



*Peak District  
Rural Housing Association*

**BUSINESS PLAN**  
**2017/18— 2021/22**

Tel: 0300 1234 009  
Fax: 01530 278086  
Website: [www.peakdistrictrha.org.uk](http://www.peakdistrictrha.org.uk)

  
**PEAK District**  
Rural Housing Association

# **PEAK DISTRICT RURAL HOUSING ASSOCIATION**

## **BUSINESS PLAN 2017/2018 TO 2021/2022**

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## Item 1

# VISION, VALUES AND INTRODUCTION TO THE BUSINESS PLAN

The vision of PDRHA can be summarised as follows:

PDRHA exists to provide affordable housing in the villages of the Peak District and the surrounding rural area. We work closely with District Authorities and Parish Councils in order to ensure that our developments meet the needs of local people who cannot otherwise access housing in their communities.

At the beginning of the plan period Peak District Rural Housing Association managed 266 homes, with funding secured for a further 8 dwellings. 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 the emerging devolution structures.

This Business Plan considers the significant changes affecting affordable housing – particularly the impacts resulting from the refocusing of capital subsidy, rent control, welfare reform and current Government policy directives, although it is acknowledged that the latter could change as a result of the General Election. 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 Peak District; 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.

### **PDRHA Value Statement**

#### **Principle**

In the pursuit of its Mission and Objectives, PDRHA 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 PDRHA primary objectives. This statement of values will be published by the Board and reviewed annually in its planning cycle.

## Values

- **Clarity of Purpose** – PDRHA will 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 will 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** – PDRHA will 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, PDRHA will 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 will subject itself to audit through a programme of self-assessment and/or benchmarking.
- **Rural Sustainability** – PDRHA will both encourage and assist tenants to focus on their personal development so enabling individuals to contribute to the sustainability of their rural communities. Similarly PDRHA will work to ensure that its community housing projects, directly or indirectly, promote and demonstrate a contribution to sustainable rural economic activity.
- **Customer Relations** – PDRHA 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 will monitor customer-relations and customer awareness of PDRHA services, with a view to ensuring that they positively contribute to its stated mission and priority objectives.
- **Tenant/Consumer Support** – PDRHA tenants are the consumers of its services and the board places the welfare of its tenants high in its list of priorities. PDRHA will 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, PDRHA will 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 PDRHA tenant profile should reflect social economic, cultural and ethnic norms for the Peak District area. The Board should actively monitor achievement of those norms.

- **Localism** –
  - PDRHA grew from a need to help rural Peak District communities remain viable, by enabling local people to remain in, or return to, their communities in the face of rapidly rising housing costs. The Association must retain that ideal, actively including a wide range of housing needs.
  - PDRHA 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.
  - PDRHA will act to reinforce and publicise its local connections and grow recognition of PDRHA as a Peak District **based and focused** organisation, though not necessarily constrained to developments only in Peak District, when such developments demonstrably contribute to wider rural sustainability.
- **‘Partnering Initiatives’** – PDRHA will be prepared to work along-side similarly minded housing associations, developers or other 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 Peak District specifically. The Board, nevertheless, is obliged to consider objectively the cost/gains analysis in respect of any cost to rural development in Peak District, resulting from such a venture.
- **Governance** – the PDRHA 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** – PDRHA is dedicated to ensuring that its housing development and maintenance support programmes exceed minimum Government environmental standards. It supports innovation in environmental housing technology and will incorporate such measures within its developments whenever possible.
- **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 who serve the rural community on our behalf. We will 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 2017/2018 – 2021/2022.

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, has strategic value, 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 is vital 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 English Social Housing Regulator, and periodically review our compliance with the adopted 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 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**

- Keep under 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 RHA wide Resident Involvement Board.
- Undertake periodic reviews of Board effectiveness, and carry out Board member appraisals.
- Ensure Board succession arrangements and any new member appointments are implemented without adverse impact on the governance of the business.
- Ensure compliance with the adopted NHF Governance Code and Regulatory Standards.
- Ensure Board members are sufficiently trained, briefed, and engaged to be able to act as advocates for our work.

## **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 growth and development, financial viability will be retained whilst acknowledging projects will require varying levels of internal resources.

- Ensure efficient use of assets with reference to the asset and liability register and adopted Treasury Management Policy.

### **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 where financially viable to do so and where it has value strategically, 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 implement the agreed 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 complete a minimum of 30 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 local authority areas of the wider Peak District.

- 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 primarily via securing loans against its housing assets security 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, survey responses, 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 through the application of the Asset Management Strategy 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, look for opportunities to further develop and engage with the Resident Involvement Board.
- Meet Co-regulatory expectations of any Regulatory Code in a manner that is proportionate and relevant to the business of the Association.
- Increase the use of social media platforms 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 PDRHA 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, the plan will cover the period of the UK exit from the European Union, and it is recognised that this is likely to dominate the political and economic environment for the foreseeable future. This will present risks and opportunities for the sector, but it is difficult to say with any accuracy what the impact will be on the PDRHA business. As a consequence, this plan concerns itself with the current focus of the business and addressing the tangible challenges that are presenting themselves.

In particular, it is anticipated the following areas will have a direct impact on the operations of PDRHA, 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**

While other priorities have intervened, the Government has continued to promote its manifesto commitment to extend the Right to Buy to housing association tenants. Following agreement between Government and the NHF, this will now be progressed on a voluntary arrangement and will enable "discretion" on what homes providers will sell PDRHA.

In developing its policy position, it needs to be recognised that the majority of PDRHA'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. The voluntary deal acknowledges that rural locations present specific issues, and there would be no expectation to sell homes that have been provided on this basis.

In this context, the "voluntary" nature of the arrangement means there is no legislation that overrides the planning agreements in place, which means such homes could not be sold in any event.

Alongside this, the Board has also taken the view that it will utilise its discretion not to sell homes that would be difficult to replace, and will use the framework of the existing “Right to Acquire” exemptions as the basis for this.

In practice, this means the proposed VRTB policy will result in only a small proportion of the PDRHA stock being available to sell.

At the time of preparing this plan, further elements of the VRTB proposals are to be tested via a “regional pilot” scheme. This will include the application of “portable discount”. The Association’s policy will set out when such discounts will apply, although this will be limited given that much of the stock is unable to be sold in any event, and is therefore not subject to “discretion”.

The Association’s policy position will be published in due course and communicated to residents when the formal scheme is launched. However, given that the policy will be based on the principles above, the Board are of the view that the overall business risk is reducing, as the potential for property sales will be limited.

## **2. Rent Reductions and Future Rent Control**

The Government has re-confirmed its previous announcement that social housing rents across England will reduce by 1% a year for four years until 2020. This will apply to both social and Affordable Rents. Such a rent reduction will therefore continue to impact on income streams, and cash flow during the plan period.

Given this, the financial projections included in this plan have been modelled to take this into account. These continue to show surpluses being created and financial covenants being achieved.

The rent reduction arrangements proposed by Government initially 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 post 2020 period 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**

PDRHA remains committed to working in partnership with other Housing Associations, particularly in the context of Development, where there is still a requirement 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 PDRHA to identify new partners for programme delivery.

The Board have recognised that while utilising development agents has significant benefits (and is currently an expectation of the regulator), there may be opportunities to undertake direct development. In particular, instances where homes are purchased at completion based on a fixed price and specification. Such opportunities do not open the Association to development period risk and, subject to an appropriate opportunity arising, the Association will look to take forward a pilot project on this basis. This would be subject to consultation with the regulator.

#### **4. The Devolution Agenda**

The Government devolution agenda continues to be implemented, 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 remain a favoured model for this. Through our local authority partners the Association will be mindful of the development of these partnerships and the possible role they have in housing funding. Due to the geographical position of the Peak District there are several emerging partnerships covering our area of operation. For example, D2N2 covers much of southern Derbyshire and the Sheffield City Region is covering the north of the Peak District.

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

Despite the welcome increase in investment for affordable housing, 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, PDRHA has a development programme, which will be supported by Social Housing Grant via the HCA and specific Local Authority partners.

The Association did not make any funding bids for the HCA's 2016-21 Shared Ownership and Affordable Homes Programme as current projects are demonstrating that rented housing requirements are the priority. However, the funding flexibility offered in the Autumn Statement, and recently confirmed in the Housing White Paper, now

presents opportunities to bring forward schemes. The Association is, therefore, actively considering bids for further development as part of the enhanced Continuous Market Engagement programme announced by the HCA.

It is recognised there will still be reliance on other forms of funding, particularly that from Local Authority partners. There will also be an ongoing 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. Opportunities to access funding for Community Led projects will also be explored, although it is recognised that such funding is limited across the area of operation at present. In terms of the Association's investment, it is acknowledged that this will need to increase, and its assets will need to be effectively managed for this purpose.

PDRHA has also been invited by Derbyshire Dales District Council to work with developers on six sites. Each has planning permission conditional on providing some affordable homes. As the sites will all be led by their respective developers it is difficult to control the timing of these but is expected that the total of 26 units will come forward during the plan period.

## **6. Regulation and Governance**

The current regulatory framework 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 understand the impact of its activities on the business.

PDRHA will periodically assess, and test, compliance with the regulatory framework, which is likely to be modified as the independent regulatory function becomes established. However, it should be acknowledged that the business is not exposed to the wider commercial risks that affect some larger providers given that the Association is solely concerned with meeting rural needs through the provision of general needs affordable housing. Therefore, the Association does not anticipate compliance issues in relation to asset protection.

As it currently stands, regulatory engagement for PDRHA 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, as the operating environment becomes more challenging, the potential risks to smaller providers can increase. Any new regulator is likely to take a "risk-based" approach to regulation which could bring smaller providers

under closer scrutiny. This will need to be monitored as the framework evolves.

PDRHA 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. 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.

The Association is aware that its partner association in Warwickshire is developing a scheme that will meet Passivhaus standards. Significant experience and learning will be gained through this process and this will be shared this with its RHA partners.

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

Unsurprisingly, lenders continue to take a more commercial view of the sector, and margins are set to reflect the risks associated with income restrictions. This will impact on future PDRHA borrowings, and will need to be factored into financial planning. In line with the adopted Treasury Management Strategy, PDRHA will increasingly look towards facility arrangements to make the best use of its assets for borrowing purposes. Refinancing existing loan portfolios to create further borrowing headroom will be actively pursued, which will be supported with reference to the 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. 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. In addition, the Government, as part of its White Paper commitments, is to look again at the grant-funded shared ownership model with a view to simplifying arrangements to assist with mortgageability. Nonetheless, at the present time sales risks remain, and PDRHA 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 has continued with its programme of reforming welfare benefits, this affects residents, providers and housing authorities. Steps have already been taken to minimise the impact of benefit reductions which has resulted in rent arrears levels being maintained or even reducing. However, this positive trend will be impacted as more benefit recipients are moved on to Universal Credit which has in-built administrative delays with increased reliance on direct payments from claimants.

However, 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 22% of tenants claim partial housing benefit, and 6% claim full housing benefit.) However, there can be no room for complacency as the reforms will have a direct impact on the Association's income stream. Significant activity is being undertaken to inform residents of the changes, and a cautious approach has been incorporated within the financial planning assumptions in order to acknowledge, and anticipate, the impact on the Association.

The restricting of housing benefit to local allowance caps applicable to the private rented sector remains a concern. The imposition of such caps, coupled with the increased migration to universal credit, is likely to increase rent arrears. As a consequence, there are implications for the housing management and income recovery function which will need to be sufficiently resourced to maintain the Association's income stream. These resources are currently being enhanced, and 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 the ability to utilise "cross-subsidy" from market homes can be beneficial. Some Local Authority partners have adopted policies that will allow a proportion of open market homes to be developed on such sites. This

is not the case in the Peak District National Park where in general terms only local need housing is permitted.

Meanwhile in local authorities not covered by the National Park, there remains 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. However, recent proposals in the Housing White Paper are endeavouring to increase certainty in respect of land supply and the local plan process, and this should positively impact on this position.

In addition, the White Paper also provided some clarity on the policy approach with regard to the provision of “starter homes”. Local planning authorities will still have a duty to promote this form of provision, but there will be no set requirement for residential sites. The Housing White Paper also re-confirmed that local planning authorities did not need to secure “starter home” provision on exceptions sites. This direction of travel is seen as positive, and should avoid any dilution of the exceptions planning mechanism.

## **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. PDRHA 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 local 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 a 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 housing supply.

Alongside this, and in conjunction with its partner Rural Housing Associations, and Midlands Rural Housing, it has reviewed the staffing resources required to carry out key functions and identified operational cost efficiencies and associated overhead savings which have been implemented.

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 income restrictions. It is against this background that the NHF issued its voluntary code on “Mergers, Group Structures and Partnerships”. This puts the onus on Boards to ensure organisations operate effectively and efficiently, and that opportunities to do this should be regularly reviewed.

In this regard, the Board has recently reviewed options for increasing efficiency whilst still delivering on the key aims, objectives, and values of the organisation. In this context, the existing 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. PDRHA SWOT Analysis**

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

(i) **PEST**

<b>POLITICAL</b>	<b>ECONOMIC</b>
<ul style="list-style-type: none"> <li>• Government home ownership priorities</li> <li>• Extension of RTB to HA sector</li> <li>• Welfare Reform Agenda</li> <li>• Sector Reputation</li> <li>• Evolving Planning Frameworks</li> <li>• Devolution agenda</li> <li>• Revised regulatory framework</li> <li>• Exit from the European Union</li> </ul>	<ul style="list-style-type: none"> <li>• Structural deficit/reduced public investment</li> <li>• Economic uncertainty</li> <li>• Restructure of, and reduction in, public services</li> <li>• Inflation/deflation</li> <li>• Interest rates, borrowing margins, and availability of finance</li> <li>• Access to mortgages</li> <li>• Rent control/ rent reductions</li> <li>• Pensions deficit</li> <li>• Unemployment</li> </ul>
<b>SOCIOLOGICAL</b>	<b>TECHNOLOGICAL</b>
<ul style="list-style-type: none"> <li>• Increased homelessness</li> <li>• Demographical changes</li> <li>• Scarcity of rented housing</li> <li>• Social exclusion</li> <li>• Increasing care and support needs</li> <li>• Social cohesion</li> <li>• Community empowerment</li> <li>• Rising customer expectations</li> <li>• Ageing population</li> <li>• Increasing home ownership aspirations</li> </ul>	<ul style="list-style-type: none"> <li>• Remote/mobile working</li> <li>• Data security/integrity</li> <li>• Technology/Broadband exclusion</li> <li>• Business continuity</li> <li>• Renewable energy/carbon reduction</li> <li>• Sustainable/Eco/Passivhaus Homes</li> <li>• Social networking/media</li> <li>• Modern methods of construction (MMC)</li> </ul>

(ii) **SWOT**

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Recognised as specialist provider</li> <li>• Good local reputation</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>• Good satisfaction levels amongst residents</li> <li>• Strong support from local authorities</li> <li>• High value stock in prime location</li> <li>• Flexible and adaptable to change</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>• Risk averse</li> <li>• Some aging stock which is expensive to maintain</li> <li>• Stringent 'local' criteria for stock in Peak Park</li> <li>• Development costs in National Park high</li> </ul>
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>• Rural issues still high on political agenda (locally, regionally, and nationally)</li> <li>• Specialist development and management skills can be offered to others</li> <li>• Management of rural stock for others</li> <li>• Partnerships with local developers</li> <li>• Alignment with Localism Agenda</li> <li>• Other funding streams (New Homes Bonus, Community Led funding)</li> <li>• Stock rationalisation by others</li> <li>• Land owner willingness to engage</li> <li>• New Planning Policy Framework</li> <li>• Community Land Trusts</li> </ul>	<ul style="list-style-type: none"> <li>• Rural issues lose priority status (urban bias)/Government uncertainty</li> <li>• Competition from others including private developers</li> <li>• Reducing number of investment partners</li> <li>• Failure to perform on service delivery and customer expectations</li> <li>• Non compliance with regulatory framework</li> <li>• Reducing capital subsidy and increasing costs</li> <li>• Increased maintenance input/requirements</li> <li>• Change in local planning policies</li> <li>• Change to building standards impacting on costs.</li> <li>• Reputational damage from service delivery failure</li> <li>• Loss of Preferred Partner status</li> <li>• Non-compliance with regulatory framework</li> <li>• Potential designation of housing associations as "public bodies"</li> <li>• Reduced number of lenders and/or increasing margins</li> <li>• Welfare reform and the impact on tenants incomes</li> <li>• Rent reduction/restructuring</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. However, the Association has recognised that demographic trends will impact on the demand for its products, and that these will need to inform the development strategy moving forward. In this regard, the Association will look to undertake research into likely future demand and adapt its development delivery to align with the outcomes of this. That said, the Association will continue to adhere to the key principles of its development strategy, which 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 continue to be delivered on “exceptions” sites and subject to Section 106 Agreements. However, increased emphasis will be given to exploring alternative mechanisms to meet local housing needs, and achieve the growth ambitions identified in this plan. This includes cross-subsidy arrangements, planning gain options with developers, acquisitions from other providers resulting from stock consolidations, 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 complement the existing village architecture.

The Association has a clear focus with regard to where it will promote new development, and on what basis. Supporting this 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) Where the procurement process allows, PDRHA 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 provide homes in adjoining counties will be investigated on the basis that there is local support, and high quality service delivery can be achieved to residents in line with the values of the Association.

While the Association's growth objectives will primarily be achieved through developing new homes, growth through formal 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. With regard to this latter element, the Association believes there are increasing opportunities to scale-up delivery where early engagement can be secured, and outputs influenced to ensure local needs are prioritised. 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, PDRHA 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, consider acquisitions from other providers, and increase investment of its own resources to pursue its growth objectives.

- Aim to complete a minimum of 34 dwellings in the Plan period, subject to funding availability (both public and private) and viability being achieved.
- Where feasible, PDRHA 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, and service delivery to residents is not compromised.
- Actively look for opportunities for partnership arrangements to achieve its growth objectives where its key aims, objectives and values are not compromised.

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

As a manager of property, PDRHA 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 enhancing its mechanisms to achieve this, including the increased use of social media. This includes a review of its website; continued development of its Facebook page; utilising Twitter and publishing a regular e-zine.

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 PDRHA Board also receives annual reports in relation to resident complaints, satisfaction with new homes, and Customer Care performance. Alongside this, the Association's Board will review its approach to external communications with particular emphasis on the role of members and how they can increase their engagement with residents and external parties 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 PDRHA 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. The Association will look for strategic opportunities to expand its management role with particular emphasis on managing stock for others where financially viable to do so; where it presents benefits to residents, or where the management of such stock is likely to present future purchase options.

To summarise, PDRHA 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 widen the membership of the Resident Involvement Board, and identify options for increasing Board member engagement with residents.
- Promote itself as a skilled manager of rural stock and expand this element of the business where it has strategic value; is financially viable, and where stock ownership opportunities exist.

### **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 and ensure its homes are maintained in a safe condition. 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 current rent reductions, and any future rent control mechanism.

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.
- Ensure compliance with all health and safety obligations, and monitor performance against key indicators.

## 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 limited capital subsidy. This position is exacerbated by rent reductions imposed by Government until 2020.

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 for 8 units as part of the HCA's affordable housing programme for 2015-18, which has been supplemented with financial support from specific Local Authority partners. 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.

The Association has also been invited by Derbyshire Dales District Council to be the recipient housing provider for the affordable units on 5 schemes in 4 villages on sites already given planning permission. This invitation is supported by grant which will enable the association to take on the schemes without a large and unmanageable financial impact. These schemes would bring forward 26 units in all and these are incorporated in the financial projections which form part of this plan.

The association will continue to look for other development possibilities. While doing this it is recognised 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 2016/17 the Association had 266 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 (2017/18).
- (iii) The number of completions achieved in the second year of the Plan is anticipated at 13.
- (iv) The number of completions achieved in the third year of the Plan is anticipated at 8
- (v) 5 units are expected to complete in 2020/21 and 8 in 2021/22.

**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 Warwickshire, 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, and the management of income becomes more demanding, we will need staff resources to support it. This will inevitably result in a requirement for further resources in relation to the housing management and maintenance functions. This will need to 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 PDRHA and the partner RHAs in a manner that does not adversely impact on individual viability, and still demonstrates value for money.

## **5. Risk Management**

PDRHA 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 on page 40, 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 are periodic reviews of primary risks and the Association's risk appetite.

Alongside this, the Board will take a more balanced approach to customer satisfaction and service delivery, and KPI considerations, while being important, will 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 PDRHA 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 Identify communication and engagement approaches with a view to increasing Board accountability to residents and external partners.
- 2 Ensure compliance with the NHF Code of Governance and ensure arrangements are in place for Board member succession, recruitment and renewal in accordance with the adopted Succession Plan. This will include the appointment of a new chairman during the plan period.
- 3 Ensure proportionate compliance with any regulatory framework.
- 4 Ensure all members are sufficiently trained, briefed and engaged to act as advocates for our work, and a Communication Strategy is developed to enable Board members to 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 Keep under 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 PDRHA 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: 2017/18</b>	<b>Year 2: 2018/19</b>	<b>Year 3: 2019/20</b>	<b>Year 4: 2020/21</b>	<b>Year 5: 2021/22</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>11</b>	<b>26</b>	<b>15</b>	<b>15</b>	<b>15</b>
<b>Development Programme</b>					
<b>TOTAL</b>	<b>11</b>	<b>26</b>	<b>15</b>	<b>15</b>	<b>15</b>

**Appendix (2)**

**PEAK DISTRICT RURAL HOUSING ASSOCIATION**

**FINANCIAL PLANNING ASSUMPTIONS**

**HOUSES IN MANAGEMENT**

	<i><b>PLAN PERIOD</b></i>				
	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
<b>Houses in management start of year (owned and managed)</b>	<b>266</b>	<b>266</b>	<b>279</b>	<b>287</b>	<b>292</b>
<b>New completions</b>	<b>0</b>	<b>13</b>	<b>8</b>	<b>5</b>	<b>8</b>
<b>Total houses in management at year end</b>	<b>266</b>	<b>279</b>	<b>287</b>	<b>292</b>	<b>300</b>

**Appendix (3)**

**PEAK DISTRICT RURAL HOUSING ASSOCIATION**

**FINANCIAL PLANNING ASSUMPTIONS**

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

**INFLATIONARY INCREASES**

	2017/18	2018/19	2019/20	2020/21	2021/22
<b>INFLATION INDEX</b>					
Consumer Price Index	1.00%	2.70%	2.50%	2.25%	2.00%
Rental Income	-1.00%	-1.00%	-1.00%	0.00%	2.00%
Staff Costs	1.00%	1.50%	1.50%	1.50%	2.00%
Routine Maintenance	-1.00%	-1.00%	-1.00%	1.00%	2.00%
Planned Maintenance	0.00%	0.00%	0.00%	0.00%	0.00%
Other Expenses	1.00%	2.70%	2.50%	2.25%	2.00%
<b>FUNDING COSTS</b>					
Bank Base Rate	4.50%	4.50%	4.50%	4.50%	4.50%
Margin on new bank debt	2.50%	2.50%	2.50%	2.50%	2.50%
<b>RENT LOSSES</b>					
Voids	1.25%	1.25%	1.25%	1.25%	1.25%
Bad Debts	2.75%	3.75%	3.75%	3.75%	3.75%

**Appendix (4)**

**PEAK DISTRICTSHIRE RURAL HOUSING ASSOCIATION**

**INCOME & EXPENDITURE FORECASTS**

	2017-18	2018-19	2019-20	2020-21	2021-22
	£	£	£	£	£
<b>Income From Lettings</b>					
<b>Rent Receivable</b>					
Existing Units	909,891	892,391	888,402	887,669	906,085
New Units	0	40,105	96,871	110,474	141,567
Service Charge Income	35,582	36,543	37,456	38,299	39,065
<b>Gross Rental Income</b>	<b>945,473</b>	<b>969,039</b>	<b>1,022,729</b>	<b>1,036,442</b>	<b>1,086,717</b>
Less Voids	(15,501)	(15,632)	(16,278)	(16,439)	(17,138)
Amortisation of Government Grant	90,730	91,922	99,005	101,738	103,772
Management Charge Income	68,021	67,412	66,972	66,809	68,003
<b>Total Turnover From Social Housing Lettings</b>	<b>1,088,723</b>	<b>1,112,741</b>	<b>1,172,428</b>	<b>1,188,550</b>	<b>1,241,354</b>
<b>Management Costs</b>	183,496	187,251	190,918	195,213	199,118
<b>Service Costs</b>	31,308	32,153	32,957	33,699	34,373
<b>Routine Maintenance</b>	139,119	139,460	140,638	142,540	146,274
<b>Planned Maintenance</b>	50,605	58,698	61,616	67,154	68,134
<b>Bad Debts</b>	34,156	46,896	48,833	49,318	51,413
<b>Depreciation Of Housing Properties</b>	229,451	228,915	245,161	252,917	259,961
<b>Total Operating Costs</b>	<b>668,135</b>	<b>693,373</b>	<b>720,123</b>	<b>740,841</b>	<b>759,273</b>
<b>Surplus (Deficit) On Social Housing Lettings</b>	<b>420,588</b>	<b>419,368</b>	<b>452,305</b>	<b>447,709</b>	<b>482,081</b>
<b>I&amp;E from Other Activities</b>	20,160	27,659	27,720	17,903	28,875
<b>Surplus Before Interest and Tax</b>	<b>440,748</b>	<b>447,027</b>	<b>480,025</b>	<b>465,612</b>	<b>510,956</b>
<b>Interest Collected</b>	307	307	307	308	308
<b>Interest Payable</b>	(300,735)	(347,125)	(359,028)	(352,383)	(363,988)
<b>Surplus Before Tax</b>	<b>140,320</b>	<b>100,209</b>	<b>121,304</b>	<b>113,537</b>	<b>147,276</b>

Appendix (5)

**PEAK DISTRICTSHIRE RURAL HOUSING ASSOCIATION**

**BALANCE SHEET**

	2017-18	2018-19	2019-20	2020-21	2021-22
	£	£	£	£	£
<b>HOUSING ASSETS</b>					
Housing Properties at cost	18,606,582	19,265,491	20,836,211	21,275,614	21,889,489
Depreciation	(1,656,374)	(1,885,289)	(2,130,449)	(2,383,366)	(2,643,327)
<b>Total Fixed Assets</b>	<b>16,950,208</b>	<b>17,380,202</b>	<b>18,705,762</b>	<b>18,892,248</b>	<b>19,246,162</b>
<b><u>Current Assets</u></b>					
Cash	580,978	260,962	250,000	250,000	250,000
Other	39,281	39,281	39,281	39,281	39,281
	620,259	300,243	289,281	289,281	289,281
<b>Current Liabilities</b>	(200,864)	(200,864)	(200,864)	(200,864)	(200,864)
<b>Net Current Assets</b>	419,395	99,379	88,417	88,417	88,417
<b>Total Assets Less Current Liabilities</b>	<b>17,369,603</b>	<b>17,479,581</b>	<b>18,794,179</b>	<b>18,980,665</b>	<b>19,334,579</b>
<b>LONG TERM LIABILITIES</b>					
Loan Balance	5,871,486	5,693,177	6,285,473	6,300,161	6,370,569
Government Grants	9,321,287	9,509,365	10,110,360	10,168,622	10,304,850
Pensions Liabilities	93,729	93,729	93,729	93,729	93,729
RCGF	64,491	64,491	64,491	64,491	64,491
<b>NET ASSETS</b>	<b>2,018,610</b>	<b>2,118,819</b>	<b>2,240,126</b>	<b>2,353,662</b>	<b>2,500,940</b>
<b>Capital and Reserves</b>					
Share Capital	40	40	40	40	40
Retained Surplus	2,018,570	2,118,779	2,240,086	2,353,622	2,500,900
	<b>2,018,610</b>	<b>2,118,819</b>	<b>2,240,126</b>	<b>2,353,662</b>	<b>2,500,940</b>

## **Item 6**

# **BUSINESS PLAN**

## ***APPENDICES***

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

## 1. BOARD MEMBERSHIP

The Board of PDRHA 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 PDRHA Board at the time the Plan was issued:

Mr David Frederickson <i>Chair</i>	Independent Member	Former District Councillor
Mr Philip Sunderland <i>Vice Chairman</i>	Independent Member	Auditor
Sam Matthews	Independent Member	Retired Chief Planning officer.
Mr Ian Fullilove	Co-optee (Peak District National Park Authority)	Planning Officer.
Mr Malcolm Roper	Co-optee (Baslow Parish Council)	Parish councillor, Retired civil servant
Heather Clifton-Smith	Independent Member	Retired manager of Citizens Advice.
Anne Croasdell	Co-optee	Secretary of Youlgrave Community Land Trust
Mr Jonathan Jenkin	Independent Member	Planning Consultant
Mr Ian Sharpe	Independent Member	Retired financier.
Mr James Lunney	Independent Member	Retired Housing Association Chief Executive
Mr Simon Beynon	Independent Member	Housing Advice Manager with Derbyshire Dales District Council

## 2. PEAK DISTRICT RURAL HOUSING ASSOCIATION STOCK PROFILE

### Derbyshire Dales

Village	Address	No	Mix	Tenure
Bakewell	Miracle Court	6	6 x 2 bed flats	Rent
Bakewell	New Street	12*	9 x 1 bed flats 2 x 2 bed flat 1 x 1 bed bungalow	Rent Rent Rent
Baslow	Low Meadow	10	1 x 3 bed semi detached 1 x 3 bed semi detached 1 x 2 bed semi detached 1 x 2 bed semi detached 4 x 2 bed bungalow 2 x 2 bed bungalow	Rent Shared Ownership Rent Shared Ownership Rent Shared Ownership
Bonsall	Yeoman Street	1*	1 x 2 bed terraced	Rent
Brailsford	Saracens Court	2	2 x 2 bed semi detached	Shared Ownership
Brassington	Green Way	1*	1 x 3 bed semi detached	Rent
Calver	Brook Close	4	4 x 2 bed semi detached	Rent
Cromford	Hawthorne Drive	1*	1 x 3 bed semi detached	Rent
Cubley	Long Meadow	6	2 x 1 bed bungalow 2 x 3 bed semi detached 2 x 2 bed semi detached	Rent Rent Rent
Darley Dale	River View	1*	1 x 3 bed semi detached	Rent
Two Dales	Ryecroft	1*	1 x 3 bed terraced	Rent
Earl Sterndale	Home Farm	5	1 x 1 bed terraced 3 x 2 bed terraced 1 x 3 bed terraced	Rent Rent Rent
Elton	Alice's Cottages	11	1 x 2 bed bungalow 1 x 2 bed bungalow 1 x 3 bed semi detached 1 x 3 bed semi detached 2 x 2 bed semi detached 1 x 2 bed semi detached 4 x 3 bed terraced	Rent Shared Ownership Rent Shared Ownership Rent Shared Ownership Rent
Kniveton	The Hallsteads	1*	1 x 3 bed terraced	Rent
Longford	Sepycoe Lane	3*	3 x 3 bed house	Rent
Rowsley	Chatsworth Road	1	1 x 3 bed terraced	Rent
Snelston	Ash Tree Cottages	2	2 x 2 bed semi detached	Rent
Hulland Ward	Charles Walker Close	10	4 x 2 bed bungalows 6 x 2 bed bungalows	Rent Shared Ownership
Hulland Ward	Biggin View	8	2 x 2 bed semi detached 2 x 2 bed semi detached 2 x 3 bed semi detached 2 x 3 bed semi detached	Rent Shared Ownership Rent Shared Ownership
Tansley	Alders Field	2	2 x 3 bed semi detached	Rent
Tansley	Thatcher's Croft	13	4 x 2 bed semi detached 2 x 3 bed terraced 5 x 3 bed terraced 2 x 2 bedroom flats	Rent Shared Ownership Rent Rent
Kirk Ireton	Hardings Close	4	1 x 3 bed semi detached 1 x 2 bed bungalow 1 x 3 bed semi detached 1 x 2 bed bungalow	Rent Rent Shared Ownership Shared Ownership

Village	Address	No	Mix	Tenure
Stoney Middleton	Lime Kiln Cottages	3	3 x 2 bed terraced houses	Rent
Over Haddon	Bakewell Road	2	2 x 2 bed semi detached	Rent
Youlgrave	Hannah Bowman Way	8	1 x 2 bed detached bungalow 1 x 3 bed terraced house 1 x 2 bed terraced bungalow 2 x 2 bed terraced houses 3 x 3 bed terraced houses	Shared Ownership Shared ownership Rent Rent Rent

### High Peak

Village	Address	No	Mix	Tenure
Castleton	Peveril Close	4	2 x 2 bed semi detached 2 x 2 bed bungalow	Rent Rent
Chinley	Alders Meadow	10	6 x 2 bed terraced 2 x bed bungalow 2 x 3 bed semi detached	Rent Rent Rent
Edale	Water Meadows	2	2 x 3 bed semi detached	Shared Ownership
Hope	Castleton Road	4	4 x 2 bed terraced	Rent

### North East Derbyshire

Village	Address	No	Mix	Tenure
Ashover	Malthouse Lane	6	2 x 3 bed terraced 4 x 2 bed flats	Shared Ownership Rent
Holymoorside	Old School Close	8	3 x 2 bed bungalows 3 x 2 bed semi detached 2 x 3 bed semi detached	Rent Rent Shared Ownership
Holymoorside	Belmont Park	4	2 x 1 bed flat 2 x 2 bed flat	Rent Rent

### Sheffield City Council

Village	Address	No	Mix	Tenure
Low Bradfield	Glebe Court	8	6 x 2 bed terraced 2 x 3 bed terraced	Rent Rent

### South Derbyshire

Village	Address	No	Mix	Tenure
Repton	Longlands	12	2 x 2 bed bungalow 4 x 3 bed semi detached 4 x 3 bed terraced 2 x 2 bed terraced	Shared Ownership Shared Ownership Rent Rent

**Staffordshire Moorlands**

<b>Village</b>	<b>Address</b>	<b>No</b>	<b>Mix</b>	<b>Tenure</b>
Butterton	Causeway Place	7*	3 x 3 bed terraced	Rent
	The Causeway		4 x 1 bed flats	Rent
Alstonefield	Harpur Crewe Cottages	6	4 x 3 bed terraced	Rent
			2 x 3 bed semi detached	Rent
Flash	New Road	4	4 x 3 bed terraced	Rent
Forsbrook	Dove Road	1	1 x 3 bed semi detached	Rent
Ipstones	Old School Court	4	3 x 1 bed flats	Rent
			1 x 2 bed flat	Rent
Kingsley	Barnfields Lane	5	1 x 3 bed semi detached	Rent
	The Green		2 x 2 bed terraced	Rent
	Chapel Street		2 x 3 bed semi detached	Rent
Kingsley Holt	Churnet Valley Road	3	3 x 2 bed terraced	Rent
	Lockwood Road			
Blythe Bridge	Wesley Street	2	2 x 2 bed terraced	Rent
Brown Edge	High Lane	3	2 x 3 bed semi detached	Rent
	Breech Close		1 x 2 bed terraced	Rent
	Greenfields Place			
Longnor	Market Place	16 (14*)	1 x 2 bed semi detached	Rent
	Windy Ridge		4 x 3 bed terraced	Rent
			8 x 3 bed semi detached	Rent
			1 x 4 bed terraced	Rent
			1 x 4 bed semi detached	Rent
Rudyard	The Crescent	2	2 x 3 bed terraced	Rent
Tean	Cheadle Road Wentlows Avenue	4	1 x 3 bed semi detached	Rent
			1 x 2 bed terraced	Rent
			2 x 3 bed semi detached	Rent
Warslow	St Lawrence View	16*	12 x 1 bed flats	Rent
			4 x 1 bed bungalows	Rent
Cheddleton	Churnet Close	3	1 x 2 bed bungalow	Rent
	Grange Road		1 x 3 bed semi detached	Rent
	Hillside Road		1 x 2 bed semi detached	Rent
Waterhouses	Dove Way	8	2 x 2 bed bungalows	Rent
			2 x 2 bed semi detached	Rent
			2 x 3 bed semi detached	Rent
			2 x 3 bed semi detached	Shared Ownership
Meerbrook	Ivy Cottages	4	2 x 3 bed terraced	Shared Ownership
			2 x 2 bed terraced	Shared Ownership

### 3. PDRHA OPERATIONAL RISKS

NO	RISK CATEGORY	CAUSE	EFFECT
1	PDRHA 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 PDRHA resources</li> <li>- Competition for resources</li> <li>- Direct funding of developers, and others, and reduced opportunities</li> <li>- Lack of Development Agent partners for PDRHA 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>- PDRHA unable to develop to meet identified needs</li> <li>- Failure to meet PDRHA Business plan targets</li> <li>- Loss of development income to PDRHA</li> <li>- Loss of reputation/influence</li> <li>- Inability to meet identified needs</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 consistency of rental stream</li> </ul>	<ul style="list-style-type: none"> <li>- Impact on PDRHA rental income</li> <li>- Rapidly increasing PDRHA rent arrears, bad debts, court applications and evictions</li> <li>- PDRHA residents seeking transfer to smaller properties</li> <li>- Increased assistance to residents requiring support (signposting)</li> <li>- Increased resourcing of the Housing Management Team</li> </ul>

NO	RISK CATEGORY	CAUSE	EFFECT
3	PDRHA ability to compete within sector	<ul style="list-style-type: none"> <li>- Inadequate priority attached to rural housing delivery</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>- Revised funding priorities</li> </ul>	<ul style="list-style-type: none"> <li>- Increased costs/excessive use of PDRHA resources</li> <li>- Lack of new business for PDRHA</li> <li>- Reduced development programme</li> <li>- Lack of homes being provided</li> </ul>
4	PDRHA health and safety obligations	<ul style="list-style-type: none"> <li>- PDRHA failure to comply with legislation</li> <li>- Inadequate policy approaches and monitoring procedures</li> <li>- insufficient priority/focus</li> </ul>	<ul style="list-style-type: none"> <li>- Increased risk of injury</li> <li>- PDRHA legal liability and associated financial impact</li> <li>- Regulatory intervention (serious detriment)</li> <li>- Reputational damage to PDRHA</li> </ul>
5	Withdrawal of managed stock	<ul style="list-style-type: none"> <li>- PDRHA unable to meet partner performance expectations and VFM</li> <li>- Increased 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 PDRHA, and viability of service</li> <li>- Efficiencies required in management service</li> <li>- Loss of geographical/local influence</li> <li>- Reputational fall out</li> <li>- Loss of purchase opportunities</li> </ul>
6	Increasing PDRHA maintenance and void costs	<ul style="list-style-type: none"> <li>- Increases in building inflation</li> <li>- Ageing/deterioration of PDRHA stock</li> <li>- Insufficient investment by PDRHA in planned maintenance</li> <li>- Properties not attractive to potential residents</li> </ul>	<ul style="list-style-type: none"> <li>- Detrimental impact on PDRHA budget</li> <li>- Unable to include necessary work in financial plans</li> <li>- PDRHA 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>- Interpretation of wider Core Strategy policies</li> <li>- Government announcements and initiatives</li> </ul>	<ul style="list-style-type: none"> <li>- Loss/revision of planning mechanisms for delivery of new PDRHA homes</li> <li>- Loss/revision of Exceptions Policy</li> <li>- Lack of appreciation of specific rural planning mechanisms</li> <li>- Implementation of cross-subsidy on Exception sites</li> </ul>
8	PDRHA ability to access private finance	<ul style="list-style-type: none"> <li>- Insufficient lenders in the market</li> <li>- Increasing margins</li> <li>- PDRHA inability to meet covenants</li> <li>- Insufficient security for loans</li> <li>- Inadequate financial skills on PDRHA 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 PDRHA to repay loans</li> <li>- Reduced lending market</li> <li>- Increased refinancing</li> <li>- Reduced development programmes</li> </ul>
9	PDRHA interest rate exposure	<ul style="list-style-type: none"> <li>- Inflation/deflation in economy</li> <li>- PDRHA lenders margins renegotiated</li> <li>- Fixed:Variable loan ratios not maintained</li> </ul>	<ul style="list-style-type: none"> <li>- Inability of PDRHA to repay loans</li> <li>- Breach of PDRHA lending covenants</li> <li>- Borrowing rate assumptions exceeded</li> </ul>
10	PDRHA 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>- PDRHA 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 PDRHA development funding</li> <li>- PDRHA 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/PDRHA records</li> <li>- Financial loss to MRH and PDRHA</li> <li>- Reputational damage to MRH and PDRHA</li> </ul>
12	Increasing PDRHA rent arrears and bad debts	<ul style="list-style-type: none"> <li>- Rents not affordable to client group</li> <li>- Wider introduction of Universal Credit</li> <li>- Social changes (unemployment/benefits review and Welfare Reform)</li> </ul>	<ul style="list-style-type: none"> <li>- PDRHA 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>- PDRHA unable to meet resident aspirations</li> <li>- Lack of demand for PDRHA products</li> <li>- Demographic changes</li> <li>- PDRHA not providing VFM/achieving local affordability requirements</li> </ul>	<ul style="list-style-type: none"> <li>- Loss of PDRHA rental income</li> <li>- Lack of demand for PDRHA services and homes</li> </ul>
15	Unable to meet resident aspirations	<ul style="list-style-type: none"> <li>- PDRHA not meeting agreed service standards and resident aspirations</li> <li>- PDRHA not involving residents in decision making</li> <li>- Resident Involvement Board not engaged effectively</li> <li>- Reduced resources for stock investment</li> </ul>	<ul style="list-style-type: none"> <li>- Increase in complaints and service demands</li> <li>- PDRHA unable to let properties</li> <li>- Lack of resident “buy-in” and failure of resident engagement structures</li> </ul>

NO	RISK CATEGORY	CAUSE	EFFECT
16	PDRHA Board membership and effectiveness	<ul style="list-style-type: none"> <li>- Insufficient skills and experience on PDRHA Board</li> <li>- Lack of focus on key issues impacting on PDRHA business</li> <li>- Insufficient membership renewal and succession</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 s/o 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> <li>- Reduced development of home ownership products</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 PDRHA</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>- Government policy reviews</li> <li>- Change in legislation</li> <li>- Judicial reviews</li> <li>- Increased transparency</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> <li>- Revision of current business models</li> </ul>

NO	RISK CATEGORY	CAUSE	EFFECT
20	PDRHA 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>
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 resulting in repayment demand</li> <li>- Requirement to refinance</li> </ul>
22	Restriction of LA allocation policies	<ul style="list-style-type: none"> <li>- LA policy changes to nominations/allocations criteria</li> <li>- Restrictive access to LA lists</li> <li>- LA responses to Homeless Reduction Bill</li> </ul>	<ul style="list-style-type: none"> <li>- Inability of applicants to access LA registers</li> <li>- Inappropriate nominations/allocation referrals</li> <li>- Local needs not being addressed as promised</li> <li>- Negative impact locally</li> <li>- Reputation and future growth undermined</li> </ul>
23	Voluntary Right to Buy for Housing Associations	<ul style="list-style-type: none"> <li>- Elected Government Manifesto pledge</li> <li>- Voluntary agreement between NHF and Government</li> </ul>	<ul style="list-style-type: none"> <li>- Potential to undermine “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
24	Policy and procedure reviews	<ul style="list-style-type: none"> <li>- Inadequate review of existing policies and procedures</li> <li>- Revised legislation/good practice introduced</li> </ul>	<ul style="list-style-type: none"> <li>- Outdated policies and procedures</li> <li>- Non-compliance with law/good practice</li> <li>- Inconsistent approaches</li> </ul>
25	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 PDRHA</li> <li>- Impact on PDRHA 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>
26	Passivhaus development	<ul style="list-style-type: none"> <li>- Undertaking Passivhaus development proposals</li> <li>- Policy on reducing fuel poverty for residents</li> <li>- Planning requirements requiring eco friendly development</li> </ul>	<ul style="list-style-type: none"> <li>- Increased development costs</li> <li>- Increase input of Association's own resources (over extending)</li> <li>- Reduction in borrowing capacity for other projects</li> <li>- Restricted development programme</li> </ul>

**PEAK DISTRICT 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)**

**WEBSITE: [www.peakdistrictrha.org.uk](http://www.peakdistrictrha.org.uk)**

**Registered Office: Rural Action Derbyshire, Town Hall, Bank Road, Matlock,  
Derbyshire, DE4 3NN**

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