



*Warwickshire
Rural
Housing
Association*



BUSINESS PLAN

2007/2008 - 2011/2012

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WARWICKSHIRE RURAL HOUSING ASSOCIATION

BUSINESS PLAN 2007/2008 TO 2011/2012

- ITEM 1 INTRODUCTION TO THE BUSINESS PLAN
AND MISSION STATEMENT
- ITEM 2 SUMMARY OF THE AIMS AND OBJECTIVES
- ITEM 3 THE OPERATING ENVIRONMENT AND
EXTERNAL CONSIDERATIONS (INCLUDING
SWOT ANALYSIS)
- ITEM 4 CURRENT ACTIVITIES AND STRATEGIC
FOCUS
- ITEM 5 FINANCIAL PROJECTIONS FOR THE PLAN
PERIOD
- ITEM 6 APPENDICES
1. COMMITTEE MEMBERSHIP
 2. STOCK PROFILE
 3. RISK MAP

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”.

Since the establishment of the Association we have continued to make progress in pursuit of our goal. At the beginning of the plan period Warwickshire Rural Housing Association managed 414 homes located in different villages, with further development proposals in the pipeline. We remain encouraged by the degree of progress that we have been able to achieve, in a very challenging and competitive environment.

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

We recognise that social housing provision will change and evolve rapidly in the next few years. A range of influences will play their part in shaping our activities, and new priorities will be introduced by Government. 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 2007/2008 – 2011/2012.

Throughout this period the organisation will continue to pursue its aim of working with Parishes to provide affordable houses in the villages of rural Warwickshire to meet local 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 a high degree of service to its Residents, and strive to improve such services by the implementation of its “Best Value” Strategy and Resident Involvement “Action Plan”, and working with the newly created Resident 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 previous Plan period. However, such a role will only be pursued where it is viable to do so in financial terms.

Indeed, sound financial management is crucial to all the operations of WRHA. In this respect the plan ensures 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. In addition, the Association has committed itself to a long term maintenance plan following the results of a Stock Condition Survey concluded in March 2004. The results of this are an integral part of the Plan.

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

1. Business Development

- Explore the opportunities for growth arising through the establishment of local development frameworks and revised planning mechanisms.
- Take an active role in the development of Sub-regional and Regional Housing Strategies, and Housing Market Assessments, to ensure the priority for rural investment is retained.
- Where possible, mitigate risk from competition by Partnership working, and expanding the management portfolio within the RSL and private development 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 is demonstrated.

2. Development Considerations

- Pursue the majority of new developments on “Exception” sites or through similar planning mechanisms.
- Aim to deliver a programme of 170 rural homes by the end of the Plan period.
- Work closely with key Investment Partner RSLs to deliver its development programme.
- Ensure that all new homes meet the EcoHomes “very good” standard.

3. Management Services and Resident Involvement

- Continue to provide a high quality service 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 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.

ITEM 3

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.

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 with regard to Development, and the need to engage agents to take on development period risk. It is anticipated that this arrangement will prevail through the life of the Plan. With this in mind, WRHA is committed to operating with RSLs who have achieved "partnering" status with the Housing Corporation. While this may reduce the number of potential Development Agent partners, it is hoped that it will bring increased certainty with regard to grant funding. It is also hoped that such arrangements will lead to increased management opportunities in the rural areas with the RSLs concerned. Within the context of development aspirations, the Association has recognised the threat presented by the move to a reduced number of developing RSL partners and the trend to mergers and group structures. This trend, along with the Corporation's strategic focus in this context, will be monitored over the Plan period.

2. Revisions to Planning Policy

At the point of preparing this Plan, there is an ongoing review of PPG3 in relation to affordable housing. In this context, the value of the "exceptions" policy has been recognised. The continued promotion of this policy, along with the commitment to allocate sites solely for affordable housing and reduce threshold numbers within the context of Local Development frameworks, means the range of planning mechanisms at our disposal has increased. However, coupled with this

is the drive to invest in sustainable communities, and the need to comply with sustainability assessments as part of the process.

WRHA will look to take advantage of this position over the period of the Plan.

3. Emergence of Sub-regional Housing Strategies

WRHA will pursue an increasingly active role in the development of the West Midlands Regional Housing Strategy, particularly in the Southern market area. In this respect, it will contribute in the production of the Regional “Action Plan” to ensure that affordable rural housing is seen as a funding priority. This message will need to be reinforced within evolving Housing Market Assessments to ensure Rural Housing and Rural Regeneration continue to be recognised as priority themes for investment. In the context of this later element, the Association will explore opportunities for involvement in rural regeneration and the potential benefits WRHA can bring to the process.

The Association will also identify opportunities for involvement in the Regional Plan process to ensure the priority of affordable rural housing is maintained or enhanced.

4. 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 believes that it is 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.

5. Competition from the Private Sector

At the point of preparing this Plan, the Housing Corporation had allocated a proportion of NAHP resources to Developers. The Housing Corporation have indicated that this initiative is likely to be expanded in the future on the grounds of cost efficiency and product delivery. While

the overall impact is not clear, this will undoubtedly be a threat to RSLs, particularly in their ability to secure “Planning Gain” opportunities. 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, this raises a threat to the Association’s business, and will be monitored over the Plan period.

6. 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. These can be summarised as follows:

- (i) Amendment to housing benefit rules: In particular, any threat to the provision of housing benefit being paid direct to the Association. We have recognised that such a proposal could impact adversely on rent arrears. However, WRHA has minimal risk emerging from this as most tenants are not benefit dependent.
- (ii) Increase in 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” in consultation with our tenants, and made commitments in our budget to accommodate future activities and actions. This is already underway through the establishment of the Residents Sounding Board.
- (iii) 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 adopted a comprehensive Policy and Procedure with regard to tackling anti-social behaviour that accords with recent guidance, and will, over the coming months, establish its responsibilities to react positively to the Government Respect Agenda.

7. Increasing costs and output expectations

The Association has recognised that there are significant inflationary influences with regard to the cost of providing new homes, and this will impact on the viability of schemes and there will be a requirement, in many cases, to invest the Association’s own resources to ensure specific developments can proceed. Coupled with this is the

expectation that standards will increase – particularly in relation to “EcoHomes” requirements, and building regulations. The Association is committed to achieving these 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.

In summary, the Association has recognised that the areas listed above, while raising potential risks, can present potential opportunities. However, they have been priority areas for consideration in the development of the Association’s risk strategy, and will be key influences on the Association’s business over the Plan period. A detailed analysis of risks identified is contained in the Association’s “Risk Map”, and forms 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

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Specialist provider with local credibility • Good track record of delivery and performance • Committed Board members • Independent position • Good reputation with partners and stakeholders • Partnership working ethos • Efficiency of operation • Financially robust and viable • Strong support from local authorities 	<ul style="list-style-type: none"> • Reliance on others to deliver • Narrow product and operational range • Small organisation • Cannot develop in own right • Reliant on key staff covering wide-ranging tasks

OPPORTUNITIES	THREATS
<ul style="list-style-type: none">• Rural issues high on political agenda (locally and nationally)• Demand for outputs increasing• Specialisms can be offered to others• Opportunities emerging from market-towns• Management of rural stock for others• Potential operational area expansion• Increased PR opportunities to be explored	<ul style="list-style-type: none">• Rural issues lose priority status• Competition from others (LSVTs)• Reducing number of investment partners• Failure to perform on service delivery• Reducing public subsidy and increasing costs• Increased maintenance input/requirements• Change in planning system• Reputational damage from service delivery failure• Loss of WRHA profile through reducing PR activity

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 an 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 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 community 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 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 the defined village envelope. The value of such land, normally only being of agricultural use does not attract open market

prices. 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, Parish Councils, and Midlands Rural Housing 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 enable their support is retained 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 scheme development standards set by the Housing Corporation.
- Considerable care will be taken to ensure its developments are in harmony with the existing village architecture.
- Ensure that all new homes meet the Eco-homes “very good” standard. In this context, 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 respect.

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 Housing Corporation 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 170 dwellings in the Plan period, subject to funding availability;
- Ensure all new developments meet the EcoHomes “very good” standard.

3. To promote a high quality, responsive and sensitive housing management and maintenance service to its tenants

As a manager of property, WRHA aims to provide a high quality of service 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 Management Committee 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 engage 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 is committed to undertaking a satisfaction survey of its residents and action planning the outcomes, where necessary. The Board will 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 management tool to assess where improvements, to 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
HOUSING		
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%
MAINTENANCE		
6.	Time period that empty dwellings are in maintenance prior to achieving lettable standards	Standard (5 days) Non-standard (10 days) Long Term (20 days)
7.	Response repairs completed in accordance with target times: Emergency Urgent Routine Overall	100% 90% 90% 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:--

- Commit to the activities identified in the Resident Involvement Strategy and "Action Plan".
- Work closely with the Residents Sounding Board on the development housing management services.
- Continue to provide a high quality of service to its tenants;
- Set and re-evaluate targets to measure management performance; participation and involvement;
- Promote itself as an experienced and skilled manager of rural housing to Local Authorities and other Housing Associations;
- Maintain tenant representation on its Management Committee.
- Maintain its stock in good condition, 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 made a conscious decision to pursue schemes that demonstrate, as far as possible, financial viability in their first year of management. However, it is recognised that future schemes are unlikely to achieve "first year" viability at restructured rent levels, particularly against a background of increasing cost and reducing subsidy.

In these circumstances a considered decision will be made on revenue losses with a view to ensuring that the overall development programme remains viable within each year of the plan period.

The viability of schemes, and the rent levels set cannot be divorced from each other. 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. However, throughout the plan period it has to be recognised that there will be greater regulation of the rent system, particularly with regard to rent increases. Consequently only modest assumptions can be made in this respect, and this is reflected in the 'Rent Plan'.

It is anticipated that the 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 circumstances will arise where, due to the level of restructured rents, it is not feasible, nor desirable, to pursue schemes using the above arrangements.

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 allowance). Alternatively, the Association will consider inputting its own resources to ensure a viable project will materialise. However, this will be on a scheme by scheme basis, and will take into account other commitments emerging.

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 2006/7 the Association is anticipating 414 homes in management, including those managed for other RSLs. This is the "baseline" figure for the commencement of the Plan.
- (ii) The number of completions achieved in the first year of the Plan is anticipated at 38. This is estimated from the known build starts in the previous year, and includes for 'managed' units being developed by partner RSLs.
- (iii) The number of completions achieved in the second year of the Plan is anticipated at 33. This is estimated from the proposed build starts from 2007/8, 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 33. This is estimated from the proposed build starts in 2008/9, which in turn is based on the number of projects where SHG funding is anticipated.
- (v) Completions for 2009/10 and 2010/11 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.

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 an annual 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.
- Appendix 6 - Cash Flow Statement for Plan Period.

FINANCIAL PLANNING ASSUMPTIONS

COMPLETIONS

Completions Achieved in	PLAN PERIOD									
	Year 1: 2007/8		Year 2: 2008/9		Year 3: 2009/10		Year 4: 2010/11		Year 5: 2011/12	
	Location	Units	Location	Units	Location	Units	Location	Units	Location	Units
Arising from:	Little Compton	4	Barford	24	Shipston	20	Anticipated completions	33	Anticipated completions	33
<u>Existing and forecast</u>										
Development Programme	Priors Marston	8	Stretton on Fosse	4	Harbury	13				
	Middle Tysoe	2	Radford Semele	5						
	Hatton II	2								
	Hatton Station	6								
	Norton Lindsey	12								
	Other units	4								
TOTAL		38		33		33		33		33

Appendix (2)

WARWICKSHIRE RURAL HOUSING ASSOCIATION

FINANCIAL PLANNING ASSUMPTIONS

HOUSES IN MANAGEMENT

	PLAN PERIOD				
Houses in management start of year (owned and managed)	414	452	485	518	551
New completions	38	33	33	33	33
Total houses in management at year end	452	485	518	551	584

WARWICKSHIRE RURAL HOUSING ASSOCIATION

FINANCIAL PLANNING ASSUMPTIONS

FOR THE PERIOD ENDED 31st MARCH 2012

INFLATIONARY INCREASES

RPI	2.5%
LIBOR	5.8%
Management Charges	2.5%
Repairs & Maintenance	4.0%
Building Costs	4.0%
Land Costs	4.0%

DEVELOPMENT COSTS

	RENTED	SO
Land Cost per Unit	11,967	10,416
Build Cost per Unit	98,045	102,399
Grant Rate	69%	38%
Weekly Rent per Unit	71.09	5.00
Responsive Maintenance pa	149	0
Cyclical Maintenance pa	149	0
Voids & Bad Debts	2%	0%
Depreciation	1%	1%

DEVELOPMENT – UNIT NUMBERS

	RENTED	SO
2007-08 (including 6 new managed units)	26	12
2008-09	23	10
2009-10	23	10
2010-11	23	10
2011-12	23	10
Total	118	52

Appendix (4)

WARWICKSHIRESHIRE RURAL HOUSING ASSOCIATION

INCOME & EXPENDITURE FORECASTS

	2007/08	2008/09	2009/10	2010/11	2011/12
	£'s	£'s	£'s	£'s	£'s
Income					
Rent Receivable	1,093,450	1,298,388	1,446,656	1,556,842	1,784,336
Service Charge and Supporting People	40,378	46,052	47,434	48,619	49,834
Less Allowances for voids	(11,337)	(13,443)	(14,940)	(16,053)	(18,341)
Net Rents Receivable	1,122,491	1,330,997	1,479,150	1,589,408	1,815,829
Income from Managed Properties	25,967	8,881	9,148	9,375	9,609
Income from Development Activities	36,949	118,412	157,922	99,982	77,331
	1,185,407	1,458,290	1,646,220	1,698,765	1,902,769
Expenditure					
Management Costs	367,810	378,803	391,287	403,424	414,707
Service Costs	40,378	46,052	47,433	48,619	49,835
Routine Maintenance	143,786	152,581	163,502	172,682	186,927
Planned Maintenance	169,466	229,342	239,662	249,249	259,219
Bad Debts	11,338	13,444	14,941	16,055	18,342
Depreciation Of Housing Properties	36,982	44,193	57,905	66,104	88,020
	769,760	864,415	914,730	956,133	1,017,050
Operating Surplus	415,647	593,875	731,490	742,632	885,719
Interest Collected	5,707	3,350	3,350	3,350	3,350
Interest Paid	(360,606)	(491,067)	(568,813)	(616,645)	(741,421)
Surplus	60,748	106,158	166,027	129,337	147,648
Interest Cover	115%	121%	129%	120%	119%
Interest Cover (Excluding Depreciation)	126%	130%	139%	131%	131%

Appendix (5)

WARWICKSHIRESHIRE RURAL HOUSING ASSOCIATION

BALANCE SHEET

	2007/08	2008/09	2009/10	2010/11	2011/12
	£'s	£'s	£'s	£'s	£'s
Housing Properties at cost	22,566,624	24,613,174	28,287,404	32,017,407	37,401,689
Social Housing Grants	(13,488,684)	(14,731,826)	(16,972,942)	(19,321,098)	(22,727,421)
Depreciation	(267,454)	(311,647)	(369,552)	(435,656)	(523,676)
Net Book Value Of Housing Properties	8,810,486	9,569,701	10,944,910	12,260,653	14,150,592
Other Fixed Assets	0	0	0	0	0
Total Fixed Assets	8,810,486	9,569,701	10,944,910	12,260,653	14,150,592
Cash	250,000	250,000	250,000	250,000	250,000
Other Current Assets	149,941	153,980	158,748	164,400	170,432
Current Liabilities	(148,272)	(148,272)	(148,272)	(148,272)	(148,272)
Net Current Assets/(Liabilities)	251,669	255,708	260,476	266,128	272,160
	9,062,155	9,825,409	11,205,386	12,526,781	14,422,752
Creditors > 1 year	6,986,170	7,643,270	8,857,223	10,049,282	11,797,604
Capital and Reserves					
Share Capital	23	23	23	23	23
Designated Reserves	0	0	0	0	0
Revenue Reserves	2,075,962	2,182,116	2,348,140	2,477,476	2,625,125
	2,075,985	2,182,139	2,348,163	2,477,499	2,625,148
	9,062,155	9,825,409	11,205,386	12,526,781	14,422,752
Key Ratios					
Gearing Ratio (Loan Covenants)	45%	45%	46%	46%	47%
Gearing Ratio (HC)	31%	31%	31%	32%	32%

Appendix (6)

WARWICKSHIRESHIRE RURAL HOUSING ASSOCIATION

CASH FLOW FORECAST

	2007/08	2008/09	2009/10	2010/11	2011/12
	£'s	£'s	£'s	£'s	£'s
Operating Activities					
Cash Received From Customers	1,137,118	1,322,393	1,468,587	1,577,076	1,801,065
Cash Paid To Suppliers	(721,440)	(806,779)	(841,884)	(873,975)	(910,688)
Cash Paid To Employees	0	0	0	0	0
Net Cash From Operating Activities	415,678	515,614	626,703	703,101	890,377
Returns On Investments/Servicing Of Finance					
Interest Collected	5,707	3,350	3,350	3,350	3,350
Interest Paid	(359,478)	(489,939)	(567,685)	(615,517)	(740,293)
Net Cash From Investment Returns/Finance Servicing	(353,771)	(486,589)	(564,335)	(612,167)	(736,943)
Investing Activities					
Fixed Asset	(8,635,930)	(2,203,908)	(4,274,788)	(4,408,388)	(6,096,286)
Asset Sales	600,498	275,770	758,479	778,367	789,335
Grants	4,222,145	1,234,741	2,232,717	2,348,156	3,406,323
Net Cash From Investment Activities	(3,813,287)	(693,397)	(1,283,592)	(1,281,865)	(1,900,628)
Net Cash Before Financing	(3,751,380)	(664,372)	(1,221,224)	(1,190,931)	(1,747,194)
Financing					
Capital Repayments	(119,306)	(126,622)	(135,904)	(146,449)	(157,598)
Working Capital Loan	3,472,312	790,994	1,357,128	1,337,380	1,904,792
Net Cash From Financing	3,353,006	664,372	1,221,224	1,190,931	1,747,194
BALANCE BROUGHT FORWARD	648,374	250,000	250,000	250,000	250,000
INCOME LESS PAYMENTS	(398,374)	0	0	0	0
CLOSING BANK POSITION	250,000	250,000	250,000	250,000	250,000

BUSINESS PLAN

APPENDICES

1. Committee Membership
2. Stock Profile
3. Risk Map

1. Committee Membership

At the commencement of the Plan period, the Committee of WRHA consisted of 9 members. These included 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. An assessment of Committee Effectiveness took place in 2004/5, and compliance with the NHF Code of Governance was reviewed in 2006/7.

Mr Matthew Dick	Housing Association Operations Director (Chairman of Management Committee)
Mr Dave Hannon	Housing Association Operations Director (Vice-chairman of Management Committee)
Mr Paul Harris	Tenant Representative
Mrs Lesley Trundle	Housing Association Business Assurance Manager
Mrs Linda Ridgley	Rural Officer, Warwickshire Rural Community Council
Mr Derrick Dyas	Housing Consultant
Mr Rodney Perry	Property Manager
Mrs Kay Wilson	Deputy Chief Officer, Warwickshire Rural Community Council
Miss Renata Mosz	Local Government Officer

2. WARWICKSHIRE RURAL HOUSING ASSOCIATION – STOCK PROFILE

Village	Address	Number	Mix	Tenure
Alcester	Aspen Close	1	1 x 2 Bed house	Shared ownership
Alcester	Crooks Lane	5	3 x 2 Bed house 1 x 3 Bed house	Rent Rent
Alcester	Kingfisher Way	1	1 x 2 Bed house	Shared ownership
Alcester	St. Nicholas Close	6	3 x 2 Bed house 3 x 2 Bed bungalows	Rent Rent
Alcester	Vallet Avenue	1	1 x 2 Bed house	Shared ownership
Baginton	Andrews Close	6	4 x 2 Bed house 2 x 3 Bed house	Rent Rent
Barford	Mill Lane	4	2 x 2 Bed house 2 x 3 Bed house	Rent Rent
Bishops Tachbrook	Seven Acre Close	12	6 x 2 Bed house 4 x 3 Bed house 2 x 2 Bed house	Rent Rent Shared ownership
Brinklow	Great Balance	1	1 x 3 Bed house	Rent
Church Lawford	Kings Newnham Road	5	5 x 2 Bed house	Rent
Ettington	Ivy Lane	6	6 x 1 Bed bungalows	Rent
Fenny Compton	Cotters Croft	2	1 x 1 Bed house 1 x 3 Bed house	Shared ownership Shared ownership
Fenny Compton	Field Gate Lane	4	4 x 3 Bed house	Rent
Fenny Compton	Squire Place	4	4 x 2 Bed house	Rent
Fenny Compton	The Readings	8	2 x 2 Bed bungalows 4 x 2 Bed house 2 x 3 Bed house	Rent Rent Rent

Warwickshire Rural Housing Association
Business Plan 2007/2008 – 2011/2012

Appendix 2

Village	Address	Number	Mix	Tenure
Great Alne	Nightingale Close	13	2 x 2 Bed bungalows 4 x 2 Bed house 1 x 3 Bed house 4 x 2 Bed house 2 x 3 Bed house	Rent Rent Rent Shared ownership Shared ownership
Great Wolford	Carters Leaze	2	2 x 2 Bed house	Rent
Halford	Aylworth Cottages	4	2 x 2 Bed house 2 x 3 Bed house	Rent Rent
Hampton in Arden	Lapwing Drive	8	8 x 2 Bed house	Rent
Harborough Magna	Meadow Way	3	3 x 3 Bed house	Rent
Harbury	Hillside	6	3 x 2 Bed house 1 x 2 Bed house 2 x 3 Bed house	Rent Shared ownership Shared ownership
Hatton	Blackwell Lane	32	6 x 2 Bed house 7 x 3 Bed house 1 x 4 Bed house 2 x 2 Bed flats 3 x 2 Bed house 8 x 3 Bed house 1 x 1 Bed flat 4 x 2 Bed flats	Rented Rented Rented Rented Shared ownership Shared ownership Shared ownership Shared ownership
Hatton Park	Halford Grove	8	4 x 2 Bed house 4 x 3 Bed house	Rent Rent
Henley In Arden	Littleworth	3	3 x 2 Bed house	Shared ownership
Kineton	Battle Court	1	1 x 2 Bed house	Shared ownership
Kineton	Little Pittern	4	4 x 2 Bed house	Rent
Long Compton	College Lane	4	4 x 2 Bed house	Rent
Long Itchington	Russell Close	8	6 x 2 Bed house	Rent

Warwickshire Rural Housing Association
Business Plan 2007/2008 – 2011/2012

Appendix 2

Village	Address	Number	Mix	Tenure
			2 x 3 Bed house	Rent
Long Lawford	King Georges Court	4	4 x 2 Bed house	Rent
Loxley	Barracks Green	9	5 x 2 Bed house	Rent
			2 x 2 bed bungalows	Rent
			1 x 3 Bed house	Rent
			1 x 3 bed bungalow	Rent
Radford Semele	Lay Gardens	5	5 x 2 Bed house	Rent
Ryton on Dunsmore	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
Ryton on Dunsmore	Coppice Close	5	2 x 2 Bed house	Shared ownership
			3 x 3 Bed house	Shared ownership
Shipston on Stour	Hay Meadow	5	5 x 3 Bed house	Rent
Shipston on Stour	Henwoods Court	1	1 x 3 Bed house	Rent
Shipston on Stour	Oxway Close	16	9 x 2 Bed house	Rent
			7 x 2 Bed house	Shared ownership
Snitterfield	Hurdlers Lane	8	3 x 2 Bed house	Rent
			5 x 3 Bed house	Rent
Stockton	Glebe Close	20	4 x 2 Bed bungalows	Rent
			8 x 2 Bed house	Rent
			3 x 3 Bed house	Rent
			5 x 2 Bed house	Shared ownership
Stoneleigh	Acorn Close	8	6 x 2 Bed house	Rent
			2 x 3 Bed house	Rent
Stourton	The Long Close	2	2 x 2 Bed house	Rent
Stratford	Heritage Mews, New Street	1	1 x 2 Bed house	Rent

Warwickshire Rural Housing Association
Business Plan 2007/2008 – 2011/2012

Appendix 2

Village	Address	Number	Mix	Tenure
Stretton on Fosse	Harolds Orchard	10	7 x 2 Bed house 3 x 3 Bed house	Rent Rent
Studley	Abbeyfields Drive	8	5 x 2 Bed house 2 x 3 Bed house	Shared ownership Shared ownership
Studley	Johns Close	5	5 x 2 Bed house	Rent
Studley	Red Hill Close	10	7 x 2 Bed house 2 x 3 Bed house 1 x 3 Bed house	Rent Rent Shared ownership
Ullenhall	Crowleys Close	6	4 x 2 Bed house 2 x 3 Bed house	Rent Rent
Upper Tyscoe	Plumtree Cottages, Main Street	2	2 x 2 Bed house	Rent
Wellesbourne	Fountain Gardens	3	1 x 1 Bed house 2 x 2 Bed house	Shared ownership
Weston under Wetherley	Hancox Close	8	3 x 1 Bed flat 1 x 2 Bed flat 1 x 2 Bed house 1 x 3 Bed house 1 x 1 Bed house 1 x 3 Bed house	Rent Rent Rent Rent Shared ownership Shared ownership
Whatcote	Rowlands Way	4	3 x 2 Bed house 1 x 3 Bed house	Rent Rent

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

Village	Address	Number	Mix	Tenure
Alcester	Beacon Close	15	4 x 1 Bed house 10 x 2 Bed house 1 x 3 Bed house	Rent
	Chapman Way	14	9 x 1 Bed house 5 x 2 Bed house	Rent
	Crooks Lane	39	8 x 1 Bed house 24 x 2 Bed house 8 x 3 Bed house	Rent
	St Nicholas Close	12	7 x 1 Bed house 5 x 2 Bed bungalows	Rent
Southam	Abbey Close	12	9 x 2 Bed house 1 x 1 Bed house 2 x 2 Bed house	Rent Shared ownership Shared ownership
Stretton on Fosse	Cottage Farm Court	2	1 x 1 Bed house 1 x 3 Bed house	Rent Rent

RISK MAP

		SPECIFIC RISK	RISK LIKELIHOOD	RISK IMPACT On Assoc	RESPONSIBILITY	CONTROL PROCEDURES	MONITORING	KEY ACTIONS REQUIRED
1 HOUSING MANAGEMENT AND MAINTENANCE								
1.1	Maintaining demand	Demographic changes	Low	Low	Housing Manager / Development Manager	Fieldwork and Development procedures	<ul style="list-style-type: none"> • Void reports • Housing Need Surveys 	Keep under review
		Unable to meet tenant aspirations	Medium	High	Housing Manager	Complaints procedure Resident Involvement 'Action Plan' Ongoing Resident Feedback	<ul style="list-style-type: none"> • Annual Board Report • Performance Indicator Reports • HMT feedback • Residents Sounding Board 	Keep under review
1.2	Increased rent losses	Increase in voids	Low	Medium	Housing Manager / Maintenance Manager	Void Management procedure Void Report	<ul style="list-style-type: none"> • Void Report • Quarterly Financial Reports • Performance Indicator Reports 	Keep under review
		Increase in current/ ex tenant Arrears	Medium	Medium	Housing Manager	Arrears Policy and Procedure Arrears Report Debt Recovery Procedures	<ul style="list-style-type: none"> • Arrears reporting to Board • Over £500 arrears monitoring • Management Accounts • Debt recovery performance 	Keep under review

Warwickshire Rural Housing Association
Business Plan 2007/2008 – 2011/2012

Appendix 3

		SPECIFIC RISK	RISK LIKELIHOOD	RISK IMPACT On Assoc	RESPONSIBILITY	CONTROL PROCEDURES	MONITORING	KEY ACTIONS REQUIRED
1.3	Under investment in Repairs and Improvements	Low demand arising from resident dissatisfaction	Low	Medium	Maintenance Manager	Resource allocation Maintenance Plan	<ul style="list-style-type: none"> • Business Plan • Maintenance Plan • Annual Budget • Management Accounts • Tenant feedback from satisfaction survey • Residents Sounding Board 	<ol style="list-style-type: none"> 1. Continue monitoring Tenant satisfaction. Identify areas for action from tenant survey 2. Instigate new stock condition survey
1.4	Relet Repair Costs	Increase in relet costs through high turnover and property damage	Medium	Medium	Maintenance Manager	Business Plan and Annual Budget	<ul style="list-style-type: none"> • Quarterly Maintenance Reports • Quarterly Management Accounts 	Recharge policy and procedure to be reviewed and enforced.
1.5	Poor front line services / perception by tenants	Failure of MRH Service Support	Low	Medium	Housing Manager/ Maintenance Manager	Policies and Procedures on service delivery Customer Care Policy and Service Standards Best Value Strategy	<ul style="list-style-type: none"> • Ongoing review of Policy and Procedures. • Feedback from Service Statements • Periodic satisfaction surveys • Resident Sounding Board 	Review outcomes from residents' surveys and Service Statements Undertake continuous improvement impact assessment
1.6	Implications of Best Value and other initiatives	Inefficient operation	Medium	Medium	Housing Manager/ Company Secretary	Performance indicator reporting RHA Benchmarking Best Value strategy and Performance Plan	<ul style="list-style-type: none"> • Ongoing Board reporting 	Re-establish Benchmarking Group Continue Best Value Review process Address Respect Agenda requirements

Warwickshire Rural Housing Association
Business Plan 2007/2008 – 2011/2012

Appendix 3

		SPECIFIC RISK	RISK LIKELIHOOD	RISK IMPACT On Assoc	RESPONSIBILITY	CONTROL PROCEDURES	MONITORING	KEY ACTIONS REQUIRED
1.7	Property Safety	Tenants endangered during repairs	Low	Low	Maintenance Manager	Maintenance Procedures and Contractor Appointment / Partnering Procedures	<ul style="list-style-type: none"> Partnering reviews 	Monitor and review Contractor Health & Safety records and insurance cover
		Inadequate gas servicing	Low	High	Maintenance Manager	Maintenance Procedures and Gas Service monitoring	<ul style="list-style-type: none"> Performance Indicator Reports and specific CP12 Reports 	Maintain Partnering Agreement for Gas Servicing and monitoring procedures
1.8	Withdrawal of Managed Properties	Loss of Income	Medium	High	Secretary / Board	Business Plan Assumptions	<ul style="list-style-type: none"> Ongoing reports to Board 	Continue to implement Purchase Plans and long-term Management Agreement.
1.9	Poor Contractor / Supplier performance	Poor Service Standards. Reputation of WRHA Failure to meet statutory requirements.	Medium	Medium	Maintenance Manager	Tendering / Partnering Procedures Contractor reviews	<ul style="list-style-type: none"> Post inspection of repairs Tenant satisfaction feedback Maintenance Performance Indicators Residents Sounding Board 	Continue reporting of tenants satisfaction with service Post inspection surveys to achieve policy target
1.10	Increased costs resulting from EcoHomes XB implications	Unable to achieve required standards	Low	Low	Maintenance Manager	Budget setting. Asset management. Stock condition survey.	<ul style="list-style-type: none"> Report to Board 	Keep under review and assess emerging guidance

Warwickshire Rural Housing Association
Business Plan 2007/2008 – 2011/2012

Appendix 3

		SPECIFIC RISK	RISK LIKELIHOOD	RISK IMPACT On Assoc	RESPONSIBILITY	CONTROL PROCEDURES	MONITORING	KEY ACTIONS REQUIRED
2 DEVELOPMENT								
2.1	Development Procurement	Incompatible with Business Plan	Low	Medium	Development Manager / Company Secretary	Business Plan and Development Policy. Viability assessment	<ul style="list-style-type: none"> Board reports on fieldwork and development activity 	Keep under review
		Inadequate financial appraisal	Low	Medium	Development Manager / Finance Department	Scheme appraisal & Out-turn reports. Prudent viability assumptions	<ul style="list-style-type: none"> Scheme specific Board Reports FV5 and Business Plan Assumptions 	Keep under review
		Danger of over-extending resources	High	High	Development Manager/ Finance Department	Development Procedures Finance Policy and Strategy	<ul style="list-style-type: none"> Quarterly financial Management reports Financial Ratio Reports Resource investment 	Refine and review reporting on input of resources
		Lack of exit strategy	Medium	Low	Development Manager	Scheme development appraisals	<ul style="list-style-type: none"> Board reporting on individual scheme proposals 	Formalise reporting of Risk Assessment and exit options within Scheme Appraisal
		Potential for abortive costs	Medium	Medium	Development Manager	Annual Budget	<ul style="list-style-type: none"> Board Report 	Set annual Budget for abortive costs
		Wrong advice from consultants	Low	Medium	Development Manager	Selection and monitoring procedures and consultant PI insurance	<ul style="list-style-type: none"> As necessary 	Maintain approved list of consultants

Warwickshire Rural Housing Association
Business Plan 2007/2008 – 2011/2012

Appendix 3

		SPECIFIC RISK	RISK LIKELIHOOD	RISK IMPACT On Assoc	RESPONSIBILITY	CONTROL PROCEDURES	MONITORING	KEY ACTIONS REQUIRED
		Insufficient staff skills and resources	High	Medium	MRH/EMHA	MRH resources / structure and training programme SLA with parent	<ul style="list-style-type: none"> MRH Business Plan MRH Board Reports on staffing resources 	Continue increased engagement of RHAs in resourcing of MRH
2.2	Ability to compete and sector competition for resources	Lack of opportunities	Medium	Medium	Development Manager / Project Delivery Manager / Development Team	Development Policy and Strategy	<ul style="list-style-type: none"> Fieldwork and pipeline review by Board 	Raise WRHA profile. Continue to investigate alternative funding mechanism.
		Inadequate financial control	Medium	Medium	Development Manager	Development Control Procedures / Out-turn report Finance procedures and regulations	<ul style="list-style-type: none"> Resource reporting to Board 	Review financial regulations
		Insufficient subsidy to attract business	High	High	Board	Annual Business Plan	<ul style="list-style-type: none"> Business Plan Review 	Investigate alternative funding and products
		Failure of Partner	Medium	Low	Development Manager / Company Secretary	Contractor/ Development Agent Monitoring	<ul style="list-style-type: none"> Ongoing 	Review development Agent/contractor control
		Procurement Irregularities	Low	Medium	Development Manager	Financial Regulations and Development Procedures Development Agent control	<ul style="list-style-type: none"> Cost control monitoring 	Keep under review
		Lack of consultation on new schemes	Low	Low	Development Manager / Development Team	Fieldwork & development procedures Development Policy	<ul style="list-style-type: none"> Parish Council support for projects 	Keep under review

Warwickshire Rural Housing Association
Business Plan 2007/2008 – 2011/2012

Appendix 3

		SPECIFIC RISK	RISK LIKELIHOOD	RISK IMPACT On Assoc	RESPONSIBILITY	CONTROL PROCEDURES	MONITORING	KEY ACTIONS REQUIRED
		Lack of Competitor Awareness	Medium	Medium	Development Manager	Development Strategy	<ul style="list-style-type: none"> Business Plan Review New and Emerging Risks Analysis 	<p>Maintain profile and market share</p> <p>Continue representation at Regional and Sub-regional Strategy level</p>
		Public Funding direct to Developers	Medium	High	Development Manager / Company Secretary	Development Strategy	<ul style="list-style-type: none"> Ongoing review of risks by Board 	<p>Continue to promote “exception” development opportunities. Explore options for management</p>
		Restricted number of development partners	High	Medium	Development Manager / Company Secretary	Unable to control. Accept risk	<ul style="list-style-type: none"> Compliance with appointment criteria 	<p>Maintain development partner options and assess other potential partners</p>
		Increasing costs and output expectations	High	High	Development Manager / Development Team	Scheme viability assessments	<ul style="list-style-type: none"> Reporting to Board 	<p>Review / assess options for inputting Association’s resources</p>
		Changes to planning system	Medium	High	Development Manager / Company Secretary	Unable to control. Accept risk	<ul style="list-style-type: none"> Reports to Board 	<p>Input to review of Regional Plan and emerging planning policy guidance</p>
2.3	Shared Ownership	Inability to Sell	Medium	Medium	Development Manager Housing Manager	Development Appraisals	<ul style="list-style-type: none"> Report to Board 	<p>Review marketing strategy and sales procedures</p>
		Repossessions	Low	Medium	Housing Manager	Repossessions Policy Rent Arrears Policy	<ul style="list-style-type: none"> As necessary 	<p>Devise Repossessions Policy</p>

Warwickshire Rural Housing Association
Business Plan 2007/2008 – 2011/2012

Appendix 3

		SPECIFIC RISK	RISK LIKELIHOOD	RISK IMPACT On Assoc	RESPONSIBILITY	CONTROL PROCEDURES	MONITORING	KEY ACTIONS REQUIRED
2.4	Non-compliance with Housing Corporation standards	Concerns raised in Scheme Audit report	Medium	Medium	Development Manager/ Company Secretary Development Agents	Control of Development Agents Development Agreement.	<ul style="list-style-type: none"> Development Agreement requirements 	Review Procurement Procedures and appointment criteria for Development Agents
2.5	Poor opinion & resistance from key partners	Loss of opportunity within area	Medium	High	Development Manager/Project Delivery Manager	Regular liaison with LA partners Working with Investment Partners.	<ul style="list-style-type: none"> As necessary 	Maintain profile on delivery, and input at Sub-regional level. Engage with HMA process
3 CORPORATE GOVERNANCE								
3.1	Non-compliance with Accounting Standards	Qualification of Audit report	Low	Medium	Company Secretary / Finance Department	Audit report & Management letter	<ul style="list-style-type: none"> Annual report to Board 	Keep under review
3.2	Housing Corporation Requirements	Breach of regulatory Code	Medium	Medium	Company Secretary	Various regulatory returns. Annual Self-assessment Compliance Statement	<ul style="list-style-type: none"> Returns approved by Committee 	Review "Self-assessment" Compliance Statement and Assurance
3.3	Registrar of Friendly Societies Requirements	Breach of regulations	Low	Medium	Company Secretary	Annual Return	<ul style="list-style-type: none"> Return approved by Committee 	Keep under review
3.4	Other Legislation	Construction Industry Tax changes	High	Low	Development Manager	No Control possible – risk accepted	<ul style="list-style-type: none"> None 	Keep under review

Warwickshire Rural Housing Association
Business Plan 2007/2008 – 2011/2012

Appendix 3

		SPECIFIC RISK	RISK LIKELIHOOD	RISK IMPACT On Assoc	RESPONSIBILITY	CONTROL PROCEDURES	MONITORING	KEY ACTIONS REQUIRED
		Extend scope of VAT	Low	High	Company Secretary	No control possible – risk accepted, but look to mitigate liability	<ul style="list-style-type: none"> None 	Keep under review
		Reduction in grant rates	Medium	Medium	Company Secretary	Cautious/realistic Business Plan Projections & Scheme Appraisal	<ul style="list-style-type: none"> Sensitivity Analysis in Business Plan and FV5 Projections 	Formalise sensitivity analysis and plan for different grant rate scenarios.
3.5	Insurance	Inadequate for needs	Low	Medium	Company Secretary	Annual Renewal of insurance	<ul style="list-style-type: none"> Report to Board 	Continue to review cover at point of renewal.
4 BUSINESS SUPPORT SERVICES								
4.1	MRH Inappropriate Strategies	Take-over / Merger	Low	High	MRH	MRH Business Plan objectives	<ul style="list-style-type: none"> Business Plan review by MRH Board including WRHA representatives 	Keep under review
		Inappropriate diversification	Low	High	MRH	MRH Business Plan objectives	<ul style="list-style-type: none"> Business Plan review by MRH Board including WRHA representatives 	Keep under review
4.2	Destruction of Office	Loss of records	Low	High	MRH	Disaster Recovery Plan	<ul style="list-style-type: none"> Annual Review and Test Outcomes to be reported to Board 	Test Business Continuity Plan
		Disruption to provision of service	Low	High	MRH	Disaster Recovery Plan	<ul style="list-style-type: none"> Annual Review and Test Outcomes to be reported to Board 	Test Business Continuity Plan

Warwickshire Rural Housing Association
Business Plan 2007/2008 – 2011/2012

Appendix 3

		SPECIFIC RISK	RISK LIKELIHOOD	RISK IMPACT On Assoc	RESPONSIBILITY	CONTROL PROCEDURES	MONITORING	KEY ACTIONS REQUIRED
4.3	Inadequate information systems within MRH	Poor quality of information	Medium	Medium	MRH/EMH	Policies and procedures Service Level Agreement	<ul style="list-style-type: none"> External and Internal Audit. Compliance with PI targets 	Ensure compliance with MRH/RHA Service Level Agreement and system improvements
		No standardised reporting mechanisms	Medium	Low	MRH/EMH Policies	Policy & Procedures	<ul style="list-style-type: none"> External and Internal Audit 	Ensure compliance with Audit findings.
		Information not made available to all staff	High	Medium	MRH	Involve staff in Business Plan formulation	<ul style="list-style-type: none"> Ongoing 	Ongoing staff briefing
4.4	Hardware failure	Destruction of Equipment	Medium	High	EMH	EMH Disaster Recovery Policy	<ul style="list-style-type: none"> EMH Annual Review and Test 	Formal Assurance on action required. Incorporate into Business Continuity Plan and SLA monitoring
4.5	Software failure	Virus	Low	Medium	Computer Services Manager - EMH	IT Security Policy & Internet Access Policy	<ul style="list-style-type: none"> Annual review by EMH 	Keep under review
4.6	Implementation of New Systems	Inadequate business analysis of desired new systems	Low	High	EMH/MRH	Software & Upgrades Policy	<ul style="list-style-type: none"> Annual review of policy VFM analysis of all significant acquisitions – EMH 	Keep under review

Warwickshire Rural Housing Association
Business Plan 2007/2008 – 2011/2012

Appendix 3

		SPECIFIC RISK	RISK LIKELIHOOD	RISK IMPACT On Assoc	RESPONSIBILITY	CONTROL PROCEDURES	MONITORING	KEY ACTIONS REQUIRED
4.7	Inability to staff MRH	Loss of key staff and Board	Low	High	MRH Company Secretary / MRH Director	Resource Planning	<ul style="list-style-type: none"> Annual review within MRH Business Plan 	Review Staff Reward Policies with EMH HR Department
		Inability to recruit/ Low Morale/ High Turnover	Medium	Medium	Director / MRH Board	Terms and Conditions	<ul style="list-style-type: none"> Annual review of Terms and Conditions 	Disseminate resource planning decisions to staff
4.8	Fraud	Loss to Association	Medium	Medium	MRH Board	Financial Regulations & Delegated Authority	<ul style="list-style-type: none"> Annual Internal Controls assurance. Internal and External Audit 	Full Review of Financial Regulations
		Lack of adequate controls	Medium	Medium	MRH	Financial Regulations & Delegated authority. Financial Procedures	<ul style="list-style-type: none"> Annual Internal Controls assurance. Internal and External Audit 	Full Review of financial Regulations
4.9	Withdrawal of service provision by MRH	Loss of support services and staffing	Low	High	MRH Board	Service Level Agreement. Representation on MRH Board	<ul style="list-style-type: none"> Board Reporting 	Keep under review
5 FINANCE								
5.1	Loan Arrangements	Inadequate skills of Board/staff	Low	High	Chairman / Company Secretary	Review of Board Member Skills and Experience Staff training	<ul style="list-style-type: none"> Bi-annual review 	Ongoing
		Inability to meet covenants	Medium	High	Board / Company Secretary	Budget & Business plan projections	<ul style="list-style-type: none"> Quarterly Ratio Reports 	Keep under review

Warwickshire Rural Housing Association
Business Plan 2007/2008 – 2011/2012

Appendix 3

		SPECIFIC RISK	RISK LIKELIHOOD	RISK IMPACT On Assoc	RESPONSIBILITY	CONTROL PROCEDURES	MONITORING	KEY ACTIONS REQUIRED
		Insufficient Security for Loans	Low	High	Board / Financial Services	Treasury Management Policy and Strategy	<ul style="list-style-type: none"> Quarterly report to Committee 	Keep under review
		Ability to attract lenders	Medium	High	Board/Company Secretary	Finance Reports	<ul style="list-style-type: none"> Loan Portfolio monitoring 	Ongoing
5.2	Lending Market	Increasing Margins	Medium	High	Board/Company Secretary	Business Plan	<ul style="list-style-type: none"> Annual Sensitivity Analysis in Business Plan Projections 	Formalise Sensitivity Analysis on interest rates
5.3	Liquidity Problems	Insufficient short term facilities	Low	Low	Board/Company Secretary	Treasury Management Policy and Strategy	<ul style="list-style-type: none"> Quarterly Finance Report and Finance Ratio reporting 	Continue to refine Cash Flow reporting
		Short term facilities used for long term funding	Low	Low	Board/Company Secretary	Treasury Management Policy and Strategy	<ul style="list-style-type: none"> Board approval 	Keep under review
5.4	Failure of key partner	Bankruptcy of Contractor/Supplier	Medium	Medium	Development Manager	Contractor Monitoring Insurance	<ul style="list-style-type: none"> Contractor / Partnering reviews 	Ongoing
5.5	Rent Setting	Housing Benefit changes	Medium	High	Housing Manager	Rent Setting below HB levels and Market Rent levels	<ul style="list-style-type: none"> Annual review of Rent Policy and Rent Plan 	Ongoing
		Statutory reduction in rent increase	High	Medium	Board	Business Plan / Rent Plan	<ul style="list-style-type: none"> Sensitivity Analysis 	Ensure compliance with Rent Setting guidance

Warwickshire Rural Housing Association
Business Plan 2007/2008 – 2011/2012

Appendix 3

		SPECIFIC RISK	RISK LIKELIHOOD	RISK IMPACT On Assoc	RESPONSIBILITY	CONTROL PROCEDURES	MONITORING	KEY ACTIONS REQUIRED
		Rent restructuring implications	High	High	Board	Rent Setting Policy / Rent Plan	<ul style="list-style-type: none"> Annual Review 	Ensure compliance with Rent Setting guidance
		Rents inappropriately set	Medium	Medium	Housing Manager	Rent Setting Policy/ Rent Plan	<ul style="list-style-type: none"> Business Plan and Financial Plan Assumptions 	Ensure compliance with Rent Setting guidance
5.6	Inflationary Changes	Increasing inflation in short term	Medium	High	Board / Company Secretary	Business Plan Projections	<ul style="list-style-type: none"> Annual Sensitivity Analysis in Plan Projections 	Formalise sensitivity analysis in Business Plan
		Deflation	Low	High	Board / Company Secretary	Business Plan Projections	<ul style="list-style-type: none"> Annual Sensitivity Analysis in Plan and Financial Plan Projections 	Undertake sensitivity analysis in Business Plan and Financial Plan
5.7	Interest rate increase	Breach of covenants	Medium	High	Board / Company Secretary	Budget and Business Plan Projections	<ul style="list-style-type: none"> Quarterly Management Accounts and Financial Ratios 	Ongoing
		Inability to repay loans	Low	High	Board/Company Secretary	Budget and Business Plan Projections Quarterly Management Accounts	<ul style="list-style-type: none"> Review of Cash Flow in Quarterly Management Accounts 	Ongoing

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A member of the National Housing Federation