

2018

Corporate Plan



Durham Aged Mineworkers
Homes Association

Contents

Durham Aged Mineworkers Homes Association Corporate Plan 2018-23	3
1. History and Vision	3
2. Mission	3
3. Strategy and Aims	4
<i>Table (i) Our Core Aims</i>	4
4. Strategy: Objectives	5
4.2. <i>Balanced Scorecard</i>	6
4.3. <i>Core Aim 1: "Residents First"</i>	6
4.4. <i>Core Aim 2: "Improve"</i>	6
4.5. <i>Core Aim 3: "Increase"</i>	7
<i>Table (ii) Details of new build projects under development and in planning</i>	8
4.6. <i>Core Aim 4: "Well Motivated"</i>	9
4.7. <i>Core Aim 5: "Well Managed"</i>	10
4.8. <i>Core Aim 6: "Help Others"</i>	13
5. Core Values	14
6. External Influences	14
6.2. <i>National political environment</i>	14
6.3. <i>Local political environment</i>	15
7. Conclusion	16
Appendix 1A - Key Performance Indicators – Balanced Scorecard	17
Appendix 1B - Value for Money performance metrics	19
Appendix 2 - VfM Strategy Objectives	20
Appendix 3A – Comprehensive Income Statement Forecast	21
Appendix 3B – Financial Position Statement Forecast	22
Appendix 3C – Cash Flow Forecast	23
Appendix 4 – Monitoring Key Risks	24
Appendix 5 – Efficiency initiative register	25
Appendix 6 - Executive Committee & Senior Management Team	27

Durham Aged Mineworkers Homes Association

Corporate Plan 2018-23

1. History and Vision

- 1.1. Durham Aged Mineworkers Homes Association has a rich heritage and is the only locally based specialist provider of homes to older people based between the Tyne and the Tees rivers.
- 1.2. In Durham's 19th century coal boom years, the rural landscape underwent rapid transformation. New houses were hurriedly built around new pitheads to attract and retain the labour force. The prospect of a decent wage, free housing and fire coal attracted men from the far reaches of the British Isles.
- 1.3. This new house, however, was a source of insecurity because it needed to be vacated the moment the breadwinner could no longer serve at the colliery.
- 1.4. It was to address this problem that the Association was founded in 1898 by Joseph Hopper.
- 1.5. Despite the many bitter struggles between miner and mine owner, he ensured that the care of the old and disabled became a neutral territory for co-operation in a common cause and the Association flourished.
- 1.6. Since the dark days of the Industrial Age, standards of living have improved for all. However, still today there remain far too many older people in the Durham Coalfield area who are inadequately housed. There exists in the region a gross under-provision of homes that are designed to meet the needs of older people, and at a time when there is tremendous growth in the older population of the region. This leads to far too many people suffering through inadequate or inappropriate housing for their needs.
- 1.7. So, 120 years after our founding, there continues to be a need in the region for provision of high quality homes, designed and priced with the needs of older people in mind. To that end the Association continues to be needed as much as ever, and works towards a vision that is uncompromising – and so we seek to improve the quality of the lives of older people in the area.
- 1.8. Our **vision** is:

To be the best provider of retirement homes in the North East of England.

- 1.9. We expect to measure this primarily by the satisfaction expressed by our residents in living in our homes.

2. Mission

- 2.1. In order to work towards our vision, the Association has developed a unique culture, influenced and strongly identified with the communities it serves. The Association' therefore sees its **mission** is:

To be a caring organisation, putting residents first and assisting in the regeneration of our coalfield communities.

2.2. This means that the Association is more than just a landlord. Because we have been part of the coalfields communities for well over a century, born out of their needs and aspirations, and working alongside them in good times and bad, we see ourselves as part of the essential infrastructure of the communities, and a beneficial influence in the lives of the many, and increasingly numerous, older people of the region.

3. Strategy and Aims

3.1. In order to achieve our mission in support of our vision, the Association has evolved six “Core Aims” that over the years have become part of the fabric and ethos of the Association through many years of custom and practice, and which together form the basis of our corporate strategy moving forwards.

Table (i) Our Core Aims

 <p>Residents First</p>	<p><u>Core Aim 1</u> To place residents at the heart of everything we do and provide an appropriate high quality and continually improving service.</p>
 <p>Improve</p>	<p><u>Core Aim 2</u> To improve the condition and marketability of existing homes within a broader asset management strategy.</p>
 <p>Increase</p>	<p><u>Core Aim 3</u> To increase the balance of two-bedroom stock and deliver quality, well-designed and energy-efficient homes.</p>
 <p>Well Motivated</p>	<p><u>Core Aim 4</u> To maintain effective, efficient and well-motivated Trustees, Staff and Volunteers.</p>
 <p>Well Managed</p>	<p><u>Core Aim 5</u> To ensure the Association is viable, well-managed and provides equal opportunities for all.</p>
 <p>Helping Others</p>	<p><u>Core Aim 6</u> To provide assistance in the development and management of housing schemes provided by other charities.</p>

3.2. In achieving these strategic aims, the Association will remain aligned with the needs and aspirations of our residents and future applicants and continue to provide relevant and valued services in a challenging environment. We recognise that assisting in the enjoyment of a comfortable retirement for our residents will help maintain social cohesion within the communities of the communities, allowing older people to continue to live in the communities they call home for as long as possible, whilst improving the quality of the environment and available housing stock for them and future generations.

- 3.3. The significant positive impact of access to a well designed and purpose built home on the lifestyle and comfort of older people is well documented within the Housing for an Ageing Population Preserving Independence ("HAPPI") 3 and HAPPI 4 reports of the All Parties Parliamentary Group on Housing and Care for Older People. It is our assertion that Almshouse-type dwellings of the type provided by the Association are a key part of housing provision designed for older people that is needed in the UK at this time.
- 3.4. In analysing these aims, it is important to note that while they are all of high value and importance, they serve differing functions in our ongoing progression.
- 3.5. To that end, **CA1: "Residents First"** is the lens through which all other aims are viewed. We seek to continuously improve and not to become complacent: recognising that the Association only has reason to exist while there remain people to whom our services are of benefit.
- 3.6. **CA2: "Improve"** recognises that we have been developing new homes for over a century, and because we seek to do it in the light of Core Aim 1, we need to focus available resources on keeping our homes up to the highest quality levels, whilst recognising that from time to time, some homes become unviable to maintain and so the capital locked up in them may be better released and used elsewhere within the organisation: helping pay for the development of new homes or improving viable ones elsewhere, or improving our services in some other way.
- 3.7. **CA3: "Increase"** recognises that the Association exists as much for people who are on our waiting list as for those fortunate enough to be our current residents. With that in mind we must continuously aspire to develop new homes to meet the ongoing, and increasing demand from people in need, while releasing for disposal redundant homes that may no longer be able to meet the aspirations of future residents.
- 3.8. **CA4: "Well Motivated"** and **CA5: "Well Managed"** support these first three aims, but are key to how those aims are met. We recognise that to continue to deliver more, and better, homes, we will be best placed to do so by making sure we are as fit and effective as possible, treating Members, staff and volunteers with respect, while running the administration of the Association as efficiently as possible.
- 3.9. **CA6: "Helping Others"** recognises that the Association does not exist as an island. Having developed a certain expertise in the field of retirement housing, (the Association is the largest Almshouse Charity in the UK and over 40% larger than the second largest), it is of benefit to the communities we serve if we can share that expertise with other charities within the field who may benefit from that assistance. The Association does not see owning ever greater numbers of homes as an aim in itself, but rather that the older people of the region are better served by whatever means available, whether or not that contributes to the growth of our own asset base.

4. Strategy: Objectives

- 4.1. While our Core Aims define the direction in which we seek to travel, there are many routes that could be picked to get there. To that end we use various methods to measure progress. Out of the various improvements and activities resulting from these objectives that will be undertaken, we have highlighted 3 specific Strategic Goals that we believe will have the most significant impact in the short to medium term in moving us forward over and above the routine activity of maintaining the *status quo*.

4.2. Balanced Scorecard

4.2.1. The Association maintains a “Balanced Scorecard” of Key Performance Indicators (“KPI’s”), balanced across all six Core Aims. The targets are reviewed regularly, in conjunction with a Scrutiny Panel of residents. Performance against these targets is reviewed quarterly by the Executive Committee and Scrutiny Panel. Our targets for 2018/19 and our performance for 2017/18 are attached at **Appendix 1A**.

4.2.2. The Regulator of Social Housing has produced a set of eight key metrics this which give a cross-section of organisational financial performance. Applying these to our 2018/19 Budget, our 2018 Annual Financial Plan and our 2017/18 Statutory Accounts, provides us with a set of outcomes for 2017/18 and targets for 2018/19 as per **Appendix 1B**.

4.3. Core Aim 1: “Residents First”

4.3.1. In order to understand how well our services are received by residents, the Association undertakes regular satisfaction surveys across all areas of operation using the VMS system. These are embedded in management processes, and are used to learn lessons and continuously improve service delivery.

4.3.2. In addition, we benchmark residents’ satisfaction triennially against other Registered Providers using Housemark’s “STAR” system. Our latest survey was undertaken in 2016 and showed that 94.5% of our residents were either “satisfied” or “very satisfied” with our services. This compared with 94.4% in the previous survey of 2013, and placed us as one of the very highest achieving of participating Registered Providers.

4.3.3. Strategic Goal No. 1:

To achieve 95% satisfaction in the next STAR survey, to be undertaken in July 2019.

4.3.4. Measure LPI036 in **Appendix 1A** identifies this objective on the balanced scorecard.

4.3.5. In order to achieve delivery of this goal, the Association is implementing an approach using the Four Disciplines of Execution (“4DX”) methodology. Due to the time taken for the methodology to embed into the Association’s working practices, it is anticipated that it will have a significant impact in the medium to longer term.

4.4. Core Aim 2: “Improve”

4.4.1. Decent Homes Standard

All of the Association’s homes exceed the Decent Homes Standard and have done so for many years. Robust maintenance policies and procedures and significant annual investment into planned maintenance will ensure that the standard continues to be exceeded. The Association places particular importance on energy efficiency and affordable warmth and will continue to invest in this area as a priority in order to provide the best possible service to residents.

In 2017 and again this year and in 2019, the Association has prioritised and will continue to prioritise within the planned maintenance programme spend, the replacement of remaining hardwood double glazing, which was proving prone to rot towards the end of its expected useful life, with modern UPVC double glazing which is more durable and cheaper to maintain.

4.4.2. *Planned maintenance and improvement*

A strategy based on rolling stock condition surveys and option appraisals will ensure that the homes remain in good condition and continue to exceed the Decent Homes Standard. As well as replacing components, it is recognised that homes have to be aesthetically pleasing and a proportion of the budget is routinely committed to works designed to maintain “curb appeal”. Full funding of planned maintenance and improvement requirements is incorporated into financial forecasts as outlined in **Appendices 3A to 3C** in this report, and residents are consulted about priorities for spending.

As noted above, current priorities are the replacement of wooden double glazed units with UPVC, which will enhance energy efficiency, prevent drafts and reduce ongoing painting costs. Priorities for planned maintenance spend are informed by consultation with residents, who in this case clearly demonstrated a preference for replacement windows over bathrooms and kitchens where there was the discretion available within the Decent Homes Standard.

4.4.3. *Responsive maintenance*

This is carried out by a network of small and medium sized contractors who are geographically spread in relation to stock location. The service provided is excellent, cost effective and resident satisfaction levels are exceptionally high.

4.5. *Core Aim 3: “Increase”*

4.5.1. *Development*

- 4.5.1.1. There is good demand for our older properties on the whole, but there is very significant demand for our newer two-bedroomed bungalows. The Association’s has waiting list stands currently at 2,300 applicants overall, which is in addition to those properties which are allocated via the Local Authorities’ Choice Based Lettings procedure.
- 4.5.1.2. Our new development programme is underpinned by prudent financial modelling and risk assessment procedures. The key elements of our development plans are:
- 4.5.1.3. To continue to provide new two (and occasionally where proven need exists: three) bedroom bungalows and level-access homes. Recent changes in the government’s grants and benefits regimes may have an impact on the opportunities to develop and on the affordability to those dependent on benefits of such schemes, and these risk factors are included within the Association’s plans to develop new schemes over the next 5 years.
- 4.5.1.4. Following fluctuations in the Government’s support for Social Housing since the July 2015 budget, the Association has sought opportunities to develop that were viable in this changing environment. Having completed a development programme from the previous programme, and following the 2016 prospectus, the Association was awarded a new allocation of capital grant from the fund reserved for developing specialist homes for social rent for older people.
- 4.5.1.5. The Association’s immediate aspiration for development is included within the balanced score card (measure LPI049) **Appendix 1A**. The Association had hoped to completed the development of 5 new two-bedroom bungalows at Eshwood

View in Ushaw Moor during 2017/18, however delays resulting from legal issues at the time of acquiring the land meant completion did not occur until April 2018, just into the new financial year!

- 4.5.1.6. Over the longer term, the agreed programme, which will be funded from new lending, new government grant, as well as grant and proceeds recycled from the disposal of homes previously funded by government grant is detailed as follows:

Table (ii) Details of new build projects under development and in planning

Project	No. of Units	Status (Estimated date of completion)	Estimated External Scheme Costs £k	Recycled SHG & Sales proceeds £k	New SHG £k	Estimated finance required from loan/surplus £k
Eshwood View (Co. Durham)	5	Apr 18	654	28	100	526
Kentmere House (Sunderland BC)	19	Jun 19	2,658	0	608	2,050
Voltage Terrace (Sunderland BC)	13	Jun 19	1,127	0	0	1,127
Sub total: WIP Projects 2018/19	37		4,439	28	708	3,703
Consett Baths (Co. Durham)	24	Mar 20	3,821	0	768	3,053
Sub total: Outline projects 2018/19	24		3,821	0	768	3,053
Total	61		8,260	28	1,476	6,756

- 4.5.1.7. In addition to the committed schemes outlined in Table (i) above, the Association has received grant allocation of £1,920k to commence developing a further 60 bungalows by 2022, which as yet remains uncommitted. Several potential sites have been identified within the Durham Coalfield area in conjunction with Durham County Council, and work is ongoing under a development contract with Karbon Homes Group, to bring the best options forward to enable completion within the outline timeframe agreed with Homes England, and in line with the aspirations of the Association's Financial Plan.

- 4.5.1.8. The Contract with Karbon Homes is subject to their bringing forward sufficient numbers of homes for development of an adequate standard within financial feasibility constraints as approved by the Executive Committee.

- 4.5.1.9. Karbon homes provide their services within an agreed budget within the overall budget of the schemes which are put to tender. One of the key benefits of the relationship with Karbon is access to land that we would not necessarily obtain otherwise as the development partnership they manage brings a critical mass to negotiations with Local Authorities and other landowners we could not aspire to on our own. In turn the development partnership benefits from the additional capital resource we can add, as well as the reputation of the DAMHA "brand" which is highly respected within the Durham Coalfield communities.

4.5.1.10. Strategic Goal No. 2:

To develop an additional 121 affordable, rented 2-bedroom bungalows by March 2022 under Homes England's Affordable Homes Programme.

- 4.5.1.11. The Association is open to seeking opportunities to expand its offer beyond the traditional "social rented" and "affordable rented" models of funding. However our current capital availability is fully utilised in the above social rented programme, and the Association does not have recent in-house experience of such models and so our approach to remains cautious, with no such programmes undertaken.

4.5.2. *Asset disposals*

- 4.5.2.1. The sale of older homes in areas of low demand will continue where such disposal is the most efficient means of maximising social and economic value for the Association's beneficiaries, with the proceeds earmarked to subsidise new provision.
- 4.5.2.2. With the introduction of the Government's welfare reforms, including the spare room supplement and universal credit which remain in force, the Association is cautious in its evaluation of the assumed "redundant" homes, as it may be the case that one-bedroom bungalows recover an element of desirability where it has been declining in recent years. Any schemes to be considered to be redundant are carefully reviewed on a case-by-case basis before releasing for sale on vacation.
- 4.5.2.3. The Association operates a small Care Home in Horden. Following a significant fall in occupancy in 2013 which threatened the viability of the home a specialist consultant was engaged who has since overseen the improvement of the management of the home within CQC and Local Authority standards such that it is currently a financial asset rather than a liability.
- 4.5.2.4. Nevertheless, the Association understands that Care Home management has diversified considerably from its core activity of social housing following necessary increased demands and expectations of the Care sector, and is aware that in the longer term, the interests of the residents of the home and the community of Horden may not be best served with the Association retaining control of the Care Home.
- 4.5.2.5. The Association is therefore in process of divesting itself of the Care Home with the twin aims of: reducing the exposure of the Association to the risks of Care Home management – a field in which it now has only a limited involvement and which is a distraction from the Association's core activity, but which requires significant attention, and under the current twin threats of the National Living Wage increasing at a rate higher than inflation, and pressure on Local Authority funding for Social Care – and of: ensuring that the home is managed by a specialist care provider who will be able to manage the home more effectively to meet the changing needs in the locality. It is expected that this disposal will take place in 2018/19.

4.6. *Core Aim 4: "Well Motivated"*

- 4.6.1. In such a small organisation we rely heavily on the knowledge, skills and attitude of people and upon their willingness to carry out multiple roles. Our people are therefore our greatest resource. Staff turnover is very low, which provides great benefits and every effort is being made to continually refresh traditional ways of thinking.
- 4.6.2. An Annual Training Plan is in place. Investors In People Gold Status was attained for the first time in 2015 and was a valuable kite mark for evaluating the quality of the direction and management of staff in the pursuit of the Association's business goals. As part of this process, in 2016/17, management staff achieved Chartered Management Institute ("CMI") accreditation to formally quantify and recognise their skills. In future all newly appointed staff in management grades will be required to achieve appropriate CMI accreditation.

- 4.6.3. A succession plan has been developed to ensure loss and replacement of experienced people is carefully managed.
- 4.6.4. The Executive Committee annually reviews governance structures against the National Housing Federation's current Code of Governance. This was undertaken again in March 2018.
- 4.6.5. In 2016, Members adopted an annual training plan and individual appraisal for all Trustees and the Chief Executive in compliance with the NHF's Code of Governance 2015. The appraisal system was externally reviewed in 2018.
- 4.6.6. As a methodology for measuring how our staff remain aligned with corporate goals, and for identifying how ongoing improvements can be implemented, the Association adopted the IIP Standard in 1999. This has been retained in every assessment since, with the Association attaining the Gold Standard in 2015.
- 4.6.7. An initial meeting with the Assessor indicated that their Standard has changed since our assessment in 2015. Having reviewed the new standard with the Assessor, it is the understanding of the Management Team that the new standard is more challenging than the old one, however having compared the requirements to the Management Team's understanding of the Association and its staff, it is believed that the new Gold Standard could be achieved, and which would represent an incremental achievement over the prior assessment.
- 4.6.8. The Assessment will take place in July 2018, and the outcome with any action plan or recommendations for further growth being reviewed for approval by the Executive Committee, and if necessary incorporated into the ongoing objectives of the Management Team, with progress being reported back to the Executive Committee.

4.6.9. Strategic Goal No. 3:

To achieve the Investors In People Gold Level Assessment, under the new, more stringent standard, in July 2018.

4.7. Core Aim 5: "Well Managed"

4.7.1. Sustainability and Value for Money

- 4.7.1.1. In 2017 we reviewed and updated the Association's Value for Money ("VfM") Strategy which identified our approach to delivering a balance of quality and price of service which suits our residents, and we report annually against it.
- 4.7.1.2. Objectives from our VfM Strategy form part of this Corporate Plan and can be found at **Appendix 2**.
- 4.7.1.3. *Objective 1 – to appoint a Development Manager*, has not yet been achieved as the environment in relation to development of homes for social rent has improved significantly in the last 12 months and our Development Partnership with Karbon Homes has been excellent at bringing forward a healthy number of good schemes financed under the existing capital grants/social rents model in the meantime, forestalling the immediate need to find alternative methods of development.
- 4.7.1.4. This situation remains under review as the current development programme progresses, and the Governments approach to funding new social rented homes continues to evolve.

- 4.7.1.5. *Objective 2 – to appoint a new Procurement Manager*, has been achieved and their ongoing success in bringing forward procurement efficiencies will be a matter for review in the following year.
- 4.7.1.6. Whilst we aspire to providing an excellent service second to none in the social housing sector, the Association recognises that social rents from other Registered Providers are under pressure from mandatory rent reductions imposed by the Government, from which the Association is exempt as an Almshouse Charity.
- 4.7.1.7. In this context the Association believes that it would be unfair to allow our weekly charges to fall too far out of line with those of other social housing providers, consequently The Association will pass on some of the benefits of cost savings to residents. In April 2018, weekly maintenance charges were frozen.
- 4.7.1.8. It is clear from our recent STAR Survey results that our residents believe our weekly charges are fair and affordable (2016/17 Housemark Survey: Satisfaction that rent provides VfM – 92.5%, increased from 92.2% in 2013), and so the Association does not believe it appropriate to reduce weekly charges excessively at the risk of compromising the quality of repairs service we are able to provide, or our ability to develop new homes.
- 4.7.1.9. However, this is a new area for the Association, where previously rent increases had primarily been set by the Regulator and were expected to increase annually in excess of inflation. Consequently close attention is being paid to the impact of this decision on demand and satisfaction, and a decision as to what, if any increase should be made in April 2019 will reviewed carefully with any real decreases being funded by efficiency savings rather than reductions in service quality or development aspirations.
- 4.7.1.10. An approved supplier list is maintained and reviewed on an ongoing basis. Contracts over £3.75k are subject to competitive tender.

4.7.2. *Viability*

- 4.7.2.1. The Association has operated for 120 years, and expects to continue to operate as long as there remains a need for our charitable services. According to the 2011 census, the “demographic timebomb” is not expected to peak until 2035 which means unless there is some very significant alteration in the volume of homes supplied by the private sector and other social housing providers, there will continue to be high levels of need for retirement bungalows for decades to come.
- 4.7.2.2. The Association has long recognised that its modern two-bedroomed bungalows are in much greater demand than its older one-bedroomed stock, and Core Aim 3 “increase” was instituted to address this. As the balance of stock has moved towards two-bedroomed bungalows passing parity 3 years ago, the existensial threat from this source has declined considerably, however active asset management still ensures that the residual financial risk from retaining low quality assets is controlled effectively as the nature of the communities in which we operate evolves over time.
- 4.7.2.3. The Association manages a long term financial forecast projecting 30 years into the future. This ensures the long term financial implications of decisions can be examined and controlled effectively. It is monitored by the Regulator of Social Housing as part of compliance with the Governance and Viability Standard.

4.7.3. Finance and Treasury Management

4.7.3.1. Projections of an Income and Expenditure Account, Balance Sheet and Cashflow Statement to the end of the period of the Corporate Plan are included at **Appendices 3A to 3C**. These have been extracted from the Association's 2018 Annual Financial Plan with which the Executive Committee review and approve capital spending plans for the Association. They have been prepared assuming stable inflation and interest rates and indicate that borrowing will reach a peak in 2020 and decline thereafter. All covenants will be met.

4.7.3.2. Capital and Financing

4.7.3.3. A loan facility of £2m was drawn down from the CAF Bank facility in 2017/18. A further loan of £2m has been agreed with CAF Bank and is currently proceeding through the security process. The business plan model anticipates additional new funding facilities of £2.5m being required from 2022/23 to fulfil its development aspirations after that date. Steps to identify the best source of the finance required will commence in 2019.

4.7.3.4. 1,022 of the Association's homes are charged as security for loan finance. This accounts for 59% of the Association's stock leaving 722 units, primarily our older stock, unencumbered. The average debt outstanding per unit owned as at 31st March 2018 was £19k (2017: £19k).

4.7.3.5. While the Association is not excessively highly geared, and therefore has the capacity to continue borrowing to develop at reasonably low risk, the future revenue environment contained, until October 2017, significant risk due to external Government and political factors. These are now somewhat reduced, although there remains some ongoing uncertainty.

4.7.3.6. Financial Efficiency

4.7.3.7. As part of a drive for efficiency, 3% cost efficiencies were targeted in the Association's revenue budget for 2017/18. These were largely delivered during the year, which meant that extra revenue was available to meet additional void repairs during the year. An register of efficiency initiatives which largely enabled this is attached at **Appendix 5**. The initiatives will continue to generate savings in ongoing years, which have been incorporated into the association's budget and future financial forecasts.

4.7.3.8. Future procurement efficiencies are anticipated from the appointment of a Procurement Manager for incorporation into the budgets from 2019 onwards.

4.7.3.9. A full explanation of the Association's financial performance for 2017/18 can be read in the Trustees' Annual Report and Accounts for 2017/18 which is available for download from the Association's website: www.damha.org.uk

4.7.3.10. Future efficiencies will continue to be delivered under the Association's Value for Money Strategy with a further 3% cash reduction in "Headline social housing cost per unit" being among the measures targeted in the 2018/19 budget.

4.7.3.11. Being an Almshouse, the Association is unaffected by the Government's requirement for Housing Associations to decrease their rents by 1% annually. However the Association recognises the expectation that impacts of efficiency savings should be passed on if possible to residents, and consequently was able

to restrict average weekly maintenance charge increases in 2017 to 0.5% and to 0% in 2018.

- 4.7.3.12. A full schedule of the Association's recent performance and future aspirations as measured against the Regulator for Social Housing's Value for Money metrics is attached at **Appendix 1B**

4.7.3.13. Financial Risk

- 4.7.3.14. The Association sees the risk of breaching its Interest Cover covenants as the key financial risk it faces. The Financial Plan has been stress tested extensively against this and other risks, and headroom is maintained in the budget such that the association will still remain viable should significant reduction in operating surplus be threatened by sources outside of the Association's control such as Welfare Reform.

- 4.7.3.15. The Association is confident from the evidence of the stress testing, that the development programme and the good maintenance of existing properties will not be threatened by all likely scenarios.

4.7.4. Risk Management

- 4.7.4.1. The Association undertakes an annual assessment of risk and produces a Risk Management Policy which evaluates key risks faced by the Association and identifies controls and mitigations against them. The exposure of the Association against these key risks is monitored by the Audit Sub Committee during the intervening period.

- 4.7.4.2. During the review in 2017, the Executive Committee identified that this approach, which had been in place for a number of years, while fundamentally sound, could be improved.

- 4.7.4.3. In April 2018, Members reviewed the latest Sector Risks as identified by the RSH and discussed the Association's exposure to them, as well as reviewing additional risks the Association faces that had been previously identified. Members then considered the mitigation strategies available dependent on the level of potential risk

- 4.7.4.4. On reviewing the Association's Financial Plan in May 2018, the impact of the key risks on the viability of the Association was considered and appropriate indicators of the Association's exposure to those risks were identified. **Appendix 4** schedules these. Some are already routinely reported on, however some were only reported to the Executive Committee by exception. For the 2018/19 financial year and thereafter, all measures of exposure will be reported routinely to Executive Committee.

- 4.7.4.5. The Association's Risk Management Policy will be reviewed in autumn 2018, and **Appendix 4** will be reviewed as part of the process.

4.8. Core Aim 6: "Help Others"

- 4.8.1. The Association provides housing management, and accounting services to four independent Almshouse Charities.

- 4.8.2. The Association is also in a "group" structure with four additional Almshouse Charities who are formally linked with the Association as the main Charity.

- 4.8.3. These arrangements have enabled the continuation of provision of almshouses at a high standard, which may well have been lost to social housing in the region otherwise. In addition they have added to the ongoing stability of the group as a whole, allowing the Association to share overhead costs across a larger asset base.
- 4.8.4. There are no immediate plans to incorporate any more smaller almshouses within the group, as we are not aware of any local charities currently in need of such assistance.
- 4.8.5. We are also the largest member of the Almshouse Association and have assisted in the development of their guidance publication: "Standards of Almshouse Management".
- 4.8.6. The Association's Chief Executive took up a position on the Executive Committee of the Almshouse Association on 15th June 2016, representing Northumberland and Durham.
- 4.8.7. The Association's Chief Executive also took up a position as a Member of the Housing and Ageing Alliance in 2017, representing Almshouses in consideration of the provision of age-appropriate housing. The Housing and Ageing Alliance is made up of a broad spectrum of people from local and national organisations working together with the objective of bring about improvements to the housing and living conditions of older people across the UK.

5. Core Values

- 5.1. While many adjectives may be appropriate to describe the way the Association works, the following eight stood out in consultation with all staff as being values with which the Association seeks to be identified. Our Core Values are:

- | | |
|---------------------|-------------------------|
| • Trust | • Caring |
| • Honesty | • Efficiency |
| • Competence | • Customer Focus |
| • Integrity | • Helping others |

- 5.2. The Association believes that as an organisation our Core Aims should be pursued without compromising these values.

6. External Influences

- 6.1. While it is vital that the Association seeks to carefully manage our own destiny, of course we do not operate in a vacuum, and we are working in increasingly challenging circumstances: where there is increasing demand for our homes, but reducing resources and increasing risk involved in delivering them. The world in which we operate constantly changes and so we must keep this under review.

6.2. National political environment

- 6.2.1. This time last year, we were facing a government that was sceptical towards the role of "social rented" housing in England and Wales. During the year, much has now changed in this regard, and we can celebrate that several issues that were indicating that developing new homes could potentially be problematic for the Association, are no longer in place as a threat.
- 6.2.2. Registered Providers are once again being encouraged to bid for grant for the provision of new social rented properties, and has reversed its preference for the

provision of starter homes for new buyers, and consequently returning grant funding allocations to this end.

- 6.2.3. Welfare reform and in particular the government's 2015 election pledge to reduce the welfare bill by £12bn have had a dramatic impact on the future availability of housing benefit to residents and on the rents (or in the case of Almshouses: maintenance charges) Registered Providers are permitted to levy. Residents from April 2019 were to have had their housing benefit capped at the Local Housing Allowance level, which in County Durham is typically £25 to £30 per week below the "Affordable Rent" levels charged on all of the Association's homes built since 2008, and a similar level below the weekly charges levied in the Association's sheltered schemes. At risk was an annual amount of £850k –the gap between the LHA and our weekly charges.
- 6.2.4. In October 2016 however, the Government released a statement that funding sufficient to meet this gap would be made available to residents of almshouses and sheltered and support housing, to be delegated to Local Authorities as ring-fenced funding. In September 2017 however, this threat was removed altogether.
- 6.2.5. We now have Government that is committed to massively the increasing the volume of the development of new social rented homes. We also have an Opposition party who are also similarly committed, and so the Government's general support for social housing appears to be likely to be maintained whoever may win the next election, whenever it may take place.
- 6.2.6. In June 2018, the Government announced that it expects around 23,000 new affordable homes will be delivered through a £1.67bn Government investment deal, part of the £2bn new money for social housing announced by the Prime Minister in September 2017. This is good news for Housing in the UK as a whole, however initial reports indicate that the new social rented homes will be in high cost areas, defined as places where there is a difference of £50 more per week between average private sector rents and social sector rents. As yet it is unclear whether there will be a problem accessing this new money in the North East of England, where average market rents are very low and often equal to or below social rents due to the prevalence of low quality private rented sector housing, the quality of which is often below the Decent Homes Standard that Social Housing must comply with.

6.3. Local political environment

- 6.3.1. Locally the Association retains good relationships with Durham County Council, sitting on the County Durham Housing Forum liaising alongside all Housing Associations working in the County.
- 6.3.2. Opportunities to work more closely with other Local Authorities in the Durham Coalfield area have proved more challenging. While at an operational level, relationships are good, at a strategic level, the Association is seeking opportunities to raise our profile in Sunderland, South Tyneside and Gateshead where ALMO's and LSVT's are considered the main provider of choice. As yet these opportunities have been limited. The Chief Executive has been tasked in his appraisal with increasing his personal profile on behalf of the Association nationally, and it is hoped that in the long term this will bear fruit. In the short term, the Association's membership of the development partnership with Karbon Homes has given access to opportunities for new development outside of County Durham.

7. Conclusion

- 7.1. In our 120th year, the Association has persevered through two world wars, the closure of the pits and all the challenges facing the Coalfield Communities over the years, yet we remain in place and continue to grow and thrive.
- 7.2. This Plan outlines the challenges and opportunities facing the Association in the immediate future, and demonstrates our determination to continue to meet the needs of the older people of the Coalfield communities in the North East for as long as we may continue to be needed. To that end, the Association has committed to 3 key strategic goals:

Strategic Goal No. 1:

To achieve 95% satisfaction in the next STAR survey, to be undertaken in July 2019.

Strategic Goal No. 2:

To develop an additional 121 affordable, rented 2-bedroom bungalows by March 2022 under Homes England's Affordable Homes Programme.

Strategic Goal No. 3:

To achieve the Investors In People Gold Level Assessment, under the new, more stringent standard, in July 2018.

Appendix 1A - Key Performance Indicators – Balanced Scorecard

Objective	Measure	Owner		Latest Data			Trends		Comments
	Description			Target	Result	Met	Prd	Yr	
CA1 To place residents at the heart of everything we do and provide an appropriate high quality and continually improving service									
Asset Management -> Repairs & maintenance									
Service quality	LPI021 - Emergency repairs completed in target	HofH		99.00%	99.95%	✓			
	LPI024 - Urgent repairs completed in target	HofH		99.00%	98.71%	✗			
	LPI027 - Routine repairs completed in target	HofH		99.00%	99.36%	✓			
	LPI030 - Void repairs completed in target	HofH		99.00%	99.82%	✓			
	LPI033 - Post inspections carried out	HofH		10.00%	18.95%	✓			
	LPI034 - Post inspections carried out	HofH		860	1,656	✓			
	LPI035 - Appointments kept (where made)	HofH		100.00%	99.90%	✗			
Housing Management -> Lettings									
Service quality	LPI017 - BME lettings	HofH		1	0	✓			
Housing Management -> Service improvement									
Service quality	LPI036 - Overall resident satisfaction	HofH		94.40%	94.50%	✓			
	LPI037 - Repairs satisfaction	HofH		90.00%	90.60%	✓			
	LPI038 - New homes satisfaction	HofH		90.00%	92.50%	✓			
	LPI039 - Adaptations satisfaction	HofH		90.00%	90.60%	✓			
	LPI040 - Resident being kept informed satisfaction	HofH		93.00%	93.20%	✓			
	LPI041 - Grounds maintenance satisfaction	HofH		77.00%	70.20%	✗			
	LPI042 - Gas servicing satisfaction	HofH		95.00%	91.40%	✗			
	LPI043 - Lettings satisfaction	HofH		92.00%	91.80%	✗			
	LPI044 - Out of hours repairs satisfaction	HofH		90.00%	86.00%	✗			
	LPI045 - Improvement works satisfaction	HofH		90.00%	86.80%	✗			
CA2 To improve condition and marketability of existing homes within a broader asset management strategy									
Asset Management -> Repairs & maintenance									
Stock quality	LPI019 - Average SAP rating	HofH		77.5	78.8	✓			
	LPI020 - Failing decent homes standard	HofH		0 dwellings	0 dwellings	✓			
	LPI022 - Number of emergency repairs	HofH		1,752	1,912	✗			
	LPI025 - Number of urgent repairs	HofH		1,248	1,163	✓			
	LPI028 - Number of routine repairs	HofH		2,800	2,508	✓			
	LPI031 - Number of void repairs	HofH		1,000	1,092	✗			
	LPI054 - Total number of repairs	HofH		6,400	6,675	✗			
Housing Management -> Lettings									
Stock quality	LPI013 - GN dwellings vacant and available to let	HofH		0.50%	1.70%	✗			mixture of long term voids plus terminations at year end
	LPI014 - Dwellings vacant and unavailable to let	HofH		0.50%	0.23%	✓			
	LPI015 - Re-let time excluding complex voids	HofH		32.0 days	37.7 days	✗			Re-let time (excluding 5 long term sheltered voids)27.2 days
	LPI016 - Tenancy turnover	HofH		10.00%	8.91%	✓			
CA3 To increase the balance of two bedroom stock and deliver quality, well designed and energy efficient homes, that contribute to the Regional Housing Strategy									
Finance and Administration -> Administration									
Stock quantity	LPI046 - GN dwellings	HofH		1,600 dwellings	1,643 dwellings	✓			

	LPI047 - OP dwellings	HofH		26 dwellings	26 dwellings	✓						
	LPI048 - Sheltered dwellings	HofH		62 dwellings	62 dwellings	✓						
	LPI049 - Newly developed	HofH		5 dwellings	0 dwellings	✗						Eshwood View handed over April 2018
	LPI050 - Sales	HofH		3 dwellings	1 dwellings	✓						
	LPI051 - Mobility standard dwellings	HofH		40.00%	42.70%	✓						
	LPI052 - Wheelchair user standard dwellings	HofH		1.00%	1.05%	✓						
CA5 To ensure the Association is viable, well managed and provides equal opportunities for all												
Asset Management -> Repairs & maintenance												
Viability	LPI023 - Cost of emergency repairs	HofH		£160,000	£191,477	✓						
	LPI026 - Cost of urgent repairs	HofH		£106,980	£99,257	✗						
	LPI029 - Cost of routine repairs	HofH		£328,000	£264,563	✗						
	LPI032 - Cost of void repairs	HofH		£288,828	£413,872	✗						Terminations in the period 165 against 137 for 2016/17
	LPI055 - Total cost of repairs	HofH		£828,292	£969,169	✗						
Finance and Administration -> Administration												
Equal opportunities	LPI018 - BME households on waiting list	HofH										
Finance and Administration -> Financial accounting												
Viability	LPI007 - Liquidity	HofF		100.00%	245.06%	✓						
	LPI008 - Net interest cover	HofF		130.00%	549.25%	✓						
	LPI009 - Gearing	HofF		100.00%	74.07%	✓						
	LPI010 - Long Term Debt as a proportion of Net Worth	HofF		50.00%	28.52%	✓						
	LPI011 - Surplus/Deficit (excluding housing depreciation)	HofF		£1,246k	£2,214k	✓						
	LPI012 - Cash balance	HofF		£500k	£6,796k	✓						
Finance and Administration -> Management accounting												
Viability	LPI005 - Average weekly management cost per unit	HofF		£4.81	£4.49	✓						
	LPI006 - Average weekly maintenance cost per unit	HofF		£11.29	£12.64	✗						
Housing Management -> Arrears management												
Viability	LPI001 - Rent Collection	HofF		98.00%	100.12%	✓						
	LPI002 - Current rent arrears	HofH		0.75%	0.43%	✓						
	LPI003 - Rent losses due to voids	HofH		1.50%	1.31%	✓						
	LPI004 - Bad debts	HofH		0.30%	0.12%	✓						
CA6 To manage and provide assistance in the development and management of housing schemes provided by other charities												
Finance and Administration -> Administration												
Almshouse management services	LPI053 - Managed properties	HofF		64 dwellings	64 dwellings	✓						

Appendix 1B - Value for Money performance metrics

Metric		2018/19 Budget	2017/18 Outturn	2017/18 Budget	2016/17 Outturn
1	Reinvestment %	3.86%	2.17%	n/a	1.52%
2	New supply delivered %	0.28%	0.00%	0.28%	0.00%
3	Gearing %	15.91%	14.00%	16.58%	16.68%
4	Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %	449%	377%	349%	438%
5	Headline social housing cost per unit	£3,798	£3,920	£3,932	£3,726
6a	Operating Margin - Social Housing %	31.74%	31.32%	31.69%	35.48%
6b	Operating Margin - All %	31.89%	31.58%	31.83%	35.67%
7	Return on capital employed (ROCE) %	3.57%	3.60%	3.60%	4.08%

Appendix 2 - VfM Strategy Objectives

(Extracted from VfM Strategy 2017-20)

Our Objectives

The overall aim of the VfM Strategy is to obtain maximum benefit with the resources we have available. We will aim to do this by achieving the right balance between economy, efficiency and effectiveness as determined by our residents, Executive Committee, staff, management and other stakeholders.

Objective 1: Develop to our maximum potential

The Association has a proud history of development of new subsidised rental properties with the assistance of grant funding from the HCA [now "Homes England"] and its predecessor agencies. We expect this to continue, however in order to maximise our ability to provide homes in a rapidly changing environment, the Association will

Appoint a Development Officer with the responsibility of bringing forward appropriate opportunities to provide housing for our traditional client group with alternative funding methodologies.

Measuring our success:

The measure of our success will be a programme of new sustainable and appropriate developments for our traditional client group that is not dependent on HCA Funding for viability.

Objective 2: Continue to improve our procurement processes

Having reviewed our procurement methodology we have identified a need for a Procurement Manager who will:

Revise our procurement policies with a view to incorporating new methods of procurement where VfM efficiencies from doing so can be demonstrated

Measuring our success:

The measure of our success will be demonstrated by increasing the value of efficiency and procurement savings recorded in our register.

Appendix 3A – Comprehensive Income Statement Forecast

Year	1	2	3	4	5
Year	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Turnover	8,605	8,985	9,265	9,629	9,995
Operating Costs	-5,961	-6,334	-6,539	-6,746	-6,992
Operating Surplus/(Def)	2,644	2,650	2,726	2,884	3,002
Profit/(Loss) on sale of fixed assets	0	11	22	32	43
Gift aid	0	0	0	0	0
Surplus Before Interest And Tax (SBIT)	2,644	2,662	2,748	2,916	3,046
Share of surplus / (deficit) in joint ventures and associates	0	0	0	0	0
Interest Receivable And Other Income	12	12	15	12	16
Interest Payable And Similar Charges	-676	-632	-740	-730	-832
Movement In Fair Value Of Financial Instruments	0	0	0	0	0
Decrease In Valuation Of Housing Properties	0	0	0	0	0
Reversal Of Previous Decrease In Valuation Of Housing Properties	0	0	0	0	0
Change In The Value Of Investment Property	0	0	0	0	0
Other Losses And Gains	0	0	0	0	0
Surplus/(Def) Before Tax	1,980	2,041	2,024	2,198	2,229
Corporation Tax	0	0	0	0	0
Surplus/(Def) After Tax	1,980	2,041	2,024	2,198	2,229
Unrealised Surplus/ Def) On Revaluation Of Housing Properties	0	0	0	0	0
Actuarial Loss/Gain In Respect Of Pension Schemes	0	0	0	0	0
Change In Fair Value Of Hedged Instruments	0	0	0	0	0
Total Comprehensive Income For The Year	1,980	2,041	2,024	2,198	2,229
Comprehensive Income Brought Forward	16,717	18,697	20,738	22,762	24,960
Comprehensive Income Carried Forward	18,697	20,738	22,762	24,960	27,189

Appendix 3B – Financial Position Statement Forecast

Year	0	1	2	3	4	5
Year	£'000	2018/19 £'000	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Fixed Assets						
Other Fixed Assets - Intangible	0	0	0	0	0	0
Housing Properties Either At Cost Or Valuation	90,052	91,353	100,663	104,575	108,614	112,805
Work In Progress Fixed Assets	1,023	5,913	1,133	1,133	1,133	1,133
Depreciation	-18,584	-20,281	-22,136	-24,063	-26,062	-28,138
Investment Properties	0	0	0	0	0	0
Investment in joint ventures and associates	0	0	0	0	0	0
Other Fixed Assets - Investments	673	673	681	689	697	705
Homebuy - Loan	0	0	0	0	0	0
Other Fixed Assets - Tangible	1,065	1,120	1,177	1,235	1,295	1,357
Less Other Fixed Assets - Tangible Depn	-702	-729	-761	-796	-835	-877
Total Fixed Assets	73,528	78,050	80,757	82,774	84,843	86,985
Current Assets						
Work In Progress - Properties For Sale	0	0	0	0	0	0
Tenant Debtors	229	152	153	300	309	317
Other Current Assets	0	0	0	0	0	0
Cash And Bank	6,782	2,494	1,907	2,915	1,691	2,753
Short Term Investments	15	15	15	15	15	15
Total Current Assets	7,025	2,660	2,075	3,229	2,014	3,084
Current Liabilities						
Short Term Loans	-1,560	-1,065	-1,052	-1,624	-1,740	-1,252
Bank Overdrafts	0	0	0	0	0	0
Creditors: Amounts Falling Due In One Year	-1,239	-1,239	-1,239	-1,239	-1,239	-1,239
Creditors: RTB Receipts Due To Council	0	0	0	0	0	0
Deferred Capital Grant: Due Within One Year	-390	-389	-388	-387	-386	-385
Total Current Liabilities	-3,189	-2,693	-2,680	-3,250	-3,365	-2,877
Net Current Assets	3,836	-33	-605	-21	-1,352	208
Total Assets Less Current Liabilities	77,364	78,017	80,152	82,752	83,491	87,192
Creditors						
Long Term Loans: Amounts Falling Due After More Than One Year	17,987	16,923	15,870	16,179	14,439	15,618
Finance Lease Obligations	0	0	0	0	0	0
Fair value derivative financial instruments	0	0	0	0	0	0
Long Term Creditors: Amounts Falling Due After More Than One Year	1,523	1,523	1,523	1,523	1,523	1,523
Recycled Grant	900	120	120	120	120	120
Other Capital Grants	1,118	1,118	1,118	1,118	1,118	1,118
Deferred Capital Grant: Due After More Than One Year	41,984	42,891	44,441	45,119	45,816	46,532
Amortised Capital Grant	-6,299	-6,689	-7,004	-7,504	-7,920	-8,342
Homebuy - Grant	0	0	0	0	0	0
Total Creditors	57,212	55,886	55,979	56,556	55,096	56,568
Provisions And Reserves						
Pension Provisions	-1,521	-1,521	-1,521	-1,521	-1,521	-1,521
Other Provisions	4,956	4,956	4,956	4,956	4,956	4,956
Income And Expenditure Reserve	16,717	18,697	20,738	22,762	24,960	27,189
Revaluation reserve	0	0	0	0	0	0
Other Reserves	0	0	0	0	0	0
Total Provisions And Reserves	20,152	22,132	24,173	26,197	28,395	30,624
Total Financing And Reserves	77,364	78,017	80,152	82,752	83,491	87,192

Appendix 3C – Cash Flow Forecast

Year	1	2	3	4	5
Year	2018/19	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000	£'000
Operating Activities					
Income From Rents And Service Charges	7,801	7,867	7,976	8,453	8,791
Other Income	890	711	731	751	772
Management And Service Costs	-1,429	-1,498	-1,538	-1,580	-1,623
Repairs And Maintenance Costs	-2,142	-2,256	-2,324	-2,390	-2,492
Capitalised Repairs And Maintenance	-972	-1,146	-1,063	-1,089	-1,138
Other Expenditure	-808	-829	-646	-864	-882
Net Cash Flow From Op. Activities	3,141	3,049	3,135	3,481	3,628
Financing Activities					
Returns On Investments	12	4	7	4	8
Servicing Of Finance	-703	-701	-780	-788	-905
Total Financing Activities	-692	-697	-773	-784	-897
Net Op. Cashflow After Interest	2,449	2,352	2,362	2,697	2,730
Tax Paid Plus Net Gift Aid Payments	0	0	0	0	0
Investing Activities					
Payments to acquire and develop housing properties	-5,450	-3,574	-3,067	-3,151	-3,238
SHG Received	128	1,551	678	697	716
Receipts from sale of housing current assets	0	0	0	0	0
Cash On Disposal Of Properties	200	206	212	218	224
RTB Payments To Council	0	0	0	0	0
Recycled Grant	0	0	0	0	0
Other Grants Received	0	0	0	0	0
Cash flow to / (from) joint ventures and associates	0	0	0	0	0
Additional Pension Payments	0	0	0	0	0
Homebuy - Loan	0	0	0	0	0
Homebuy - Grant	0	0	0	0	0
Other Capital Expenditure	-55	-57	-58	-60	-62
Total Investing Activities	-5,177	-1,874	-2,235	-2,296	-2,360
Financing Cashflows					
Loan repayments	-1,560	-1,065	-1,120	-1,624	-1,809
Loan drawdown	0	0	2,000	0	2,500
Net drawdowns / (repayments) of revolving credit facility	0	0	0	0	0
Total Financing Cashflows	-1,560	-1,065	880	-1,624	691
Change In Cash And Bank	-4,288	-587	1,008	-1,224	1,062
Cash And Bank & Short Term Investments BF	6,796	2,508	1,922	2,929	1,705
Cash And Bank & Short Term Investments CF	2,508	1,922	2,929	1,705	2,767
Reconciliation Of Net Cashflow From Operating Surplus					
Operating Surplus	2,644	2,650	2,726	2,884	3,002
Depreciation Charge	1,782	1,951	2,030	2,111	2,195
Adjustment for grants taken to income	-391	-406	-411	-417	-423
Capitalised Repairs And Maintenance	-972	-1,146	-1,063	-1,089	-1,138
Adjustments for current asset cost of sales	0	0	0	0	0
Adjustments for current asset receipts	0	0	0	0	0
Other Non-Cash Items	0	0	0	0	0
Other Adjustments	77	-1	-147	-9	-8
Net Cash Flow From Op. Activities	3,141	3,049	3,135	3,481	3,628

Appendix 4 – Monitoring Key Risks

Risk Register Ref.	Key risk	Reportable measure of exposure
3.1	Interest on borrowings	<ul style="list-style-type: none"> Net interest cover Management accounts
7.1	Increases in pension scheme deficit	<ul style="list-style-type: none"> Average weekly management cost per unit Average weekly maintenance cost per unit Management accounts
6.4	Universal credit – cessation of direct payments	<ul style="list-style-type: none"> Rent losses due to voids Bad debts Arrears Management accounts
11.1	Residents subject to serious injury or loss of life	<ul style="list-style-type: none"> Insurance claims on behalf of residents Reportable accidents
14.0	Governance	<ul style="list-style-type: none"> Compliance with Governance and Viability Standard
8.1	Staff	<ul style="list-style-type: none"> Staff turnover and sickness
9.1	Reduced demand for Care Home	<ul style="list-style-type: none"> Management accounts
13.1	IT Risk – loss of confidentiality, integrity, data breach	<ul style="list-style-type: none"> Monitor reportable breaches
6.3	Welfare reform – under-occupation charge	<ul style="list-style-type: none"> Rent losses due to voids Bad debts Arrears Management accounts
11.2	Employees subject to serious injury or loss of life	<ul style="list-style-type: none"> Monitor reportable accidents
16.1	General Data Protection Act	<ul style="list-style-type: none"> Monitor reportable breaches
16.2	Water Rates Commission	<ul style="list-style-type: none"> Quarterly management accounts

• Routine reporting currently in place

• Currently reporting by exception

Appendix 5 – Efficiency initiative register





What was the idea	What savings were made	Notes	Date
Working in Partnership			
To work in partnership with Northern Housing Consortium to secure a 3 year fixed price service level agreement as part of North East Procurement for Housing	Time -NHC carried out all tendering work saving staff time . Money - NHC secured large discount via procurement group	Annual savings of approx £10000	2017-2020
Agreement made with tunstall to re-charge for equipment cost only and let labour be covered under the standard SLA	The one off replacement charge £180 will now be reduced to £75 per replacement	During 2017-18 18 detectors were changed at a cost of £1350 saving £1890	2017/18
Reduce staff time required to administer contract			
Financial Savings			
Review of design & print costs carried out for Banner newsletter & Annual report	Money - annual costs reduced for agreeing to two year contrac	£2195 savings per annum for 2 years	contract ended 31.3.17 check for new price
Replace franking machine to allow us to make use of Royal Mail "mailmark"	Money - postage costs reduced	approx £2000 per annum saving expected per year over 6 year lease	2015-2021
Renewed computer security system with Onyx	Money - annual price reduced for renewing on 5 year contract	£455 per year savings for next 5 years	2014-2019
switch to mains fed instead of bottled to reduce costs & free up storage space	Money - annual price reduced by £250		2017-18
Exercise to reduce mobile phone contract costs	Money - contract costs reduced for two years	£1500 approx savings per year for next two years	2015-2017
Look to reduce QL user group charges	Money - no increase to enhancement levy	£1050 plus vat per annum	2016/17
Carry out tender for this service	Money - annual price reduced	Annual saving of £672	2016/17
Save on sundry office costs	Money - decided to stop delivery of newspapers to office	Annual savings £405	2017-18
Retender of maintenance costs	Money - new contractor approved costs reduced to £546 per annum	Annual savings £327	2017-18
Re-tender for rent collection contract	Money - new 2 year contract with Allpay will save £3900 per annum each year for two years	£7800 savings over 2 years	2016-2018

reduce cost of office cleaning	Money - employ cleaner rather than using agency	Annual savings £3500	2017-18
Reduce print & distribution costs for the Annual Report to allow for new digital version for website	Money - Corporate partners & waiting list applicants can view infographic version via website	Annual savings £150 even with design of infographic	2017-18
Reduce distribution costs for handbook inserts	Money - Use delivery firm instead of individual mail drops	Saved £300	2017-18
Members have option to receive magazine digitally as well current print copy if required	Money - fixed price for 3 years at a 20% discount	Saved 915	2017-2020
Handle Planned Maintenance inhouse	Money - Planned maintenance programme has been brought in house	Annual Savings £47k	2017-18
Reduce printing & copier costs in Finance Dept.	Money - replace the current copier/printer due to the expensive running costs. Savings will increase once equipment is fully depreciated after 3 years	Annual savings of £200 per annum 2017-2020 for first three years then £800 per annum thereafter 2021 onwards	2017-2020 then 2021 onwards
Improving Service to Residents			
British gas to handle all voids - we don't pay any standing charge during void period & they pay us £5 per property they handle	all voids are handled by one utility firm making it easier to handle from an admin point of view also money savings made on standing charges	£1500 saved	2018




Appendix 6 - Executive Committee & Senior Management Team

Executive Committee

	Gordon Parkin, Chairman Sub Committees: Finance (Chair) Organisation & Personnel Housing & Development	Gordon was appointed Chairman in November 2008, and Chairman of the Sub Committee in October 2002. He worked at Easington Colliery from 1966 until it closed in 1993. Involved with the local NUM and Aged Miners Committees and a past member of Durham DHSS Appeals Tribunals
	Steve Fergus, Vice Chairman Sub Committees: Housing & Development Organisation & Personnel (Vice Chair)	Steve was elected Vice Chairman in November 2014. Steve was previously General Secretary of the Durham Enginemen's Association and recently retired as a Transport Manager.
	Lesley Armstrong Sub Committee: Finance	Lesley is Clerk of Murton Parish Council and has over 25 years banking experience.
	John Ball Sub Committees: Audit (Vice Chair) Finance Housing & Development	John served at Easington Colliery from 1971 until its closure, the last 10 years as a Deputy.
	Barbara Christie CQSW Sub Committees: Organisation & Personnel (Chair)	Barbara has over 20 years experience as a social worker for the Coal Industry Social Welfare Organisation and previously worked for 15 years at South Tyneside Social Services.
	Ray Gibson Sub Committees: Housing & Development Finance Organisation & Personnel	Ray served for 17 years in local government, and retired after serving for a further 18 years managing development with two Housing Associations.
	Derek Gray Sub Committees: Housing & Development Audit Finance	Derek is a resident of the Association. He served as a NUM Trade Union Secretary and as a Parish Councillor
	Paul Hewitson Sub Committees: Audit (Chair) Finance (Vice Chair)	Paul is a Chartered Accountant and is a Director in Audit and Assurance.

	<p>Una Mack Sub Committees: Housing & Development (Vice Chair) Organisation & Personnel</p>	<p>Una is a resident of the Association. She is a retired dental nurse and also carries out voluntary work.</p>
	<p>Sheila McIntyre Sub Committees: Housing & Development Organisation & Personnel</p>	<p>Sheila is a resident of the Association. She is a retired nurse and civil servant and has a deep interest in residents' issues having previously been Secretary of St. James' Village Residents Association in Gateshead.</p>
	<p>Cyril Smith MCIH Sub Committees: Housing & Development (Chair), Finance Audit</p>	<p>Cyril is a qualified Institute of Housing Manager, with 30 years local government experience.</p>
	<p>Paul Stradling Sub Committees: Housing & Development</p>	<p>Paul was a Durham County Councillor and previously Durham Area President for NACODS and a Magistrate.</p>

Senior Management Team

	<p>Paul Mullis Chief Executive Fellow of the Institute of Chartered Accountants in England & Wales (Qualified 1994) Member of the Chartered Management Institute (Qualified 2017) Member of The Chartered Institute of Housing (Appointed 2012)</p>	<p>Appointed to the post in 2012 after serving over 9 years as Head of Finance and Administration. Financial management experience with a regional supported housing provider, and auditing and accounting experience in the public and private sector. Paul has overall responsibility for the management of the Association and its effective performance.</p>
	<p>Pauline York Operations Director Chartered Member of The Chartered Institute of Housing (Qualified 2008) Member of the Chartered Management Institute (Qualified 2017)</p>	<p>Appointed to the post in November 2007, Pauline has 27 years experience in housing having previously worked at Derwentside District Council and latterly its voluntary transfer organisation. Pauline is responsible for Housing Management, Asset Management and New Development.</p>
	<p>Nicola Local Finance Director Fellow of the Chartered Association of Certified Accountants (Qualified 2002) Member of the Chartered Management Institute (Qualified 2017)</p>	<p>Appointed to the post in 2012 after serving over 5 years as Finance Officer. Nicola had 12 years experience of management accounting with several national companies. She has responsibility for Finance, IT and Procurement</p>