Fund. A former Charity Commissioner, Director of Homeless Network, and Chair of the Refugee Council. Born 1956. (Resigned 31 December 2006.)



Elisa Vaughan

Former member of Adur District Council, where she has held many posts including chair of housing and vice chair of the Council. Closely involved in local social care provision, and works for the Alzheimer's Society as Kent & Sussex Service Manager at the South East Area Office. Born 1953. (Resigned 9 July 2007.)

Southern Housing Group

Other Group Boards and Committees

Southern Housing Foundation

Southern Housing Home Ownership Board

Southern Space Board

South Wight Housing Association Board

James Butcher Housing Association Board

Audit Committee

Customer Services Committee

Development Committee

Market Estate Committee

Remuneration and Nomination Committee

Treasury Committee

For a full list of Board and Committee members, please visit our website at www.shgroup.org.uk

Group Strategy team

Tom Dacey

Group Chief Executive

Dale Meredith

Development Director

George McMorran

Finance Director (Until June 2007)

Barry Nethercott

Interim Finance Director (From July 2007)

Paul Smith

Operations Director

Jackie Carter

Central Services Director (Until Oct 2006)

Alene Wilton

Corporate Services Director (From January 2007)

Caroline Tiller

Executive Director James Butcher HA

Margaret Wright

Executive Director South Wight HA

Contacts

Head Office

Southern Housing Group
Fleet House
59 – 61 Clerkenwell Road
London EC1M 5LA
Telephone 08456 120 021
Facsimile 020 7553 6400

London Region

Southern Housing Group
Fleet House
59 – 61 Clerkenwell Road
London EC1M 5LA
Telephone 08456 120 021
Facsimile 020 7324 1230

South Region

Spire Court
Albion Way
Horsham
West Sussex RH12 1JW
Telephone 08456 120 021
Facsimile 01403 224 800

Thames Gateway Region

Crown House
Cambridge Road
Barking
Essex IG11 8HG
Telephone 08456 120 021
Facsimile 020 8709 11843

South Wight Housing Association

The Courtyard
St Cross Business Park
Newport
Isle of Wight PO30 5BF
Telephone 01983 539 007
Facsimile 01983 539 040

James Butcher Housing Association

James Butcher House
39 High Street
Theale, Reading
Berkshire RG7 5AH
Telephone 08456 120 021
Facsimile 01189 323 454

Website

www.shgroup.org.uk

Email

info@shgroup.org.uk

