



Peak District
Rural Housing Association

BUSINESS PLAN
2018/19— 2022/23

Tel: 0300 1234 009
Fax: 01530 278086
Website: www.peakdistrictrha.org.uk


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PEAK DISTRICT RURAL HOUSING ASSOCIATION

BUSINESS PLAN 2018/2019 TO 2022/2023

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Item 1

INTRODUCTION TO THE BUSINESS PLAN AND MISSION STATEMENT

The mission of PDRHA can be summarised as follows:

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

At the beginning of the plan period Peak District Rural Housing Association managed 266 homes, with proposals for a further 48 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, the Peak District National Park Authority, Local Authorities, Homes England, 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 any Combined Authority arrangements.

This Business Plan takes into account the significant changes affecting affordable housing – particularly the impacts resulting from the re-focusing of capital subsidy, rent control, implementation of welfare reforms and Government policy directives. 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.

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 2018/2019 – 2022/2023.

Throughout this period we will continue to pursue our stated mission. 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 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 Regulator of Social Housing, and periodically review our compliance with the latest NHF Code of Governance.

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.

Item 3

THE OPERATING ENVIRONMENT AND EXTERNAL CONSIDERATIONS (INCLUDING PEST AND 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. The Voluntary Right to Buy

Despite indications to the contrary, the Government has continued to promote its manifesto commitment to extend the Right to Buy to housing association tenants via the launch of a pilot project across the Midlands. Agreements between Government and the NHF enable this to be progressed on a voluntary arrangement and will enable "discretion" on what homes providers will sell.

In determining its policy position, it needs to be recognised that the majority of NRHA'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, which is enshrined in legally binding S106 agreements or covenants. The voluntary deal acknowledges that rural locations present specific issues, and there can be no expectation to sell homes that have been provided on this basis.

The pilot project is intended to test further elements of the VRTB proposals, including the application of "portable discount". However, there is recognition by MHCLG and the NHF that there are practical barriers for smaller providers, particularly rural housing associations, who would find it very difficult to offer tenants any reasonable porting

opportunity. Given this, the expectation is that larger housing associations (those with over 1,000 homes) would engage with the pilot, but there is no obligation on smaller providers to take part.

In addition, it is a mandatory term of the pilot scheme that all qualifying tenants who are unable to buy their current home must be offered portability. As a consequence, the Association has decided to opt out of the pilot project.

2. Rent Reductions and future Rent Control

The Government has maintained its directive that social housing rents across England will reduce by 1% a year until 2020. This will apply to both social and Affordable Rents. Such a rent reduction will impact on income streams, and cash flow during the early plan period.

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 Government has confirmed a return to a rent review mechanism of CPI +1% in 2020/21 in accordance with initial announcements. However, the Association has taken a cautious approach to its financial planning and based its projections for the immediate post 2020 period on a modest increase” scenario. In practical terms, close financial management will be required over the plan period, 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.

4. The Devolution Agenda

The Government devolution agenda continues to be promoted, with an increasing role for Local Enterprise Partnerships, and Combined

Authorities acting as investment vehicles, which in many cases, includes a housing growth remit. This is part of the Government's commitment to devolve the powers and budgets of public bodies to the local level. This has the potential to lead to increased integration of funding streams, including those for housing delivery. As a consequence, PDRHA 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 and funding bodies moving forward.

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.

That said, PDRHA has a modest development programme, which will be supported by Social Housing Grant via Homes England and Local Authority partners.

The funding flexibility offered in the Autumn Statement presents opportunities to bring forward additional schemes. The Association is, therefore, actively considering bids for further development as part of the enhanced Continuous Market Engagement programme announced by Homes England.

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 consider 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. The Association holds some recycled capital grant in its accounts. These funds are from the receipts from staircasing by shared owners and from the disposal of two problematic properties.

The association is negotiating with a number of developers in Derbyshire Dales who have planning approval to build schemes on the basis that they provide a number of affordable homes. 5 such schemes are planned to complete within the plan period.

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.

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 the impact of its activities on the business are clearly understood.

PDRHA will periodically assess, and test, compliance with the regulatory framework, which is likely to be modified following the establishment of the new Regulator for Social Housing. 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 any compliance issues in relation to asset protection.

As it currently stands, the current 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 new regulator is likely to take a "risk-based" approach to regulation which could bring smaller providers under closer scrutiny. This is already being demonstrated with regard to data collection, and 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 first stage in this process will be the development of a heating system replacement strategy which will initially consider the options for off-gas properties.

The Association is committed to gaining increased experience and learning, and will engage with its partner rural housing association in Warwickshire, which is embarking on an exemplar Passivhaus development.

8. Private Finance and Borrowing

Lenders continue to take a more commercial view of the sector, and margins are set to reflect this, and the risks associated with income restrictions. This will impact on future PDRHA borrowings, and will shape the assumptions factored into financial planning. In line with the adopted Treasury Management Strategy, PDRHA will move towards facility arrangements to make the best use of its assets for borrowing purposes. Refinancing or extending existing loan portfolios to secure 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 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. 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, and homes meet the affordability criteria.

9. Changes to Welfare Benefits

The Government has continued implementing its programme of welfare reforms which 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 reduced. However, this positive trend could be impacted as more benefit recipients are moved on to Universal Credit.

In acknowledgement of this, increased resources have been invested in the Housing Management function to ensure minimal impact on the Association’s income stream and neighbourhood services.

However, the Association is in a position where the number of residents claiming benefit is low when compared to others in the sector.

(At the point of preparing this plan, around 29% of tenants claim housing benefit.) However, there can be no room for complacency. 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 growing impact.

10. National Planning Policy Framework

The “National Planning Policy Framework” continues to have an impact on development activities, much of which is positive. The maintenance of and enhancements to the “Exceptions” policy, and the ability to utilise “cross-subsidy” from market homes could be beneficial. This approach has not been adopted by our key partners and it is unlikely to be used in the National Park.

At the point of preparing this plan, further changes to the NPPF were proposed. These cover a range of areas, including:

- Clarity of what is determined as sustainable development.
- A new approach to viability and the soundness of the initial plan-making framework.
- A new method for the calculation of local housing need.
- Developing clear land use strategies.
- Protecting the Green Belt.
- The possibility of providing ‘entry level housing’ on exception sites.

It will also draw together any written ministerial statements issued since the initial framework publication in 2012.

Positively, the strong support for Exceptions development in rural areas is retained. However, the wider impact of the proposed changes will be monitored over the plan period, and specific consultation responses will be made as appropriate.

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 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, a value for money statement will be included in the annual accounts. This will be in accordance with the revised value for money standard introduced by the Regulator for Social Housing for Smaller Housing Associations.

During 2017, and in conjunction with its partner Rural Housing Associations, and Midlands Rural Housing, the Association 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 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 PEST and 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

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

(ii) SWOT

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Recognised as specialist provider • Good local reputation • Local knowledge and accountability and focus • Good track record of delivery and performance • Committed Board members with wide skills and experience and effective governance • Independent position • Good reputation with partners and stakeholders • Partnership working ethos • Innovative support structure with efficiency of operation • Good satisfaction levels amongst residents • Strong support from local authorities • High value stock in prime location • Flexible and adaptable to change • Financially secure 	<ul style="list-style-type: none"> • Reliance on others (Development Agents) to deliver • Narrow product and operational range • Small organisation • Cannot develop in own right • Reliant on key staff covering wide-ranging tasks • Reliant on specific planning policies • Bound by sector rent structures • Limited ability to influence in own right • Risk averse • Some aging stock which is expensive to maintain • Stringent 'local' criteria for stock in Peak Park • Development costs in National Park high
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Rural issues high on political agenda (locally, regionally, and nationally) • Specialist development and management skills can be offered to others • Management of rural stock for others • Partnerships with local developers • Alignment with Localism Agenda • Other funding streams (New Homes Bonus, Community Led funding) • Stock rationalisation by others • Land owner willingness to engage • New Planning Policy Framework • Community Land Trusts 	<ul style="list-style-type: none"> • Rural issues lose priority status (urban bias)/Government uncertainty • Competition from others including private developers • Reducing number of investment partners • Failure to perform on service delivery and customer expectations • Non compliance with regulatory framework • Reducing capital subsidy and increasing costs • Increased maintenance input/requirements • Change in local planning policies • Change to building standards impacting on costs. • Reputational damage from service delivery failure • Loss of Preferred Partner status • Non-compliance with regulatory framework • Reduced number of lenders and/or increasing margins • Welfare reform and the impact on tenants incomes • Low demand in sparsely populated areas • imposition of Right to Buy

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 demand for its products and these will need to feed into the development strategy. That said, the Association will continue to adhere to the key aspects 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 some new schemes will continue to be delivered on “exceptions” sites and subject to Section 106 Agreements. Other units will be delivered as the affordable homes on larger developments. 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 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) 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.

The Association will also explore alternative construction techniques. This includes the use of modern methods of construction (MMC) and off-site manufacture.

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. 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 developments on "exception" sites or through similar planning mechanisms.
- It will pursue available opportunities for procuring affordable units on development sites.
- Increasingly look to the use of cross-subsidy arrangements, consider acquisitions from other providers, and increase investment of its own resources, including RCGF to pursue its growth objectives.
- Aim to deliver a minimum programme of 48 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.

- 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 regular review of its website; continued development of a 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 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.

In this regard, the Association recognises that the regulatory obligations in relation to resident involvement may change as a result of the proposed Housing Green Paper. As a consequence, this aspect of the business is likely to be enhanced throughout the plan period.

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 care 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 to do so, and where stock ownership opportunities exist.
- Enhance its engagement commitments with partners through increased use of social media.
- Ensure all residents' data is fully secured and usage complies with GDPR requirements.

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, PDRHA will:

- Annually review the Asset Management Strategy.
- Maintain its stock in good, safe, condition to ensure all homes meet the Decent Homes Standard.
- Liaise 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 has been 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 as part of the Home England affordable housing development programme for 2015-18. This was supplemented with funding 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.

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

- (i) At the end of 2017/18 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 1 home will complete in the first year of the plan (2018/19).
- (iii) The number of completions achieved in the second year of the plan is anticipated at 13. The number of completions achieved in the third year of the plan is anticipated at 18.
- (iv) Completions for 2021/22 and 2022/23 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 base for staffing resources for the plan period.

The Association, in conjunction with its partner rural Housing Associations in Warwickshire, Leicestershire and Northamptonshire, 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 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 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 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 at Item 6, 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, the Board has previously confirmed that the Association has a moderate approach to most risks, but remains cautious when it comes to finance and growth. Alongside this, it is more open to the risks associated with service delivery and supports innovation in this area of the business.

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 Promote engagement and communication opportunities 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 recruitment and renewal in accordance with the adopted Succession Plan.
- 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 are able 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 Board meeting and agenda 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

	PLAN PERIOD									
	Year 1: 2018/19		Year 2: 2019/20		Year 3: 2020/21		Year 4: 2021/22		Year 5: 2022/23	
	Location	Units	Location	Units	Location	Units	Location	Units	Location	Units
Completions Achieved In										
Arising from:	Hulland Ward	1	Winster	4	Wetley Rocks	6	Hulland Ward	8	Unidentified	8
<u>Existing and forecast</u>			Taddington	4	Tansley	8				
Development Programme			Marston Montgomery	5	Hartington	4				
TOTAL		1		13		18		8		8

FINANCIAL PLANNING ASSUMPTIONS

HOUSES IN MANAGEMENT

	PLAN PERIOD				
	2018/19	2019/20	2020/21	2021/22	2022/23
Houses in Management at start of year	266	267	280	294	298
New completions	1	13	14	4	8
Total houses in Management at year end	267	280	294	298	306

FINANCIAL PLANNING ASSUMPTIONS
FOR THE PERIOD ENDED 31st MARCH 2023

	2018/19	2019/20	2020/21	2021/22	2022/23
INFLATION INDEX					
Consumer Price Index	2.80%	2.25%	2.25%	2.25%	2.25%
Rental Income	-1.00%	-1.00%	3.25%	3.25%	3.25%
Staff Costs	1.50%	3.25%	3.25%	3.25%	3.25%
Routine Maintenance	-1.00%	-1.00%	1.00%	2.00%	2.00%
Planned Maintenance	13.00%	3.00%	10.00%	2.00%	1.00%
Other Expenses	0.00%	2.25%	2.25%	2.25%	2.25%
FUNDING COSTS					
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%
RENT LOSSES					
Voids	1.25%	1.75%	1.75%	1.75%	1.75%
Bad Debts	2.75%	3.75%	3.75%	3.75%	3.75%

Appendix (4)

PEAK DISTRICTSHIRE RURAL HOUSING ASSOCIATION

INCOME & EXPENDITURE FORECASTS

	2018-19	2019-20	2020-21	2021-22	2022/23
	£	£	£	£	£
Income From Lettings					
<u>Rent Receivable</u>					
Existing Units	895,200	896,115	922,360	951,978	982,547
New Units	1,447	40,243	98,913	131,095	162,686
Service Charge Income	37,181	38,018	38,873	39,748	40,642
Gross Rental Income	933,828	974,376	1,060,146	1,122,821	1,185,875
Less Voids	(15,367)	(22,046)	(23,695)	(24,961)	(26,236)
Amortisation of Government Grant	87,114	87,551	93,818	98,851	101,101
Management Charge Income	70,880	70,690	72,503	74,580	76,692
Total Turnover From Social Housing Lettings	1,076,455	1,110,571	1,202,772	1,271,291	1,337,432
Management Costs	182,975	188,059	193,288	198,668	204,202
Service Costs	39,650	40,542	41,454	42,387	43,341
Routine Maintenance	137,727	137,958	141,796	146,077	150,039
Planned Maintenance	56,964	60,076	68,392	71,059	72,882
Bad Debts	33,692	47,242	50,775	53,487	56,221
Depreciation Of Housing Properties	229,570	231,873	250,365	264,447	272,063
Total Operating Costs	680,578	705,750	746,070	776,125	798,748
Surplus (Deficit) On Social Housing Lettings	395,877	404,821	456,702	495,166	538,684
I&E from Other Activities	4,060	41,528	52,150	9,100	26,250
Surplus Before Interest and Tax	399,937	446,349	508,852	504,266	564,934
Interest Collected	333	304	198	193	193
Interest Payable	(328,711)	(356,013)	(381,468)	(402,352)	(424,272)
Surplus Before Tax	71,559	90,640	127,582	102,107	140,855

Appendix (5)

PEAK DISTRICTSHIRE RURAL HOUSING ASSOCIATION

BALANCE SHEET

	2018-19	2019-20	2020-21	2021-22	2022-23
	£	£	£	£	£
HOUSING ASSETS					
Housing Properties at cost	18,504,344	18,977,315	20,907,528	22,070,428	22,668,027
Depreciation	(1,871,670)	(2,103,543)	(2,353,908)	(2,618,354)	(2,890,417)
Total Fixed Assets	16,632,674	16,873,772	18,553,620	19,452,074	19,777,610
<u>Current Assets</u>					
Cash	634,796	389,206	350,000	350,000	350,000
Other	201,095	121,095	121,095	121,095	121,095
	835,891	510,301	471,095	471,095	471,095
Current Liabilities	(270,455)	(270,455)	(270,455)	(270,455)	(270,455)
Net Current Assets	565,436	239,846	200,640	200,640	200,640
Total Assets Less Current Liabilities	17,198,110	17,113,618	18,754,260	19,652,714	19,978,250
LONG TERM LIABILITIES					
Loan Balance	5,703,453	5,525,871	6,362,749	6,847,947	6,913,729
Government Grants	9,129,102	9,131,551	9,897,733	10,208,882	10,327,781
Pensions Liabilities	83,905	83,905	83,905	83,905	83,905
RCGF	180,781	180,781	90,781	90,781	90,781
NET ASSETS	2,100,869	2,191,510	2,319,092	2,421,199	2,562,054
Capital and Reserves					
Share Capital	40	40	40	40	40
Retained Surplus	2,100,829	2,191,470	2,319,052	2,421,159	2,562,014
	2,100,869	2,191,510	2,319,092	2,421,199	2,562,054

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
Mr Ian Fullilove	Co-optee (Peak District National Park Authority)	Planning Officer.
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

Village	Address	No	Mix	Tenure
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"> - Insufficient subsidy/capital funding sources available for required product - Over extending of PDRHA resources - Competition for resources - Direct funding of developers, and others, and reduced opportunities - Lack of Development Agent partners for PDRHA with capacity and access to funding - Increased output expectations - Nimbyism - Insufficient rental values - Lack of Core Strategies resulting in increased hope value for sites - Insufficient private funding available at affordable rates 	<ul style="list-style-type: none"> - PDRHA unable to develop to meet identified needs - Failure to meet PDRHA Business plan targets - Loss of development income to PDRHA - Reduced reputation/influence - Inability to meet identified needs
2	Welfare Reforms and introduction of Universal Credit	<ul style="list-style-type: none"> - Government continuing to reduce public spending and Welfare Bill - Changes to Welfare Benefit rules/ qualifying criteria - Continued roll-out of Universal Credit - New legislation/payment arrangements impacting on consistency of rental stream 	<ul style="list-style-type: none"> - Reductions in PDRHA rental income - Rapidly increasing PDRHA rent arrear and, bad debts - Court applications and evictions - PDRHA residents seeking transfer to smaller properties - Increased assistance to residents requiring support (signposting) - Resourcing of the Housing Management Team

NO	RISK CATEGORY	CAUSE	EFFECT
3	PDRHA ability to compete within sector	<ul style="list-style-type: none"> - Inadequate priority attached to rural housing delivery - Increased competition for grant resources/ reduced funding sources - Unrealistic/unachievable output expectations - Inability to raise sufficient private finance - Insufficient internal resources to compete - Revised funding priorities 	<ul style="list-style-type: none"> - Increased costs/excessive use of PDRHA resources - Lack of new business for PDRHA - Reduced development programme - Lack of homes being provided
4	Meeting PDRHA health and safety obligations	<ul style="list-style-type: none"> - PDRHA failure to comply with legislation and regulatory requirements - Inadequate policy approaches, systems and monitoring procedures - insufficient priority/focus 	<ul style="list-style-type: none"> - Increased risk of death or injury - PDRHA legal liability and associated financial impact - Regulatory intervention (serious detriment) - Enforcement action - Reputational damage to PDRHA
5	Withdrawal of managed stock	<ul style="list-style-type: none"> - PDRHA unable to meet partner performance expectations and VFM - Increased consolidation of management function by partner RSLs - Reduction in management fees - Property sales/stock rationalisation 	<ul style="list-style-type: none"> - Loss of income to PDRHA, and viability of service - Efficiencies required in management service - Loss of geographical/local influence - Reputational fall out - Loss of purchase opportunities

NO	RISK CATEGORY	CAUSE	EFFECT
6	Increasing PDRHA maintenance and void costs	<ul style="list-style-type: none"> - Increases in building inflation - Ageing/deterioration of PDRHA stock - Insufficient investment by PDRHA in planned maintenance - Properties not attractive to potential residents 	<ul style="list-style-type: none"> - Detrimental impact on PDRHA budget - Unable to include necessary work in financial plans - PDRHA resident dissatisfaction - Reputational damage, and increase in disrepair claims - Increasing void times - Emergence of hard to let stock
7	Changes to planning system	<ul style="list-style-type: none"> - Change in planning legislation (NPPF) - Local policy making at LA level - Interpretation of wider Core Strategy policies - Government announcements and initiatives 	<ul style="list-style-type: none"> - Loss/revision of planning mechanisms for delivery of new PDRHA homes - Loss/revision of Exceptions Policy - Lack of appreciation of specific rural planning mechanisms
8	PDRHA ability to access private finance	<ul style="list-style-type: none"> - Insufficient lenders in the market - Increasing margins - PDRHA inability to meet covenants - Insufficient security for loans - Inadequate financial skills on PDRHA Board - Withdrawal of existing lenders from the sector 	<ul style="list-style-type: none"> - Inability to secure loans at acceptable levels - Inability of PDRHA to repay loans - Reduced lending market - Increased refinancing - Reduced development programmes
9	PDRHA interest rate exposure	<ul style="list-style-type: none"> - Economic uncertainty (Brexit) - Inflation/deflation in economy - PDRHA lenders margins renegotiated/increased - Fixed:Variable loan ratios not maintained 	<ul style="list-style-type: none"> - Inability of PDRHA to repay loans - Breach of PDRHA lending covenants - Borrowing rate assumptions exceeded - Increased exposure to variable rates in the market

NO	RISK CATEGORY	CAUSE	EFFECT
10	PDRHA failure to comply with Regulatory Framework and Code of Governance	<ul style="list-style-type: none"> - Insufficient attention given to emerging regulatory obligations (VFM, health and safety, and resident engagement) - Insufficient attention given to adopted (NHF) Code of Governance - PDRHA failure to address resident focus/ co-regulatory agenda - Increased regulatory engagement emerging from private lender concerns - Risk based approach to regulation and increased attention on smaller (RASA) HAs. 	<ul style="list-style-type: none"> - Regulatory intervention - Merger considerations - Loss of/reduction in PDRHA development funding - PDRHA reputational damage with partners and residents - Incorrect/ inaccurate certifications
11	Business continuity	<ul style="list-style-type: none"> - Destruction of MRH office(s) - Office site(s) unavailable to MRH staff - Hardware failure/destruction of equipment - No access to, or failure of, Group systems 	<ul style="list-style-type: none"> - Disruption to service provision - Loss of MRH/PDRHA records - Financial loss to MRH and PDRHA - Reputational damage to MRH and PDRHA
12	Increasing PDRHA rent arrears and bad debts	<ul style="list-style-type: none"> - Rents not affordable to client group - Wider roll-out of Universal Credit - Social changes (increasing unemployment/benefits review and Welfare Reform) 	<ul style="list-style-type: none"> - PDRHA rent arrears/bad debts increase - Reduced income - Reduced surpluses - Increased demands on income management function - Increased evictions and associated costs

NO	RISK CATEGORY	CAUSE	EFFECT
13	Flood risk	<ul style="list-style-type: none"> - Environmental change - Extremes of rainfall - Poor/inadequate land drainage in rural locations 	<ul style="list-style-type: none"> - Flood damage to properties - Relocation of residents - Impact on insurance premiums - Disruption to service standards - Costs and potential rent loss
14	Changes in demand	<ul style="list-style-type: none"> - PDRHA unable to meet resident/prospective residents aspirations - Lack of demand for PDRHA products due to changing/ lack of need - Demographic changes/ changes in demand in rural locations - Contraction of rural services - PDRHA not providing VFM/achieving local affordability requirements 	<ul style="list-style-type: none"> - Loss of PDRHA rental income, resulting from voids and difficult to let properties - Lack of demand for PDRHA services and homes
15	Unable to meet resident aspirations and maintain service delivery	<ul style="list-style-type: none"> - PDRHA not meeting agreed service standards - PDRHA not involving residents in decision making - Resident Involvement Board not engaged effectively - Reduced resources for stock investment - Contractual obligations not being delivered by external partners - Increasing demands and expectations from residents 	<ul style="list-style-type: none"> - Increase in complaints and service demands - PDRHA unable to let properties - Lack of resident “buy-in” and failure of resident engagement structures - Failure to deliver services and performance requirements

NO	RISK CATEGORY	CAUSE	EFFECT
16	PDRHA Board membership and Board effectiveness	<ul style="list-style-type: none"> - Insufficient skills and experience on PDRHA Board - Lack of focus on key issues impacting on PDRHA businesses - Insufficient membership renewal and succession - Insufficient effectiveness reviews 	<ul style="list-style-type: none"> - Poor decision-making and governance - Inadequate business planning - Non-compliance with NHF Code and regulatory requirements - Lack of Board control
17	Marketability of shared ownership and sales exposure	<ul style="list-style-type: none"> - Lack of s/o mortgage lenders - Unattractive to purchasers - High deposit requirements - Local affordability 	<ul style="list-style-type: none"> - Unable to sell LCHO products - Mortgages unavailable or expensive to secure - Reduced development of home ownership products
18	Adverse publicity and media	<ul style="list-style-type: none"> - Service delivery failures - Inaccurate/irresponsible reporting - Inadequate supply of prepared material - Insufficient promotion of the sector's work/ poor sector image 	<ul style="list-style-type: none"> - Poor perception of PDRHA - Reputational damage - Failure to take advantage of PR opportunities
19	Legislative change	<ul style="list-style-type: none"> - Government policy announcements - Change in legislation - Judicial reviews - Increased transparency 	<ul style="list-style-type: none"> - Increased scrutiny of PDRHA business practices - Increasing legal costs and resource demands - Increased Government influence over activities - Revision of current business models

NO	RISK CATEGORY	CAUSE	EFFECT
20	PDRHA service charges – not achieving cost recovery	<ul style="list-style-type: none"> - Insufficient cost recovery - Tenant difficulty in meeting increases - Charges not supported within UC framework - Ineffective collection measures - Inaccurate budget setting 	<ul style="list-style-type: none"> - Insufficient collection to cover costs - Service charges set at incorrect level - Affordability to residents
21	Security of loan portfolio (Co-op Bank)	<ul style="list-style-type: none"> - Instability in banking system - Insufficient capitalisation - Poor management and reputation - Co-op Bank withdrawal from the sector 	<ul style="list-style-type: none"> - Inability to maintain existing facilities resulting in repayment demand - Requirement to refinance
22	Restriction of LA allocation policies	<ul style="list-style-type: none"> - LA policy changes to nominations/allocations criteria - Restrictive access to LA lists - LA responses to Homeless Reduction Act and obligations 	<ul style="list-style-type: none"> - Inability of applicants to access LA registers - Inappropriate nominations/allocation referrals - Local needs not being addressed as promised - Negative impact locally - Reputation and future growth undermined
23	Voluntary Right to Buy for Housing Associations	<ul style="list-style-type: none"> - Previous Government Manifesto pledge - Commitment to pilot project in the Midlands by current Government - Voluntary agreement between NHF and Government 	<ul style="list-style-type: none"> - Potential to undermine “exceptions”/in perpetuity principles - Reduced community support/buy in - Landowners unwilling to engage - Increased land values - Negative view from lenders on asset security - Difficulties in portability offer and replacement of stock

NO	RISK CATEGORY	CAUSE	EFFECT
24	Policy and procedure reviews and updates	<ul style="list-style-type: none"> - Inadequate review of existing policies and procedures - Revised legislation/good practice introduced 	<ul style="list-style-type: none"> - Outdated policies and procedures - Non-compliance with law/good practice - Inconsistent approaches across RHAs
25	Rent reductions/ rent control	<ul style="list-style-type: none"> - Government intervention - Legislative change - Welfare reduction agenda 	<ul style="list-style-type: none"> - Reduction in income to PDRHA - Impact on PDRHA business viability - Further cost efficiencies to be identified - Potential to breach loan covenants - Inability to raise private finance - Inability to deliver Business Plan aspirations - Insufficient resourcing of the business - Reductions in service provision and performance
26	Delivery of Passivhaus/Eco development	<ul style="list-style-type: none"> - Undertaking Passivhaus development proposals - Policy on reducing fuel poverty for residents - Planning requirements requiring eco friendly development 	<ul style="list-style-type: none"> - Increased development costs - Increased input of Association's own resources (over extending) - Reduction in borrowing capacity for other projects - Restricted development programme
27	Data Protection breach	<ul style="list-style-type: none"> - Inappropriate release of data/release of personal information - Cyber attack - Lack of training for staff - Non-compliance with Data Protection Act - Non-compliance with GDPR standards post May 2018 	<ul style="list-style-type: none"> - Regulatory intervention (Homes England and ICO) - Fines/penalties - Reputational damage

NO	RISK CATEGORY	CAUSE	EFFECT
28	Safeguarding obligations and reporting	<ul style="list-style-type: none"> - Insufficient knowledge of vulnerable residents/families - Obligations under legislation - Lack of front facing reporting structures 	<ul style="list-style-type: none"> - Inadequate support for vulnerable residents/families - Non-compliance with safeguarding legislation and requirements - Lack of targeted resources/support to individuals/families

**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
WEBSITE: www.peakdistrictrha.org.uk**

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

Peak District Rural Housing Association Ltd is registered under the Co-operative and
Community Benefit Society with Charitable Status 26807R and with Homes England
No. L3899

A member of the National Housing Federation
