

Tel: 0300 1234 009  
Fax: 01530 278086

Website: [www.warwickshirerha.org.uk](http://www.warwickshirerha.org.uk)  
Twitter:  Follow @WarksRural

# BUSINESS PLAN



**2016/17 –  
2020/21**





# **WARWICKSHIRE RURAL HOUSING ASSOCIATION**

## **BUSINESS PLAN 2016/2017 TO 2020/2021**

- Item 1**      **VISION AND INTRODUCTION TO THE  
BUSINESS PLAN**
- Item 2**      **SUMMARY OF 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. Board Membership**
  - 2. Stock Profile**
  - 3. WRHA Operational Risks**

## Item 1

# VISION, VALUES AND INTRODUCTION TO THE BUSINESS PLAN

The vision of WRHA can be summarised as follows:

**“WRHA exists to provide affordable homes for local people and to sustain and create communities where people want to live.”**

At the beginning of the plan period Warwickshire Rural Housing Association managed 568 homes, with proposals for a further 86 dwellings in the pipeline during the plan period. Despite the challenging economic and fiscal environment, we remain encouraged by the fact that growth is continuing, and our vision is being realised.

We continue to be supported by a range of partners, particularly Parish Councils, Local Authorities, the Homes and Communities Agency, and Midlands Rural Housing, and we will continue to build on this valued support throughout the plan period. We will also look to engage with Local Enterprise Partnerships and any emerging devolution structures, including Combined Authority arrangements.

This Business Plan takes into account the significant changes affecting affordable housing – particularly the impacts resulting from reduced capital subsidy, rent control, welfare reform and recent Government policy announcements. At the same time we are determined not to lose sight of our primary objectives of providing affordable, attractive, well managed homes for local people within the villages of Warwickshire; securing improved services for our residents; and contributing to the sustainability of the rural communities.

This Business Plan sets out the way ahead for achieving our aims, and how the emerging challenges will be addressed, and will be subject to annual review.

### **WRHA Value Statement**

#### **Principle**

In the pursuit of its Mission and Objectives, WRHA undertakes to conduct its business fully within a framework of those values outlined below, which provide both a foundation for its stated mission and a framework that will guide the Board in pursuit of the WRHA primary objectives. This statement of values will be published by the Board and reviewed annually in its planning cycle.

## Values

- **Clarity of Purpose** – WHRA shall always be, both visibly and, in fact, fully committed to the provision of affordable rural housing, the support of its tenants and shared owners and the sustainability of rural communities. It shall maintain focus on the preservation and strengthening of its rural ethos in the face of competing influences within the National housing sector, such as, urban prioritisation, developer's preferences for market priced starter homes, or any other initiative that might degrade its focus on, or its commitment to, its stated mission.
- **Quality of Delivery** – WRHA shall remain committed to ensuring that the quality of its homes, its property maintenance and its services to tenants are of a recognised high standard. Where appropriate, WRHA shall use 'best practice' in addition to mandatory legislated standards in its pursuit of quality. It will take into consideration the views of tenants in respect of the services provided and shall subject itself to audit through a programme of self-assessment and/or benchmarking.
- **Rural Sustainability** – WRHA shall both encourage and assist tenants to focus on their personal development so enabling individuals to contribute to the sustainability of their rural communities. Similarly WRHA shall work to ensure that its community housing projects, directly or indirectly, promote and demonstrate a contribution to sustainable rural economic activity.
- **Customer Relations** – WRHA should be clear about the identity of its customers: local authorities, their successors in the devolution process, parish councils and the rural community at large. The Board shall monitor customer-relations and customer awareness of WRHA services, with a view to ensuring that they positively contribute to its stated mission and priority objectives.
- **Tenant/Consumer Support** – WRHA tenants are the consumers of its services and the board places the welfare of its tenants high in its list of priorities. WRHA shall provide them with information and support that might help with their personal growth, their understanding of both the responsibilities of a tenant and a landlord. Where appropriate, WRHA shall assist tenants to understand and manage the introduction of 'Welfare Reform' and any other changes to the social welfare system that may in time develop.
- **Tenant Profile** – the WHRA tenant profile should reflect social economic, cultural and ethnic norms for rural Warwickshire. The Board should actively monitor achievement of those norms.

- **Localism** –
  - WRHA grew from a need to help rural Warwickshire communities remain viable, by enabling local people to remain in, or return to, their communities in the face of rapidly rising housing costs and must retain that ideal, actively pursuing a wide inclusiveness of rural community Housing Needs Analysis.
  - WRHA is committed to ensuring its activities contribute to the local economy, and will consider the needs of those that need to work in, and provide services to, a particular community. In this context, it will look to ensure such needs are identified within any housing needs survey process.
  - WRHA should act to reinforce and publicise its local connections and grow recognition of WRHA as a Warwickshire **based and focused** organisation, though not necessarily constrained to developments only in Warwickshire, when such developments demonstrably contribute to wider rural sustainability.
- **‘Partnering Initiatives’** – WRHA should be prepared to work alongside similarly minded housing associations, developers or other unspecified agencies, within a development joint venture, or a shared contractual arrangement for the delivery of services, should such benefit rural communities in general and rural communities in Warwickshire specifically. The Board, nevertheless, is obliged to consider objectively the cost/gains analysis in respect of any cost to rural development in Warwickshire, resulting from such a venture.
- **Governance** – the WRHA Board is and must remain committed, both visibly and in fact, to the highest levels of Governance in the conduct of all their business.
- **Environment** – WRHA is dedicated to ensuring that its housing development and maintenance support programmes exceed minimum Government environmental standards. It supports innovation in environmental housing technology, hoping for recognition as an ‘exemplar’ housing association, in respect of Environmental standards.
- **Delivery Team** – Success in meeting our mission, within the values incorporated in this document, rests to a large degree on the expertise and dedication of our very strong delivery and support team. We recognise and greatly value the dedication and professionalism of the Midlands Rural Housing staff that serve the Rural Community on our behalf. We will strive to equal their dedication and professionalism and manage our working relationship to the best advantage of our customers and consumers.

## 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 2016/2017 – 2020/2021.

Throughout this period we will continue to pursue our stated objectives. The Plan sets out the methodology by which we will do this, and how we will gain the support to do so while maintaining our financial viability. At the same time, the Association will continue to provide high quality services to its customers. In this context, our policies will remain resident focussed and geared to “local” aspirations.

We will continue the core business of providing new affordable homes for the benefit of local people and rural communities. Such growth will continue to be achieved organically, and will be influenced by evidenced needs.

We will look for opportunities to expand the number of homes in management by working with other organisations and promoting ourselves as a specialist manager of rural housing. However, this role will only be pursued where it is viable in financial terms, and where our management expertise brings tangible benefits to residents.

We will continue to maintain our stock in good condition and our Asset Management Strategy will be consistent with this objective. We will also undertake improvements to our existing stock, with an emphasis on achieving affordable running costs for residents, and defining our sustainability aspirations.

Sound financial management will remain crucial across all our operations, particularly in a period of rent reductions. We will increase the investment of our own resources into the delivery of new homes to achieve our key objectives, but will continue to maintain our viability. The plan will ensure that required surpluses, and key financial ratios are achieved.

We will also meet any revised regulatory requirements set by the Homes and Communities agency, and periodically review our compliance with the latest NHF Code of Governance.

**In summary, the Association will:**

- 1. Pursue its core business of providing new affordable homes for the benefit of local people and rural communities, based on evidenced needs.**
- 2. Expand the number of homes in management.**
- 3. Maintain our stock in good condition and undertake improvements for the benefit of residents.**
- 4. Ensure sound financial management that creates surpluses and achieves target financial ratios with aim of reinvesting resources to provide more homes.**
- 5. Ensure compliance with regulatory and governance requirements.**

The Board of Management is fully aware of the increasingly challenging environment in which we operate, and feels that the plan represents a sound basis on which to progress during the coming five years. In this respect, the key objectives for the period can be summarised as follows:

## **1. Governance**

- Continue to review the structure and arrangements for Board meetings to ensure effective consideration of wider strategic matters and emerging risks impacting on the business.
- Ensure Board accountability from a residents' perspective via engagement with the Resident Involvement Board.
- Undertake periodic reviews of Board effectiveness, and carry out Board member appraisals.
- Ensure Board succession arrangements are implemented without adverse impact on the governance of the business.
- Ensure compliance with the NHF Governance Code and HCA Regulatory Code.

## **2. Financial Management**

- Ensure financial viability in its operations, and compliance with key financial ratios and covenants.
- Explore additional sources of private finance, and work with its partner RHAs to secure competitive borrowing in the context of the prevailing financial climate.
- In pursuing development, financial viability will be retained whilst acknowledging projects will require varying levels of internal resources.
- Ensure efficient use of assets through the development of an asset and liability register and a formal policy on the use of the Association's own resources to achieve its growth objectives.



### **3. Business Development and Growth**

- Take opportunities to promote the wider business, and its values, to increase the Association's profile.
- Assess all opportunities for planned growth within financial constraints and explore any new initiatives and planning mechanisms that will deliver this objective, including the potential for expansion outside the current operational area.
- Continue our engagement in local, regional and national networks to ensure the priority for rural housing is retained.
- Ensure current and future funding concerns are highlighted and articulated with policy and decision makers.
- Where possible, mitigate risk from competition by Partnership working.
- Promote itself as a skilled manager of rural stock and look to expand this element of the business, where financially viable to do so, and where purchase options exist.
- Continue to operate close working relationships with Partner Local Authorities, from a housing and planning perspective, and engage with any new structures emerging as a result of the devolution agenda.
- Continue the servicing arrangements with MRH for the period of the Plan, on the basis that service standards are maintained, Business Plan targets are delivered, and efficiency of operation continues to be demonstrated.
- Address the impact of Welfare Reform, and define the policy approach towards the voluntary Right to Buy, and take steps to mitigate the emerging risks to the business, particularly those arising as a result of imposed rent reductions.
- Increase engagement with the wider rural network, politicians and policy-makers to ensure that rural housing issues remain on the political agenda and a thematic priority for investment.
- Maintain flexibility in identifying business opportunities and activities that have positive impact on revenue streams.

### **4. Development**

- Pursue the majority of new developments utilising the "Exception" policy or similar planning mechanisms, including cross-subsidy from market homes.
- Aim to deliver a programme of 86 rural homes by the end of the Plan period.
- Work with Local Authorities, Partner Housing Associations and Developers in order to access subsidy for the delivery of the development programme.
- Aim to provide new homes in all the rural Local Authority areas of the County.

- Ensure that all new homes meet the relevant housing standards as required by Local Authority partners.
- Progress environmental exemplar projects and promote good practice where financially feasible to do so.
- Increase the investment of its own resources in order to deliver new homes.

## **5. Management and Maintenance Services**

- Continue to provide a high quality service to Residents, which is monitored via Key Performance Indicators and resident feedback.
- Assess the consequences of Welfare Reform and look to mitigate the impact on the Association's residents.
- Maintain its stock in good condition and review its Asset Management Strategy to ensure all properties achieve the Decent Homes Standard.
- Make improvements to our properties to retain people in their homes, including investment in renewable technologies.
- Consult with residents over any proposed planned maintenance work.
- Ensure compliance with health and safety obligations.

## **6. Resident Involvement and Engagement**

- In conjunction with our RHA partners, further develop the remit and scrutiny arrangements with the Resident Involvement Board.
- Meet Co-regulatory expectations of the Regulatory Code in a manner that is proportionate and relevant to the business of the Association.
- Increase the use of social media to engage with residents, partner organisations, and to promote the activities of the Association.
- Develop approaches to enable increased member engagement with residents.

## **7. Community Engagement and Cohesion**

- Actively identify opportunities to add value to main stream activity for the benefit of the communities where we work.
- Seek community input and engagement to identify local priorities and opportunities for investment of WRHA resources.

## **8. Achieving Value for Money**

- Competitively procure key elements of the planned and cyclical maintenance programme in conjunction with others to secure cost efficiencies.
- Continue the cost sharing arrangements with its partner rural housing associations, and Midlands Rural Housing.

## Item 3

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

## KEY ISSUES AND RISKS

The Association's expectation is that the operating environment will continue to be challenging, and will cover a period of significant fiscal constraint.

In particular, it is anticipated the following areas will have a direct impact on the operations of WRHA, and the delivery of its objectives, and will need to be monitored and reviewed over the period of the Plan.

### **1. Extension of the Right to Buy to Housing Associations**

The Government has continued to progress its manifesto commitment to extend the Right to Buy to housing association tenants. However, this will now be progressed on a voluntary arrangement following agreement with the NHF. This will enable "discretion" on what homes providers will sell in this regard and WRHA will need to determine its policy approach.

The majority of the Association's stock has been developed utilising the Exceptions approach, with planning granted on the basis that the homes will be retained for local people in perpetuity. Given this context there is a strong case for WRHA to use its discretion not to sell in such circumstances. It has already been acknowledged that rural locations present specific issues, and there would be no expectation to sell homes that have been provided on this basis. However, some of the wider procedural elements, such as the operation of "portable discounts" are still to be determined as part of the overall scheme. Such details are essential for the Association to finalise its policy and communicate the details to residents.

Given the potential impact of the policy, it will continue to be considered as a primary business risk until the final details of the scheme are determined.

## **2. Rent Reductions**

The Government has re-confirmed that social housing rents across England will reduce by 1% a year for four years from April 2016. This will apply to both social and Affordable Rents. Such a rent reduction will impact on income streams, and cash flow over the plan period.

Given this, the financial projections included in this plan have been remodelled to take this into account. These continue to show surpluses being created and financial covenants being achieved. The rent reduction arrangements proposed by Government have indicated a return to CPI +1% in 2020/21. However, the Association has taken a cautious approach to its financial planning and based its projections for the final year on a “no increase” scenario. In practical terms, close financial management will be required over the plan period to ensure this position is maintained, and the financial projections will be subject to stress testing moving forward.

## **3. Relationships with Partner Housing Associations**

WRHA remains committed to working in partnership with other Housing Associations, particularly in the context of Development, where there is still need to engage others to absorb risks associated with this activity. The Plan assumes that such arrangements will be maintained, and that we will partner with housing associations who will look to secure subsidy in one form or another. That said, the Association recognises that the development capacity of mainstream providers is being affected by reducing incomes. This, in turn, could result in some providers being unable to take on additional schemes and provide development agency services. This will need to be monitored over the plan period, and it may be necessary for WRHA to identify new partners moving forward.

## **4. The Devolution Agenda**

The Government devolution agenda is gathering pace, with an increasing role for Local Enterprise Partnerships, and the promotion of Combined Authority proposals. In this context, the Government is keen to devolve the powers and budgets of public bodies to the local level and Combined Authorities could be a favoured model for this. This has the potential to lead to increased integration of funding streams, including those for housing delivery. As a consequence, WRHA will need to identify opportunities to engage with any Combined Authority arrangements in its area of operation. Such structures will undoubtedly have an increasing role as strategic influencers moving forward.

## **5. Funding priorities and future investment**

The current level of public investment targeted at new rural housing is limited. This is not helped by the lack of national or local investment targets as part of current funding streams.

That said, WRHA has secured a healthy development programme for the 2015-18 period, which will be supported by Social Housing Grant via the HCA and Local Authority partners.

However, further funding opportunities have been significantly reduced by the closure of the HCA's Continuous Engagement (CME) programme for rented homes.

This has arisen as a direct result of the CSR announcements, and the increased emphasis on home ownership initiatives, which will promote greater investment in shared ownership, and the provision of "Starter Homes".

The recent HCA funding prospectus has since confirmed that grant funding is to be geared to increasing the supply of shared ownership housing, and, as a consequence, grant funded projects will need to accommodate increased numbers of shared ownership dwellings if HCA funding is to be pursued.

As a consequence, the provision of new rented housing will become increasingly difficult. There will be increased reliance on other forms of funding, particularly that from Local Authority partners. There will also be a need to review alternative funding solutions and models to maintain delivery of rented homes – this includes cross-subsidy, sourcing alternative funding and increased use of the Association's own resources. In this context, progress has already been made in relation to cross-subsidy arrangements with good practice examples already in existence. In terms of the Association's investment, it is acknowledged that this will need to increase, and a formal policy on the use of assets for this purpose will be developed.

## **6. Regulation and Governance**

The regulatory framework introduced on 1<sup>st</sup> April 2015 is primarily concerned with ensuring social housing assets are protected, and investment in new supply is encouraged. Managing risk to ensure that both elements can be delivered is crucial. This requires effective governance to manage the Association's resources; ensure financial viability is not compromised; and the impact of its activities on the business are clearly understood.

WRHA will periodically assess, and test, compliance with the framework. However, the business is not exposed to the wider

commercial risks that affect some larger providers given that it is concerned with meeting rural needs through the provision of general needs affordable housing. Therefore, the Association does not anticipate compliance concerns in relation to asset protection.

In practical terms, the current regulatory engagement for WRHA is minimal on the basis that it does not open itself up to significant risk, and remains below the 1,000 unit regulatory threshold. However, recent announcements have indicated that increased regulatory scrutiny may arise for smaller housing associations. In effect, as the operating environment becomes more challenging, the potential risks to smaller providers can increase. A “risk-based” approach to regulation would need to acknowledge this, and bring smaller providers under closer scrutiny. This will need to be monitored as the framework evolves.

WRHA has continued to adopt the National Housing Federation Code as its governance model, and will periodically test compliance to ensure the requirements of the code are met.

## **7. Climate Change and Renewable Technologies**

The Association has taken the view that the focus on the existing stock will increase, particularly with regard to energy efficiency and limitations on carbon dioxide omissions. At present, the expectations on the housing association sector remain unclear. However, we have a strong commitment to address these issues, and future budgets will need to be set to enable investment in such measures. Additionally, we recognise there is an obligation to our residents to improve environmental standards in our stock and reduce the potential for fuel poverty. With this in mind, the Association will look to balance future investment in renewable technologies to ensure the benefits are passed on to existing residents as well as those occupying new developments.

## **8. Private Finance and Borrowing**

Lenders continue to take a more commercial view of the sector, and margins have been increased to reflect the risks associated with income restrictions. This will impact on future WRHA borrowings, and will need to be factored into financial planning. In line with the adopted Treasury Management Strategy, WRHA will increasingly look towards facility arrangements to make the best use of its assets. Refinancing existing loan portfolios to create further borrowing headroom will be actively pursued, which will be supported by the newly created Asset and Liability Register. In taking this approach, the Association acknowledges that there are still a limited number of lenders in the market, and that increasingly commercial terms will be applied. However, cautious assumptions have been used in the development of

the 5 year financial plan, which confirm that such an approach can be accommodated from a viability perspective.

Alongside the wider long-term borrowing concerns, there remains a limited range of products available to purchasers of Shared Ownership homes, which is still compounded by high deposit requirements. This continues to pose a disincentive to develop shared ownership products, which is a concern given the increased level of emphasis on delivering home ownership initiatives. The model shared ownership lease, introduced as part of the “Protected Area Status”, has alleviated some of these concerns by allowing leaseholders to purchase 100% of the equity in their property. Nonetheless, sales risks remain, and WRHA will continue with its approach of only providing shared ownership homes where a clear demand can be evidenced.

## **9. Changes to Welfare Benefits**

The Government will continue with a programme of reducing and restricting welfare benefits which will affect residents, providers and housing authorities. Steps have already been taken to minimise the impact of recent benefit reductions which has resulted in rent arrears levels being maintained or even reducing..

The Association is in a position where the number of residents claiming full or partial benefit is low when compared to others in the sector. (At the point of preparing this plan, around 13.5% of tenants claim partial housing benefit, and 12% claim full housing benefit.) However, we cannot be complacent as welfare reform will have a direct impact on the Association’s income stream. The widening scope of universal credit in particular is a major concern. Significant activity is being undertaken to inform residents of the changes, and a cautious approach has been adopted to financial planning assumptions in order to acknowledge, and anticipate, the impact on the Association.

Recent announcements around restricting housing benefit to local allowance caps applicable to the private rented sector are concerning. In particular, single people under the age of 35 with no dependants could find it hard to afford, or access, social housing in the future. The imposition of local housing allowance caps, coupled with the increased migration to universal credit, has the potential to increase rent arrears. As a consequence, there could be implications for the management and income recovery function which will need to be sufficiently resourced to maintain the Association’s income stream. Again, this will be monitored closely over the plan period.

## **10. National Planning Policy Framework**

The “National Planning Policy Framework” continues to have an impact on development activities. Some changes have been positive. The

maintenance of and enhancements to the “Exceptions” policy, and Local Authorities have been given the ability to utilise “cross-subsidy” from market homes is beneficial. Our key Local Authority partners have adopted policies that will allow a proportion of open market homes to be developed on such sites, and we anticipate this mechanism will be increasingly used to support the provision of rented homes in the future. There is, however, some concern with regard to the status of five year housing land supply and the impact this is having on the release of “exception” sites due to the hope value attached to land surrounding many villages. In the short term, this may negatively impact on the number of exceptions opportunities coming forward. In addition, concern was recently expressed over the proposal to include “starter homes” within the “affordable housing” definition, and enable their inclusion on exception sites. This could have a significant detrimental impact on exceptions development if allowed to go unchallenged. However, at the point of preparing this plan, this threat has receded following confirmation in the Housing and Planning Act that Exception sites would not be subject to starter home requirements. This has demonstrated the on going need to maintain key points of engagement and linkages to the NHF, CLA, Rural Services Network and Rural Housing Alliance.

## **11. Neighbourhood Planning**

Neighbourhood planning was introduced as part of the Localism Act. It is designed to give local people the power to deliver development in their local communities, providing significant support can be secured – this is currently set at 50% of those voting in a local referendum.

Increasingly, rural communities are looking to engage with these arrangements, which may present opportunities for the Association, and the potential to act in an advisory/consultancy capacity. The process is bringing forward potential development opportunities where communities have recognised the need for more housing, and are including options in their plans. WRHA is ideally placed to assist in the delivery of this objective whilst providing a commitment to meet local needs, which is often the primary driver for increasing housing supply.

## **12. Achieving Value for Money and Business Efficiency**

The Association will continue to ensure value for money in its activities and operations. Over the plan period it will continue to review its loan portfolio, and release assets via its refinancing programme in order to improve borrowing efficiency and build more homes. It will also competitively procure key elements of the planned and cyclical maintenance, in conjunction with larger providers, to achieve increased economies of scale and cost efficiencies. This will all contribute to increasing our investment in new homes.



Alongside this, and in conjunction with its partner Rural Housing Associations, and Midlands Rural Housing, it will review the staffing resources required to carry out key functions in order to identify management cost efficiencies and associated overhead savings during the plan period.

The cost sharing arrangement with partner rural housing associations, in relation to the staff support from Midlands Rural Housing, will continue. This approach has already demonstrated its value from a cost efficiency perspective, while enabling the full range of skills to be secured for the effective running of the business.

The Association recognises that the issue of cost efficiencies is a crucial one for the sector, and cannot be avoided during a period of rent reductions. It is against this background that the NHF issued its voluntary code on “Mergers, Group Structures and Partnerships”. This makes it clear that Boards should ensure organisations operate effectively and efficiently, and that opportunities to do this should be regularly reviewed.

In this regard, the Board will actively examine options for increasing efficiency whilst still delivering on the key aims, objectives, and values of the organisation. In this regard, it is acknowledged that the current cost sharing arrangement with the partner RHAs is already regarded as a good practice example of a formal “partnership” arrangement as described in the Code. That said, the Association will not be complacent in identifying further operational efficiencies moving forward.

In summary, the Association has recognised that the current operating environment, while raising potential risks, can present opportunities, and will undoubtedly be a key influence on the Association’s activities over the plan period. A detailed analysis of the risks identified is contained in the Association’s Operational Risk Map, which forms an Appendix to this plan.

### **13. WRHA 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:

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"> <li>• Specialist providers with expertise local credibility</li> <li>• Local knowledge and accountability and focus</li> <li>• Good track record of delivery and performance</li> <li>• Committed Board members with wide skills and experience and effective governance</li> <li>• Independent position</li> <li>• Good reputation with partners and stakeholders</li> <li>• Partnership working ethos</li> <li>• Innovative support structure with efficiency of operation</li> <li>• Financially robust and viable</li> <li>• Good satisfaction levels amongst residents</li> <li>• Positive support from funders</li> <li>• Strong support from local authorities</li> <li>• Sound asset base</li> <li>• Able to compete with larger housing associations</li> <li>• High value stock in prime location</li> </ul>	<ul style="list-style-type: none"> <li>• Reliance on others (Development Agents) 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> <li>• Reliant on specific planning policies</li> <li>• Bound by sector rent structures</li> <li>• Limited ability to influence in own right</li> <li>• Financially risk averse</li> <li>• Board membership transition</li> </ul>
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"> <li>• Rural issues still on political agenda (locally, regionally, 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>• Product expansion into intermediate housing</li> <li>• Other funding streams (Community Led funding/commuted sums)</li> <li>• Stock rationalisation by others</li> <li>• New planning mechanisms</li> <li>• Securing positive publicity</li> <li>• Devolution agenda</li> <li>•</li> </ul>	<ul style="list-style-type: none"> <li>• 1% rent reduction year on year from April 2016</li> <li>• Extension of Voluntary Right to Buy for housing associations</li> <li>• Welfare reform impacting on residents, and Association's income stream</li> <li>• Rural issues lose priority status (urban bias)/Government uncertainty</li> <li>• Competition from others including private developers</li> <li>• Restricted number of investment partners</li> <li>• Failure to perform on service delivery and customer expectations</li> <li>• Reducing capital subsidy for rented homes and increasing costs</li> <li>• Increased maintenance input/requirements</li> <li>• Change in local planning policies</li> <li>• Reputational damage from service delivery failure</li> <li>• Loss of Preferred Partner status</li> <li>• Reduced fieldwork activity resulting from lack of funding support for County RHE</li> <li>• Non-compliance with the regulatory framework</li> <li>• Reduced number of lenders and/or increasing margins</li> <li>• Further rent reform/restructuring</li> <li>• Changes to the Planning Policy Framework</li> <li>• Complacency</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 outcomes. This section of the plan identifies those areas, and explains how they will enable the delivery of the plan objectives.

### 1. Delivering Development and Growth

The Association will continue to pursue organic development growth based on evidenced housing needs. In doing so, it will adhere to the key aspects of its development strategy. These are:

- To develop new build schemes in villages, of not more than 3,000 people for the benefit of local people. It will consider schemes in larger villages and towns on their merits where they contribute to this primary aim.
- Opportunities to provide homes 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 rural communities will be sought. The plan assumes that the majority of new development schemes will be on “exceptions” sites and subject to Section 106 Agreements, although the Association will explore all opportunities and alternative mechanisms to meet local housing needs, and achieve the growth ambitions identified in this plan. This will include cross-subsidy arrangements, planning gain options, and increased investment on its own resources.
- The views of the Parish Council will always be sought and all actions will be taken to secure their support throughout the development process.
- Considerable care will be taken to ensure its developments are in harmony with the existing village architecture.

The Association has a clear focus with regard to where it will promote new development, and on what basis. Surrounding this, however, are specific activities that will always be an integral part of the development process, namely:

- a) Emphasis will be maintained 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) As part of the development process, WRHA will consult with Parish Councils on scheme layouts and design proposals, with a view to co-sponsoring any planning application.

Moving forward, the Association recognises that its expertise can be utilised beyond its existing geographical area. Given this, opportunities to promote homes in adjoining counties will be considered on the basis that there is local support to do so, and high quality service delivery can be achieved to residents can be achieved in line with the values of the Association.

While this plan envisages that growth will primarily be achieved through developing new homes, growth through partnerships with other organisations will not be ruled out on the basis that the organisations key aims, objectives and values are not compromised. This may involve engagement with local Almshouse societies; local landed estates; and developers. However, such opportunities will only be pursued where it is financially viable to do so, and there are strategic or operational gains in relation to business.

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

- Pursue the majority of its developments on “exception” sites or through similar planning mechanisms. It will increasingly look to the use of cross-subsidy arrangements, planning gain opportunities and investment of its own resources to pursue its growth objectives.
- Aim to deliver a minimum programme of 86 dwellings in the Plan period, subject to funding availability (both public and private) and viability being achieved.
- Where feasible, WRHA will progress environmental exemplar projects, and develop good practice examples with a view to promoting this activity to others.
- Consider opportunities to provide homes outside its traditional operational area where they provide a positive contribution to revenue streams.
- Aim to provide new homes in all the rural local authorities of the County.
- Actively look for opportunities for partnership arrangements to achieve its growth objectives where its key aims, objectives and values are not compromised.

- Continue to build on the partnership with Warwickshire Rural Community Council, with specific emphasis on supporting the housing enabling function to identify local needs and development opportunities.

## **2. Service delivery to residents**

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

The Association remains committed to engaging with residents over the services it provides, and is introducing new mechanisms to achieve this, including the increased use of social media. This includes enhancements to its website; development of a Facebook page; utilising Twitter and publishing a regular e-zine.

The Association has developed a range of “Local Offers” in conjunction with its residents, to ensure its services are geared to what residents want. Delivery against these offers will be reported to residents annually. We have proven resident engagement structures to enable scrutiny of our performance. This is primarily via the Resident Involvement Board in conjunction with our partner RHAs. The WRHA Board also receives annual reports in relation to resident complaints, satisfaction with new homes, and Customer Care performance. Alongside this, the Association will develop approaches to enable increased member engagement with residents to improve local accountability.

The Association has 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 residents, can be made. Performance against these indicators will be subject to regular review by the Board.

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. (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

others where financially viable to do so, or where the management of such stock is likely to present future purchase options.

To summarise, WRHA will, over the plan period:

- Provide high quality management, maintenance and customer services to residents.
- Set clear Performance Indicators to monitor the delivery of services.
- Continue to deliver agreed “local offers” and report on performance to residents annually.
- Continue to widen the membership of the Resident Involvement Board, and look for mechanisms to increase Board member engagement with residents.
- Promote itself as a skilled manager of rural stock and expand this element of the business where financially viable to do so, and where stock ownership opportunities exist.
- Ensure compliance with all health and safety obligations.

### **3. Asset Management**

The Association has a formal Asset Management Strategy, which is subject to annual review. Through the implementation of the Strategy, the Association aims to improve the quality of life and environment for its customers. The Strategy sets out how the Association will maintain its stock at Decent Homes Standard by the effective programming of works. Such works will be discussed with residents as part of our on going commitment to consultation. We will ensure that realistic and deliverable budgets are set for planned maintenance over the life of the Business Plan. Such budgets will be formulated with reference to future rent reductions, and will need to acknowledge the impact of reducing income.

The Association remains committed to minimising the effect of climate change and improving our stock for the benefit of the environment and our residents, and this will be a clear objective over the life of the plan.

In this context, over the plan period, we will:

- Annually review the Asset Management Strategy.
- Maintain its stock in good, safe, condition to ensure all homes meet the Decent Homes Standard.
- Consult with our residents over any proposed planned maintenance or improvement work.
- Fund a planned programme of repair work based on realistic and deliverable budgets.
- Invest resources to improve running costs for the benefit of residents.

## 4. Financial planning

### a) *Assumptions on Development Activity*

It is highly unlikely, in the current fiscal and funding environment, that new projects will be viable in their first year of management. This is the result of increasing costs and building requirements and significantly reduced capital subsidy. This position will be exacerbated by rent reductions over the next four years.

In these circumstances a considered decision will be made on scheme specific revenue losses, and capital contributions, and their impact on the Association's financial resources.

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 is a major consideration in deciding on the level of the Association's own resources to be invested in new development projects.

At the time of preparing this Plan, the Association had secured grant funding as part of the HCA's development programme for 2015-18. This funding, alongside private finance raised from more efficient asset security and utilisation of the Association's own resources, will support the Association's growth aspirations during this period. It is recognised, however, that there will be circumstances where, due to the level of cost, it is not feasible, or desirable, to pursue specific development opportunities, particularly in an environment where rent reductions are impacting on income streams. 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.

Based on current level of development programme, the following unit completions are anticipated for the plan period:

- (i) At the end of 2015/16 the Association had 568 homes in management, including those managed for other Housing Associations. This is the "baseline" figure for the commencement of the plan.
- (ii) It is anticipated that no homes will complete in the first year of the plan (2016/17).
- (iii) The number of completions achieved in the second year of the Plan is anticipated at 32.
- (iv) The number of completions achieved in the third year of the Plan is anticipated at 22.

- (v) Completions for 2019/20 and 2020/21 are anticipated figures based on the completions achieved in the first three years of the plan.

**b) Assumptions on staffing and running costs**

The staffing resources required to run the operations of the business will be provided by Midlands Rural Housing.

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

The Association, 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 and overheads is fair and appropriate.

We recognise that as our stock and activity base continues to grow, we will need staff resources to support it. Should the growth in stock materialise as planned, it will inevitably result in a requirement for further resources in relation to the housing management and maintenance functions. This will be addressed by increased resourcing within Midlands Rural Housing, in conjunction with the partner RHAs. However, such resources must be readily accommodated within the financial plans of WRHA and the partner RHAs in a manner that does not adversely impact on individual viability, and still demonstrates value for money.

## **5. Risk Management**

WRHA recognises the importance of establishing a risk management framework, and a formal risk map has been developed as part of this process. A summary of this is attached to the plan at Appendix 3.

As part of the adopted framework, there is regular reporting of emerging risks to the business in order for the Board to take ownership of the process, and there is a periodic review of the Association's risk appetite. With regard to this latter aspect, a recent exercise undertaken by the Board has indicated that there is a willingness to increase risk exposure in a number of areas and move to a more open position. This is particularly the case with regard to financial and reputational considerations.

Alongside this, the Board feel that a more balanced approach to customer satisfaction and service delivery would be beneficial, and that KPI considerations, while being important, should not be the main



driver for decision making. The Board is also accepting that the Association should be more open to challenge with regard to its activities, particularly where there are tangible business benefits can result. In essence, the Board takes the view that its risk appetite should increase in a range of areas in order to capitalise on future opportunities. Clearly, no risks will be taken where the Association's financial viability is threatened.

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

The Association 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, who 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 “added value” to what we do, we want to ensure that these benefits are embedded as core objectives.

In this context, the Association will endeavour to increase its commitment to, and investment in community development activity. In particular, we 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 by controlling utility costs and reducing fuel poverty.
- Look for opportunities in the villages where we work to improve economic and social viability; for example, utilising local skills in development, social enterprise and maintenance activities, and contributing to community infrastructure projects.
- Contribute to local support services that actively tackle social exclusion, and contribute to maintaining people in their communities.
- Undertake an assessment of specific development projects to establish the social and economic return on investment associated with the provision of such homes.

That said, we recognise there needs to be “buy in” from the communities themselves, and much of our involvement will need to be led by the communities in which we work.

## **7. Governance and Board Control**

The Board of WRHA will ensure its activities are accountable. It will determine strategic direction of the business; oversee the management

of risk, and ensure the Association adheres to its aims and objectives. Specifically, during the plan period, the Board will look to:

- 1 Increase engagement with residents with a view to increasing Board accountability.
- 2 Ensure compliance with the NHF Code of Governance and ensure arrangements are in place for Board member succession and renewal.
- 3 Ensure proportionate compliance with the regulatory framework.
- 4 Ensure all members are sufficiently trained, briefed and engaged to act as advocates for our work, and act as a bridge between the organisation and the outside world.
- 5 Ensure a proportionate appraisal process is in place for Board members, and learning and development needs are identified.
- 6 Review the existing Board meeting structure to ensure members are able to consider and debate wider strategic matters in the context of the Association's business objectives.

## Item 5

# FINANCIAL ASSUMPTIONS

In order for WRHA to achieve its development and growth 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 and Asset Register, which is subject to regular review. The Treasury Management Policy 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. These demonstrate that the Association has the resources to fulfil the aspirations set out in this Plan.

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**

<b><i>PLAN PERIOD</i></b>					
<b>Completions Achieved</b>	<b>Year 1: 2016/17</b>	<b>Year 2: 2017/18</b>	<b>Year 3: 2018/19</b>	<b>Year 4: 2019/20</b>	<b>Year 5: 2020/21</b>
	<b>Units</b>	<b>Units</b>	<b>Units</b>	<b>Units</b>	<b>Units</b>
<b>Arising from:</b>					
<b><u>Existing and forecast</u></b>	<b>0</b>	<b>32</b>	<b>22</b>	<b>15</b>	<b>17</b>
<b>Development Programme</b>					
<b>TOTAL</b>	<b>0</b>	<b>32</b>	<b>22</b>	<b>15</b>	<b>17</b>

**Appendix (2)**

**WARWICKSHIRE RURAL HOUSING ASSOCIATION**

**FINANCIAL PLANNING ASSUMPTIONS**

**HOUSES IN MANAGEMENT**

	<b><i>PLAN PERIOD</i></b>				
	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
<b>Houses in management start of year (owned and managed)</b>	<b>568</b>	<b>568</b>	<b>600</b>	<b>622</b>	<b>637</b>
<b>New completions</b>	<b>0</b>	<b>32</b>	<b>22</b>	<b>15</b>	<b>17</b>
<b>Total houses in management at year end</b>	<b>568</b>	<b>600</b>	<b>622</b>	<b>637</b>	<b>654</b>

**Appendix (3)**

**WARWICKSHIRE RURAL HOUSING ASSOCIATION**

**FINANCIAL PLANNING ASSUMPTIONS**

**FOR THE PERIOD ENDED 31<sup>st</sup> MARCH 2021**

**INFLATIONARY INCREASES**

	2016/17	2017/18	2018/19	2019/20	2020/21
<b>INFLATION INDEX</b>					
Consumer Price Index	-0.10%	0.50%	1.30%	1.80%	2.00%
Rental Income	-1.00%	-1.00%	-1.00%	-1.00%	0.00%
Staff Costs	0.00%	1.00%	1.00%	1.00%	1.00%
Maintenance – Responsive	-2.00%	-2.00%	-2.00%	-2.00%	2.00%
Other Expenses	0.00%	0.50%	1.30%	1.80%	2.00%
<b>FUNDING COSTS</b>					
Bank Base Rate	3.50%	4.50%	4.50%	4.50%	4.50%
Margin on new Bank Debt	2.50%	2.50%	2.50%	2.50%	2.50%
Average Cost of Borrowing	4.55%	5.39%	5.01%	5.73%	5.88%
<b>RENT LOSSES</b>					
Voids	1.00%	1.00%	1.00%	1.00%	1.00%
Bad Debts	2.50%	3.00%	3.50%	3.50%	3.50%

**Appendix (4)**

**WARWICKSHIRESHIRE RURAL HOUSING ASSOCIATION**

**INCOME & EXPENDITURE FORECASTS**

	2016-17	2017-18	2018-19	2019-20	2020-21
	£	£	£	£	£
<b>Income From Lettings</b>					
<b>Rent Receivable - Existing Units</b>	2,363,982	2,350,831	2,329,786	2,315,664	2,311,482
<b>Rent Receivable - Development Units</b>	0	72,581	244,362	366,631	436,306
<b>Total Rent Receivable</b>	2,363,982	2,423,412	2,574,148	2,682,295	2,747,788
<b>Service Charge Income</b>	106,244	106,775	108,164	110,110	112,313
<b>Gross Rental Income</b>	<b>2,470,226</b>	<b>2,530,187</b>	<b>2,682,312</b>	<b>2,792,405</b>	<b>2,860,101</b>
<b>Less Voids</b>	(26,059)	(26,558)	(28,066)	(29,157)	(29,831)
<b>Management Charge Income</b>	9,936	9,837	9,738	9,641	9,641
<b>Total Turnover From Social Housing Lettings</b>	<b>2,454,103</b>	<b>2,513,466</b>	<b>2,663,984</b>	<b>2,772,889</b>	<b>2,839,911</b>
		2%	6%	4%	2%
<b>Management Costs</b>	571,234	575,718	582,216	590,039	598,485
<b>Service Costs</b>	78,159	78,550	79,571	81,003	82,623
<b>Routine Maintenance</b>	245,000	241,585	240,414	237,884	243,786
<b>Planned Maintenance</b>	185,000	195,485	201,116	206,292	207,583
<b>Bad Debts</b>	65,151	79,721	98,322	102,141	104,498
<b>Depreciation Of Housing Properties</b>	267,641	276,063	346,715	399,205	431,488
<b>Total Operating Costs</b>	1,412,185	1,447,122	1,548,354	1,616,564	1,668,463
<b>Surplus (Deficit) On Social Housing Lettings</b>	<b>1,041,918</b>	<b>1,066,344</b>	<b>1,115,630</b>	<b>1,156,325</b>	<b>1,171,448</b>
		2%	5%	4%	1%
<b>I&amp;E from Other Activities</b>	82,808	48,792	80,542	52,234	60,383
<b>Surplus Before Interest and Tax</b>	<b>1,124,726</b>	<b>1,115,136</b>	<b>1,196,172</b>	<b>1,208,559</b>	<b>1,231,831</b>
<b>Interest Collected</b>	9,811	5,095	5,121	5,147	5,172
<b>Interest Payable</b>	(449,704)	(570,282)	(700,262)	(846,453)	(929,285)
<b>Surplus Before Tax</b>	<b>684,833</b>	<b>549,949</b>	<b>501,031</b>	<b>367,253</b>	<b>307,718</b>

**Appendix (5)**

**WARWICKSHIRE RURAL HOUSING ASSOCIATION**

**BALANCE SHEET**

	2016-17	2017-18	2018-19	2019-20	2020-21
	£	£	£	£	£
<b>HOUSING ASSETS</b>					
<b>Housing Properties at cost</b>	39,289,682	43,013,974	48,310,412	50,288,116	52,550,234
<b>Social Housing Grants</b>	(20,553,943)	(21,627,478)	(22,669,709)	(23,086,337)	(23,568,383)
<b>Depreciation</b>	(1,730,414)	(2,006,477)	(2,353,192)	(2,752,397)	(3,183,885)
<b>Total Fixed Assets</b>	<b>17,005,325</b>	<b>19,380,019</b>	<b>23,287,511</b>	<b>24,449,382</b>	<b>25,797,966</b>
<b>Current Assets</b>					
<b>Cash</b>	1,383,509	250,000	250,000	250,000	250,000
<b>Other</b>	46,611	46,611	46,611	46,611	46,611
	1,430,120	296,611	296,611	296,611	296,611
<b>Current Liabilities</b>	469,914	469,914	469,914	469,914	469,914
<b>Net Current Assets</b>	960,206	(173,303)	(173,303)	(173,303)	(173,303)
<b>Total Assets Less Current Liabilities</b>	<b>17,965,531</b>	<b>19,206,716</b>	<b>23,114,208</b>	<b>24,276,079</b>	<b>25,624,663</b>
<b>LONG TERM LIABILITIES</b>					
<b>Outstanding Loan Balance</b>	9,886,567	10,571,783	13,972,224	14,760,824	15,795,671
<b>Loan Fees</b>	(174,546)	(168,527)	(162,508)	(156,490)	(150,471)
<b>Other Long Term Creditors</b>	2,232	2,232	2,232	2,232	2,232
<b>NET ASSETS</b>	<b>8,251,278</b>	<b>8,801,228</b>	<b>9,302,260</b>	<b>9,669,513</b>	<b>9,977,231</b>
<b>Capital and Reserves</b>					
<b>Share Capital</b>	18	18	18	18	18
<b>Retained Surplus</b>	8,251,260	8,801,210	9,302,242	9,669,495	9,977,213
	<b>8,251,278</b>	<b>8,801,228</b>	<b>9,302,260</b>	<b>9,669,513</b>	<b>9,977,231</b>



## **BUSINESS PLAN**

### ***APPENDICES***

- 1. Board Membership**
- 2. Stock Profile**
- 3. WRHA Operational Risks**

## 1. BOARD MEMBERSHIP

The Board of WRHA comprises representatives from Local Authority partners, RSLs, and Residents. 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 <i>Chairman of Board of Management</i>
Mr Douglas Doherty	Independent Member <i>Vice-chairman of Board of Management</i>
Mrs Linda Ridgley	Independent Member
Mrs Kay Wilson	Independent Member
Miss Renata Mosz	Local Government Officer
Ms April Knapp	Independent Member
Mr Richard Cox	Independent Member

## 2(a). WARWICKSHIRE RURAL HOUSING ASSOCIATION – STOCK PROFILE – OWNED PROPERTIES

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 10 x 2 Bed house 1 x 3 Bed house	Rent Rent Rent
<b>Alcester</b>	Chapman Way	14	9 x 1 Bed house 5 x 2 Bed house	Rent Rent
<b>Alcester</b>	Crooks Lane	44	8 x 1 Bed house 27 x 2 Bed house 9 x 3 Bed house	Rent Rent 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 3 x 2 Bed house 8 x 2 Bed bungalow	Rent Rent 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 2 x 3 Bed house	Rent Rent
<b>Barford</b>	Mill Lane	4	2 x 2 Bed house 2 x 3 Bed house	Rent Rent
<b>Barford</b>	Bremridge Close	18	12 x 2 Bed house 6 x 3 Bed house	Rent Rent
<b>Brailes</b>	Millers Way	8	3 x 2 Bed house 2 x 3 Bed house 2 x 2 Bed house 1 x 3 Bed house	Rent Rent Shared ownership Shared ownership

VILLAGE	ADDRESS	NUMBER	MIX	TENURE
<b>Bishops Tachbrook</b>	Seven Acre Close	12	4 x 2 Bed house	Rent
			2 x 2 Bed bungalow	Rent
			4 x 3 Bed house	Rent
			2 x 2 Bed house	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
<b>Ettington</b>	Ivy Lane	6	6 x 1 Bed bungalow	Rent
<b>Fenny Compton</b>	Cotters Croft	2	1 x 1 Bed house	Shared ownership
			1 x 3 Bed house	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	Rent
			4 x 2 Bed house	Rent
			2 x 3 Bed house	Rent
<b>Fenny Compton</b>	Thompsons Field	10	7 x 2 Bed house	Rent
			3 x 3 Bed house	Rent
<b>Great Alne</b>	Nightingale Close	13	2 x 2 Bed bungalow	Rent
			4 x 2 Bed house	Rent
			1 x 3 Bed house	Rent
			4 x 2 Bed house	Shared ownership
			2 x 3 Bed house	Shared ownership
<b>Great Wolford</b>	Carters Leaze	2	2 x 2 Bed house	Rent
<b>Norton Lindsey</b>	Brick Kiln Close	12	4 x 2 Bed house	Rent
			4 x 3 Bed house	Rent
			4 x 2 Bed bungalow	Rent
<b>Halford</b>	Aylworth Cottages	4	2 x 2 Bed house	Rent
			2 x 3 Bed house	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

VILLAGE	ADDRESS	NUMBER	MIX	TENURE
<b>Harbury</b>	Hillside	6	3 x 2 Bed house 1 x 2 Bed house 2 x 3 Bed house	Rent Shared ownership Shared ownership
<b>Harbury</b>	Hereburgh Way	20	10 x 2 Bed house 5 x 3 Bed house 5 x 2 Bed bungalow	Rent Rent Rent
<b>Harbury</b>	Bush Heath Lane	3	1 x 4 Bed house 2 x 2 Bed house	Rent Rent
<b>Hatton</b>	Blackwell Lane	32	6 x 2 Bed house 7 x 3 Bed house 1 x 4 Bed house 2 x 2 Bed flat 3 x 2 Bed house 8 x 3 Bed house 1 x 1 Bed flat 4 x 2 Bed flat	Rent Rent Rent Rent Shared ownership Shared ownership Shared ownership Shared ownership
<b>Hatton Park</b>	Halford Grove	8	4 x 2 Bed house 4 x 3 Bed house	Rent Rent
<b>Hatton Station</b>	Charingworth Drive	2	1 x 2 Bed house 1 x 2 Bed house	Rent Shared ownership
<b>Henley In Arden</b>	Littleworth	3	3 x 2 Bed house	Shared ownership
<b>Ilmington</b>	Armscote Road Wilkins Way	2	2 x 2 Bed Bungalow 3 x 2 Bed house 2 x 3 Bed House 2 x 3 Bed House 1 x 2 Bed House	Rent Rent Rent Shared Ownership Rent
<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

VILLAGE	ADDRESS	NUMBER	MIX	TENURE
<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 Itchington</b>	Adams Close	10	3 x 2 Bed house	Rent
			4 x 2 Bed house	Rent
			1 x 3 Bed house	Rent
			2 x 2 Bed house	Shared ownership
<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
<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

VILLAGE	ADDRESS	NUMBER	MIX	TENURE
<b>Shipston on Stour</b>	Oxway Close	16	9 x 2 Bed house 7 x 2 Bed house	Rent Shared ownership
<b>Shipston on Stour</b>	Angelas Meadow	23	13 x 2 Bed house 3 x 3 Bed house 2 x 4 Bed house 2 x 2 Bed bungalow 3 x 2 Bed house	Rent Rent Rent Rent Shared ownership
<b>Shipston on Stour</b>	London Road	3	1 x 2 Bed house 1 x 3 Bed house 1 x 2 Bed house	Rent Rent Shared ownership
<b>Snitterfield</b>	Hurdlers Lane	8	3 x 2 Bed house 5 x 3 Bed house	Rent Rent
<b>Snitterfield</b>	Shaw Close	8	1 x 2 Bed bungalow 4 x 2 Bed house 3 x 2 Bed house	Rent Rent Shared ownership
<b>Snitterfield</b>	Bearley Road	2	2 x 3 Bed house	Rent
<b>Southam</b>	Abbey Close	12	9 x 2 Bed house 1 x 1 Bed house 2 x 2 Bed house	Rent Shared ownership Shared ownership
<b>Stockton</b>	Glebe Close	20	4 x 2 Bed bungalow 8 x 2 Bed house 3 x 3 Bed house 5 x 2 Bed house	Rent Rent Rent Shared ownership
<b>Stockton</b>	Jubilee Fields	9	3 x 2 Bed house 3 x 3 Bed house 3 x 2 Bed bungalow	Rent Rent Rent
<b>Stoneleigh</b>	Acorn Close	8	6 x 2 Bed house 2 x 3 Bed house	Rent Rent

VILLAGE	ADDRESS	NUMBER	MIX	TENURE
<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
<b>Stretton on Fosse</b>	Harolds Orchard	10	7 x 2 Bed house	Rent
			3 x 3 Bed house	Rent
<b>Stretton on Fosse</b>	Harolds Orchard	4	2 x 2 Bed house	Rent
			2 x 3 Bed house	Rent
<b>Stretton on Fosse</b>	Cottage Farm Court	2	1 x 2 Bed house	Rent
			1 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, 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



VILLAGE	ADDRESS	NUMBER	MIX	TENURE
Whatcote	Rowlands Way	4	3 x 2 Bed house	Rent
			1 x 3 Bed house	Rent

## 2(b). WARWICKSHIRE RURAL HOUSING ASSOCIATION – STOCK PROFILE – MANAGED PROPERTIES

VILLAGE	ADDRESS	NUMBER	MIX	TENURE
Alcester	Birch Abbey	5	3 x 2 Bed house	Rent
			2 x 3 Bed house	Rent

### 3. WRHA OPERATIONAL RISKS

NO	RISK CATEGORY	CAUSE	EFFECT
1	WRHA development procurement and viability	<ul style="list-style-type: none"> <li>- Insufficient subsidy/capital funding sources available for required product</li> <li>- Over extending of WRHA resources</li> <li>- Competition for resources</li> <li>- Direct funding of developers and reduced opportunities</li> <li>- Lack of Development Agent partners for WRHA with capacity and access to funding</li> <li>- Increased output expectations</li> <li>- Nimbyism</li> <li>- Insufficient rental values</li> <li>- Lack of Core Strategies resulting in increased hope value for sites</li> </ul>	<ul style="list-style-type: none"> <li>- WRHA unable to develop to meet identified need</li> <li>- Failure to meet WRHA Business plan targets</li> <li>- Loss of development income to WRHA</li> <li>- Loss of reputation/influence</li> </ul>
2	Welfare Reforms and introduction of Universal Credit	<ul style="list-style-type: none"> <li>- Government actions to reduce public spending and Welfare Bill</li> <li>- Changes to Welfare Benefit rules/ qualifying criteria and introduction of Universal Credit</li> <li>- New legislation/payment arrangements impacting on rental stream</li> </ul>	<ul style="list-style-type: none"> <li>- Impact on WRHA rental income</li> <li>- Increasing WRHA rent arrears, bad debts, court applications and evictions</li> <li>- WRHA residents seeking transfer to smaller properties</li> <li>- Increased assistance to residents requiring support (signposting)</li> </ul>

NO	RISK CATEGORY	CAUSE	EFFECT
3	WRHA ability to compete within sector	<ul style="list-style-type: none"> <li>- Inadequate priority attached to rural housing provision</li> <li>- Increased competition for grant resources/ reduced funding sources</li> <li>- Unrealistic/unachievable output expectations</li> <li>- Insufficient internal resources to compete</li> <li>- Unable to meet needs due to revised funding priorities</li> </ul>	<ul style="list-style-type: none"> <li>- Increased costs/excessive use of WRHA resources</li> <li>- Lack of new business for WRHA</li> <li>- Reduced development programme</li> <li>- Lack of homes being provided</li> </ul>
4	WRHA health and safety obligations	<ul style="list-style-type: none"> <li>- WRHA failure to comply with legislation</li> <li>- Inadequate monitoring procedures</li> <li>- insufficient priority/focus</li> </ul>	<ul style="list-style-type: none"> <li>- Increased risk of injury</li> <li>- WRHA legal liability</li> <li>- Regulatory intervention (serious detriment)</li> <li>- Reputational damage to WRHA</li> </ul>
5	Withdrawal of managed stock	<ul style="list-style-type: none"> <li>- WRHA unable to meet partner performance expectations and VFM</li> <li>- Consolidation of management function by partner RSLs, or reduction in management fees</li> <li>- Property sales/stock rationalisation</li> </ul>	<ul style="list-style-type: none"> <li>- Loss of income to WRHA, and viability of service</li> <li>- Loss of geographical/local influence</li> <li>- Reputational fall out</li> <li>- Loss of purchase opportunities</li> </ul>
6	Increasing WRHA maintenance and void costs	<ul style="list-style-type: none"> <li>- Increases in building inflation</li> <li>- Ageing/deterioration of WRHA stock</li> <li>- Insufficient investment by WRHA in planned maintenance</li> <li>- Properties not attractive to potential residents</li> </ul>	<ul style="list-style-type: none"> <li>- Detrimental impact on WRHA budget</li> <li>- Unable to include necessary work in financial plans</li> <li>- WRHA resident dissatisfaction</li> <li>- Reputational damage</li> <li>- Increasing void times</li> </ul>

NO	RISK CATEGORY	CAUSE	EFFECT
7	Changes to planning system	<ul style="list-style-type: none"> <li>- Change in planning legislation (NPPF)</li> <li>- Local policy making at LA level</li> <li>- Government announcements and initiatives</li> </ul>	<ul style="list-style-type: none"> <li>- Loss/revision of planning mechanisms for delivery of new WRHA homes</li> <li>- Loss/revision of Exceptions Policy</li> <li>- Implementation of cross-subsidy on Exception sites</li> </ul>
8	WRHA ability to access private finance	<ul style="list-style-type: none"> <li>- Insufficient lenders in the market</li> <li>- Increasing margins</li> <li>- WRHA inability to meet covenants</li> <li>- Insufficient security for loans</li> <li>- Inadequate financial skills on WRHA Board</li> <li>- Withdrawal of existing lenders from the sector</li> </ul>	<ul style="list-style-type: none"> <li>- Inability to secure loans at acceptable levels</li> <li>- Inability of WRHA to repay loans</li> <li>- Reduced lending market</li> <li>- Increased refinancing</li> </ul>
9	WRHA interest rate exposure	<ul style="list-style-type: none"> <li>- Inflation/deflation in economy</li> <li>- WRHA lenders margins renegotiated</li> <li>- Fixed:Variable loan ratios not maintained</li> </ul>	<ul style="list-style-type: none"> <li>- Inability of WRHA to repay loans</li> <li>- Breach of WRHA lending covenants</li> </ul>
10	WRHA failure to comply with Regulatory Framework and Code of Governance	<ul style="list-style-type: none"> <li>- Insufficient attention given to revised (2015) regulatory obligations</li> <li>- Insufficient attention given to adopted (NHF) Code of Governance</li> <li>- WRHA failure to address resident focus/ co-regulatory agenda</li> <li>- Increased regulatory engagement emerging from private lender concerns</li> <li>- Risk based approach to regulation and increased attention on smaller (RASA) HAs.</li> </ul>	<ul style="list-style-type: none"> <li>- Regulatory intervention</li> <li>- Merger considerations</li> <li>- Loss of/reduction in WRHA development funding</li> <li>- WRHA reputational damage with partners and residents</li> <li>- Incorrect/ inaccurate certifications</li> </ul>

NO	RISK CATEGORY	CAUSE	EFFECT
11	Business continuity	<ul style="list-style-type: none"> <li>- Destruction of MRH office(s)</li> <li>- Office site(s) unavailable to MRH staff</li> <li>- Hardware failure/destruction of equipment</li> <li>- No access to, or failure of, Group systems</li> </ul>	<ul style="list-style-type: none"> <li>- Disruption to service provision</li> <li>- Loss of MRH/WRHA records</li> <li>- Financial loss to MRH and WRHA</li> <li>- Reputational damage to MRH and WRHA</li> </ul>
12	Increasing WRHA rent arrears and bad debts	<ul style="list-style-type: none"> <li>- Rents not affordable to client group (Affordable Rent)</li> <li>- Impact of Universal Credit</li> <li>- Social changes (unemployment/benefits review and Welfare Reform effect)</li> </ul>	<ul style="list-style-type: none"> <li>- WRHA rent arrears/bad debts increase</li> <li>- Reduced income</li> <li>- Reduced surpluses</li> <li>- Increased demands on income management function</li> <li>- Increased evictions and associated costs</li> </ul>
13	Flood risk	<ul style="list-style-type: none"> <li>- Environmental change</li> <li>- Extremes of rainfall</li> <li>- Poor/inadequate land drainage in rural locations</li> </ul>	<ul style="list-style-type: none"> <li>- Flood damage to properties</li> <li>- Relocation of residents</li> <li>- Impact on insurance premiums</li> <li>- Disruption to service standards costs and potential rent loss</li> </ul>
14	Maintaining demand	<ul style="list-style-type: none"> <li>- WRHA unable to meet resident aspirations</li> <li>- Lack of demand for WRHA products</li> <li>- WRHA not providing VFM/achieving local affordability requirements</li> </ul>	<ul style="list-style-type: none"> <li>- Loss of WRHA rental income</li> <li>- Lack of demand for WRHA services and homes</li> </ul>
15	Unable to meet resident aspirations	<ul style="list-style-type: none"> <li>- WRHA not meeting agreed service standards</li> <li>- WRHA not involving residents in decision making</li> <li>- Resident Involvement Board not involved effectively</li> <li>- Reduced resources for stock investment</li> </ul>	<ul style="list-style-type: none"> <li>- Increase in complaints</li> <li>- WRHA unable to let properties</li> <li>- Lack of resident “buy-in” and failure of co-regulatory structures</li> </ul>

NO	RISK CATEGORY	CAUSE	EFFECT
16	WRHA Board membership and effectiveness	<ul style="list-style-type: none"> <li>- Insufficient skills and experience on WRHA Board</li> <li>- Lack of focus on key issues impacting on WRHA business</li> <li>- Insufficient membership renewal</li> <li>- Insufficient effectiveness</li> </ul>	<ul style="list-style-type: none"> <li>- Poor decision-making and governance</li> <li>- Inadequate business planning</li> <li>- Non-compliance with NHF Code and regulatory requirements</li> </ul>
17	Marketability of shared ownership	<ul style="list-style-type: none"> <li>- Lack of mortgage lenders</li> <li>- Unattractive to purchasers</li> <li>- High deposit requirements</li> <li>- Local affordability</li> </ul>	<ul style="list-style-type: none"> <li>- Unable to sell LCHO products</li> <li>- Mortgages unavailable or expensive to secure</li> </ul>
18	Adverse publicity and media	<ul style="list-style-type: none"> <li>- Service delivery failures</li> <li>- Inaccurate/irresponsible reporting</li> <li>- Inadequate supply of prepared material</li> <li>- Insufficient promotion of the sector's work/ poor sector image</li> </ul>	<ul style="list-style-type: none"> <li>- Poor perception of WRHA</li> <li>- Reputational damage</li> <li>- Failure to take advantage of PR opportunities</li> </ul>
19	Legislative change	<ul style="list-style-type: none"> <li>- Change in legislation</li> <li>- Judicial reviews</li> <li>- Increased transparency</li> <li>- Designation as public bodies</li> </ul>	<ul style="list-style-type: none"> <li>- Increased scrutiny of housing management practices</li> <li>- Increasing legal costs and resource demands</li> <li>- Increased Government influence over activities</li> </ul>
20	RHA service charges – not achieving cost recovery	<ul style="list-style-type: none"> <li>- Insufficient cost recovery</li> <li>- Tenant difficulty in meeting increases</li> <li>- Charges not supported within UC framework</li> <li>- Ineffective collection measures</li> <li>- Inaccurate budget setting</li> </ul>	<ul style="list-style-type: none"> <li>- Insufficient collection to cover costs</li> <li>- Service charges set at incorrect level</li> <li>- Affordability to residents</li> </ul>

NO	RISK CATEGORY	CAUSE	EFFECT
21	Security of loan portfolio (Co-op Bank)	<ul style="list-style-type: none"> <li>- Instability in banking system</li> <li>- Insufficient capitalisation</li> <li>- Poor management and reputation</li> <li>- Co-op Bank withdrawal from the sector</li> </ul>	<ul style="list-style-type: none"> <li>- Inability to maintain existing facilities and repayment demand</li> <li>- Requirement to refinance</li> </ul>
22	Air source heating systems	<ul style="list-style-type: none"> <li>- Incorrect specification</li> <li>- Undersized systems fitted</li> <li>- Lack of knowledge of product installation</li> </ul>	<ul style="list-style-type: none"> <li>- Increased utility bills</li> <li>- Inefficient use of systems</li> <li>- Cost implications of replacement systems</li> <li>- Reputational damage</li> </ul>
23	Restriction of LA allocation policies	<ul style="list-style-type: none"> <li>- Localism Act</li> <li>- LA policy changes to nominations/allocations criteria</li> <li>- Restrictive access to LA lists</li> </ul>	<ul style="list-style-type: none"> <li>- Inability of applicants to access LA registers</li> <li>- Inappropriate nominations</li> <li>- Local needs not being addressed as promised</li> <li>- Negative impact locally</li> <li>- Reputation and future growth undermined</li> </ul>
24	Right to Buy for Housing Associations	<ul style="list-style-type: none"> <li>- Elected Government Manifesto pledge</li> <li>- Legislative change</li> </ul>	<ul style="list-style-type: none"> <li>- Undermining of key “exceptions”/in perpetuity principles</li> <li>- Reduced community support/buy in</li> <li>- Landowners unwilling to engage</li> <li>- Increased land values</li> <li>- Negative view from lenders on asset security</li> <li>- Difficulties in replacement</li> </ul>

NO	RISK CATEGORY	CAUSE	EFFECT
25	Policy and procedure reviews	<ul style="list-style-type: none"> <li>- Inadequate review of existing policies</li> <li>- Revised legislation/good practice introduced</li> </ul>	<ul style="list-style-type: none"> <li>- Outdated policies</li> <li>- Non-compliance with law/good practice</li> <li>- Inconsistent approaches</li> </ul>
26	Rent reductions/ rent control	<ul style="list-style-type: none"> <li>- Government intervention</li> <li>- Legislative change</li> <li>- Welfare reduction agenda</li> </ul>	<ul style="list-style-type: none"> <li>- Reduction in income to WRHA</li> <li>- Impact on WRHA business viability</li> <li>- Further cost efficiencies to be identified</li> <li>- Potential to breach loan covenants</li> <li>- Inability to raise private finance</li> <li>- Inability to deliver Business Plan aspirations</li> <li>- Insufficient resourcing of the business</li> <li>- Reductions in service provision and performance</li> </ul>



**WARWICKSHIRE RURAL HOUSING ASSOCIATION LTD**  
**WHITWICK BUSINESS CENTRE**  
**STENSON ROAD**  
**COALVILLE**  
**LEICESTERSHIRE**  
**LE67 4JP**

**TELEPHONE: 0300 1234 009**

**FAX: 01530 278086**

**EMAIL: [enquiries@midlandsrural.org.uk](mailto:enquiries@midlandsrural.org.uk)**

**Registered Office: WRCC Office, Warwick Enterprise Park, Wellesbourne, Warwick,  
CV35 9EF**

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