

ADDENDUM TO STRATEGIC PLAN 2015-2018

The Strategic Plan 2015-2018 was agreed a month before the General Election 2015. A new majority Conservative Government was elected on 7 May 2015. Since then much has happened. We have seen two budgets, a Spending Review and two major pieces of legislation (Housing & Planning Bill and Welfare & Work Bill) progress through parliament.

The direction of housing policy has shifted. In the last year changes have included the social rent reductions, voluntary Right to Buy, pay to stay, renewed emphasis on fixed term tenancies, reclassification of Registered Providers as public bodies, reductions in the benefits cap and the introduction of the Local Housing Allowance cap to social housing.

All of these changes have radically altered the operating environment and the business plans for housing providers. It is therefore appropriate to check that the Strategic Plan 2015-2018 still holds good and is fit for purpose.

In response to this changing context, the Group Board acted quickly and took some major decisions in November 2015. The Group Board agreed that the more difficult operating environment should not dampen our ambitions to build more homes for those in housing need – after all, that is our core purpose. Consequently, the Group Board agreed a package of cost reductions against business plan expectations of circa £3.4 million per annum.

The Group Board also reviewed our objectives and targets within the Strategic Plan 2015-2018 to ensure that they still remain realistic and achievable within this constrained budget envelope. Our strong view is that – with the two exceptions below – they do. Indeed, the cost reductions that we have implemented have been secured in such a way as to ensure that our expectations around business transformation and service improvements are as ambitious as they were when the Strategic Plan 2015-2018 was agreed.

We have also been successful in raising a private placement of £40 million since last year.

There are two areas where outcomes may be less than those originally envisaged in the Strategic Plan 2015-2018. The reduction in asset management spend will result in 30 fewer kitchens, 30 fewer bathrooms and 50 fewer boilers being installed each year. However, despite this we will still maintain 100% Decent Homes Standard compliance. In the event that we can 'beat the Business Plan' and secure mid year savings, then we will explore whether spend can be increased back to those levels originally anticipated in 2015. The second area is funding to the community charity where an annual spend reduction from £250,000 to £100,000 will mean reduced outcomes in terms of our Community Investment Strategy.

Looking forward, we have been agile and light on our feet to ensure that despite the new challenges thrown at us, the Strategic Plan 2015-2018 still remains relevant and deliverable.