



# BUSINESS PLAN

2009/2010—2013/2014

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# WARWICKSHIRE RURAL HOUSING ASSOCIATION

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## BUSINESS PLAN 2009/2010 TO 2013/2014

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## Item 1

# INTRODUCTION TO THE BUSINESS PLAN AND MISSION STATEMENT

The Mission of WRHA can be summarised as follows:

“WRHA exists to provide affordable housing for local people within rural Warwickshire. It works with District and Parish Councils to ensure that its developments meet proven needs and have the support of local people.

The Association will explore every opportunity to meet these needs within affordability levels and to improve the service it provides to tenants”.

We continue to make progress in pursuit of our goal, and at the beginning of the plan period Warwickshire Rural Housing Association managed 456 homes, with further development proposals in the pipeline. We remain encouraged by the degree of progress that we have been able to achieve, in an increasingly challenging and competitive environment.

We have been greatly assisted by the support we have received from Parish Councils, Local Authorities, the Homes and Communities Agency, Midlands Rural Housing and other agencies, and it is our clear intention to continue to build on this valued support throughout the plan period.

We recognise the framework around the provision of affordable housing is changing, and will evolve rapidly in the next few years. The challenges will be significant, and will play their part in shaping our business. However, at the same time, we are determined not to lose sight of our primary objective of providing affordable, and attractive, homes for those who need them within the villages of Warwickshire.

This Business Plan sets out the way ahead for achieving our aims, and woven into it are those issues which we will need to address over the Plan period.

## Item 2

# SUMMARY OF AIMS AND OBJECTIVES

The purpose of this Document is to set out the objectives and financial plans of the Association for the period 2009/2010 – 2013/2014.

Throughout this period the organisation will continue to pursue its aim of working with the villages of rural Warwickshire to meet local housing needs. The Plan sets out the methodology by which the Association will provide such dwellings, and how it will gain the support to do so while maintaining its financial viability. Alongside this, the Association will continue to provide high quality of services to its Residents, and strive to improve such services by the ongoing implementation of its “Best Value” Strategy and Resident Involvement “Action Plan”, and working with the Residents Sounding Board.

WRHA will continue to look for opportunities to expand its housing management base by working with other organisations and promoting itself as a specialist manager of rural developments. A role that has been successfully promoted over the last 12 months. However, such a role will only be pursued where it is viable to do so in financial terms, and where our management expertise brings tangible benefits to residents.

Sound financial management remains crucial across all the operations of WRHA. In this respect the plan demonstrates the Association's viability is maintained by the creation of surpluses, and the achievement of key financial ratios, through each year of the plan period.

The Management Committee feel that the plan represents a sound basis on which to progress during the next five years, and it sets out clear commitments and targets for business growth and the delivery of high quality management services. In this respect, the key priorities for the period can be summarised as follows:-

### **1. Business Development**

- Explore the opportunities for growth arising from the establishment of Local Development Frameworks and new planning initiatives.
- Take an active role in the development of Sub-regional and Regional Strategies, and engage with key partnerships to ensure the priority for rural investment is retained.
- Where possible, mitigate risk from competition by Partnership working, and by expanding the management portfolio within the RSL and private developer sector.
- Continue to generate close working relationships with Partner Local Authorities, and explore potential working arrangements with others.

- Look to secure its servicing requirements from MRH for the period of the Plan, on the basis that service standards are maintained and efficiency of operation continues to be demonstrated.

## **2. Development Considerations**

- Pursue the majority of new developments utilising the “Exception” Policy or similar planning initiatives.
- Aim to deliver a programme of 133 rural homes by the end of the Plan period.
- Work closely with key Investment Partner RSLs to deliver the development programme.
- Ensure that all new homes meet the Code for Sustainable Homes requirements.

## **3. Management Services and Resident Involvement**

- Continue to provide a high quality service to Residents.
- Continue to evolve and set clear Performance Indicators to monitor the delivery of services.
- Implement the actions identified in the Resident Involvement “Action Plan” in accordance with adopted timescales.
- Work closely with the Resident Sounding Board to develop increased customer focus in service delivery.
- Continue with the implementation of the “Best Value” strategy.
- Promote itself as a skilled manager of rural stock and expand this element of the business.
- Maintain its stock in good condition with a defined planned and cyclical maintenance programme, with all properties achieving the Decent Homes Standard.

## **4. Financial Considerations**

- Ensure financial viability in its operations, with surpluses being generated in each year of the plan, and compliance with key financial ratios being demonstrated.
- Explore additional sources of private finance, and work with its partner RHAs to secure competitive borrowing in the context of the prevailing financial climate.

## **THE OPERATING ENVIRONMENT AND EXTERNAL CONSIDERATIONS (INCLUDING SWOT ANALYSIS)**

### **KEY ISSUES AND RISKS**

The Association's expectation is that the environment in which it operates will continue to change and evolve rapidly over the next few years.

In this respect, the following areas will have a direct impact on the operations of WRHA, and will need to be addressed positively over the period of the Plan.

#### **1. Relationships with Partner RSLs**

WRHA has always recognised that it will need to operate in partnership with other Housing Associations. This is particularly relevant in the context of Development, and the need to engage Agents to absorb development period risk. It is anticipated that this arrangement will continue through the life of the Plan. With this in mind, WRHA is committed to operating with RSLs who have "investment partner" status with the Homes and Communities Agency. It is acknowledged that development arrangements may change given the emergence of the Homes and Communities Agency, but this is unlikely in the short term. In this context, it is hoped that such arrangements will also lead to increased management opportunities in the rural areas with the RSLs concerned. In respect of development aspirations, the Association recognises the threat presented by the shift to a reduced number of developing RSL partners, and the trend of providing funding to private developers. This trend, along with the HCA's strategic focus in this context, will be monitored over the Plan period, along with the impact on the Association.

#### **2. Emergence of Regional and Sub-regional Housing Strategies**

WRHA will pursue an increasingly active role in the development of the West Midlands Regional Housing Strategy, particularly in the context of the South Housing Market Area. In this respect, it will endeavour to ensure that affordable rural housing is seen as a funding priority, and this message will need to be reinforced within evolving Housing Market Assessments. It is anticipated that Rural Regeneration will continue to be recognised as a priority theme for investment in the West Midlands,

and, in this context, the Association will continue to explore opportunities for involvement.

The Association will also identify opportunities for engagement in, and respond to, the mini review of the Regional Plan to ensure the priority of affordable rural housing is maintained or enhanced at this level.

### **3. Competition from other RSLs**

The investment priority attached to affordable rural housing will mean that other RSLs will see it as an attractive area for business growth. Consequently, competition for resources is expected to increase. However, WRHA is of the view that it is reasonably well positioned to deal with this for the following reasons:

- Its projects are well researched and carry local support.
- It has a track record of delivery
- It has existing working relationships with the key competitors in the County (mainly through Development Agent/management arrangements).

Consequently, WRHA has the ability to mitigate a degree of risk from competition. Indeed, this could translate into a growth area for the Association as its services will be in increasing demand from both a “consultancy” and scheme management perspective.

### **4. Competition from the Private Sector**

A significant number of private developers are now in a position to bid for NAHP resources as a result of the Homes and Communities Agency wishing to secure increased cost efficiency and product delivery. While the overall impact of this trend has not been significant, it does present a threat to traditional RSLs, particularly in their ability to secure “Planning Gain” opportunities on developer led sites. That said, it is unlikely that exception site development will prove attractive or be feasible through this mechanism. In addition, this may open up management opportunities for the Association where private developers look to secure such services in the rural areas.

Nonetheless, despite the current economic climate, and its negative impact on developers, it remains a threat to the Association’s business, and will be monitored over the Plan period.

## 5. Emerging Housing Management Policy and Practice

The Association has recognised that a range of factors are emerging from a housing management and social perspective that will, or have the potential to, impact on the organisation. The key areas can be summarised as follows:

- (i) Increased resident involvement: As stated elsewhere in this Plan, we actively promote the involvement of tenants in the decision-making process of the Association. We have adopted a comprehensive Resident Involvement Strategy and “Action Plan” that complies with the latest guidance from the Homes and Communities Agency. This has been evolved in consultation with our tenants, and we have made commitments in our budget to accommodate future activities. That said, we recognise more can be done and increased involvement will be encouraged through our “Best Value” activity and through the evolution of the Residents Sounding Board.
- (ii) Changes in tackling anti-social behaviour and the ‘Respect’ Agenda: Expectations are increasing with regard to this, and again there are associated financial implications. The Association has reviewed its comprehensive Policy and Procedure with regard to tackling anti-social behaviour to ensure that it accords with current guidance. The Association has signed up to the Government Respect Agenda, and has developed a Respect Action Plan setting out its commitments in this context.
- (iii) Preferred Management Partners: It is recognised that the selection of Preferred Management Partners is likely to accelerate. Should this materialise, the Association will need to respond accordingly and be in a position to promote itself as a management partner of choice in its key operational areas. This has already been successfully achieved in Rugby Borough.

## 6. Increasing costs and output expectations

While the current economic climate will have an impact on procurement costs in the short-term. The Association has recognised that inflationary influences with regard to the cost of providing new homes will impact over the life of the Plan, and this will impact on the viability of schemes. The Code for Sustainable Homes will be a significant factor in this respect. There will be an increased requirement to invest the Association’s own resources to ensure specific developments can proceed. Coupled with this is the expectation that design and quality standards will increase. The Association is committed to achieving the

required standards on all new projects, and will actively work to secure other forms of funding to assist in the viability and deliverability of emerging schemes.

## **7. Private Finance and Borrowing**

Recent events around the credit crunch have resulted in lenders reviewing their margins on lending. This will clearly impact on future WRHA borrowings, and will need to be factored into business planning in the short to medium term.

In addition, the contraction of the mortgage market has reduced the range of products available to purchasers of LCHO homes, particularly those on restricted staircasing leases. This needs to be recognised when scheme tenures are being decided on. This poses a threat to the current shared ownership product and will need to be monitored over the plan period to assess the potential impact on scheme viability.

In summary, the Association has recognised that the areas identified above, while raising potential risks, can present potential opportunities. However, they have all been areas for consideration in the development of the Association's risk strategy, and will undoubtedly be key influences on the Association's business over the Plan period. A detailed analysis of the risks identified is contained in the Association's Summary and Specific Risk Map, which form an Appendix to this Plan.

## **8. SWOT Analysis**

As part of the process of identifying the key strengths and weaknesses of the organisation, a SWOT analysis has been undertaken, the outcomes of which are as follows:

## WRHA SWOT ANALYSIS

| <b>STRENGTHS</b>  | <b>WEAKNESSES</b>  |
|---|--|
| <ul style="list-style-type: none"> <li>• Specialist providers with local credibility</li> <li>• Local knowledge and accountability</li> <li>• Good track record of delivery and performance</li> <li>• Committed Board members</li> <li>• Independent position</li> <li>• Good reputation with partners and stakeholders</li> <li>• Partnership working ethos</li> <li>• Efficiency of operation</li> <li>• Financially robust and viable</li> <li>• Strong support from local authorities</li> </ul> | <ul style="list-style-type: none"> <li>• Reliance on others to deliver</li> <li>• Narrow product and operational range</li> <li>• Small organisation</li> <li>• Cannot develop in own right</li> <li>• Reliant on key staff covering wide-ranging tasks</li> </ul>   |
| <b>OPPORTUNITIES</b>  | <b>THREATS</b>   |
| <ul style="list-style-type: none"> <li>• Rural issues high on political agenda (locally and nationally)</li> <li>• Demand for outputs increasing</li> <li>• Specialisms can be offered to others</li> <li>• Opportunities emerging from market-towns</li> <li>• Management of rural stock for others</li> <li>• Potential operational area expansion</li> <li>• Selection as a Preferred Housing Management Partner leading to business expansion</li> </ul>  | <ul style="list-style-type: none"> <li>• Rural issues lose priority status</li> <li>• Competition from others (LSVTs)</li> <li>• Reducing number of investment partners</li> <li>• Failure to perform on service delivery</li> <li>• Reducing public subsidy and increasing costs</li> <li>• Increased maintenance input/requirements</li> <li>• Change in planning system</li> <li>• Reputational damage from service delivery failure</li> <li>• Loss of management opportunities if not selected as Preferred Housing Management Partners</li> <li>• Loss of profile through ineffective PR activity</li> </ul> |

## Item 4

# CURRENT ACTIVITIES AND STRATEGIC FOCUS

In order to achieve its objectives, it is necessary for the Association to concentrate its activities in areas that will deliver the required results. This Section of the plan identifies those areas, and explains how they will assist in the delivery of the plan objectives.

### 1. **Effective use of the Planning System**

The Association will always ensure before embarking on any development that the needs are well researched and the dwellings to be provided are geared to the requirements of individual settlements. This is the only way to ensure that clearly identified needs are met and the resources are channelled to where they are required. WRHA has a clear policy for targeting its efforts on this basis.

WRHA recognises that effective use of the planning system is vital in achieving its aim of providing affordable housing in the villages of the County. Indeed, the majority of developments will be on land that receives "exceptions" planning, or similar, consent and will be covered by planning obligations under Section 106 of the Town and Country Planning Act 1990.

Pursuing developments on sites which have not been allocated for open market housing is only possible where a clear need for housing in that community has been identified, a suitable site in terms of location, sale price, and a level of approval for development has been secured; and the need cannot be met in any other way. Planning permission would be forthcoming on the basis that a Section 106 Agreement was entered into which would restrict the occupation of the properties to people with a local connection, and in housing need.

Not only does this have the advantage of producing housing solely for the community in which it is located, but such land is made available at significantly less value than that applied to development or "open" market sites. This has a positive effect on development costs and scheme viability.

The location of such sites is vital in order to receive favourable consideration from Local Authority Planning Departments and ideally should be located adjacent to the built-up area of the village but outside any defined village envelope. The low land value is crucial in

providing truly affordable housing, and is essential in offsetting high procurement and service costs normally encountered on such sites.

WRHA will actively encourage village communities to meet their local housing requirements in this way and will, wherever possible, work with the Parish Council in identifying sites of this nature.

In addition, the Association will also promote the provision of rural social housing utilising the principle of “planning gain”, and via the identification of sites purely for the provision of social housing, and will work with Local Planning Authorities to achieve this wherever possible.

## **2. Have a clear Development Strategy**

The key aspects of the strategy will remain as follows: -

- The Association seeks to provide affordable housing for any group of people who are in the greatest housing need in villages, but particularly the elderly, couples, families, single people and first-time households.
- The Association's primary aim is to develop new build schemes in villages, of not more than 3,000 people. It will consider schemes in larger villages and towns on their merits where they do not detract from this primary aim.
- WRHA will give consideration to rehabilitation and conversion projects where these offer a viable solution to village housing need, and new build is not a realistic option.
- The Association's schemes will normally be in the region of 6-10 dwellings. Consideration will be given to larger and smaller developments where evidence supports such provision.
- Sites will be sought where and when proven housing need is brought to the attention of the Association. To encourage the discovery of housing need, the co-operation and support of Local Authorities and Parish Councils will be sought. It is anticipated that the majority of schemes will be on exceptions sites and subject to Section 106 Agreements, although the Association will explore opportunities to meet local housing needs on other sites where it is viable and effective to do so.
- The views of the Parish Council will always be sought and all actions will be taken to secure their support throughout the development process.

- All schemes will be designed and constructed to the highest possible standard, and will accord with the Design and Performance Brief adopted by the Association, and the required standards set by the Regulator.
- Considerable care will be taken to ensure its developments are in harmony with the existing village architecture.
- Ensure that all new homes meet the required level of the Code for Sustainable Homes. In this respect, the Association will be increasingly prescriptive about the standards and components to be incorporated into its developments, and will have increased expectations of development agents in terms of delivery in this context.

Over the period of the previous plan, the Association had been successful in attracting funding for its development programme. There is no reason why this should not continue to be the case on the basis that schemes put forward are well researched and represent good use of resources.

The majority of development will be pursued on "exception" sites, with a view to maximising the benefits of the low land cost involved. However, where there is a clear demonstration of need, non-exception site developments will be taken forward if they can be accommodated within the overall viability of the Association.

The Association has a clear Development Policy with regard to where it will promote schemes, and on what basis (see item 2 above). Surrounding this, however, are specific activities that will always be an integral part of the development process, namely:

- a) Great emphasis will be placed on keeping Parish Councils, landowners, District Councils and the funding agencies informed and updated on development progress. It is recognised that the nature of such schemes, with significant involvement from those at a "local" level, will involve a process of updating on a regular basis.
- b) Significant attention will always be paid to housing need, and there is always the possibility of a development proposal being abandoned should insufficient demand be shown. Similar circumstances may arise where the required level of affordability cannot be achieved.
- c) As part of the development process, WRHA will offer to all Parish Councils the opportunity to comment on scheme

layouts and design proposals, with a view to co-sponsoring any planning application.

These principles, along with the laid down development policy criteria will be adhered during the plan period.

To summarise, in respect of its development activity, WRHA will, over the Plan period;

- Pursue the majority of its developments on “exception” sites or through similar planning mechanisms;
- Work closely with Midland Rural Housing, Parish Councils, District Councils and to ensure local needs are met;
- Promote the use of resources in the rural areas;
- Deliver a programme of 133 dwellings in the Plan period, subject to funding availability;
- Ensure all new developments meet the Code for Sustainable Homes requirements.
- Where feasible, WRHA will progress environmental exemplar projects, and develop good practice examples with a view to promoting this activity to others.

**3. To promote excellent, responsive and sensitive housing management and maintenance service to its tenants**

As a manager of property, WRHA aims to provide excellent services to its tenants, and will strive to improve this service when opportunities to do so present themselves.

The Association is also committed to consulting with Residents over its management policies and practices and will promote the involvement of tenants in the decision making process of the Association. To this end, the Residents Sounding Board has been established and two places will be reserved on the Board for tenant representatives.

The Association has adopted a clear Resident Involvement Strategy and “Action Plan” with a view to giving all tenants the opportunity of commenting on management practices and performance. Activities to encourage this include the promotion of Association membership among tenants and the establishment of "Scheme Surgeries". Through our ‘Best Value’ strategy we will continue to engage tenants in the decision making process and will look to use different methods to encourage responses.

The Association is committed to engaging with residents over the services it provides and this will be a growing theme over the period of the Plan. In this context, the Association has completed a survey of

its residents and established an Action Plan based on the key outcomes. The Board will also receive annual reports in relation to resident complaints and satisfaction with new homes, and a set of wider performance indicators will be established to measure tenant satisfaction in this area.

The Association will set clear targets against which it will monitor its Housing Management performance. To this end, it has adopted a set of "Performance Indicators". These indicators will not only be used as a measure to ensure effective management, but will also be used as a management tool to assess where improvements, for the benefit of tenants, can be made. It is anticipated that these indicators and targets will evolve over the period of the Plan to enable greater sensitivity and improved information reporting.

The performance targets that the Association has set itself are as follows:

#### PERFORMANCE TARGETS

|                    | INDICATOR  | TARGET   |
|--------------------|--|--|
| <b>HOUSING</b>     |  |  |
| 1.                 | Time period that empty lettable dwellings are void before being re-let                                   | 5 working days   |
| 2.                 | Lettings made to applicants with a strong local connection   | 80%  |
| 3.                 | Gross arrears rented as a percentage of overall rent receivable  | 5%   |
| 4.                 | Gross arrears shared ownership   | 2%   |
| 5.                 | Allocations in accordance with Charitable Status   | 100%   |
| <b>MAINTENANCE</b> |  |  |
| 6.                 | Time period that empty dwellings are in maintenance prior to achieving lettable standards                | Standard (5 days)<br>Non-standard (10 days)<br>Long Term (20 days) |
| 7.                 | Response repairs completed in accordance with target times:<br>Emergency<br>Urgent<br>Routine<br>Overall | 100%<br>90%<br>90%<br>95%  |
| 8.                 | Properties with valid CP12 Gas Safety Certificate  | 100%   |

WRHA exists not only to act as a provider of rural housing, but is also a specialist manager of small "local needs" schemes. There are clear differences in management between the rural environment and the

urban areas. Remaining sensitive to local circumstances, and consultation over local connections are just two areas where WRHA has significant experience and expertise. The Association recognises that these management skills are a resource that could be effectively deployed in the management of stock outside the Association's ownership. (In effect, this is already the position on schemes provided through Development Agents where an interim Management Agreement is put in place before transfer of the freehold title). The Association will look for appropriate opportunities to expand its management role with particular emphasis on managing stock for other Housing Associations and Local Authorities in rural Warwickshire.

To summarise, in respect of its housing management and maintenance activity, WRHA will over the plan period:--

- Strive to provide excellent services to its Residents.
- Continue to evolve and set clear Performance Indicators to monitor the delivery of services.
- Implement the actions identified in the Resident Involvement "Action Plan" in accordance with adopted timescales.
- Work closely with the Resident Sounding Board to develop increased customer focus in service delivery.
- Continue with the implementation of the "Best Value" strategy.
- Promote itself as a skilled manager of rural stock and expand this element of the business.
- Maintain its stock in good condition with a defined maintenance programme, with all properties achieving the Decent Homes Standard.

#### **4. To make sound and realistic financial planning assumptions**

##### *a) Assumptions on the Development Programme*

Historically, the Association has taken a view that new projects should demonstrate, as far as possible, financial viability in their first year of management. However, it is recognised that this is no longer achievable given a background of increasing cost, building requirements and reducing subsidy.

In these circumstances a considered decision will be made on revenue losses, and capital contributions, and their impact on financial viability.

In addition, the Association has a responsibility to ensure that its expenditure on long-term finance commitments can be met and that there is sufficient provision for management and maintenance costs and long-term major repairs. Delivery of

these key business objectives will be a major consideration in deciding on the level of resources to be invested in development.

It is anticipated that the vast majority, if not all, of the development programme will be channelled through development agents to reduce the development period risk to the Association.

It is recognised, however, that there will be increasing circumstances where, due to the level of cost, it is not feasible, nor desirable, to pursue schemes. In these instances the Association will give consideration to negotiating the transfer of such schemes to other Housing Associations in return for Housing Management input (and where appropriate, a relevant level of the development income).

Guided by the above principles the following unit completion assumptions with regard to the Development Programme have been made for the plan period:

- (i) At the end of 2008/9 the Association is anticipating 456 homes in management, including those managed for other RSLs. This is the “baseline” figure for the commencement of the Plan.
  - (ii) It is anticipated that no completions will be achieved in the first year of the Plan (2009/10).
  - (iii) The number of completions achieved in the second year of the Plan is anticipated at 30. This is estimated from the proposed build starts from 2009/10, which in turn is based on the number of projects where SHG funding is anticipated.
  - (iv) The number of completions achieved in the third year of the Plan is anticipated at 37. This is estimated from the proposed build starts in 2010/11, which in turn is based on the number of projects where SHG funding is anticipated.
  - (v) Completions for 2012/13 and 2013/14 are estimated based on historic completion figures.
- b) *Assumptions on staffing and running costs*

The staffing resources required to progress the development programme and manage the Association to the required standards will be provided by Midlands Rural Housing.

Midlands Rural Housing will meet its obligations utilising staff from its office located in Coalville, Leicestershire. It is anticipated that this will remain the basis of staffing resources for the plan period.

WRHA, in conjunction with its partner rural Housing Associations in Northamptonshire, Leicestershire and Derbyshire, jointly employs the staff within MRH. These costs are directly related to the time involved in running the business of the Association, and are regularly adjusted in year to ensure the contribution to salaries is fair and appropriate.

WRHA acknowledges, and accepts, that as its stock and activity base grows, it will need staff resources to support it. In conjunction with MRH, and the partner RHAs, it has reviewed the level of staff resources anticipated over the Plan period, and the financial implications emerging. These have been considered in the context of growth in income, and, on the basis that the projected unit completions over the Plan period can be achieved, the additional staff resources are effectively self-financing.

In effect, while WRHA's staffing compliment is expected to increase over the Plan period with an associated increase in costs, income from management will cover this anticipated growth. This is demonstrated in the financial plans that follow.

## **5. Incorporating Community Cohesion into our Core Activities**

WRHA has recognised that it provides more than just homes. Our activities contribute to sustaining rural villages as cohesive and vibrant communities. By providing much needed homes for local people, which contribute significantly to their neighbourhoods, the benefits are not just to those housed, but to the community as a whole. While this is often seen as a by product of what we do, we want to ensure that benefits are embedded as core objectives.

In this context, WRHA will increase its commitment to, and investment in, community development activity. In particular, the Association will:

- Work with other agencies committed to community development in rural areas to ensure our contribution is part of a co-ordinated approach and not an isolated activity.
- Ensure that our homes are designed to environmental standards that benefit residents in terms of utility cost and reduce the possibility of fuel poverty.
- Look for opportunities in the villages where we work to improve economic and social viability; for example, utilising local skills and employment in development and maintenance activities, and contributing to community infrastructure projects (i.e. play areas, open spaces, village halls).

- Provide management and support services that actively tackle social exclusion and contribute to maintaining people in their homes, whilst consolidating our role in the wider community.

In short, WRHA believes it has a wider role than just providing homes, and there is “added value” to our mainstream activity. We want to expand this to ensure community development is seen as part of our core business by the communities where we work, and other partner organisations.

## Item 5

### FINANCIAL ASSUMPTIONS

In order for WRHA to achieve its development objectives, access to private lending sources is crucial, and such money can only be secured if adequate security is available. In this respect, the Association has a clear Treasury Management Policy, which is subject to regular review and identifies how the Association will raise the necessary finance to support its developments and which sources and terms will be utilised. It also deals with the Association's approach to interest rate exposure.

Attached to this section of the plan are the assumptions used in the financial planning process and the anticipated income and expenditure profile for the period.

Details are as follows:

- Appendix 1 - Assumptions on Unit Completions
- Appendix 2 - Assumptions on Houses in Management
- Appendix 3 - Other Assumptions
- Appendix 4 - Income & Expenditure Forecast for the Plan Period
- Appendix 5 - Balance Sheet for Plan Period.

**FINANCIAL PLANNING ASSUMPTIONS**

**COMPLETIONS**

**PLAN PERIOD**

| Completions Achieved         | Year 1: 2009/10 |          | Year 2: 2010/11   |           | Year 3: 2011/12 |           | Year 4: 2012/13         |           | Year 5: 2013/14         |           |
|------------------------------|-----------------|----------|-------------------|-----------|-----------------|-----------|-------------------------|-----------|-------------------------|-----------|
|                              | Location        | Units    | Location          | Units     | Location        | Units     | Location                | Units     | Location                | Units     |
| Arising from:                | No completions  | 0        | Shipston          | 26        | Norton Lindsay  | 12        | Anticipated completions | 33        | Anticipated completions | 33        |
| <u>Existing and forecast</u> |                 |          | Stretton on Fosse | 4         | Harbury         | 13        |                         |           |                         |           |
| Development Programme        |                 |          |                   |           | Stockton        | 12        |                         |           |                         |           |
| <b>TOTAL</b>                 |                 | <b>0</b> |                   | <b>30</b> |                 | <b>37</b> |                         | <b>33</b> |                         | <b>33</b> |

**Appendix (2)**

**WARWICKSHIRE RURAL HOUSING ASSOCIATION**

**FINANCIAL PLANNING ASSUMPTIONS**

**HOUSES IN MANAGEMENT**

|   | <b>PLAN PERIOD</b> |                |                |                |                |
|---|--------------------|----------------|----------------|----------------|----------------|
|   | <b>2009/10</b>     | <b>2010/11</b> | <b>2011/12</b> | <b>2012/13</b> | <b>2013/14</b> |
| <b>Houses in management start of year (owned and managed)</b> | <b>456</b>         | <b>456</b>     | <b>486</b>     | <b>523</b>     | <b>556</b>     |
| <b>New completions</b>  | <b>0</b>           | <b>30</b>      | <b>37</b>      | <b>33</b>      | <b>33</b>      |
| <b>Total houses in management at year end</b>                 | <b>456</b>         | <b>486</b>     | <b>523</b>     | <b>556</b>     | <b>589</b>     |

**Appendix (3)**

**WARWICKSHIRE RURAL HOUSING ASSOCIATION**

**FINANCIAL PLANNING ASSUMPTIONS**

**FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2014**

**INFLATIONARY INCREASES**

|                     | <b>2009/10</b> | <b>2010/11</b> | <b>2011/12</b> | <b>2012/13</b> | <b>2013/14</b> |
|---------------------|----------------|----------------|----------------|----------------|----------------|
| Retail Price Index  | 2.50%          | 0.50%          | 2.50%          | 2.50%          | 2.50%          |
| Rental Income       | 5.50%          | 1.00%          | 3.00%          | 3.00%          | 3.00%          |
| Management Expenses | 2.50%          | 0.50%          | 2.50%          | 2.50%          | 2.50%          |
| Maintenance         | 2.50%          | 0.50%          | 2.50%          | 2.50%          | 2.50%          |
| LIBOR               | 2.50%          | 5.00%          | 6.00%          | 6.00%          | 6.00%          |

**DEVELOPMENT COSTS**

|                           | <b>RENTED</b> | <b>SO</b> |
|---------------------------|---------------|-----------|
| Land Cost per Unit        | 11,885        | 11,827    |
| Build Cost per Unit       | 135,646       | 132,087   |
| Grant Rate                | 62%           | 36%       |
| Weekly Rent per Unit      | 94.00         | 5.00      |
| Responsive Maintenance pa | 149           | 0         |
| Cyclical Maintenance pa   | 149           | 0         |
| Voids & Bad Debts         | 2%            | 0%        |
| Depreciation              | 1%            | 1%        |

**DEVELOPMENT – UNIT NUMBERS**

|         | <b>NUMBER</b> |
|---------|---------------|
| 2009-10 | 0             |
| 2010-11 | 30            |
| 2011-12 | 37            |
| 2012-13 | 33            |
| 2013-14 | 33            |
| Total   | 133           |

**Appendix (4)**

**WARWICKSHIRESHIRE RURAL HOUSING ASSOCIATION**

**INCOME & EXPENDITURE FORECASTS**

|   | 2009/10<br>£'s   | 2010/11<br>£'s   | 2011/12<br>£'s   | 2012/13<br>£'s   | 2013/14<br>£'s   |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>Income</b>                           |                  |                  |                  |                  |                  |
| Rent Receivable                         | 1,398,255        | 1,540,591        | 1,735,566        | 1,986,495        | 2,173,386        |
| Service Charge and Supporting People    | 49,532           | 50,208           | 51,464           | 52,750           | 54,068           |
| Less Allowances for voids               | (15,934)         | (17,290)         | (19,298)         | (21,858)         | (23,785)         |
| <b>Net Rents Receivable</b>             | <b>1,431,853</b> | <b>1,573,509</b> | <b>1,767,732</b> | <b>2,017,387</b> | <b>2,203,669</b> |
| Income from Managed Properties          | 15,052           | 13,830           | 14,209           | 14,593           | 14,991           |
| Income from Development Activities      | 101,084          | 132,884          | 134,062          | 135,035          | 135,306          |
|   | <b>1,547,989</b> | <b>1,720,223</b> | <b>1,916,003</b> | <b>2,167,015</b> | <b>2,353,966</b> |
| <b>Expenditure</b>                      |                  |                  |                  |                  |                  |
| Management Costs                        | 404,084          | 413,631          | 423,972          | 434,571          | 445,435          |
| Service Costs                           | 38,025           | 38,485           | 39,447           | 40,433           | 41,444           |
| Routine Maintenance                     | 175,000          | 180,292          | 188,663          | 199,122          | 207,809          |
| Planned Maintenance                     | 290,647          | 296,518          | 307,793          | 321,231          | 332,970          |
| Bad Debts                               | 15,934           | 17,290           | 19,298           | 21,858           | 23,785           |
| Depreciation Of Housing Properties      | 53,626           | 62,824           | 77,210           | 99,467           | 118,875          |
|   | <b>977,316</b>   | <b>1,009,040</b> | <b>1,056,383</b> | <b>1,116,682</b> | <b>1,170,318</b> |
| <b>Operating Surplus</b>                | <b>570,673</b>   | <b>711,183</b>   | <b>859,620</b>   | <b>1,050,333</b> | <b>1,183,648</b> |
| Interest Collected                      | 1,918            | 1,250            | 1,250            | 1,250            | 1,250            |
| Interest Paid                           | (314,727)        | (448,888)        | (563,164)        | (685,944)        | (782,916)        |
| <b>Surplus</b>                          | <b>257,864</b>   | <b>263,545</b>   | <b>297,706</b>   | <b>365,639</b>   | <b>401,982</b>   |
| Interest Cover                          | 181%             | 158%             | 153%             | 153%             | 151%             |
| Interest Cover (Excluding Depreciation) | 198%             | 172%             | 166%             | 168%             | 166%             |

**Appendix (5)**

**WARWICKSHIRESHIRE RURAL HOUSING ASSOCIATION**

**BALANCE SHEET**

|   | 2009/10<br>£'s   | 2010/11<br>£'s    | 2011/12<br>£'s    | 2012/13<br>£'s    | 2013/14<br>£'s    |
|---|------------------|-------------------|-------------------|-------------------|-------------------|
| Housing Properties at cost                  | 22,333,854       | 25,336,400        | 30,785,541        | 35,604,548        | 40,540,926        |
| Social Housing Grants                       | (12,996,842)     | (14,728,142)      | (17,844,142)      | (20,612,530)      | (23,450,128)      |
| Depreciation                                | (372,638)        | (435,462)         | (512,673)         | (612,139)         | (731,014)         |
| <b>Net Book Value Of Housing Properties</b> | <b>8,964,374</b> | <b>10,172,796</b> | <b>12,428,726</b> | <b>14,379,879</b> | <b>16,359,784</b> |
| Other Fixed Assets                          | 0                | 0                 | 0                 | 0                 | 0                 |
| <b>Total Fixed Assets</b>                   | <b>8,964,374</b> | <b>10,172,796</b> | <b>12,428,726</b> | <b>14,379,879</b> | <b>16,359,784</b> |
| Cash  | 250,000          | 250,000           | 250,000           | 250,000           | 250,000           |
| Other Current Assets                        | 174,116          | 174,116           | 174,116           | 174,116           | 174,116           |
| Current Liabilities                         | (332,152)        | (332,152)         | (332,152)         | (332,152)         | (332,152)         |
| <b>Net Current Assets/(Liabilities)</b>     | <b>91,964</b>    | <b>91,964</b>     | <b>91,964</b>     | <b>91,964</b>     | <b>91,964</b>     |
|   | <b>9,056,338</b> | <b>10,264,760</b> | <b>12,520,690</b> | <b>14,471,843</b> | <b>16,451,748</b> |
| <b>Creditors &gt; 1 year</b>                | <b>6,457,840</b> | <b>7,402,718</b>  | <b>9,360,943</b>  | <b>10,946,457</b> | <b>12,524,377</b> |
| <b>Capital and Reserves</b>                 |                  |                   |                   |                   |                   |
| Share Capital                               | 22               | 22                | 22                | 22                | 22                |
| Designated Reserves                         | 0                | 0                 | 0                 | 0                 | 0                 |
| Revenue Reserves                            | 2,598,476        | 2,862,020         | 3,159,725         | 3,525,364         | 3,927,349         |
|   | <b>2,598,498</b> | <b>2,862,042</b>  | <b>3,159,747</b>  | <b>3,525,386</b>  | <b>3,927,371</b>  |
|   | <b>9,056,338</b> | <b>10,264,760</b> | <b>12,520,690</b> | <b>14,471,843</b> | <b>16,451,748</b> |
| <b>Key Ratios</b>                           |                  |                   |                   |                   |                   |
| Gearing Ratio (Loan Covenants)              | 41%              | 42%               | 45%               | 45%               | 46%               |
| Gearing Ratio (HC)                          | 29%              | 30%               | 31%               | 31%               | 31%               |

## **BUSINESS PLAN**

### **APPENDICES**

1. Board Membership
2. Stock Profile
3. WRHA Summary Risk Map
4. WRHA Specific Risks

## 1. Board Membership

The Board of WRHA comprises representatives from Local Authority partners, RSLs, and Tenants. In addition, there are a number of individual representatives who bring a significant range of skills and support to the Committee.

A regular “Skills and Experience” audit is undertaken to ensure the range of experience and knowledge remains relevant to the Association’s business, and the Association’s operations are fully compliant with the NHF Code of Conduct.

The following were members of the WRHA Board at the time the Plan was issued:

|                    |   |
|--------------------|---|
| Mr Derrick Dyas    | Housing Consultant<br><i>Chairman of Board of Management</i>            |
| Mr Rodney Perry    | Retired Property Manager<br><i>Vice-chairman of Board of Management</i> |
| Mr David Hannon    | Housing Association Development Director                                |
| Mr Paul Harris     | Tenant Representative   |
| Mrs Lesley Trundle | Housing Association Business Assurance Manager                          |
| Mrs Linda Ridgley  | Rural Officer<br>Warwickshire Rural Community Council                   |
| Mrs Kay Wilson     | Chief Officer<br>Warwickshire Rural Community Council                   |
| Miss Renata Mosz   | Local Government Officer  |

**2. WARWICKSHIRE RURAL HOUSING ASSOCIATION – STOCK PROFILE**

| VILLAGE                  | ADDRESS            | NUMBER | MIX   | TENURE                                   |
|--------------------------|--------------------|--------|---|--|
| <b>Alcester</b>          | Aspen Close        | 1      | 1 x 2 Bed house   | Shared ownership                         |
| <b>Alcester</b>          | Beacon Close       | 15     | 4 x 1 Bed house<br>10 x 2 Bed house<br>1 x 3 Bed house                      | Rent<br>Rent<br>Rent                     |
| <b>Alcester</b>          | Chapman Way        | 14     | 9 x 1 Bed house<br>5 x 2 Bed house  | Rent<br>Rent                             |
| <b>Alcester</b>          | Crooks Lane        | 44     | 8 x 1 Bed house<br>27 x 2 Bed house<br>9 x 3 Bed house                      | Rent<br>Rent<br>Rent                     |
| <b>Alcester</b>          | Kingfisher Way     | 1      | 1 x 2 Bed house   | Shared ownership                         |
| <b>Alcester</b>          | St. Nicholas Close | 18     | 7 x 1 Bed house<br>3 x 2 Bed house<br>8 x 2 Bed bungalow                    | Rent<br>Rent<br>Rent                     |
| <b>Alcester</b>          | Vallet Avenue      | 1      | 1 x 2 Bed house   | Shared ownership                         |
| <b>Baginton</b>          | Andrews Close      | 6      | 4 x 2 Bed house<br>2 x 3 Bed house  | Rent<br>Rent                             |
| <b>Barford</b>           | Mill Lane          | 4      | 2 x 2 Bed house<br>2 x 3 Bed house  | Rent<br>Rent                             |
| <b>Barford</b>           | Bremridge Close    | 18     | 12 x 2 Bed house<br>6 x 3 Bed house   | Rent<br>Rent                             |
| <b>Bishops Tachbrook</b> | Seven Acre Close   | 12     | 4 x 2 Bed house<br>2 x 2 Bed bungalow<br>4 x 3 Bed house<br>2 x 2 Bed house | Rent<br>Rent<br>Rent<br>Shared ownership |
| <b>Brinklow</b>          | Great Balance      | 1      | 1 x 3 Bed house   | Rent                                     |
| <b>Church Lawford</b>    | Kings Newnham Road | 5      | 5 x 2 Bed house   | Rent                                     |

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| VILLAGE                 | ADDRESS           | NUMBER | MIX  | TENURE   |
|-------------------------|-------------------|--------|--|--|
| <b>Ettington</b>        | Ivy Lane          | 6      | 6 x 1 Bed bungalow   | Rent   |
| <b>Fenny Compton</b>    | Cotters Croft     | 2      | 1 x 1 Bed house<br>1 x 3 Bed house   | Shared ownership<br>Shared ownership                         |
| <b>Fenny Compton</b>    | Field Gate Lane   | 4      | 4 x 3 Bed house  | Rent   |
| <b>Fenny Compton</b>    | Squire Place      | 4      | 4 x 2 Bed house  | Rent   |
| <b>Fenny Compton</b>    | The Readings      | 8      | 2 x 2 Bed bungalow<br>4 x 2 Bed house<br>2 x 3 Bed house                                       | Rent<br>Rent<br>Rent   |
| <b>Great Alne</b>       | Nightingale Close | 13     | 2 x 2 Bed bungalow<br>4 x 2 Bed house<br>1 x 3 Bed house<br>4 x 2 Bed house<br>2 x 3 Bed house | Rent<br>Rent<br>Rent<br>Shared ownership<br>Shared ownership |
| <b>Great Wolford</b>    | Carters Leaze     | 2      | 2 x 2 Bed house  | Rent   |
| <b>Halford</b>          | Aylworth Cottages | 4      | 2 x 2 Bed house<br>2 x 3 Bed house   | Rent<br>Rent   |
| <b>Hampton in Arden</b> | Lapwing Drive     | 8      | 8 x 2 Bed house  | Rent   |
| <b>Harborough Magna</b> | Meadow Way        | 3      | 3 x 3 Bed house  | Rent   |
| <b>Harbury</b>          | Hillside          | 6      | 3 x 2 Bed house<br>1 x 2 Bed house<br>2 x 3 Bed house  | Rent<br>Shared ownership<br>Shared ownership                 |

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| VILLAGE                | ADDRESS            | NUMBER           | MIX                | TENURE           |
|------------------------|--------------------|------------------|--------------------|------------------|
| <b>Hatton</b>          | Blackwell Lane     | 32               | 6 x 2 Bed house    | Rent             |
|                        |                    |                  | 7 x 3 Bed house    | Rent             |
|                        |                    |                  | 1 x 4 Bed house    | Rent             |
|                        |                    |                  | 2 x 2 Bed flat     | Rent             |
|                        |                    |                  | 3 x 2 Bed house    | Shared ownership |
|                        |                    |                  | 8 x 3 Bed house    | Shared ownership |
|                        |                    |                  | 1 x 1 Bed flat     | Shared ownership |
|                        | 4 x 2 Bed flat     | Shared ownership |                    |                  |
| <b>Hatton Park</b>     | Halford Grove      | 8                | 4 x 2 Bed house    | Rent             |
|                        |                    |                  | 4 x 3 Bed house    | Rent             |
| <b>Hatton Station</b>  | Charingworth Drive | 2                | 1 x 2 Bed house    | Rent             |
|                        |                    |                  | 1 x 2 Bed house    | Shared ownership |
| <b>Henley In Arden</b> | Littleworth        | 3                | 3 x 2 Bed house    | Shared ownership |
| <b>Kineton</b>         | Battle Court       | 1                | 1 x 2 Bed house    | Shared ownership |
| <b>Kineton</b>         | Little Pittern     | 4                | 4 x 2 Bed house    | Rent             |
| <b>Little Compton</b>  | Jordans Orchard    | 4                | 2 x 2 Bed house    | Rent             |
|                        |                    |                  | 1 x 3 Bed house    | Rent             |
|                        |                    |                  | 1 x 2 Bed bungalow | Rent             |
| <b>Long Compton</b>    | College Lane       | 4                | 4 x 2 Bed house    | Rent             |
| <b>Long Itchington</b> | Russell Close      | 8                | 6 x 2 Bed house    | Rent             |
|                        |                    |                  | 2 x 3 Bed house    | Rent             |
| <b>Long Lawford</b>    | King Georges Court | 4                | 4 x 2 Bed house    | Rent             |
| <b>Loxley</b>          | Barracks Green     | 9                | 5 x 2 Bed house    | Rent             |
|                        |                    |                  | 2 x 2 bed bungalow | Rent             |
|                        |                    |                  | 1 x 3 Bed house    | Rent             |
|                        |                    |                  | 1 x 3 bed bungalow | Rent             |

| VILLAGE                  | ADDRESS                   | NUMBER | MIX                | TENURE           |
|--------------------------|---------------------------|--------|--------------------|------------------|
| <b>Priors Marston</b>    | Bradshaw Close            | 8      | 3 x 2 Bed house    | Rent             |
|                          |                           |        | 1 x 3 Bed house    | Rent             |
|                          |                           |        | 2 x 2 Bed house    | Shared ownership |
|                          |                           |        | 2 x 3 Bed house    | Shared ownership |
| <b>Radford Semele</b>    | Lay Gardens               | 5      | 5 x 2 Bed house    | Rent             |
| <b>Ryton on Dunsmore</b> | Warren Close              | 12     | 4 x 2 Bed house    | Rent             |
|                          |                           |        | 4 x 3 Bed house    | Rent             |
|                          |                           |        | 2 x 2 Bed house    | Shared ownership |
|                          |                           |        | 2 x 3 Bed house    | Shared ownership |
| <b>Ryton on Dunsmore</b> | Coppice Close             | 5      | 2 x 2 Bed house    | Shared ownership |
|                          |                           |        | 3 x 3 Bed house    | Shared ownership |
| <b>Shipston on Stour</b> | Hay Meadow                | 5      | 5 x 3 Bed house    | Rent             |
| <b>Shipston on Stour</b> | Henwoods Court            | 1      | 1 x 3 Bed house    | Rent             |
| <b>Shipston on Stour</b> | Oxway Close               | 16     | 9 x 2 Bed house    | Rent             |
|                          |                           |        | 7 x 2 Bed house    | Shared ownership |
| <b>Snitterfield</b>      | Hurdlers Lane             | 8      | 3 x 2 Bed house    | Rent             |
|                          |                           |        | 5 x 3 Bed house    | Rent             |
| <b>Stockton</b>          | Glebe Close               | 20     | 4 x 2 Bed bungalow | Rent             |
|                          |                           |        | 8 x 2 Bed house    | Rent             |
|                          |                           |        | 3 x 3 Bed house    | Rent             |
|                          |                           |        | 5 x 2 Bed house    | Shared ownership |
| <b>Stoneleigh</b>        | Acorn Close               | 8      | 6 x 2 Bed house    | Rent             |
|                          |                           |        | 2 x 3 Bed house    | Rent             |
| <b>Stourton</b>          | The Long Close            | 2      | 2 x 2 Bed house    | Rent             |
|                          |                           | 2      | 2 x 2 Bed house    | Shared ownership |
| <b>Stratford</b>         | Heritage Mews, New Street | 1      | 1 x 2 Bed house    | Rent             |

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| VILLAGE                       | ADDRESS                           | NUMBER | MIX             | TENURE           |
|-------------------------------|-----------------------------------|--------|-----------------|------------------|
| <b>Stretton on Fosse</b>      | Harolds Orchard                   | 10     | 7 x 2 Bed house | Rent             |
|                               |                                   |        | 3 x 3 Bed house | Rent             |
| <b>Studley</b>                | Abbeyfields Drive                 | 7      | 5 x 2 Bed house | Shared ownership |
|                               |                                   |        | 2 x 3 Bed house | Shared ownership |
| <b>Studley</b>                | Johns Close                       | 5      | 5 x 2 Bed house | Rent             |
| <b>Studley</b>                | Red Hill Close                    | 10     | 7 x 2 Bed house | Rent             |
|                               |                                   |        | 2 x 3 Bed house | Rent             |
|                               |                                   |        | 1 x 3 Bed house | Shared ownership |
| <b>Ullenhall</b>              | Crowleys Close                    | 6      | 4 x 2 Bed house | Rent             |
|                               |                                   |        | 2 x 3 Bed house | Rent             |
| <b>Upper Tysoe</b>            | Plumtree Cottages,<br>Main Street | 2      | 2 x 2 Bed house | Rent             |
| <b>Wellesbourne</b>           | Fountain Gardens                  | 3      | 1 x 1 Bed house | Shared ownership |
|                               |                                   |        | 2 x 2 Bed house |                  |
| <b>Weston under Wetherley</b> | Hancox Close                      | 8      | 3 x 1 Bed flat  | Rent             |
|                               |                                   |        | 1 x 2 Bed flat  | Rent             |
|                               |                                   |        | 1 x 2 Bed house | Rent             |
|                               |                                   |        | 1 x 3 Bed house | Rent             |
|                               |                                   |        | 1 x 1 Bed house | Shared ownership |
|                               |                                   |        | 1 x 3 Bed house | Shared ownership |
| <b>Whatcote</b>               | Rowlands Way                      | 4      | 3 x 2 Bed house | Rent             |
|                               |                                   |        | 1 x 3 Bed house | Rent             |

**2. WARWICKSHIRE RURAL HOUSING ASSOCIATION – STOCK PROFILE – MANAGED PROPERTIES**

| VILLAGE                  | ADDRESS            | NUMBER | MIX             | TENURE           |
|--------------------------|--------------------|--------|-----------------|------------------|
| <b>Alcester</b>          | Birch Abbey        | 5      | 3 x 2 Bed house | Rent             |
|                          |                    |        | 2 x 3 Bed house | Rent             |
| <b>Hatton Station</b>    | Oakdene Crescent   | 6      | 3 x 2 Bed house | Rent             |
|                          |                    |        | 2 x 3 Bed house | Rent             |
|                          |                    |        | 1 x 2 Bed house | Rent             |
| <b>Southam</b>           | Abbey Close        | 12     | 9 x 2 Bed house | Rent             |
|                          |                    |        | 1 x 1 Bed house | Shared ownership |
|                          |                    |        | 2 x 2 Bed house | Shared ownership |
| <b>Stretton on Fosse</b> | Cottage Farm Court | 2      | 1 x 2 Bed house | Rent             |
|                          |                    |        | 1 x 3 Bed house | Rent             |

**WRHA SUMMARY RISK MAP**

|   | ACTIVITY                         | SPECIFIC RISK                                    | RISK LIKELIHOOD | RISK IMPACT On Assoc | COMPOSITE SCORE | RESPONSIBILITY      | CONTROL PROCEDURES   | MONITORING  | KEY ACTIONS REQUIRED  |
|---|----------------------------------|--|-----------------|----------------------|-----------------|---------------------|--|---|---|
| <b>1 HOUSING MANAGEMENT AND MAINTENANCE</b> |                                  |  |                 |                      |                 |                     |  |   |   |
| 1.1   | Maintaining demand               | Unable to meet tenant aspirations                | 4               | 8                    | 32              | Housing Manager     | Complaints procedure<br><br>Resident Involvement 'Action Plan'<br>Ongoing Resident Feedback  | <ul style="list-style-type: none"> <li>Annual Board reports</li> <li>Performance Indicator reports</li> <li>HMT feedback</li> <li>Residents Sounding Board Feedback</li> <li>Customer Care Surveys</li> </ul> | Review Complaints Procedure and reporting and continue to implement Resident and Customer Care Action Plans   |
| 1.2   | Property Safety                  | Inadequate gas servicing                         | 3               | 9                    | 27              | Maintenance Manager | <ul style="list-style-type: none"> <li>Maintenance Procedures and Gas Service monitoring</li> <li>Partnering Agreements</li> </ul> | <ul style="list-style-type: none"> <li>Performance Indicator reports and specific CP12 reports</li> <li>Partnering reviews</li> <li>Internal Audit</li> </ul>   | <ul style="list-style-type: none"> <li>Maintain Partnering Agreements for Gas Servicing and monitoring</li> <li>Review reporting procedures</li> </ul>        |
|   |                                  | Duty of care in relation to asbestos regulations | 2               | 9                    | 18              | Maintenance Manager | Asbestos Register  | <ul style="list-style-type: none"> <li>Stock Condition Surveys and component surveys</li> </ul>   | Establish Asbestos Registers in accordance with HSE requirements  |
| 1.3   | Withdrawal of Managed Properties | Loss of Income                                   | 5               | 9                    | 45              | Secretary / Board   | Business Plan Assumptions  | <ul style="list-style-type: none"> <li>Ongoing reports to Boards</li> </ul>   | <ul style="list-style-type: none"> <li>Continue to implement Purchase Plans and long-term Management Agreements</li> <li>Retain "Preferred Housing</li> </ul> |

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Appendix 3

|                      | ACTIVITY  | SPECIFIC RISK                                  | RISK LIKELIHOOD | RISK IMPACT On Assoc | COMPOSITE SCORE | RESPONSIBILITY                           | CONTROL PROCEDURES   | MONITORING  | KEY ACTIONS REQUIRED  |
|----------------------|---|--|-----------------|----------------------|-----------------|--|--|---|---|
|                      |   |  |                 |                      |                 |  |  |   | Management Partner” status within operational areas, if appropriate   |
| 1.4                  |   | Increasing maintenance and re-let repair costs | 8               | 7                    | 56              | Maintenance Manager / Company Secretary  | Asset Management Strategy  | <ul style="list-style-type: none"> <li>Budgets and financial plans</li> </ul>   | Undertake VFM assessment of maintenance costs and re-tender / renegotiate primary partnering agreement                                  |
| <b>2 DEVELOPMENT</b> |   |  |                 |                      |                 |  |  |   |   |
| 2.1                  | Development Procurement                                 | Danger of over-extending resources             | 7               | 8                    | 56              | Development Manager / Finance Department | Development Procedures<br>Finance Policy and Strategy<br>Prudent viability assumptions | <ul style="list-style-type: none"> <li>Quarterly financial Management reports</li> <li>Financial ratio reports</li> <li>Resource investment</li> <li>FV5 and Business Plan assumptions</li> </ul> | Refine and review reporting on input of resources into new developments   |
| 2.2                  | Ability to compete and sector competition for resources | Insufficient subsidy to attract business       | 6               | 9                    | 54              | Board                                    | Annual Business Plan Review  | <ul style="list-style-type: none"> <li>Business Plan Reviews</li> <li>2008-11 bids outcome</li> </ul>   | Investigate alternative funding and products  |
|                      |   | Increased competition for grant resources      | 7               | 7                    | 49              | Development Manager / Company Secretary  | Development Strategy and Business Plans  | <ul style="list-style-type: none"> <li>Ongoing review of Regional investment decisions and external environment</li> </ul>  | Promote funding of well-researched projects / exceptions development. Extend management base / partnership working with competitor RSLs |

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Appendix 3

| ACTIVITY | SPECIFIC RISK  | RISK LIKELIHOOD | RISK IMPACT On Assoc | COMPOSITE SCORE | RESPONSIBILITY                          | CONTROL PROCEDURES                                     | MONITORING  | KEY ACTIONS REQUIRED   |
|----------|--|-----------------|----------------------|-----------------|---|--|---|--|
|          | Public Funding direct to Developers  | 4               | 8                    | 32              | Development Manager / Company Secretary | Development Strategy                                   | <ul style="list-style-type: none"> <li>Ongoing review of risks by Boards</li> </ul>               | <p>Continue to promote “exception” development opportunities</p> <p>Explore options for extending management service to developers</p>                                   |
|          | Increasing sector competition  | 8               | 7                    | 56              | Development Manager / Company Secretary | Development Strategy and partnership arrangements      | <ul style="list-style-type: none"> <li>Ongoing review of risk and external environment</li> </ul> | <p>Continue to promote good practice in exceptions development. Extend management base with competitor RSLs</p>  |
|          | Restricted number of development partners and loss of client control   | 7               | 5                    | 35              | Development Manager / Company Secretary | Unable to control due to external factors. Accept risk | <ul style="list-style-type: none"> <li>Compliance with appointment criteria</li> </ul>            | <p>Maintain Development Agent options and explore the use of other partners.</p> <p>Review procedure for appointment of Development Agents and Development Agreement</p> |
|          | Increasing costs and output expectations (including the Code for Sustainable Homes and Building for Life criteria) | 8               | 8                    | 64              | Development Manager / Development Team  | Scheme viability assessments                           | <ul style="list-style-type: none"> <li>Reporting to Boards</li> <li>Business Plans</li> </ul>     | <p>Review / assess options for inputting Association’s resources</p> <p>Review RHA Design Brief</p>  |

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|                                    | ACTIVITY                       | SPECIFIC RISK   | RISK LIKELIHOOD | RISK IMPACT On Assoc | COMPOSITE SCORE | RESPONSIBILITY                                 | CONTROL PROCEDURES                                     | MONITORING   | KEY ACTIONS REQUIRED  |
|------------------------------------|--------------------------------|---|-----------------|----------------------|-----------------|--|--|--|---|
|                                    |                                | Changes to planning system  | 4               | 8                    | 32              | Development Manager / Company Secretary        | Unable to control due to external factors. Accept risk | <ul style="list-style-type: none"> <li>• Reports to Board</li> </ul>   | Input to review of Regional Plan and HMA consultations. Input to emerging planning policy guidance / LDFs     |
| 2.3                                | Marketability of LCHO products | Attractiveness of product to purchasers and ability to secure mortgages | 8               | 5                    | 40              | Development Manager / Housing Services Manager | Unable to control due to external factors. Accept risk | <ul style="list-style-type: none"> <li>• Sales monitoring and review of markets</li> </ul>                             | Reduce / remove S/O provision from schemes<br><br>Promote benefits externally<br><br>Feed into NHF monitoring |
| <b>3 BUSINESS SUPPORT SERVICES</b> |                                |   |                 |                      |                 |  |  |  |   |
| 3.1                                | MRH Inappropriate Strategies   | Inappropriate diversification   | 2               | 9                    | 18              | MRH  | MRH Business Plan objectives                           | <ul style="list-style-type: none"> <li>• Business Plan review by MRH Board including RHA representatives</li> </ul>    | Keep under review   |
| 3.2                                | Destruction of Office          | Loss of records   | 4               | 9                    | 36              | MRH  | Disaster Recovery Plan                                 | <ul style="list-style-type: none"> <li>• Annual review and test</li> <li>• Outcomes to be reported to Board</li> </ul> | Test Business Continuity Plan   |
|                                    |                                | Disruption to provision of service                                      | 4               | 9                    | 36              | MRH  | Disaster Recovery Plan                                 | <ul style="list-style-type: none"> <li>• Annual review and test</li> <li>• Outcomes to be reported to Board</li> </ul> | Test Business Continuity Plan   |
| 3.3                                | Hardware failure               | Destruction of Equipment  | 5               | 8                    | 40              | EMH  | EMH Disaster Recovery Policy                           | <ul style="list-style-type: none"> <li>• Annual review and test by EMH</li> </ul>                                      | Formal Assurance required<br><br>Incorporate into Business Continuity Plan and SLA monitoring                 |

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|------------------|-------------------------------|---|-----------------|----------------------|-----------------|--------------------------------------|--|---|---|
| 3.4              | Implementation of New Systems | Inadequate business analysis of desired new systems | 2               | 8                    | 16              | EMH / MRH                            | Software and Upgrades Policy   | <ul style="list-style-type: none"> <li>Regular review of IT policies</li> <li>VFM analysis of all significant acquisitions – EMH</li> </ul> | None  |
| 3.5              | Inability to staff MRH        | Loss of key staff and Board                         | 4               | 8                    | 32              | MRH Company Secretary / MRH Director | Resource Planning  | <ul style="list-style-type: none"> <li>Annual review within MRH Business Plan</li> </ul>  | Review Staff Reward Policies and Market Testing outcomes in conjunction with EMH                  |
| 3.6              | PR / Media issues             | Impact arising from adverse publicity               | 3               | 8                    | 24              | Company Secretary / Board            | Effective PR / Media support arrangements  | <ul style="list-style-type: none"> <li>PR and Media Strategy</li> </ul>   | Formalise PR and Media Strategy and undertake review of current PR and media support arrangements |
| <b>4 FINANCE</b> |                               |   |                 |                      |                 |                                      |  |   |   |
| 4.1              | Loan Arrangements             | Inadequate financial skills of Board / staff        | 3               | 8                    | 24              | Chairman / Company Secretary         | Review of Board Member Skills and Experience<br><br>Staff training<br><br>External support | <ul style="list-style-type: none"> <li>Periodic review</li> </ul>   | Ensure RHA Skills and Experience Audit is conducted every two years                               |
|                  |                               | Inability to meet covenants                         | 5               | 8                    | 40              | Board / Company Secretary            | Budget & Business plan projections   | <ul style="list-style-type: none"> <li>Quarterly ratio reports</li> </ul>   | Keep under review   |
|                  |                               | Insufficient Security for Loans                     | 4               | 9                    | 36              | Board / Financial Services           | Treasury Management Policy and Strategy  | <ul style="list-style-type: none"> <li>Quarterly ratio reports</li> </ul>   | Keep under review   |

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|-----|------------------------|------------------------------------|-----------------|----------------------|-----------------|---------------------------|---|--|--|
| 4.2 | Lending Market         | Ability to attract lenders         | 7               | 9                    | 63              | Board/Company Secretary   | Finance reports   | <ul style="list-style-type: none"> <li>Loan Portfolio and loan application monitoring</li> </ul>                           | Keep under review  |
|     |                        | Increasing Margins                 | 5               | 9                    | 45              | Board / Company Secretary | Business Plan<br>Treasury Management Policy and Strategy                  | <ul style="list-style-type: none"> <li>Annual sensitivity analysis in Business Plan projections</li> </ul>                 | Prudent interest rate assumptions to be utilised in business planning process and development appraisals |
| 4.3 | Rent Setting           | Housing Benefit changes            | 4               | 9                    | 36              | Housing Manager           | Rent Setting below HB levels and Market Rent levels                       | <ul style="list-style-type: none"> <li>Annual review of Rent Policy and Rent Plan in accordance with guidelines</li> </ul> | Continue to implement RHA rent plans   |
| 4.4 | Inflationary Changes   | Increasing inflation in short term | 5               | 8                    | 40              | Board / Company Secretary | Business Plan Projections   | <ul style="list-style-type: none"> <li>Annual sensitivity analysis in Plan projections</li> </ul>                          | Cautious assumptions to be utilised in Business Plan and development appraisals                          |
| 4.5 | Interest rate increase | Breach of covenants                | 4               | 8                    | 32              | Board / Company Secretary | Budget and Business Plan Projections                                      | <ul style="list-style-type: none"> <li>Quarterly Management Accounts and Financial ratios</li> </ul>                       | Develop / define RHA policy on Interest Rate exposure within Treasury Management Policy                  |
|     |                        | Inability to repay loans           | 3               | 9                    | 27              | Board / Company Secretary | Budget and Business Plan Projections<br><br>Quarterly Management Accounts | <ul style="list-style-type: none"> <li>Cash Flow monitoring in Quarterly Management Accounts</li> </ul>                    | Ongoing review and assessment  |

|                                     | ACTIVITY                                  | SPECIFIC RISK  | RISK LIKELIHOOD | RISK IMPACT On Assoc | COMPOSITE SCORE | RESPONSIBILITY            | CONTROL PROCEDURES                          | MONITORING   | KEY ACTIONS REQUIRED  |
|-------------------------------------|---|--|-----------------|----------------------|-----------------|---------------------------|---|--|---|
| <b>5. GOVERNANCE AND REGULATION</b> |   |  |                 |                      |                 |                           |   |  |   |
| 5.1                                 | Emergence of Homes and Communities Agency | Re-focusing of investment priorities                         | 4               | 9                    | 36              | Board / Company Secretary | Unable to control / accept risk             | Monitor HCA set up and investment priorities                           | <ul style="list-style-type: none"> <li>Engage with HCA Development and Regional Strategy development</li> <li>Promote rural agenda</li> </ul> |
| 5.2                                 | Emergence of Tenant Services Authority    | Re-focusing of regulatory requirements and agenda            | 4               | 7                    | 28              | Board / Company Secretary | Unable to control / accept risk             | Monitor TSA set up and emerging regulatory requirements for small RSLs | <ul style="list-style-type: none"> <li>Engage with TSA development</li> <li>Promote continuation of "lighter touch" regulation</li> </ul>     |
| 5.3                                 | Board Membership                          | Inadequate skills and experience<br><br>Insufficient members | 4               | 7                    | 28              | Board / Company Secretary | Skills and Experience Audit and recruitment | Keep under regular review  | <ul style="list-style-type: none"> <li>Undertake Skills and Experience Audit and review Board Member recruitment options</li> </ul>           |

**WRHA SPECIFIC RISKS**

| NO | ACTIVITY                            | SPECIFIC RISK   | RISK LIKELIHOOD | RISK IMPACT On Assoc | COMPOSITE SCORE | RESPONSIBILITY   | CONTROL PROCEDURES  | MONITORING  | KEY ACTIONS REQUIRED   |
|----|-------------------------------------|---|-----------------|----------------------|-----------------|--|---|---|--|
| 1  | Contractor performance              | Reputational damage / resident dissatisfaction arising from poor contractor performance | 3               | 6                    | 18              | Development & Maintenance Manager  | Partnering Agreements; Resident Sounding Board; Scheme Surgeries                                  | Regular contractor performance monitoring and resident feedback                                     | Review performance indicators incorporated into Partnering Agreements with regard to resident satisfaction   |
| 2  | Local Development Framework process | Overly restricted requirements emerging   | 4               | 6                    | 24              | Development & Maintenance Manager / Company Secretary                            | Consultation responses to the LDF development process   | Monitoring review of emerging planning guidance, and Section 106 Agreement terms                    | Continue to monitor  |
| 3  | Preferred Partner Selection         | Extension of Preferred Partner arrangements   | 8               | 5                    | 40              | Development & Maintenance Manager / Housing Services Manager / Company Secretary | Maintain partnership working relationship with Local Authorities Local Authority Liaison meetings | Keep under review as part of the ongoing Local Authority Liaison arrangements                       | Monitoring implementation and submit applications where appropriate  |
| 4  | Regional Strategy focus             | Loss of regional focus on rural housing   | 5               | 7                    | 35              | Company Secretary  | Continue PR / promotional role with Local Authorities, and funding agencies                       | Continue to review progress and focus of Regional Housing Strategy and integrated Regional Strategy | <ul style="list-style-type: none"> <li>i) Input to Regional Strategy development in the West Midlands and emerging HCA priorities</li> <li>ii) Increase access to regional network and decision-making bodies</li> </ul> |

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Appendix 4

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|----|------------------------|---|-----------------|----------------------|-----------------|--|--------------------|-------------------------|---|
| 5  | Local Letting Policies | Lack of sensitivity to local connection criteria in Local Lettings Policies | 5               | 4                    | 20              | Housing Services Manager / Company Secretary | Allocations Policy | Local Authority liaison | Continue to input to Local Authority reviews of Local Lettings Policies, and the development of Choice Based Lettings Schemes |

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**Warwickshire Rural Housing Association Ltd is registered under the  
Industrial and Provident Society with Charitable Status 26636R and with the  
Homes and Communities Agency No. L388.  
A member of the National Housing Federation**

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