



## Annual Report 2014/2015



## Chief Executive Report

After a full year as Chief Executive of Parity Trust, I write the first of what will become a regular annual report covering the organisations achievements and future aspirations.

Parity Trust has seen growth and change over the past 12 months: Not only with personnel with my appointment and that of our new Chair, Linda; but also with the strategic plan and in house processes. A visual of the strategic plan can be seen on the next page and I am pleased to report that all targets for the past year were achieved.

We welcome Basingstoke and Deane as a new local authority to the existing 14 across the South that we partner with. This is the first new local authority to join us for five years.

Offering bespoke products to suit the needs of residents and leveraging in Parity Trusts own finance creates a valuable product to both local authorities and homeowners. This is highlighted by the 0% default rate over all our secured products for the past decade. It is our ambition to continue to roll out this scheme to local authorities, constantly evolving the products we offer to meet the needs of residents. The aim is to maintain and grow the recyclable loan fund in order to continue to help homeowners, whilst creating a positive social impact in the local community.

We have also completed our first shared ownership mortgage project in conjunction with a community land trust. By working with a community land trust in Bournemouth, Parity were able to offer mortgages to

first time buyers on a shared ownership basis who would otherwise have been unable to afford a property on the open market or access a mortgage from a mainstream lender. Parity Trust believes in offering access to affordable finance and by seeking a 5% deposit on these mortgages enabled working families unable to save for large deposits, access to the property market via this route.

We are in the final stages of investment into new systems, including; a new website, bringing the complete loans process in house and upgrading our communications to meet increased demand.

2015 is a year to consolidate this growth by raising further capital in order to undertake similar projects, whilst continuing to focus on cost efficiencies to ensure maximum social impact can be achieved with all our products and services.

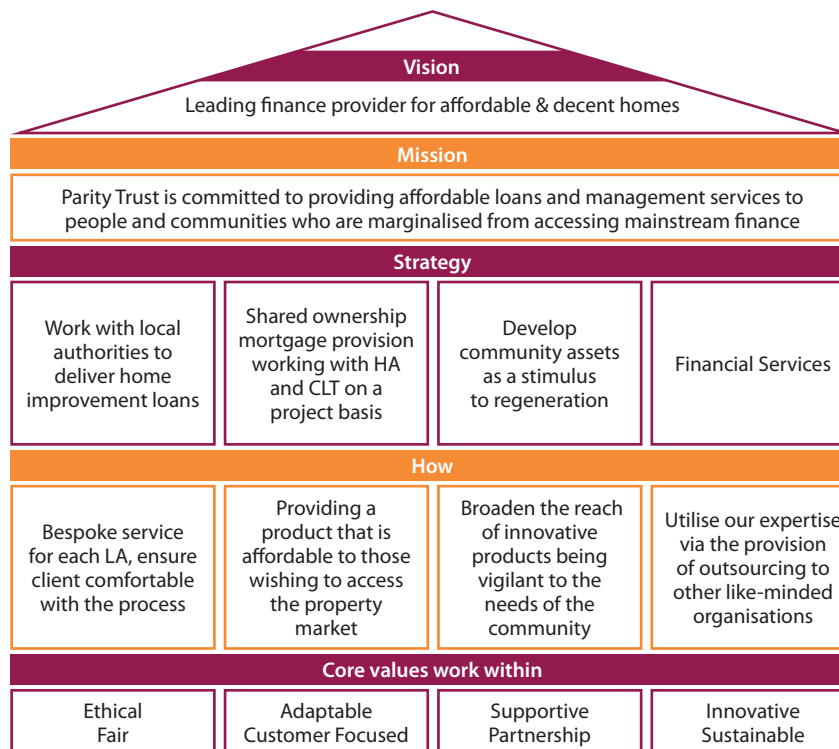


SJ Davis,  
Chief Executive



Linda McCormack,  
Chair

# Strategic Visual



## Home Improvement Loans

"By 2050, there will be 19million people over 65 & 8million over 85 with a significant proportion living alone... There is a need to create mechanisms to reduce dependency on high cost interventions" *CIH Report*

'The need for social care can be reduced by adaptations'  
*Source: Leonard Cheshire Report*

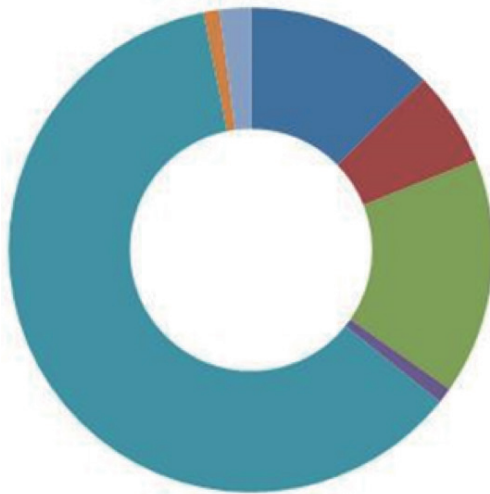
Four empty properties were brought back into use.

12 children (under 16) benefitted from improvement works to their homes

59% of homes improved included at least one occupier aged 60+

Improvements to 60 properties provided work for local contractors

## Breakdown of Borrowers Income



- Disability Living Allowance/Incapacity/Attendance/Carers Allowance
- Employment Support
- Salary/Self Employed
- Rent Income
- Pension (State & Private)
- Child Benefits (inc Child Tax Credits)

## Added Value

- Free financial assessment
- Energy saving improvements
- Local economic activity
- Prolonged independent living
- Improved housing stock
- Positive impact on mental health
- Lending to a niche market (into retirement)
- Leveraging private finance to LA funding
- Positive impact on wellbeing
- Recyclable loan fund

## Shared Ownership Mortgages

Bournemouth 2026 is a Community Land Trust (CLT) who sought to provide affordable housing to local residents in Boscombe which currently has a lower than average proportion of owner occupiers. The development provided 11 homes and utilised an existing building for use as a Creative Industries Hub. Residents benefit from shared growing spaces and an orchard.

Parity Trust worked closely with Bournemouth 2026 to ensure the financial model was viable both to the community land trust and potential buyers. By providing a bespoke mortgage for this project, Parity Trust was instrumental in assisting with its success.

Eligible Applicants bought a minimum share of 65% and have the ability to staircase up to a maximum of 80%.

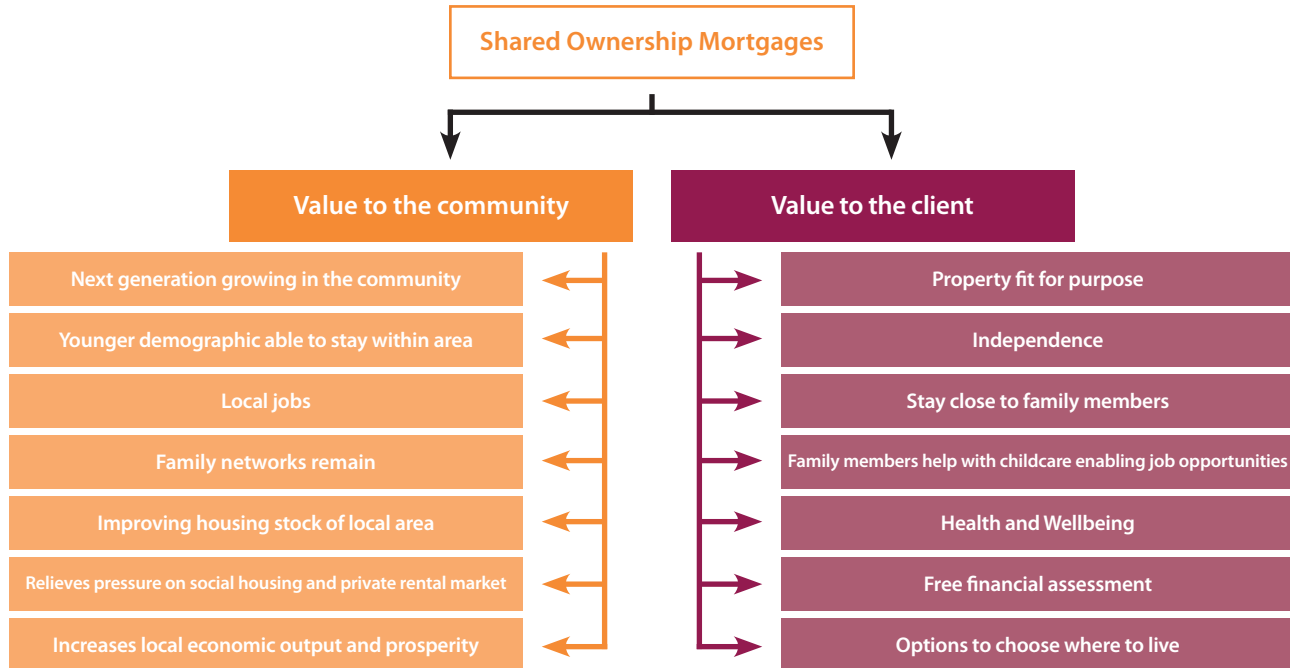
Clients were always able to contact the Parity team and speak to the same dedicated officer with any query.

*"I am so pleased that we chose to get our mortgage via a not for profit organisation as opposed to a high street lender. Parity has been excellent throughout. Thorough, knowledgeable, honest and approachable. Thank you!"*



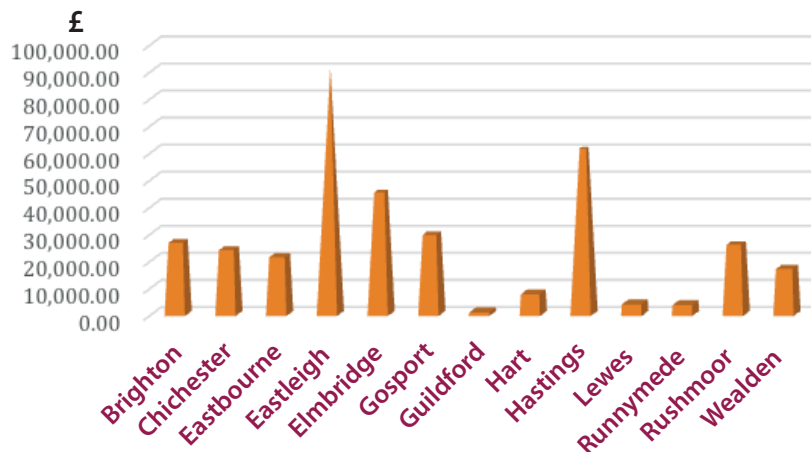


## Social and Economic Outcomes of Shared Ownership Mortgages



## Programme Impacts

### Home Improvement Lending 2014-15



247

HIL Enquiries

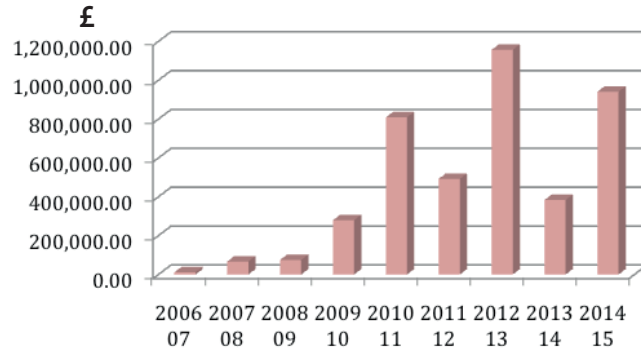
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Home  
improvement  
loans

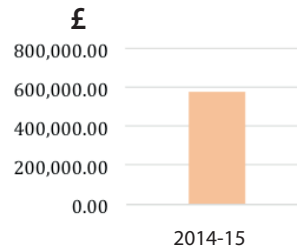
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Further loans  
to be advanced  
during 2015/16

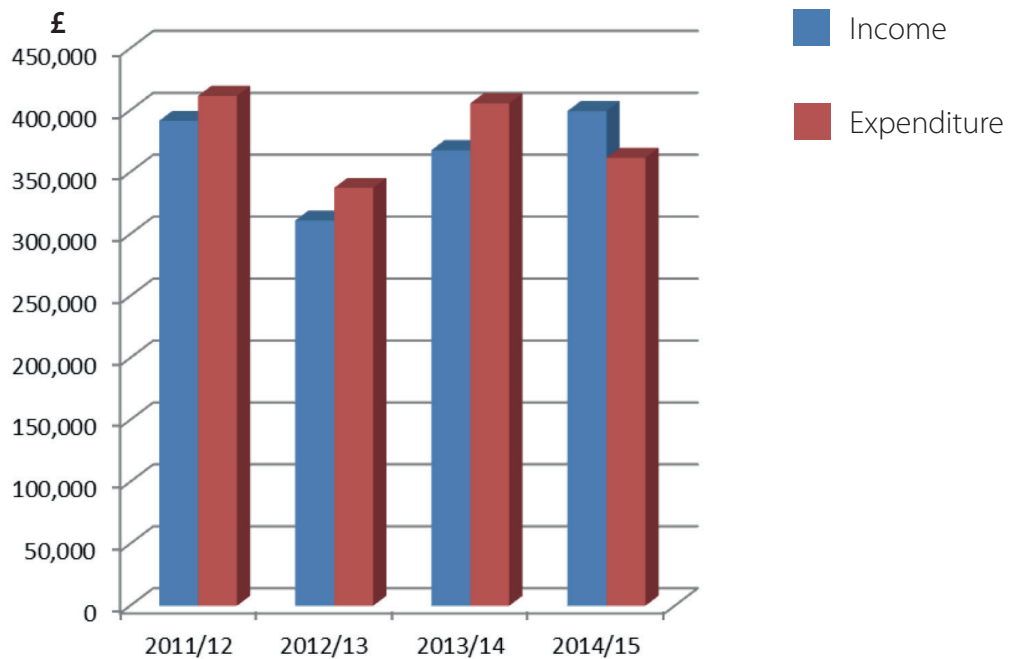
## Total Secured Lending



## Shared Ownership Mortgage Lending



## Group Financial Statements



<b>BALANCE SHEET</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>	<b>2014/2015</b>
<b>Fixed assets</b>				
Tangible assets	4,596	2,774	1,691	7,531
Programme related assets	1	1	12,605	9,486
	<b>4,597</b>	<b>2,775</b>	<b>14,296</b>	<b>17,017</b>
<b>Current assets</b>				
Debtors: amounts falling due within one year	2,269,690	3,271,548	3,765,266	3,367,322
Cash at bank and in hand	872,028	570,408	1,060,341	474,350
	<b>3,146,315</b>	<b>3,844,731</b>	<b>4,839,903</b>	<b>3,858,689</b>
<b>Creditors: amounts falling due within one year</b>	-394,570	-440,863	-1,269,513	-209,324
<b>Total assets less current liabilities</b>	<b>2,751,745</b>	<b>3,403,868</b>	<b>3,570,390</b>	<b>3,649,365</b>
<b>Creditors: amounts falling due after more than one year</b>	-1,306,454	-1,831,940	-1,970,977	-2,045,835
<b>Provisions for Liabilities</b>	0	-234	-98	-1,506
<b>Accruals and deferred income</b>	-367,696	-521,149	-535,027	-498,717
<b>Net Assets</b>	<b>1,077,595</b>	<b>1,050,545</b>	<b>1,064,288</b>	<b>1,103,307</b>

## Corporate Governance Report

Parity Trust has legal obligations to a variety of governance organisations including: Charity Commission and FCA. This requires Parity to adhere to a certain set of rules and to operate its business in a specific manner. That said, Parity often goes beyond these requirements. One example is the recent membership to the Council of Mortgage Lenders (CML) to enhance our objective to provide the best mortgage service for our customers. Parity has recently completed a review of all policies updating where necessary. This activity is now scheduled to be actioned bi-annually, legislation depending.

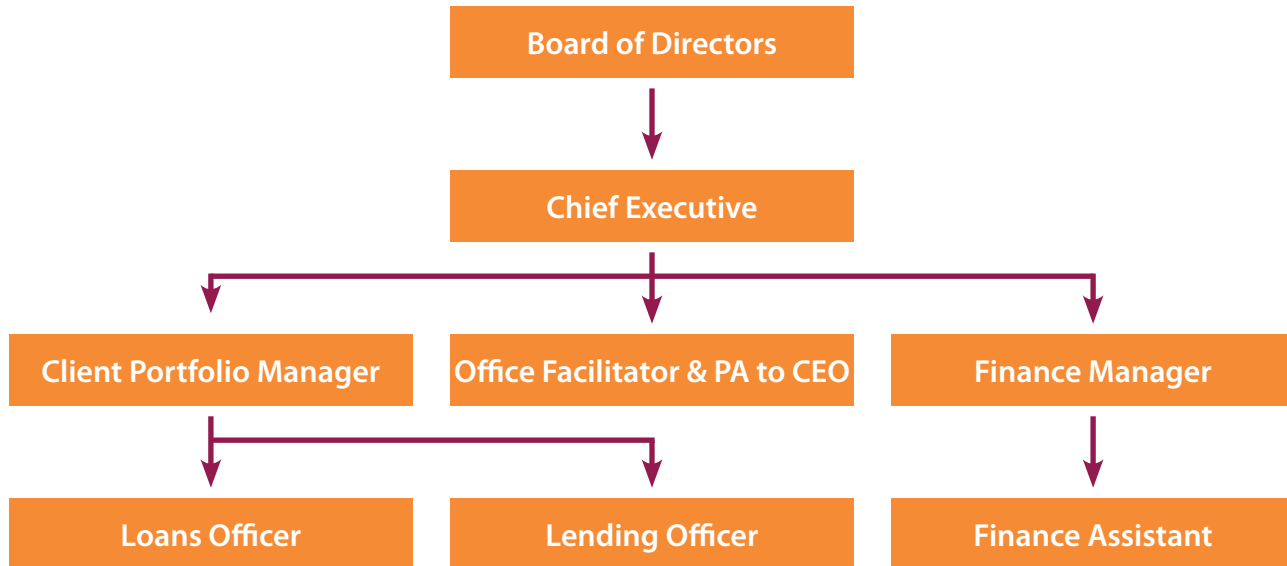
To assist with adhering to all the necessary regulations, Parity has a long standing Company Secretary who helped establish the organisation 15 years ago. The organisation has seen two directors join and four retire, all of whom were long standing having seen Parity evolve and achieve its first trading surplus.

The skill set of the board is paramount and currently is comprised of; one retired and one current university executive, a retail banker, a retired investment banker, a lawyer, a charity CEO and a retired local authority housing officer.

These skills compliment the organisations breadth of services and offer valuable experience in the products that Parity currently offers; coupled with the experience of the regulation requirements to undertake them.

The employees are headed up by the new CEO, a former investment banker, who also has ten years charity sector finance experience. The staff team is small but appropriately CeMAP qualified to carry out its duties, with two members being employed at Parity for over ten years.

## Organisation Chart



## Looking Forward

### Parity Mortgage Fund

Parity Trust is currently raising funds in order to expand its shared ownership mortgage product. The target is for a £5m fund to help people access affordable housing with affordable mortgages. If Parity Trust can access capital at a low rate, we will be able to lend funds on to borrowers at competitive and affordable rates. Any interested parties should contact the Parity office for further details.

### Other Products

Parity Trust is committed to the innovation of the mortgage market. This will be in reaction to the demand seen but not met by mainstream providers. Projects currently under development are retirement mortgages; specifically for interest only mortgages that are reaching their expiry without consumers having the funds via insurance products to meet the redemption amount. Any persons interested in this product or other innovative mortgages should contact Parity for further details.

### Customer focus

Customer satisfaction remains at the heart of Parity's operations. Meeting customer demand and reacting to customer need from concept to delivery and beyond is paramount to Parity's ethos. It is with this in mind that Parity has invested heavily in IT systems. This has been a time consuming and complex operation but one that Parity felt was essential to the growth of the organisation, to meet governance requirements and customer relationship needs.

### Regulatory Requirements

The Financial Conduct Authority (FCA) has focused upon the mortgage market and its delivery. MMR has been live for a year and more processes are set to come into force in March 2016. Parity continues to be at the forefront of compliance and is working towards implementing the new requirements at the earlier date of September 2015 thus ensuring clients benefit from the European Standardised Information Sheet (ESIS) as soon as is practically possible.



## Summary

Parity Trust has achieved its first trading surplus, with the introduction of new products and a keen eye on operations without compromising on delivery. Existing products are constantly monitored to ensure the best value for clients and the Home Improvement Loan is currently under review. Primarily however, consolidation over the next 12 months is envisaged, which will see Parity continue to grow at this exciting time in housing delivery nationally; to ensure affordability continues to remain at the forefront of product delivery.



## Glossary of Terms

<b>CeMAP</b>	Certificate in Mortgage Advice and Practice
<b>CML</b>	Council of Mortgage Lenders
<b>FCA</b>	Financial Conduct Authority
<b>HA</b>	Housing Association
<b>LA</b>	Local Authority
<b>MMR</b>	Mortgage Market Review - The MMR set out the case for reforming the mortgage market to ensure it is sustainable and works better for consumers.

## Bibliography

Chartered Institute For Housing. *New Approaches For Older People*. Rep. 2014. Print

Leonard Cheshire Disability. *The Long Wait For A Home*. Rep. 2015. Print



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