

# Pickering and Ferens Homes



## Corporate Plan 2020-2023

# Corporate Plan

## 2020 – 2023

### Foreword

The Corporate Plan for Pickering and Ferens Homes covers the 3 year period 2020-2023. It is reviewed and revised on a yearly rolling basis.

The environment within which we operate is constantly changing; during 2018 changes in public policy have impacted on the sector, including:

- The Government's priorities are viewed as addressing the issues of building safety identified as a result of the Grenfell fire tragedy, creating new deals for renters and first time buyers, ending rough sleeping, improving the quality of new and existing homes and bringing forward a Social Housing White Paper. Alongside this is the commitment to build new homes to address areas of housing shortage.
- The Housing Green Paper in February 2018 reported the following national (English) housing statistics:
  - The average house costs eight times the average earnings
  - The number of people living in the private rented sector has doubled since 2000
  - 2.2m households with below-average incomes spend more than a third of their disposable income on housing
  - 11% of land in England is built on
  - In the early 1990's a first time buyer couple on low-middle incomes saving 5% of their wages each month would have enough for an average deposit in three years, today it would take them twenty four years
  - Productivity in the construction sector has grown at 11% in the last 25 years, compared with 41% for the whole economy

The proposals centred around the following principles:

- Plan for the Right Homes in the Right Places
- Building homes faster
- Diversifying the housing market
- Helping people now

Within the above:

- The Homes and Communities Agency 's functions were separated with the investment arm is now "Homes England" and the regulatory function is carried out by "The Regulator of Social Housing".
- Housing Associations are expected to develop and create efficiencies to maintain strong viability and to channel resources into house building.
- Following the general election in December 2019, where a majority government was returned The Ministry of Housing, Communities and Local Government have begun to re-establish its policy lines albeit with a February 2020 change in Housing Minister.

The UK exiting from the European Union dominated the political agenda during last year, however some significant housing policy events still occurred:

- Post the June 2017 Grenfell Towers tragedy, a focus on the appropriateness of building regulations and fire safety management including the public inquiry phase 1 and the Hackitt review.
- A move towards City Region devolved infrastructure spending and policy that will impact on decision making and long-term spatial development in most regions
- An end to the rent reduction policy regime
- An introduction of carbon neutral targets supporting the climate change agenda

Considering our internal and external operating environments, PFH commissioned Link Assets Services to help us identify and independently evaluate our risks and corporate plan stressors, creating and assessing the impacts of ‘a perfect storm’ and to develop mitigation planning. We are confident that we can effectively manage our future, to continue to maintain our stock to a good standard, potentially develop new homes and build strategic partnerships and alliances in order to achieve our aims.

PFH has a clear vision and goals. Our biggest challenges relate to achieving greater efficiency, reducing carbon emissions, achieving commissioned health and social care related projects and to secure a modest but effective new homes development programme. We seek to achieve value for money and financial savings wherever possible without significant detriment to our customers or dilution of our ability to deliver our goals. We have a strong platform from which to move forward and test ourselves against these challenges.

Our financial position is sound with enough reserves and the capacity to develop new housing over the medium term. We demonstrate excellent performance, and our housing stock is in good condition, with our homes meeting our agreed standard. Within the plan we provide a 10-year financial forecast and a 30-year asset investment forecast.

We also have a strong and committed Board of Trustees and staff team who are determined to improve the quality of our residents’ later life, both in housing and health terms, to create a community focus and to improve the neighbourhoods they live in.

We aim to respond effectively to the challenges and opportunities the future presents us with and on behalf of our residents to strive for best value, excellence in customer satisfaction and continuous improvement.

**Pete Stones – Chair of the Board**

**Claire Warren – Chief Executive**

## About Pickering and Ferens Homes

Pickering and Ferens Homes is a Registered Social Housing Provider (A4020), a registered charity (No 1014862) and a member of the National Almshouse Association (No 981).

Our registered office is Silvester House, The Maltings, Silvester Street, Hull HU1 3HA.

As at 31 December 2019 we own 1353 properties, located within Kingston upon Hull and the East Riding of Yorkshire.

We provide management and maintenance services to 31 properties owned by Mrs D.L Richardson Almshouse Charity. These properties are located within Kingston upon Hull and Bridlington (East Riding of Yorkshire). To deliver efficiency and effectiveness to these residents and to protect their long-term interests, the Charities are currently working towards an amalgamation of these homes into the PFH portfolio.

Our origins lay with the philanthropic activities of 2 prominent Hull businessmen – Christopher Pickering and Thomas Ferens.

In 1910 Christopher Pickering donated £6,300 for the construction of 12 almshouses (Pickering Crescent) to be built in west Hull. He also donated land and money for the construction of Pickering Park along Hessle Road where the almshouses are situated. These buildings were constructed to house ex-fishermen and were managed and maintained by Hull City Council. In 1919 and 1955 a further twelve almshouses were built. In 1978/9 Hull City Council obtained Housing Association status in connection with these almshouses.

Ferens Haven of Rest was also developed on the east side of the city. Thomas Ferens was responsible for the conception of the charity when he built 12 almshouses in 1912. These were donated to Hull City Council to be administered as a Trust under the Ferens Haven of Rest (now known as Ferens Haven). The Trust went on to develop more properties at Staveley Road, Babington Row, Barham Road and Holderness Road.

The two Trusts formally merged on the 2<sup>nd</sup> September 1992 and became 'Pickering and Ferens Homes' Almshouse Charity. We are now also a Homes and Communities Agency Registered Provider.

In line with our charitable objectives we provide accommodation and accompanying services predominantly for residents aged over 60 years old.

## Regulatory and operating environment

As an Almshouse Charity, PFH is regulated by The Charity Commission and is compliant with its standards of Governance. We consider ourselves against the Commission's code of governance for larger charities. As a Registered Social Housing Provider, we must also comply with regulation standards as set out by The Regulator of Social Housing and the associated NHF code of governance, which is our adopted code. This code is currently under review and a new version is anticipated in Summer 2020.

The regulatory framework now includes a programme of in-depth assessments. These assessments place an emphasis on financial management, strong governance and risk management, evidencing clear understanding of assets, liabilities and associated risks, value for money and co-regulation with residents and other stakeholders. It is anticipated that a greater focus on consumer standards will be included in future assessments. PFH received an in-depth assessment in December 2017 and was reassessed in late 2019 retaining G1/V1 (the highest possible) governance and viability ratings from The Regulator. The Regulator is increasingly focusing on active scrutiny in relation to health and safety and ensuring accountability to tenants. The National Housing Federation is supporting this focus through the development of a "Together with Tenants" charter. We are closely watching the progress of the early adopters of the charter as it progresses through pilot stages.

It is an on-going challenge to retain and maintain the right services for a wide spectrum of older people's needs at an affordable cost. Our services are high performing and over the last 2 years we froze rents and reduced service charges however relatively speaking, our charges may still be considered uncompetitive. We operated a cost reduction plan aiming to reduce our operating costs by in excess of £600k. Savings in line with plan have been achieved but difficult to sustain amidst competing business pressures which include investment in resourcing to IT enhancements, building safety, assistive technology and void management.

Within our sheltered housing review and service charge review we consulted widely so our residents can receive wellbeing and housing services which suit their own personal needs and wants as they age and enter later life. Our emphasis is to ensure that we can support agendas which lead to the reduction of loneliness and isolation and the avoidance of stays in hospital or residential care for older people who would choose to be at home. We are actively engaged in the assistive technology agenda with a programme of works planned to future proof our homes and create more responsive, digitally accessible services.

PFH actively look to work on jointly commissioned health and housing interrelated projects. We are working with Hull's Health and Social Care strategic partnerships to identify how we can introduce projects that prevent older people entering hospital or residential care settings and have initiated an 'interchange' project with Hull City Council Adult Social Care team to develop a short term pilot scheme identifying older people who may benefit from sheltered housing provision, independently evaluated by The University of Hull and starting in April 2020.

To date the introduction of Universal Credit welfare reform has only had a small impact upon us as the reforms largely apply to those under pension age. However, this situation will gradually change due to the increase of pensionable ages and changes to our resident base. Though we no longer consider this to be a high-level risk to our business, this plan's stress testing and financial plan assumptions have reflected all our future risks.

Generally, there are high demands for social rented housing in the areas we work within. However, in some schemes we are experiencing pockets of lower demand accommodation. We also need to consider that Hull City Council has commenced a significant programme of house building, namely bungalow developments, on small infill sites throughout the city. Through strategic asset management assessment, we are determining our future plans for property that may not attract customer demand.

Hull City Council's last full Housing Market Assessment 2013 confirmed that there are 117,000 homes in Hull, 30% of which are social rented. House values are low with 88% of homes falling within council tax band A and B. 50% of the city's housing stock is terraced. The average house price in 2016 was £110k.

The National Housing Federation Home Truths data 2018 for Yorkshire and Humber demonstrate that prices and markets are more in line with national averages at £181k.

Hull's market assessment states that there is little cost differential between buying and renting a home in Hull due to low market values. However average earning levels are low and unemployment levels are high. The average household income was £26k which makes owning a property out of reach for many as the ratio of house prices to incomes is 7:3. However, the associated economic and reputational benefits brought by Hull's City of Culture 2017 programme are rebuilding Hull as a place which has great heritage, great people and real opportunities.

Hull has the need for appropriate affordable homes which meet the population's specific needs. There are indications that the need for housing for older people (over 55s) will grow by 15%. In addition, it is anticipated that there will be increased occurrence of residents needing affordable housing who have a diagnosed dementia related illness (47%) and residents with mobility issues (40%), reflecting the 19% projected increase in people with disabilities living in the city.

Hull City Council's housing strategy focuses on 3 key themes – Housing, People and Neighbourhoods. Within these themes PFH can especially support priorities in relation to the best use of housing across all housing stock, increasing energy efficiency and delivering housing and services in a way which meets the needs of vulnerable older people in such a way as to maximise health and wellbeing benefits to residents. A related housing growth plan and older people's housing strategy is also under development.

The East Riding of Yorkshire Council's assessments confirm that their demographics demonstrate an ageing population and that lifestyle changes, health issues and 'downsizing' also lead to increased demand for older persons accommodation within their areas. Due to higher house prices, affordability is an issue for people within the East Riding, especially those without equity as the ratio of house prices to incomes in 2016 was 7:1.

Research from the Alzheimer's Society published back in September 2013 suggests that one in three people over the age of 65 develop the disease but are often neglected within society, with one in ten leaving their home only once a month. The NHS has rolled out incentives to GP's to increase the level of clinically based dementia diagnosis and awareness of the condition has received significant local backing. PFH staff are trained to act as dementia ambassadors and we link with several local partner charities including our 2019/20 chosen challenge fundraiser charity – Butterflies Memory Loss Group.

PFH commissioned an independent research report in 2016, The research findings included:

- PFH is competing with an influx of new extra care provision in Hull and will need to ensure that its place in the market is maintained. PFH should improve the marketing and publicity about its service plus sheltered housing offer and make changes to make the application process more accessible.
- PFH should invest in the internal fabric of its service plus schemes, particularly in respect of upgrading communal areas and ensuring accessible bathroom and shower provision within individual flats.
- PFH should not pursue any avenue to provide domiciliary care type services without considering the external operating environment, funding capabilities and further robust business appraisal.
- PFH to undertake scenario planning to model future service offers that could be offered to residents and commissioned which ensure viability and provide flexible support packages which support health outcomes.

We have observed these findings and improved lettings performance through more proactive marketing and waiting list management. We have commenced a programme of significant expenditure to upgrade all the communal

environments and facilities within our 5 sheltered housing schemes. Broadway Manor is complete, Humber View is nearing completion and plans are currently underway for Malin Lodge. All works are being planned in consultation with our residents.

As mentioned above, we have developed concept projects with a clear view to achieving better health and social care outcomes for existing and new residents. These are based on interventionalist approaches that avoid older people needing to access residential care.

We support the Government and Homes England's aim to increase the national supply of homes, especially social rented homes. The association, with its track record of delivering high quality, high demand, older persons housing in the city is well placed to take up strategic small-scale housing development opportunities including rightsizing opportunities. Our accessibility to funding and exposure to risk has been explored and our capacity to deliver a modest yet significant new build programme has been endorsed. Opportunities are actively being explored to enable a 30/40 new homes per year. We currently have 2 identified schemes that can generate c. 75 new homes over the next 18 months. Our service track record and range of community-based activities, promoting health and wellbeing, leave us well placed to work alongside health and social care organisations to promote a holistic approach to later life living. We are exploring a range of partnership approaches in respect of wellbeing activities, social prescription models, links to primary care and hospital stay avoidance. We also support our residents to engage with the digitalisation agenda through an "IT and Biscuits" programme in connection with KCOM Telecoms.

We seek to promote the quality and the efficiency of the built environment and support national and local schemes that seek to improve carbon reduction levels, alternative heat sources, flood reduction measures and thermal efficiency.

The operating environment for the housing sector is one of which requires close analysis and flexibility to ensure that any business threats are responded to and opportunities are followed up. These external influences have been given due consideration through our risk management process.

## **Our Mission and Goals**

**Our mission** as an organisation is to:

***Provide quality homes and services which enhance later life***

**Our goals:**

We will passionately pursue the following goals to demonstrate PFH as an exemplar organisation:

1. Offer quality homes
2. Offer quality services
3. Support better neighbourhoods and communities
4. Promote independent living and choice
5. Be effective
6. Grow through people and partnerships

## **Our Vision**

Our vision is driven by the following factors:

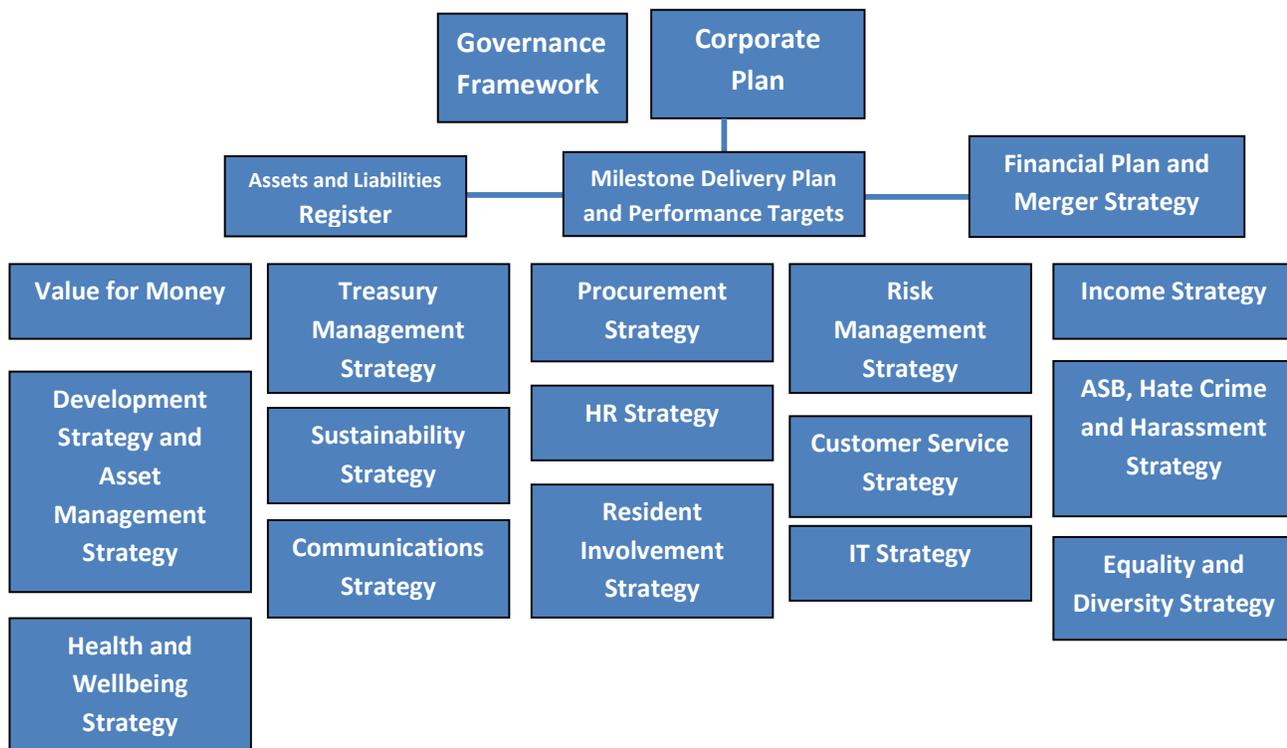
- A desire to be a local organisation delivering quality nationally recognised exemplar services to older people
- A commitment to reviewing our performance, reducing costs and maintaining quality services so that they are competitive, affordable and achieve value for money as judged by sector comparisons and our customers
- A desire to meet local housing demand by providing a supply of new housing for older people in our localities
- The opportunity to review and modernise our strategic approach and working practices so that they remain relevant, offer choice and recognise differing needs
- The opportunity to work with partners to deliver health and wellbeing outcomes particularly with regards to combatting loneliness and isolation, preventing hospital and residential care stays and to offer PFH's homes as a 'home for life' wherever possible
- A desire to build the skills and knowledge of our hard working and committed trustees and staff team to enable them to effectively set and deliver the vision outlined in this plan.

## Our Values



## Strategic Performance

We will focus on achieving the goals agreed which form the vision. We have a range of key strategies which support strategic thinking and direction setting in achieving business plan outcomes.



We measure our performance based on outcomes to customers and key business factors, using a balanced business scorecard framework.

The Board considers Business and Service performance at each of its meetings.

The Board meets (at least) 6 times a year. It is supported by 3 Committees, i.e. Governance and Remuneration, Risk and Audit and Residents' Committee.

A Resident Scrutiny Panel scrutinises performance from a resident perspective. They are independently facilitated by the Tenant Participation Advisory Service (TPAS) to ensure they remain fit for purpose and that they continually improve. Reports have been produced on housing allocation offers, repairs performance and procurement, grounds maintenance services and windows and doors installations. The RSP have also provided vital input into key customer facing service procurements. The RSP most recent report focuses on how PFH can improve its performance results in relation to complaints handling. The Board received the reports finding in February 2020.

We test resident satisfaction through a range of survey mechanisms, using the House Mark 'STAR' methodology. Overall satisfaction levels are incredibly high at 97% and although we are proud of this result it does not make us complacent, especially as we seek to maintain this whilst reducing costs. We use transactional survey analysis and resident feedback to influence our service standards and policies. A recent internal audit report is being used to consolidate our approach to the gathering and use of feedback and this will receive focus in 2020. We use service standards to measure how well we are doing and report them through the Residents Annual Report. In partnership with Residents we review them periodically. Areas to focus in on include:

**Maintaining the quality of our existing homes** – ensuring that the design and standard of our homes remains competitive and in line with resident’s needs.

**Customer service** – dealing with our enquiries at first point of contact; creating a personal, individualised, feel to our frontline relationships with our residents.

**Repairs** – continued focus on the ability to enhance the customer experience of our repairs and planned maintenance services.

**Grounds maintenance** – improving information about our standards and wherever possible enhancing current standards.

In 2018 and 2019 we asked our residents about the prioritisation of our work through “Time to Talk” sessions which were attended by over 180 residents. The key messages/outcomes reported were:

- Maintain our focus on Residents – be a friend as well as a landlord and keep us well informed
- Retain a focus on planned investment, particularly in respect to window, door, kitchen and bathroom replacements
- Consider the needs of new residents when considering relet standards
- Focus on building new schemes only if existing homes’ planned investment needs can be met
- Focus on safety, security and our estate environments

The vision provides the framework of the key activities and milestones to be achieved in the next 3 years. This is provided in the delivery plan section.

## Business Assessment

The Board of Trustees, Staff Team and Residents' Committee carried out a SWOT analysis assessing the organisation's strengths and weaknesses and the opportunities and threats as we see them.

We have also carried out a PEST analysis assessing the political, economic, social and technical environment.

### SWOT Analysis

<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>Low financial gearing</li> <li>Relative financial strength</li> <li>Executive and staff talent</li> <li>Condition of stock</li> <li>Reputation for quality</li> <li>Neighbourhood locations</li> <li>Locally focused</li> <li>New board skills</li> <li>Good services to residents</li> <li>Strong regulator rating</li> <li>Growing customer intelligence</li> <li>Increased VFM awareness</li> <li>Almshouse charity status</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>High charges in comparison with others</li> <li>High cost of insurance</li> <li>Measurement of social value</li> <li>Slow partnership progress with health and care sectors</li> <li>Increasing lower demand units</li> <li>Limited products and offers</li> <li>Change can be slow</li> <li>Staff turnover increased</li> <li>Relatively risk averse</li> <li>Need to modernise approaches inc. digitalisation</li> <li>Track record of innovation</li> <li>Low commercial activities to subsidise charitable</li> </ul>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>Aging demographic</li> <li>Collaboration/ shared services</li> <li>Stock remodelling</li> <li>Links to Health and Social Care Services</li> <li>Management agent for others</li> <li>Evaluate different products and services</li> <li>Co-regulation – service improvement</li> <li>Merger approaches</li> <li>Financial borrowing capabilities</li> <li>Small scale development</li> <li>Mrs R Charity amalgamation</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>Brexit impacts</li> <li>Sheltered housing popularity</li> <li>Low demand for some stock/ longer relets</li> <li>Reputational damage/ stagnant offer</li> <li>Property Insurance costs</li> <li>Bad debts increases</li> <li>Flooding risks</li> <li>Customers' needs and wants will change</li> <li>Complex requirements of regulation</li> <li>Merger approaches</li> <li>High cost of land and building</li> <li>Increase in fraud – safeguarding issues</li> </ul>

### PEST Analysis

<p><b>Political</b></p> <ul style="list-style-type: none"> <li>Council house building programmes</li> <li>Welfare Reform Impacts</li> <li>Local authority service reduction</li> <li>Clinical Commissioning Groups / Health and Well-Being Boards</li> <li>Merger</li> <li>Integrated health and Social Care Budgets</li> <li>Strain on NHS services</li> <li>Safety reviews</li> <li>Brexit</li> </ul>	<p><b>Economic</b></p> <ul style="list-style-type: none"> <li>Interest rates low but anticipated increases</li> <li>Brexit related impacts</li> <li>Small number of private funders for lending</li> <li>Higher grant rates</li> <li>Fuel costs             <ul style="list-style-type: none"> <li>- utilities</li> <li>- car usage etc</li> </ul> </li> <li>Land and building costs</li> </ul>
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<b>Social</b>	<b>Technological</b>
<p>Older people - Loneliness and isolation Increases in fuel poverty Social value activities Health and wellbeing activities Extended services “step down” from hospital Care for at home Schemes are part of community Impacts of poverty Increased diversity of residents</p>	<p>Digital services Internal use of I.T. Green Agenda Social networking Online applications Role in teaching I.T. skills Digital health and assistive technologies</p> <ul style="list-style-type: none"><li>- Telecare</li><li>- Telemedicine</li></ul>

## Our Resident Profile

We collect key profile data from our Residents. The key findings as at 14 February 2020 are as follows:

- 26% of residents are aged under 70
- 40% of residents are aged 70-79
- 28% of residents are aged 80-89
- 6% of residents are aged 90+
- 37% of residents are male and 63% of residents are female
- 96% of residents categorise themselves as White British
- 2% of residents co-habit, 9% of residents are divorced, 23% of residents are married, 1% of residents are separated, 14% of residents are single and 21% of residents are widowed.

In December 2018 we captured the following health and sexuality data:

- **39%** of residents state that they have walking difficulties
- **26%** of residents state they have respiratory problems
- **14%** of residents have a visual impairment and **22%** have a hearing impairment.
- **80%** of residents state that they are heterosexual, **14%** declined the question.

The analysis of our resident profile work is central to developing our strategic, policy and practical approaches in all aspects of our work.

A central theme of this corporate plan is to encourage a greater level of customer insight from which we can consider the effectiveness of the services we deliver... how accessible they are, if they are fit for purpose, if they focus on the specific needs of particular groups of residents etc. PFH believes that by using insight information we will be able to deliver more choice within services and plan for future needs better.

We are also keen to understand the needs of our residents beyond bricks and mortar services. We are committed to facilitating a good quality of later life for PFH residents and recognise the effects that issues such as deteriorating health, bereavement, social isolation and loneliness have on general well-being. We will deliver services and partnership activities which support residents' enjoyment of their homes and access to health-related services, as well as promoting inclusion.

Reference to insight data, equality and diversity and resident influence is included within all decision and discussion documents provided to Trustees.

## Equality and Diversity

Working together and with respect is a central value of PFH. An annual report is provided to Trustees. Through our revised 2018 Equality and Diversity Strategy, Trustees have agreed key objectives and that we undertake a comprehensive review of our work in relation to equality and diversity, using the NHF self-assessment tool. A programme of reviews continues. We have also started to benchmark ourselves against the Chartered Institute of Housing Equality and Diversity Charter. Our changing diversity profile relating to both residents, trustees and staff demonstrates movement towards achieving a more diverse living and working environment.

## Quality Improvement and Accreditation

We are committed to carrying out regular service reviews to ensure that we are meeting our customer expectations and good practice. We have a monthly performance meeting. There are also service development groups in relation to:

- Health and safety
- IT development
- Equality and diversity
- Empty property management
- Agile working

The Board reviews performance against business targets at each Board meeting; a balanced business scorecard approach has been adopted. Performance improvement plans are developed and monitored for key business areas where performance is outside of target. A comparison of key performance indicators is carried out each year supported by sector benchmarking through HouseMark. The overall performance of business streams is reviewed in an annual performance report. Our aim is to demonstrate excellence through appropriate benchmarked comparisons.

We are accredited with the Investors in People Gold Standard Award (January 2017) and the Customer Services Excellence Award (December 2019). Our reassessment for accreditation under the new Investors in People standard has commenced and is due to report in March 2020. During 2020 we will assess ourselves against the EROSH sheltered housing accreditation framework.

## Performance and Benchmarking

We review organisational performance from financial, customer, organisational, safety and service quality perspectives.

Performance targets are set to either strive for benchmarked top quartile performance (as defined through HouseMark analysis) and/ or to better existing performance and wherever necessary ensure compliance. The Association also benchmarks its costs against its performance outcomes.

The summary outcomes from benchmarking for 2018/19 are as follows:



- 1 – Responsive repairs
- 2 – Voids and lettings
- 3 – Rent arrears and collection
- 4 – Tenancy management
- 5 – Resident engagement
- 6 – Customer services
- 7 – Neighbourhood management
- 8 – Community investment

We have further refined our understanding of costs apportionment to key service areas at a detailed line level to gather best intelligence to understand resource allocation to activities which support the business plan.

We also take part in the Sector Scorecard Advisory Group, facilitated by the National Housing Federation.

We use the Sector ScoreCard within our performance framework, which supports our approach to organisational performance and can clearly compare ourselves against others with regard overall value for money.

## Value for Money and Social Value

The association's Value for Money Strategy was approved in July 2019 and is due further review during this year.

PFH aims to:

- Have a robust approach to decision making on the use of resources to deliver the organisation's objectives, including an understanding of the trade-offs and opportunity costs of its decisions;
- Understand the return on its assets, and have a strategy for optimising the future returns on assets, including a rigorous appraisal of all potential options for improving value for money, including the potential benefits in alternative delivery models - measured against the organisations purpose and objectives;
- Have robust and effective performance management and scrutiny frameworks in place which are effective at driving and delivering improved value for money performance; and
- Understand the cost and outcomes of delivering specific services and understand which underlying factors influence these costs.
- Use challenge and innovation to deliver new approaches which increase value for money outcomes.

PFH have developed the following VFM objectives:

- Involve trustees, staff and residents in understanding our costs, how they relate to our performance and how we compare with others.
- Assess the return on our assets and ensure effective procurement and delivery of alternative models and solutions for poor performing assets.
- Deliver cost effective services to our residents, at the right level of quality and with emphasis being placed on "Digital Services".
- Explore all avenues of improving VFM including using partnership working and alternative methods of service delivery.

The RSH expects PFH to understand its costs, the main drivers of those costs, and why they are higher or lower than those of other providers. We explain areas of high costs in annual report and audited accounts and expand our work on analysing unit costs and benchmarking data during 2019/20 – reporting progress on work in this area back to Board through our usual VFM reporting framework.

We have completed extensive benchmarking to assess our cost base against other performers within our identified benchmarking group. We have chosen to operate a relatively high cost base during 2020/21 to reflect our fixed costs around property insurance since the 2007 flooding claim, our high level of face to face customer contact and a number of areas we will invest in to counter changing business needs and reap greater medium to long term rewards. This reflects higher than anticipated investment in items such as IT, office accommodation and environmental works. Through this investment we aim to realise future efficiencies and cashable savings, and this is detailed within our value for money projects and an efficiency plan. To test our approaches, we have commissioned an accountancy and audit expert to independently assess and compare our value for money approach and performance and a report on findings will be presented in April 2020.

## Effective Procurement and Contracting

Our Procurement Strategy covers the following areas:

- Spend distribution
- Spend by category
- Invoice Analysis
- Locality of Spend
- Spend with Small/Medium Enterprises (SMEs)
- Financial Analysis of Strategic Suppliers

**Key efficiency and effectiveness areas continue to be:**

- Reduce volume of low value invoices
- Reduce level of low value supplier relationships
- Review contract arrangements for core suppliers
- Update procurement policies and procedures
- Ensure category and contract management to obtain maximum value and outcomes
- Deliver local, more responsive services through our contracting environment

Multiple year procurement contracts have been awarded for Repairs and maintenance, Grounds maintenance, Gas servicing, windows and door replacements, bathrooms and kitchen replacements. All have provided savings against previous tenders by following a category management approach and these have increased the amount of social value offered by successful bidders. We have worked collaboratively with other housing associations to improve economies of scale. Our most recent focus has been on opening up opportunities to tender to smaller, local companies and this has proved successful in terms of both price and quality of service.

## **Risk Analysis/ Assessment and Audit**

Risk analysis is seen as a key tool and our risk management framework includes risk mapping of all areas of decision making to link to the business plan. The Risk Management Plan is put in place each year and our internal auditors BDO LLP, base their audit plan visits according to these risks, in liaison with the Audit and Risk Committee.

A copy of our strategic risk register is attached at appendix 1.

The Audit and Risk Committee plays a key role in monitoring and reviewing business areas, and in considering detailed performance and efficiency.

The association has developed controls by which to mitigate and manage identified risks to the organisation. It links strategic risk to risks identified at an operational level through team registers and monitors risk assessments within the risk framework with a view to decreasing likelihood of risks having a detrimental impact upon the business through effective impact review and management. We also consider our appetite for risk against each key strategic heading – assessed through detailed review discussions.

The association has an agreed 3-year internal audit programme with TIAA Internal Audit Partners.

The association appointed Beever and Struthers as our External Audit Partner.

## Stock Rationalisation and best use of assets

As part of our approach to value for money we have developed a 'return on investment' methodology to apply to all of the association's stock which helps shape our Asset management strategy and future investment requirements. All our properties have a positive Net Present Value and provide positive return on investment, however some of our properties perform better than others. As a result of this approach we have schemes that are undergoing an option appraisal. Progress on the appraisals commenced last year and updated as below.

Scheme	Preferred Option
Sir James Reckitt Haven	Remodeling – subject to adjacent units becoming empty: 2 properties remain for remodeling.
Eleanor Scott Cottages	Demolition and re-provision of 13 units being progressed: Site works commencing in March 2020 with completion due February 2021
Icelandic Close	Options being considered
Hornsea Mereside	To be retained with a view to widening the catchment for potential applicants and criteria.
Main Street, Tickton	Plans and condition surveys commenced
Pickering Crescent	Maintain the asset due to historic heritage Remodel internally and increase energy efficiency levels: 3 properties identified for pilot scheme.
Barham and Staveley	To be retained and to consider lettability issues when vacant

PFH is appraising its current and future office accommodation needs. Plans are being prepared for consideration to modernise the accommodation and to potentially sublet further areas of the building.

Two underutilised community facilities were converted in 2019 into two 2 bedrooomed bungalows which are providing additional income for the organisation.

## Asset Management and investment

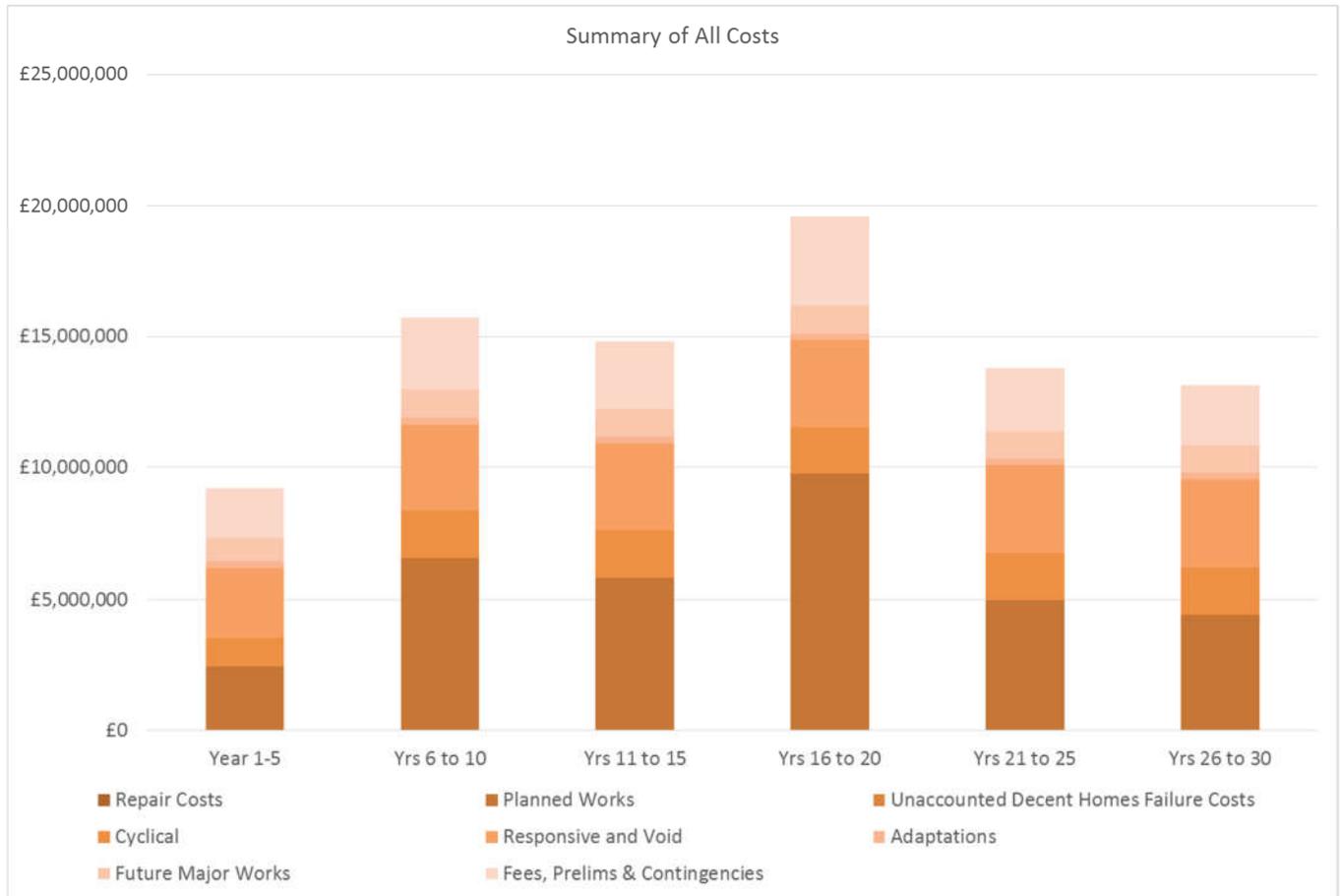
In December 2018 the association commissioned nationally recognised consultancy Michael Dyson Associates to undertake a representative 20% sample size stock condition survey.

The main objectives of the exercise were:

- To provide accurate and statistically reliable information concerning repairs and maintenance as well as improvement costs, in the standard business plan reporting categories, forecast over a 30-year term;
- To collect, validate and report upon attribute and condition information about the stock for the purpose of improving existing records and future maintenance planning;
- To provide information to inform the Association's stock valuation and business plan.

PFH's stock has benefitted from sustained investment and this is represented through several indicators such as the low proportion of costs required over the next fifteen years. Previous stock investment is reflected in the 100% decent homes standard level, the marginal catch up repairs required and low year 1-5 capital renewal costs.

The total forecast expenditure to improve and maintain the stock and related assets over 30-years is £ 75, 561,988. This equates to £56,671 per dwelling or £1,889 per dwelling per annum. The costs at the base date of February 2019 comprise items of capital and revenue maintenance expenditure; they include contract preliminaries professional fees, but exclude management costs and VAT. The breakdown of cost is illustrated in the chart below.



The overall level of costs falls comfortably within expectations of benchmark totals for stock of this size and type.

The survey included an assessment of PFH’s’ properties against the decent homes criteria as set out by the Ministry for Housing, Communities and Local Government (MHCLG). It also assessed the properties in terms of the Housing Health and Safety Rating system, together with an assessment of the key/other building components, modern facilities and thermal comfort.

All properties were found to be decent in accordance with the criteria. This compares favourably with other Housing associations where typically 5 to 7% require work to maintain decency at any one time. There were no Category 1 Housing Health and Safety Ratings found during the surveys and very limited catch up repairs of £3,587, an average of just £2.65 per property. The costs of maintaining the decent homes standard over 30 years is included in the cost forecasts.

The overall planned works costs over the 30 year business planning period are £33,987,028 which equates to an average of £25,157 per property. This can be further broken down to an average of £838 per property per year. MDA typically expects the average planned maintenance cost for social housing over a 30-year period to range between £25-30k per property, so this indicates that the PFH planned maintenance costs falls just inside this banding at the lowest level.

Responsive, void and security general costs are £15,816,030 over the 30-year period, £527,201 per annum or £11,706 per property. These costs are lower than the average of £17k across the sector per property which provides a good indication of the stock condition at this time.

Overall the report provides assurance that the stock is in good condition and is well within expectations for investment over a 30-year period.

The statistical data collected is being utilised in the newly installed asset management system, called Integrator. The system will provide on-going asset management condition status and decency reports of the stock and allow for scenario planning of the programme of improvements across the 30-year corporate plan. The levels of expenditure vary considerably across the 30-year period and therefore the programmes of replacement have been moderated to reflect best practice and reduce erratic resource levels and provide a more uniformed spend profile.

In-house survey collection is to re commence this year using handheld devices to supplement the 20 % external survey data which will further improve the accuracy of asset data held in Integrator,

2020/21's programme of improvements will include £703,800 of capital improvements and £331,200 of planned major works,

The programme includes replacement Boilers, Kitchens, Bathrooms Windows & Doors, fascia's soffits. Smoke detectors, wiring & path renewals.

More emphasis is also being targeted on environmental improvements to the estates to target improvements beyond the traditional Decency standards, by example, additional parking spaces, renewal of fencing, paths and replacement of soffits and fascia's with UPVC to remove the need for painting and long term maintenance.

The energy performance (SAP rating) of our stock has risen this year to just over 70 and is expected to rise again to help reduce potential fuel poverty.

3 of the 26 grade 2 listed properties on Pickering Crescent are being piloted for energy performance measures and internal improvements. Conservation and planning approvals are being sought to complete this project this year. Malin Lodge scheme is to have internal decoration and soft furnishings renewed during 2020/21. The lift will also be replaced. This forms part of the ongoing upgrades to the 5 sheltered schemes.

The programme of improvements over the next 30 years is below. Some minor alterations to the programme will take place as we gain further knowledge and accurate data of the stock condition.

Address	Key Components				
	Bathroom	CH Boilers	Kitchens	Doors	Windows
<b>West</b>					
Bush Close		2027			
Christopher Pickering Lodge	2020			2021	2021
Forester Way		2027	2026	2019	2019
Hessle High Road	2019	2027	2026	2019	2019
Summergroves Way	2019	2026		2019	2019
Walnut Tree Way	2019	2026		2019	2019
Wheatfield Close	2019	2027	2026		
Cecil Street (Hawthorne)		2029			
Cherry Garth		2029			
Coxwold Grove		2026	2021		
East Grove	2029	2027	2020		2024
Greek Street		2029			
Norton Grove		2027	2021	2020	
Pickering Crescent	2024	2024			
Priory Grove	2030	2027	2020	2030	2030
Quilter Avenue (Rokeby Mews)		2023			
Rhodes Street		2029			
Rokeby Avenue		2023			
Seaton Grove		2026	2021		
The Jacobs Homes		2025			
<b>EAST</b>					
Ashwell Avenue	2027	2029	2021	2024	2021
Babington Row		2027	2021		
Barham Road		2023	2021	2020	2020
Boulton Grove		2026	2026	2028	
Buttercup Close		2025	2026		
Ferens Haven		2020		2023	2023
Frederick Reckitt Village Haven	2020	2027	2020	2020	2020
Hemswell Avenue		2026	2026	2028	2028
Juliet Reckitt Village Haven	2025	2027	2020	2024	2025
Mereside (Hornsea)	2025	2029	2025	2020	2020
Rosey Row		2025			
Rustenburg Street	2022	2029			
Sir James Reckitt Village Haven	2025	2027	2025		
Staveley Road		2020	2023	2023	2023
Steynburg Street	2022	2029	2026		
Studley Court		2020	2026		
Welwick Road (Patrington)		2027			
<b>North</b>					
Arden Court		2027	2026	2028	2028
Easby Court		2027	2026		2028
Priory Road		2027		2023	2023



## **Carbon Neutrality**

The Government announced a change to the 2008 Climate Change Act, with the effect that the UK has a legally binding target of producing zero net Green House Gas (GHG) emissions by 2050. Tackling energy demand and carbon emissions in homes (that account for around 30% of energy consumption and 27% of the UK's total carbon dioxide emissions) would make a substantial difference.

According to the Sustainable Energy Association, a combination of deep retrofit of existing social housing, far greater standards in new-builds and rapid market growth of low carbon heating systems is required. Upgrading properties to a high standard, with insulation and renewable energy technology, will also cut consumer costs and bring other benefits, such as improved health and wellbeing.

The Government's Clean Growth Strategy includes plans to roll out low carbon heating to homes and contains aspirational targets for as many homes as possible to have an EPC energy efficiency rating of band C by 2035. The Government has also indicated that it aims to halve the energy use of new buildings.

A barrier to large-scale retrofitting of existing homes is that costs are currently very high, and that there is not a construction and supply chain with the capability and capacity to deliver in volume and at speed. Over time costs will inevitably fall as volume increases, larger programmes emerge, and supply chain capability grows with the result of making retro-fit more economically viable.

PFH is currently building its information in respect of our homes' energy performance. We are also evaluating new technologies that can contribute towards carbon reduction. Improved insulation and the use of such technologies, alongside cost parameters are being used to devise a PFH thermal efficiency/carbon reduction plan. This plan will set the criteria for any new build homes and will assess the abilities to initiate a comprehensive, retrofit programme spanning several years. It will be produced and endorsed by our Board during 2020-21.

## **Business Development**

Pickering and Ferens Homes has continued with a new homes development programme which has involved gifted land, self-funding and elements of grant.

With the support of the local authority and in line with previous business plan aspirations, further opportunities for Homes England grant were sought and PFH successfully secured grant to build 2 new schemes during 2015-2018 generating 122 new bungalows in the Newbridge and Newington and St Andrews areas of the City. This represented a 10% growth in stock over 3 years.

Demand for our homes is exceptionally high and continues to grow, except for a small number of units within our non-bungalow type schemes and certain sheltered housing schemes. A review of sheltered housing is commissioned, and an asset management strategy has been developed to address issues. This may require stock remodelling or disinvestment of lower priority schemes, and links to our value for money action plan, which identifies a return on investment methodology to be used.

We have mapped development growth of c. 40 homes each year into our financial plans, using assumptions as set out in our development strategy.

We are engaging with a wide range of potential partners to assist in the delivery of a pipeline of new homes in either Hull and/or East Riding of Yorkshire. We have explored and currently discarded opportunities to develop properties for sale, based on their ability to generate profit for reinvestment which supports our charitable aims and core purpose however we will consider shared ownership as well as affordable rent schemes.

Land availability/cost is a huge challenge, but we are close to securing 2 new schemes generating c. 75 new homes. The association will continually review its success in securing new build opportunities to assess the association's true ability to participate in the social house building marketplace in its current shape and form.

## Financial Plan and Sensitivity Analysis

### Financial Information

PFH has a stable financial position and has consistently generated healthy surpluses over recent years. It is our aim to maintain this position by:

- Using a robust financial model to project the impact of our Business Plan over 30 years,
- Ensuring that all financial covenants with lenders are achieved, with enough headroom as contingency against unforeseen circumstances,
- Providing resources to ensure that the quality of our homes is maintained to a consistently high standard, and
- By providing resources to subsidise new developments and services, in addition to any government grant funding secured for capital projects.

The financial plan for Pickering and Ferens Homes covers a 30-year period and summarises the projected activities of the association.

The plan includes:

- A number of principal assumptions (including investment in current stock and growth plans)
- Sensitivity Analysis (Stress Testing)
- Treasury Management

The plan is based upon the approved 2019-20 budget and at Appendix 2 provides summary schedules for the period 2021 to 2035 for:

- Interest, Inflation and other assumptions
- Statements of Comprehensive Income
- Statements of Financial Position
- Statements of Cash Flow

### Principal Assumptions

The key assumptions in the plan are as follows:

a) Maintenance Contributions (Rents) and Service Charges

During October 2017 the Government announced that the 4 year rent reduction period will end in March 2020 and that social housing rents will be limited to CPI plus 1% for five years from April 2020 to March 2025. PFH was exempt from the rent reduction, however for 2017-18 and 2018-19 we maintained a strategy of freezing all rents, and assumed a CPI increase for 2019-20. With effect from April 2020 we have assumed that all rents increase by CPI +1% for 5 years to March 2025. Our plan then assumes that rents will then increase by CPI only from April 2025 onwards. Service charges are expected to increase in line with service cost increases (RPI).

We continue to watch over the roll out of welfare reform. Current assumptions are that over the next few years:

- Bad debts will move from our current level of around 0.50% to 1.5% of debit by 2023-24
- Arrears will double from current levels
- Voids will increase from around 1.0% to 1.5% by 2021-22

b) Inflation and Interest Rates

Rates of inflation and interest used in the plan are shown at Appendix 2 and are broadly based on sector business plan assumptions provided by our treasury advisors - Link Asset Services.

c) Management and Maintenance Costs

Costs for the year to 31 March 2020 are based on the 2019-2020 approved budgets and have been adjusted to reflect the probable outcome based on information and actual costs known when producing the plan. Costs from 2020-21 have been adjusted for anticipated changes in the level of business activity, e.g. additional properties, changes to the repairs and investment profile, investment in new technology and services.

The model broadly assumes that staff numbers will continue at current budget levels. If there is a need for additional staffing then, where possible, we will reallocate existing staff resources so that overall costs are contained. We expect our Value for Money plans for 2019-20 to realise savings in the medium term (i.e. IT Strategy objectives including the introduction of agile working practices, conversion of pop-in's to habitable units, and re-procurement of repairs) and we will be considering additional efficiency savings as part of our performance and VFM target setting plans which will be reviewed in May 2020.

d) Acquisitions, Development and Improvements

Development assumptions are shown below and follow our current approved programme which will see us completing 13 new homes at Southcoates Lane by March 2021. It is also assumed that the 2 remaining bedsits at James Reckitt Haven are converted into a 2 bedroomed unit during the year.

We are actively negotiating the purchase of 2 sites in Hull for the development of approximately 80 new properties. The financial plan assumes that both sites are purchased during 2020 and that building will commence in early 2021.

A development programme of 200 new units is also built into the plan which is assumed to commence during 2022-2023 and end April 2028. There are a limited number of suitable sites for the possible construction of the 200 new homes, however discussions with the local authorities and private developers are continuing in this regard. Our revised Treasury Strategy for 2020-21 provides funding options and recommendations to support our development programme.

Site	Hessle Rd	Golf Links Rd	Additional Development
No of units	35	45	200
Type	2 bed Bung	2 bed Bung	2 bed Bung
Total all-in cost per unit	£148,500	£148,500	£155,000

Assumed grant per unit	£39,000	£39,000	£38,750
Assumed grant rate	26.26%	26.26%	25.00%
<b>Total scheme cost</b>	<b>£5,197,500</b>	<b>£6,682,500</b>	<b>£31,000,000</b>
Total grant	£1,365,000	£1,755,000	£7,750,000
PFH Funding	£3,832,500	£4,927,500	£23,250,000
<b>Total Development Funding</b>	<b>£5,197,500</b>	<b>£6,682,500</b>	<b>£31,000,000</b>
Assumed Start on Site	Jun 2020	Jun 2020	Apr 2022
Assumed Completion	Dec 2021	Dec 2021	Apr 2028

All new developments, improvements and conversions are capitalised. The association will finance the above projects with existing cash, new loans, investments and social housing grant.

e) Major Repairs

Investment work (described as major repairs in the plan) covers the replacement of major components within homes (roofs, kitchens, windows, boilers, wiring etc.). Priorities are set out in our Asset Management strategy and are based on the investment plan which spans 30 years from 2019. Unit costs are based on current tender prices, plus an allowance for inflation. Local intelligence around stock condition, demand, and customer feedback have also been considered in the development of the long-term investment plan. The major repairs expenditure included in the plan (shown for the next 10 years only) is illustrated below.

<b>Major Repairs</b>				
		<b>Revenue(expensed)</b>	<b>Capitalised</b>	<b>Total</b>
<b>Year 1</b>	2019-20	427,059	930,000	1,357,059
<b>Year 2</b>	2020-21	371,149	703,800	1,074,949
<b>Year 3</b>	2021-22	382,962	726,674	1,109,636
<b>Year 4</b>	2022-23	395,151	750,290	1,145,441
<b>Year 5</b>	2023-24	407,729	774,675	1,182,404
<b>Year 6</b>	2024-25	427,488	823,377	1,250,865
<b>Year 7</b>	2025-26	629,374	1,275,205	1,904,579
<b>Year 8</b>	2027-28	704,024	1,316,649	2,020,673
<b>Year 9</b>	2028-29	749,225	1,359,440	2,108,665
<b>Year 10</b>	2029-30	802,459	1,403,622	2,206,081

The plan assumes that all major repair projects attract the following additional costs which are included in the above figures:

- Professional Fees
- VAT
- Inflation

The above figures also include an element of major repairs spend requirements relating to new build units.

f) Other Fixed Asset Additions

g) Other fixed asset capital spend requirements are detailed in the assumptions at Appendix 2 and predominantly comprise investment in our communication systems and technology, sheltered fixtures and fittings, and the replacement of the responsive call system installed in most of our properties.

h) Depreciation of Housing Stock and Other Fixed Assets

Depreciation is charged on housing properties (excluding land) on a straight line basis over the estimated useful economic lives of the key components that make up those properties. The lives of key components range from 15 years to 120 years.

Other tangible fixed assets are stated at cost less accumulated depreciation. Freehold office (excluding land) is depreciated by component in the same manner as housing properties. Depreciation is provided on other tangible fixed assets over their anticipated useful lives being between 3 and 50 years.

i) Social Housing Grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received is included as deferred income and recognised in Turnover (amortisation of social housing grant) over the estimated useful life of the associated asset structure (not land). Grants received in respect of revenue expenditure (e.g. Disabled Facilities Grant) are credited to the statement of comprehensive income in the same period as the expenditure to which they relate.

j) Fixed Asset Investments

The association closely monitors the performance of its cash and investments and has a clear investment strategy which is reviewed by the Board on an annual basis. Investments are stated at market value in the Statement of Financial Position, are held with reputable fund managers and are redeemable at short notice. Most of our cash is held in easy access deposit accounts with counterparties approved by our treasury advisors.

k) Pension Costs

PFH introduced auto-enrolment in August 2015 and setup a defined contribution (DC) scheme for all new employees. The association also participates in the East Riding Pension Fund, a defined benefit (DB) final salary pension scheme – this scheme is now closed to new members and a strategic review is underway which is evaluating further options to reduce the long term costs associated with this scheme. The DB scheme is valued every three years and the results of the latest official valuation as at 31 March 2019 (which updates employer contribution rates) were published in January 2020. The association's funding level has improved to 118% and as a result the scheme actuary has recommended that employer contribution rates are reduced from 28.7% to 19.9% for the period April 2020 to March 2023. Initial outcomes from the strategic review of the DB scheme suggest that some options that are being considered may be costly for the organisation to fund. Due to uncertainty at the time of developing the plan we have assumed that employer contributions remain at the current rate of 28.7% for the duration of the plan.

## Treasury Management

The Association reviews its Treasury Management policy and loan portfolio each year. We aim to ensure a balance between fixed and variable finance (presently 78% fixed and 22% variable), and a spread in repayment period. In February 2020 the balance of total drawn loans was £14.1m. The Association's loans are all secured on fixed charges over the properties, and approximately 658 properties (48% of all stock) are free from charge and would be available to support any new borrowing.

We give high priority to loan portfolio management and aim to maintain strong relationships with our existing lenders. It is anticipated that the association will not have any difficulty repaying loans in accordance with agreed repayment schedules. Our adjusted net gearing level is currently at 13% and our base plan indicates that loan covenants will not be breached over the period of the plan.

The association's current facilities are provided by The Housing Finance Corporation (THFC), the Royal Bank of Scotland (RBS), Nationwide Building Society (NBS) and Crown Mortgage Management (CMM). Outstanding loan balances (Feb 2020) are shown below:

THFC – AHF Bond (July 2043)	£10.000m
RBS - Variable Rate	£2.150m
Nationwide - Variable Rate	£0.978m
Nationwide - Fixed Rate (April 2020)	£0.904m
Crown Mortgage Management - Fixed (October 2020)	£0.009m
Crown Mortgage Management - Fixed (October 2044)	£0.019m
Total	£14.060m

## Sensitivities / Stress Testing

As part of the Regulator's standard for Governance and Financial Viability, PFH is expected to assess, manage and address risks to ensure that the organisation remains viable, and that social housing assets are protected. One of the ways in which this is demonstrated is by carrying out detailed and robust stress testing against identified risks and combinations of risks across a range of scenarios and putting appropriate mitigation strategies in place as a result. Compliance with the new standard is certified each year in the audited financial statements.

Our stress testing outputs are summarised below:

Interest rates and inflation		Gearing	No deficits	RBS (to Year 4 only)	New	Peak net debt £000s	Peak year	Net (debt) or cash year 30
Base case		Pass	Pass	Pass	Pass	35,206	10	11,502
Interest rates	LIBOR 5% new funding 5%	Pass	Pass	Pass	Pass	37,477	10	(924)
Real cost inflation	Real costs increased by 2% R&M, MR, BC, LC	FAIL from year 22	FAIL from year 11	Pass	FAIL from year 14	82,731	35	(58,272)
Differential inflation	Inflation wedge 2% Real salaries and repairs increased by 1% per annum	FAIL from year 25	FAIL from year 10	Pass	FAIL from year 17	49,965	35	(41,343)
Higher real cost increases	Earnings, R&M, MR)	FAIL from year 33	FAIL from year 19	Pass	FAIL from year 20	36,826	10	(27,979)
Rents and rent collection		Gearing	No deficits	RBS (to Year 4 only)	New	Peak net debt £000s	Peak year	Net (debt) or cash year 30
Base case		Pass	Pass	Pass	Pass	35,206	10	11,502
Rent restrictions	1% nominal cut for 5 years from 2026	FAIL from year 16	FAIL from year 8	Pass	FAIL from year 9	61,072	35	(51,686)
Own poor performance	Voids and bad debts doubled	Pass	Pass	Pass	Pass	38,262	10	(8,567)
Downturn/increased competition	Voids and bad debts doubled, rents and service charges reduced by 10%	FAIL from year 7	FAIL year 1 and yfrom year 3	Pass	FAIL from year 6	76,079	35	(64,204)
Costs		Gearing	No deficits	RBS (to Year 4 only)	New	Peak net debt £000s	Peak year	Net (debt) or cash year 30
Base case		Pass	Pass	Pass	Pass	35,206	10	11,502
Pension contributions	10% increase	Pass	Pass	Pass	Pass	37,409	10	(937)
H&S or data protection breach/cyber attack	£300k in year 1 and £50k pa	Pass	Pass	Pass	Pass	36,169	10	6,880
IT costs	IT revenue and capital costs increased by 20%	Pass	Pass	Pass	Pass	35,860	10	8,071
Poor performance by key contractor	All repair and maintenance costs increased by 10%	Pass	Pass	Pass	Pass	38,221	10	(7,711)
Major repairs/carbon neutral		Gearing	No deficits	RBS (to Year 4 only)	New	Peak net debt £000s	Peak year	Net (debt) or cash year 30
Base case		Pass	Pass	Pass	Pass	35,206	10	11,502
Major repairs	Major repairs increased by 10% for five years	Pass	Pass	Pass	Pass	35,868	10	10,123
Carbon neutral	£15k extra for new build and £20k for existing	FAIL from year 4	FAIL from year 6	Pass	FAIL from year 6	146,863	35	(126,469)
Development		Gearing	No deficits	RBS (to Year 4 only)	New	Peak net debt £000s	Peak year	Net (debt) or cash year 30
Base case		Pass	Pass	Pass	Pass	35,206	10	11,502
Counterparty failure development	Uncommitted development costs increased by 20% and delivery times doubled	FAIL year 9	Pass	Pass	Pass	46,008	10	(12,837)
New development costs overruns	Eleanor Scott costs up by 5%	Pass	Pass	Pass	Pass	35,347	10	11,209

	Gearing	No deficits	RBS (to year 4 only)	New	Peak net debt £000s	Peak year	Net (debt) or cash year 30
Base case	Pass	Pass	Pass	Pass	35,206	10	11,502
Multivariate scenario 1	FAIL from year 6	FAIL from year 4	FAIL from year 1	FAIL from year 4	264,375	35	(200,331)
Multivariate scenario 1a	FAIL from year 6	FAIL from year 4	FAIL from year 1	FAIL from year 4	215,460	35	(164,022)
Multivariate scenario 2	FAIL from year 9	FAIL from year 7	Pass	FAIL from year 7	121,957	35	(95,773)
Multivariate scenario 3	FAIL years 7 to 10	Pass	Pass	Pass	51,556	10	175,825
Multivariate scenario 4	FAIL from year 10	FAIL from year 8	FAIL from year 1	FAIL from year 5	97,493	35	(64,643)
Carbon neutral	FAIL from year 7	FAIL from year 9	Pass	FAIL from year 11	87,997	35	(79,205)
Reduced demand	Pass	Pass	Pass	Pass	17,768	3	38,163
<p>MV1 Uncommitted development costs up 20% and delivery times doubled Cost of Eleanor Scott up 5% Voids and bad debts doubled All repairs maintenance costs up 10% CPI 2% lower Salaries and repairs increase by 1% real £300,000 year 1 and £50,000 ongoing</p> <p>MV1a As MV1 except CPI 1% lower</p> <p>MV2 - funding costs LIBOR 5%; new funding 5% Rents -1% nominal for 5 years Pensions +10%</p> <p>MV3 Brexit GDP down 8%      Voids and bad debts double Unemployment double      CPI 6.5%, RPI 7.25% Inflation 6.5% House prices down 30% Rates up to 5.5%      Rates (fixed and variable) up to 5.5% Uncommitted development costs up 20% and delivery times doubled Cost of Eleanor Scott up 5%</p> <p>MV4 - local scenario Remove uncommitted programme Increase repairs and maintenance by 10% Salaries, R&amp;M and Major Repairs growth increased by 1%pa Pension costs up by 10% Insurance costs up by 10%</p> <p>Decarbonization Costs spread over 15 years £11,250 for new properties £15,000 for existing properties</p> <p>Reduced demand Remove 200 units of uncommitted programme</p>							

## **Service Plan**

Each of our directorates has the ambitions listed below:

### **Resident Services**

- To enhance business performance through 'best in class' lettings and void management
- To promote excellence and effectiveness in customer service first point of contact through customer relationship management and exploring new service channels
- To effectively support residents who will be adversely affected by changes to welfare benefits
- To deliver the health and well-being strategy and extend our health and social care partnership work to achieve commissioned projects and partnered hospital step down services
- To complete our sheltered housing offer review and deliver an improvement action plan that achieves a flexible service offer, quality outcomes and value for money
- To develop a strategic approach to facilitating digital inclusion amongst our customers to ensure effective access to future services

### **Property Services**

- To secure savings and additional service benefits from contract review and capital investment procurement plans
- To deliver our onsite and any pipeline development schemes through comprehensive project, performance and cost management
- To ensure that the association's investment planning is supported by robust and accurate stock condition data
- To achieve excellence in our health and safety work and full legal compliance
- To enhance business performance through 'best in class' empty property management
- To continue our strategic and practical approaches to sustainability/ carbon neutrality
- To periodically appraise the return on investment of all our assets, considering the future of low returns and high value assets
- To identify and progress potential new development sites in partnership with others where practicable

### **Business Services**

- To develop, promote and manage value for money and the efficiency savings plan that facilitate the achievement of PFH's efficiency plan.
- To ensure compliance against our regulatory requirements in respect of accounting standards, mitigation plans and assets and liabilities
- To achieve the outcomes from the Human Resources Strategy and maintain Investors in People accreditation
- To support the achievement of operational performance through effective analytics, research and reporting
- To periodically scenario plan and stress test PFH's financial abilities considering both the internal and external operating environment and strategic plan ambitions.
- To maintain a comprehensive and up to date assets and liabilities register
- Deliver a comprehensive IT based service to staff which supports them having the right tools to do their job and protects the safety and security of our data.

The service plan is designed to offer a year on year view of milestone achievements to support the delivery of the business plan goals. This year's objectives against 3 core strands are:

<b>Excellence</b>	<b>Efficiency</b>	<b>Growth</b>
<b><i>We will continue to generate high resident satisfaction through the delivery of exemplar services</i></b>	<b><i>We will continue to strive for greater efficiency by challenging the value in all we do</i></b>	<b><i>We will continue to strengthen the Charity to secure its future through the development of new homes and services</i></b>
We will seek to improve and further professionalise our sheltered housing service using the EROSH accreditation framework.	We will deliver an agile working environment, supporting staff with training, culture change, tools to do their job, remote working hubs and a central office upgrade	We will evaluate and develop a comprehensive plan that moves towards the anticipated government targets to reduce and where possible eradicate carbon footprints.
We will develop the resident engagement platform through consideration of Together with Tenants project learning and the establishment of a programme of “Time to Talk” sessions with our Residents.	We will deliver further coaching, mentoring and training to enable the development of our management team, leading to exemplary cultural and management practices throughout the business	In consultation with trustees and residents, we will amalgamate Mrs Richardson’s Charity (31 homes) into PFH
We will create devolved environmental budgets to support resident engagement and the roll out of the community navigator scheme.	We will deliver a range of value for money projects in relation to: <ul style="list-style-type: none"> <li>• Property Investment policy</li> <li>• Schedule of rates process</li> <li>• Team reviews (including processes) and implications</li> </ul>	Develop a new ‘interchange’ offer for prospective residents so that they can experience a PFH home before they make a full commitment to move.
We will keep our residents safe by ensuring absolute health and safety compliance in all areas e.g. gas safety, fire risk, electrical safety, asbestos management.	We will deliver a range of IT infrastructure improvements outlined in our IT strategy to create new, more efficient tools to support staff in carrying out their jobs as effectively as possible.	We will work in partnership with HCC Adult Social Care to deliver a preventative temporary support project which enables the assessment of people’s independent living abilities and the support they need to avoid hospital or residential care stays.
We will upgrade all our assistive technology to ensure that residents have state of the art ability to contact someone especially in an emergency	We will review and improve our complaints handling services and feedback mechanisms.	We will secure funding and deliver the 3 currently identified new build projects and seek out development opportunities in Hull and East Yorkshire to secure a new build pipeline programme of c. 40 new homes per annum.
We will deliver our people related plans, using our revised HR strategy and actions which support our newly launched rewards and recognition programme and our preparation for Investors in People accreditation.	We will deliver better outcomes based on actions from the revised Resident Engagement Strategy.	We will seek fundraising opportunities that support the extension of our health and wellbeing related activities.
We will deliver a customer portal as part of our digital services offer and move to agile working.	We will increase our knowledge of our housing stock condition through the ongoing collection of survey data and the analysis of our stock’s needs, including resident’s environmental priorities.	We will ensure our existing homes provide a sound financial basis on which to invest for the future and consider disposal or regeneration for others that are achieving low levels of return.

**Achievement measurements:**

- Residency turnover reduced
- Staff turnover reduced
- Average length of residency increased
- Amalgamation of Mrs Richardson's Charity into PFH
- Identified and devolved environmental budgets that reflect resident priorities
- High quality stock data and all PFH homes achieve PFH Homes Standard
- Carbon neutral strategy and plan in place
- Re-let times reduced
- New homes developed in line with plans and budget
- Satisfaction with opportunities for involvement increase
- Reduction in operating costs and financial indicators in line with efficiency plan targets
- Joined up strategy approaches and act as a key regional influencer in housing strategy for older people
- Established links to both Hull and East Riding of Yorkshire Health and Wellbeing Boards /Clinical Commissioning Groups
- Commissioned services with health and social care partners
- Fund raising targets
- % of staff who would recommend PFH as a great place to work
- Investors in People Accreditation (Gold – new standard)