



CORPORATE PLAN 2009

“Making it happen”

CONTENTS

Message From The Chair	3
Message From The Chief Executive	4
Introduction	6
Our Mission, Vision And Values	9
Strategic Theme 1 : Homes	10
Strategic Theme 2 : Services	12
Strategic Theme 3 : Enterprise	14
Strategic Theme 4: Resources	17
Finance And Value For Money	18
Performance Management	19
Governance Structure	20
Management Structure	23
Partnerships	23
Finance	24
Risk Management	25

Message from the Chair

This latest version of the Corporate Plan comes at the end of a very busy year that has seen the company undertake the most wide ranging review of its services and how they are delivered to customers. We started this exercise by asking our customers how they preferred to deal with SLH. The resounding message was that they wanted to have a route through to SLH to talk about simple queries, issues and frequent services.

SLH Board and Management have listened to tenants and have restructured the company to focus attention on what is important to our customers – safe, clean and sustainable neighbourhoods that are managed effectively with resources carefully targeted to prevent waste and maximise investment where it counts – on our homes and neighbourhoods. To this end, the restructure has saved in excess of £400k annually in the Business Plan which can be reinvested where our customers want it most – in the areas where they live and want to raise their families.

This Corporate Plan sets even more challenging targets for the team who have been on a journey over the past few years to lift the company to a place where it has a real future. We started with the “Fit for Purpose” strategy, to get the company delivering basic services that people were paying for. Once we had achieved the required standard set by the Audit Commission, we then entered the “Fit for the Future” phase, which was redesigning our future based on customer aspiration, and ensuring the right people were employed to do the right things at the right time with the right attitude and motivation. This was delivered last year and we are now entering the “Making it Happen” stage of our journey, where those that have what it takes can make customer aspiration come alive.

The future is very bright for SLH and my Board colleagues and I are very proud to be associated with past achievements and those that will come in the future.

John McHale
Chairman
SLH Group Board

Message from the Chief Executive

I am pleased to present our Corporate Plan for 2009 for the year of our 10th anniversary. In preparation for our latest revision to the plan, we have reviewed our mission, vision, and organisational values to ensure these continue to be relevant to the expectations of our customers, staff, and other stakeholders.

The previous Corporate Plan was concerned with making SLH 'Fit for the Future'. The focus was on restructuring SLH into an organisation that was capable of meeting the challenges and exploiting the opportunities within the housing sector.

This year's Corporate Plan has as its theme 'Making it Happen'. This recognises the need to build on the strong foundations set out in the last two years to ensure we provide world class homes and services in thriving neighbourhoods that our customers expect and deserve.

Our customers are at the heart of everything we do, helping to shape our vision, strategies, policies, and service standards to ensure effective local accountability and delivery of services to neighbourhoods they can be proud to live in. We understand the challenges our customers are facing with the impact of the current economic climate and will work with them to mitigate the effects.

Corporate Planning Framework

Our mission, vision, and values provide the overarching framework on which we develop our strategic themes set our strategic aims, and plan to deliver our corporate objectives.

As part of the planning process an environmental scan was performed that analysed the likely impact of political, social, economic, environmental and technological factors on the housing sector generally and SLH specifically. This analysis has helped to shape the strategic themes and aims of the Group and influence the nature of our corporate objectives.

The information gathered in the environmental scan was validated by our customers and the National Housing Federation to ensure all current and future perceived risks were captured and addressed prior to approval by the SLH Board. The environmental scan is updated quarterly to take account of incremental changes that are

notified to Board and factored within both the Risk Map and Business Plan, if required.

In addition to the scanning exercise, we have taken account of the strategic direction taken by Liverpool City Council (LCC), most recently expressed in its Sustainable Community Strategy. This document identifies five drivers to achieve sustainability; namely competitiveness, connectivity, distinctive sense of place, thriving neighbourhoods and health & well being.

Our Corporate Plan complements this vision of a better, healthier and economically robust city. We share its aims of achieving improved housing standards, a wider housing choice and safer neighbourhoods to create places where people actively choose to live. Our commitment to support local businesses and complete the master planning project for Speke will contribute to the economic and environmental well-being of the area.

We support wholeheartedly the Council's view that "people who feel that they can play a part in their local communities and have a say in decision making have a greater sense of belonging and personal responsibility for their area". This strongly resonates with our objective to empower customers and achieve excellent customer satisfaction rates.

SLH is now entering a very exciting phase in its development and is now commercially capable of pursuing new business and widening our product offer to the customer – both existing and new, and we relish the opportunity this presents.

Our aim is simple – to provide world class services to people who deserve it and we will continue to strive until our neighbourhoods are the best that are out there and the place that everyone aspires to live in.

Julie Fadden
Chief Executive
SLH Group

Introduction

SLH was formed in October 1999 following the large scale voluntary transfer (LSVT) of 4,400 properties from Liverpool City Council. The transfer was undertaken with the support of local residents to secure additional investment in the stock whilst maintaining affordable rent levels.

We currently own and manage around 3,400 properties in the South Liverpool area, predominantly in Speke and Garston.

Operating Context

SLH operates within areas of considerable social and economic stress. Speke remains in the worst 1% of Super Output Areas as measured by the Index of Multiple Deprivation. Educational attainment is low with high levels of unemployment and major social issues such as serious crime and disorder.

Future Challenges

Background

This year has seen significant changes in the wider political and economic outlook that affect the housing sector. We also have to take account of the drive for greater energy efficiency and to be responsive to the changing needs of our customers.

To keep ourselves properly informed and ahead of the game, SLH undertakes a quarterly review of the factors affecting our operating environment and, in the light of this, identify the key priorities for our corporate plan. These can be broadly categorised as follows:

Government Housing Policy

- Housing & Regeneration Act 2008 - creation of a new, tenant focused regulator for the housing sector (Tenant Services Authority) and a new developing agency (Homes and Communities Agency).
- the green agenda and “lifetime homes”.
- measures to tackle worklessness.
- Housing Benefit reform (likely to be implemented by 2010)
- attempts to increase the supply of affordable housing, most recently expressed in terms of encouraging local Councils to develop more homes.

Local and Regional Housing Policy

- improved working relationship with Liverpool City Council.
- land transfer from Liverpool City Council.
- Liverpool First Community Strategy.
- Liverpool First Housing Strategy.
- Local Neighbourhood Renewal Strategy.
- Local Area Agreement 2008/2011 – Delivering Sustainable Communities.
- Housing Supplementary Planning Document (2005).
- Social Services and Health – “Personalisation of Services”.
- Regional Strategy – creation of 4NW; development of a single Integrated Regional Strategy (IRS).

Economic Factors

- Global financial crisis due to the “credit crunch”. Longer term impact on public spending in the UK. Sustainability of government’s current spending plans?
- Reduction in lending facilities for organisations in the UK and threat of re-pricing loans in the event of re-financing. Reduced access to mortgages.
- Threat to local jobs due to recession – impact on SLH tenants.
- Stagnation of local private housing markets – slump in sales affecting Garston Urban Village Project.
- Financial pressure on other stakeholders.
- Structure of the RSL sector – competition and partnership.
- Financial inclusion – access to banking / loans for tenants.
- Increasing problem of fuel poverty for customers.

Social Factors

- Increasing numbers of elderly people.
- Housing demand – type / number of houses.
- Problems of organised crime / gang related crime – impact on community safety.
- High levels of unemployment and benefit dependency.
- Low educational achievement – recent attempt to improve results through a change in governance at Parklands School (now holds National Challenge Trust status).

Environmental Factors

- Increasing influence of government’s “green agenda” policies.
- Higher expectations in terms of energy efficiency / recycling within homes. Increased costs for development work as a result of the Code for Sustainable Development.

- Estate open space – need for boundary treatments, alley-gating, landscaping.
- Long standing development issues – The Crescent / Western Avenue.

Technological Factors

- “Green” building technologies.
- Customer access to ICT / web based services.
- Opportunity to improve performance through investment in ICT e.g. customer relationship management system.
- ICT security.
- Changed methods of working using new technologies – mobile / remote / flexible – using handheld equipment.

Our Mission, Vision and Values

Our mission reflects the business we are in, our long term aspirations for the Group and our neighbourhoods within South Liverpool, and the ever increasing importance of the '*place shaping*' agenda.

Our Mission

- **to make South Liverpool *the place to be.***

Our Vision

- Homes - *quality homes in thriving and inclusive neighbourhoods' of choice and improved quality of life.*
- Services - *delivering world class, value for money services, relevant to the needs of our customers*
- Enterprise - *Opportunities for wealth creation and retention through, education, employment and self-employment.*



Our Values

- *Respect, openness and accountability*
- *Equality, diversity and inclusivity*
- *Socially responsible behaviour*
- *Progress through challenge and innovation*
- *Empowerment and development of staff and customers*
- *Continuously improve quality of our services*
- *Treat others as you would want to be treated*

STRATEGIC THEME 1 : HOMES

AIMS

- Provide quality homes in neighbourhoods of choice and improve the quality of life for our customers in South Liverpool.
- Grow an affordable and sustainable asset base within South Liverpool.
- Understand the needs of our neighbourhoods and communities and what makes them sustainable.
- Lead and influence physical regeneration activity within defined areas of South Liverpool.

Objective	Outcomes
1. Achieve Decent Homes Standard by December 2010 and establish a plan to improve the environmental performance of our homes.	1. Regulatory compliance and better quality homes with better energy efficiency resulting in lower energy costs for customers.
2. Establish a neighbourhood sustainability tracking model by June 2009.	2. Better information on neighbourhood demographics to support better neighbourhood investment decisions and interventions.
3. Gain status as preferred regeneration partner in St Marys Rd, Garston & LIFE lead for LCC by March 2011.	3. Increased ability to influence physical and economic regeneration of Garston and achieve better outcomes for residents.
4. Complete stock transfer of 179 properties from Servite by the end of July 2009.	4. Increased diversification of property portfolio and property mix for new and existing customers. Dilution of overhead costs.

Objective	Outcomes
5. Commence the redevelopment of The Crescent parade of units by March 2010.	5. Additional 31 units with improved facilities for customers.
6. Complete Master planning in Speke and commence delivery of recommendations in 2011/12.	6. Increased probability of success in creating sustainable neighbourhoods. Increasing external investment in public realm and services
7. Develop a marketing strategy and action plan to promote and improve the perception of Speke and Garston within Liverpool and beyond.	7. Improved customer demand for our properties and services.
8. Use £1.7m of Disposal Proceeds Fund to develop 14 affordable homes by March 2010.	8. Effective use of funds.

STRATEGIC THEME 2 : SERVICES

AIMS

It is essential to provide services that are relevant to the needs of customers and stakeholders, and that add value. The way in which this can be demonstrated is through customer satisfaction, continually challenging what we do and how we do it and involving our customers and stakeholders in this process to ensure service improvement is driven by customer aspiration, not simply need.

The success to date to improve services and customer satisfaction has and needs to continually, be built upon through effective communication and consultation with customers and stakeholders. This is a founding principle of SLH and has enabled a firm foundation to be established in what has become an increasingly competitive environment and one which will soon allow greater choice for tenants, following the establishment of the Tenant Services Authority.

This goal has the following key outcomes during 2009-11 as follows:

- Year on year improvements in customer satisfaction and business performance.
- Independently acknowledged as an excellent employer of choice and deliverer of world class services.

Objectives	Outcome
1. Achieve at least 90% customer satisfaction in STATUS survey by March 2010.	1. Improved customer satisfaction leading to higher customer attraction and retention.
2. Empowerment- Customers to influence service delivery, product choice and the neighbourhood	2. Improved customer satisfaction leading to higher customer attraction and retention.

Objective	Outcomes
3. Greener Business - reduce the environmental impact of the business operations including our buildings and the work of staff.	3. Reduced environmental impact of the business and improved reputation as an environmentally aware organisation.
4. Increase customer access to self administering services through the internet by March 2011.	4. Increased customer access through increased communication channels.
5. Achieve external accreditation for quality systems, environmental impact, people and customer experience and engagement by March 2011.	5. Independently validated customer services that are benchmarked with improved organisations both within and outside the sector, in the UK and beyond.

STRATEGIC THEME 3 : ENTERPRISE

AIMS

To promote opportunities for wealth creation and retention, through education, employment and self employment.

This has the following key outcome during 2009 -11 as follows:

- Be recognised as the Lead Regeneration Agency within South Liverpool by Liverpool City Council and others.
- Establish a profit making Social Enterprise Company.

It is recognised that the main neighbourhoods within Speke are essentially an enclave surrounded by commercial and industrial activity and also by Liverpool John Lennon Airport. In recent years, there has been considerable investment in these neighbouring areas and a large number of jobs (mostly low pay) have been created.

How much of the wealth and employment opportunities created that has directly benefited local people is however questionable.

Equally Speke needs to be better connected into the wider South Liverpool area. However poor transport links/services into the estates help to prevent this. The Speke master planning exercise will seek to address the issue of connectivity and also the stigma/image of the area.

However the Speke neighbourhoods and areas of Garston do suffer from acute deprivation, as illustrated by the indices of multiple deprivation indicators. There are high levels of worklessness, disability and poor educational attainment. The areas, particularly Speke, also suffer from high levels of crime including organised and economically motivated crime.

It is against this backdrop that SLH is committed to dedicating resources to create a meaningful dialogue and relationship with private sector employers and key local employment agencies, whilst championing a campaign to improve the image of both Speke and Garston.

SLH is also committed to establishing a social enterprise as a viable and sustainable business in its own right. After an initial

setting up period, the social enterprise would generate surpluses that could be a revenue stream for the local community or SLH, the main the parent body.

The following identifies key objectives and related outcomes.

Objective	Outcomes
1. Work in collaboration with local employment initiatives i.e. JET and South Liverpool Business Network to promote and encourage local employment in South Liverpool.	1. Increased social inclusion through increased local employment opportunities.
2. Provide SLH core services to at least 2 clients within and beyond South Liverpool that provide a return on investment of 10%	2. Increased return on investment to facilitate increased reinvestment.
3. Complete feasibility study on social enterprise by June 2009. Establish a financially viable social enterprise company by March 2010 that secures £100k of external investment.	3. Increased local economic activity through increased local employment and self employment.
4. Champion and provide support to local businesses and entrepreneurs.	4. Increased local economic activity through increased local employment and self employment.

Objective	Outcomes
5. Investigate the potential to establish a joint venture in partnership with our maintenance contractor.	5. Initially to undertake programmed activity i.e. fencing, with the establishment of a joint team, with the potential to benefit both organisations.
6. Establish a community fund for Speke Garston through investment from businesses and supply chain.	6. To ensure community ownership of ongoing neighbourhood investment.
7. Establish a Financial Inclusion Strategy and Action Plan	8. Increased wealth creation and retention for Speke Garston residents.

STRATEGIC THEME 4: RESOURCES

Underpinning our core corporate objectives are supporting objectives set to enable the delivery of the Corporate Plan.

PEOPLE

It is important that the people within the organisation demonstrate the highest levels of customer care and have the passion to deliver world class services.

AIMS

- To grow the skills, experience and knowledge of our Board members, managers, and staff, and improve employee engagement in the workplace.

Objective	Outcome
1. Launch a management development programme by September 2009.	1. Development of Managers with leadership skills to bridge the 'execution gap' turning potential to actual results.
2. Achieve at least 2 stars with Best Companies Survey by February 2010.	2. Improved employee engagement within the workplace resulting in better customer care, better employee recruitment and lower sickness levels and employee turnover.
3. Achieve 6 passes in CIH Level 3 qualifications	3. More qualified front line employees able to deliver excellent housing and neighbourhood services
4. Staff to influence culture and service delivery.	4. Staff Care Forum to take ownership of culture and ensure compliance.

FINANCE AND VALUE FOR MONEY

AIM

- To ensure our use of resources is optimised and the long term financial viability of SLH is assured.

Objective	Outcome
1. Remain within financial covenants set by our funders.	1. Maintains financial viability and remains within requirements of the loan agreement avoiding potential loan re-pricing scenario.
2. Remain within peak debt value of £30m for 2012 - 13.	2. Maintains financial viability.
3. Remain within payback period for loan repayment scheduled for 2029.	3. Maintains financial viability and remains within requirements of the loan agreement avoiding potential loan re-pricing scenario.
4. Achieve an overall operating surplus margin of 12%	4. Financial viability assured without compromising front line service delivery.
5. Improve House Mark cost based benchmark results for costs by 10%	5. Better value for money.

PERFORMANCE MANAGEMENT

AIM

- To improve systems and processes within SLH that support and improve service delivery.

Objective	Outcome
1. Mobile working of neighbourhood based staff by June 2009.	1. Increased efficiency and effectiveness of neighbourhood staff
2. Implement Covalent Performance Management System by June 2009.	2. Management information communicated effectively to managers to inform and improve decision making.
3. Implementation of Phase 1 SQL reports by March 2010.	3. Better performance management information which is automatically generated and updated more frequently.
4. Review the performance management framework by March 2010.	4. Better performance management information to support strategic decision making.
5. Implement Phase 2 of the Customer Relationship Management System by March 2010.	5. Better customer services through understanding the customer more and providing a more bespoke service.
6. Implement Phase 2 of the telephone system by March 2010.	6. Better customer services through better telephony services.
7. Implement Electronic Database Management System (EDMS) by March 2011.	7. Better customer services through real time access to customer information held electronically.

GOVERNANCE STRUCTURE

AIM

It is important that we have that right governance structures, systems and people in place to help ensure effective governance arrangements are maintained and improved. Further, it is important that we have the right learning and development systems in place to plan for succession. Effective governance extends beyond good corporate governance and includes strong resident involvement to ensure local accountability to the residents in the neighbourhoods we serve.

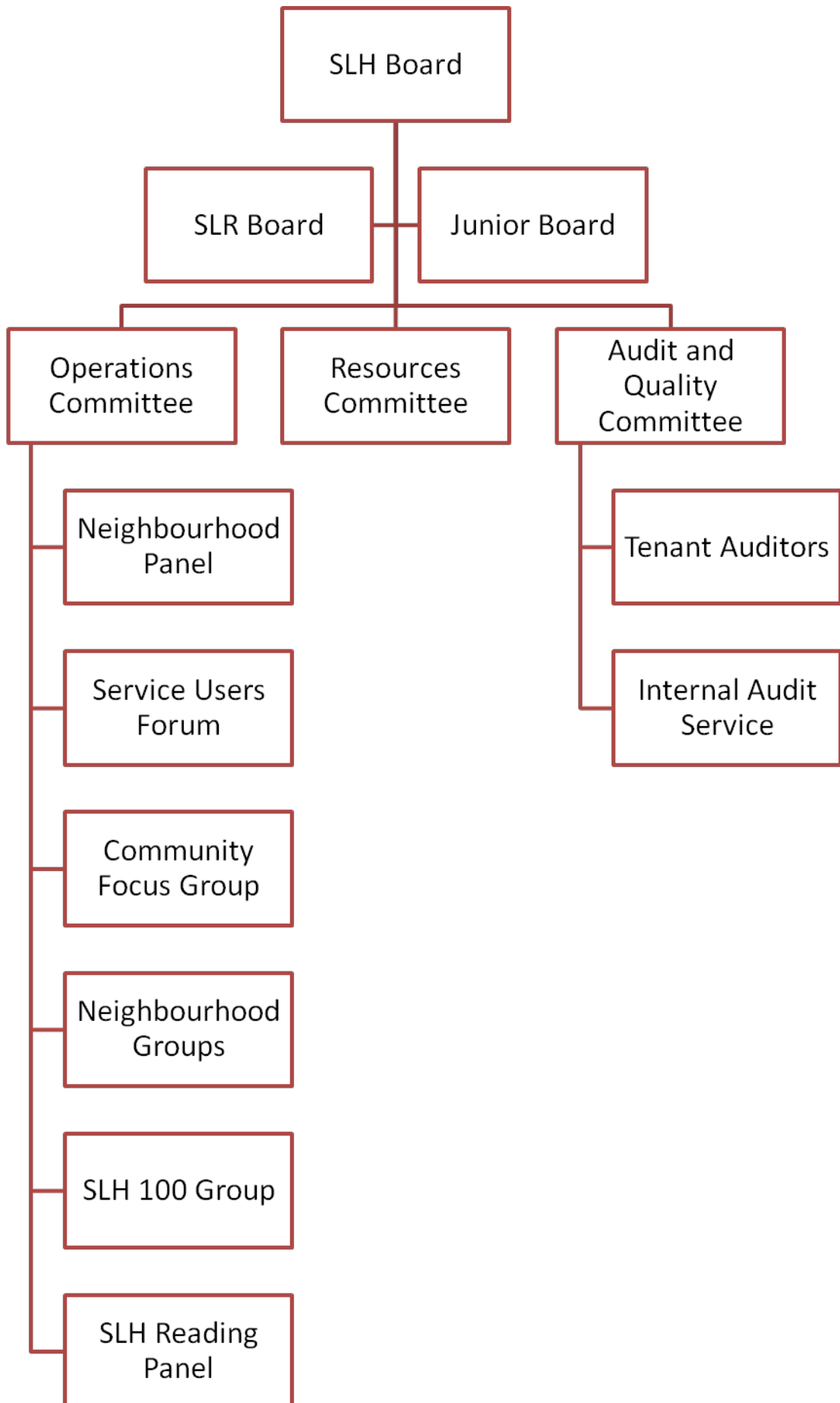
SLH's Board of Management is a mixture of tenant, council, and independent representatives. Board members receive a modest remuneration in line with National Housing Federation guidance for the skills, experience and knowledge they bring to the overall management and direction of SLH.

The Board operates within its constitution and our Code of Conduct to ensure that the Board remains impartial and can be held accountable for the decisions they make.

Currently the Board meets on a quarterly cycle and is supported by 3 committees all with clear terms of reference. The Operations Committee oversees the front line services. The Resources Committee is responsible for overseeing the corporate services functions including Finance, Human Resources, and Information Technology. The Audit and Quality Committee oversees the delivery of the Corporate Plan and ensures that the recommendations of the Internal Audit Service are implemented.

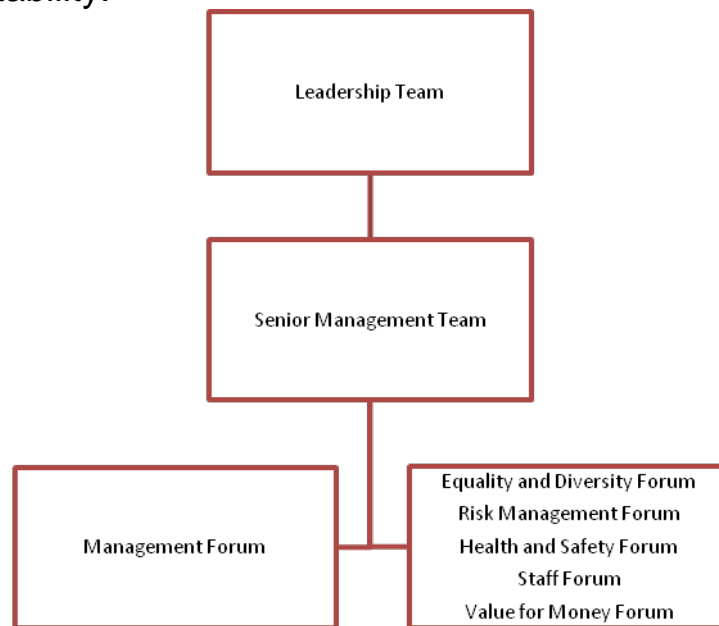
Objective	Outcome
1. Convert SLH to a Charitable entity by March 2010.	1. Finance retained within SLH for use in delivering more and better outcomes for customers.

Objective	Outcome
2. Create a new trading subsidiary to undertake commercial activity by March 2010.	2. Commercial risks ring fenced in new subsidiary safeguarding social housing assets. Ability to gift aid profits up to SLH.
3. Restructure governance arrangements to support the new entities by March 2010.	3. Effective governance arrangements in place to support revised group structure.



MANAGEMENT STRUCTURE

It is equally important that our organisational structure supports the delivery of efficient and effective management. The following shows how the Senior Management Team is supported by the management forum which advises on operational issues and the other forums which advise Senior Management on the key cross cutting themes for the organisation. All forums work within clearly defined terms of reference to ensure clear lines of communication and accountability.



PARTNERSHIPS

- Achieve more and better outcomes for our stakeholders through working with others who share our mission, vision, and values.

Objective	Outcome
1. Establish effective partnerships and supply chains.	Work with established partners and potential new partners to maximise the resource that can be invested in South Liverpool neighbourhoods.

FINANCE

The long term financial viability of SLH is monitored and assessed through our 30 year business plan. This demonstrates our ability to service and repay the loans we have taken out to meet the capital improvement transfer promises and decent homes standards. The Business Plan is reviewed and approved annually by the Board.

Our 30 year Business Plan informs our annual budget and is adjusted for known changes over the respective years for items such as 'Right to Buy' property sales, new build development, stock condition surveys and rent restructuring. The budget is reviewed and approved annually and forms the basis of financial monitoring on a monthly, quarterly, and annual basis.

The latest plan forecasts a peak debt of £30.0m in 2012 -13 reflecting a transfer of stock from Servite Houses, increased development activity, a loss of income from Right To Buy sales and a loss in anticipated overage from the Garston Urban Village Project. The debt is forecast to be repaid in 2027 - 28, a year later than the last plan but still a year earlier than the original agreement.

Risk Management

The Board and Management of SLH are committed to maintaining the long term financial viability, the effective use of resources, and the quality of service provision of the organisation.

SLH seeks to minimise risk through effective systems of control that manage risk and mitigate its effects to an acceptable degree.

Risk Strategy

- We maintain an effective control framework designed to contain risks in a cost effective way.
- We maintain a Business Continuity Plan as part of our risk management strategy.
- We reject any project or proposed activity where we cannot mitigate the risks involved to an acceptable degree.
- We ensure the authority and responsibility to take decisions involving risk is appropriate to the level and type of risk and clearly defined and communicated.
- Major external threats to SLH will be identified and monitored and contingency plans made to effectively respond to the event of such threats materialising.
- Insurance cover or another form of indemnification will be arranged to minimise the impact of major external threats should these arise.

Risk Map

The following is an extract of the key strategic and corporate risks from the risk map of SLH.

Risk Map

Key Strategic and Corporate Risks

Strategic risk	Impact	Prob	Risk	Resp.	Internal Controls
Government Policy					
Housing benefit paid directly to the tenant leading to increased arrears.	4	5	20	WG	Communication of changes, payment method review (DD push), basic bank accounts, handheld devices, more frequent rent statements, early intervention and proactive collection methods.
Housing stock does not meet local demographic demand.	4	2	8	WG	Assess needs for alternative provision of accommodation. <u>Diversify portfolio. Marketing Plan.</u>
Failure to identify declining neighbourhoods and take remedial action.	4	2	8	WG	Develop and use neighbourhood sustainability tracking model.
Acquisition and Development					
Risks associated with the transfer of housing stock from other landlords.	3	2	6	JF	Performance of due diligence on transfer. Engagement of legal advice and application of good project management.
Funding assumptions in scheme appraisal not achieved.	3	4	12	WG	Monitor RPI and BCIS indices. Partial offset of inflation risk with effect on rent and expenditure. Control process through procurement strategy, Fusion 21, Procurement for Housing
Asset Management					
Higher costs due to significant variations in scope.	2	4	8	DC	Tolerance limits set for cost variations to orders. Values higher than tolerance require approval.
Viability of contractors, ceasing, reducing ability to trade or perform to service standards.	4	2	8	DC	Procurement Policy - ongoing performance management and viability tracking, long term partnerships.
Growth and Diversification					
Diversification into new products or markets.	4	2	8	TR	Assess all new business ventures against a robust investment criteria that includes a feasibility stage the production a business case.
Financial Management					
Change in inflation assumptions contained within business plan	2	5	10	TR	Business plan income and expenditure based on RPI, therefore inflation risk mitigated to an <u>acceptable degree.</u>
Change in interest rate assumptions contained within the business plan.	2	4	8	TR	Business plan based on net borrowing requirement which is currently 100% fixed.
Unable to refinance or refinancing at unfavourable terms.	3	4	12	TR	Monitor capital markets and financial indicators. Time entry to market to <u>ensure best terms.</u>
Failing to achieve financial covenants resulting in covenant breach.	4	3	12	TR	Business plan review and approval, budget setting and budget monitoring and control. Waiver requested from funders.
Pensions - general funding risk, multi-employer scheme, scheme exit or redundancy risks.	3	3	9	MW	Accept and manage general funding risk. Exercise of influence over contribution rates, acceptance of investment returns, decision on exit from scheme or redundancy considerations.
Performance Management					
Poor management preventing the achievement of Corporate Objectives.	4	2	8	JF	Performance Management Framework.
Failure to comply with company policies & procedures.	4	2	8	TR	Training and development, Performance Management Framework.