

**Business plan**  
2017

# Business plan 2017



To ensure we are capable of thriving in the housing new world order, we underwent a rigorous governance review in 2016 and this Business Plan reflects these changes and mitigates the impact of the reduced rent which the Government has challenged us with over the next few years. Not only that, it also secures our long-term financial viability and protects the delivery of our quality of homes, care business and services to our customers.





*One Team*  
One Vision



Longhurst  
Group



Friendship  
Care and Housing



L&H  
Homes



Spire  
Homes



Keystone



Libra  
Treasury

# Business plan 2017



## Introductory Statement from the Chair and Chief Executive

On the national stage, housing and increasing the supply of new homes has never had a higher political profile and is clearly welcome news. Following Brexit and the changes at the highest level of Government, there has been a major and welcome shift in the way the Government will invest in affordable housing with an additional £1.4bn of flexible funding to build 40,000 new affordable homes and relaxed restrictions on how affordable housing funding can be used, allowing us to build a range of tenures to meet different people's needs.

This is especially good news for the Group where we have a strong development programme and have continued to build and invest in our communities when others have not.

Reduced investment in public services including cuts to adult social care funding continues to pose a threat to care and support services throughout the country. At Longhurst, we remain committed to continuing to provide high quality social care and support services that make a contribution to our business services and reflect the values that drive our work.

In the era of the 'super merger' taking place across the sector, growth through merger and acquisition remains a key goal for us. Longhurst Group remains committed to partnerships that deliver for our tenants and our communities and we will continue to work with other housing associations who want to work with us as new members of our Group or as part of existing or new consortium arrangements.

There is no doubt that these are uncertain times within the sector, but we are financially strong, with a strong leadership team and Board and dedicated staff. Together we are one team with one vision and are excited for the opportunities ahead and what we can achieve.

**Bob Wilson**  
Chair

**Julie Doyle**  
Chief Executive





**Together we are one team with one vision and are excited for the opportunities ahead and what we can achieve.**

# Longhurst Group

**The Group is a well-established, ambitious, regional housing association with over 19,000 homes covering a large geographic area of 48 local authorities, from the North East Midlands to Birmingham, Northamptonshire and Cambridgeshire.**

The Group currently has three landlord member companies, Spire Homes, Friendship Care and Housing and Longhurst & Havelok Homes which work together as 'one team, one vision' combining regional strength with local connectivity and delivery.

Subject to successful negotiations and regulatory approvals, a fourth landlord member company, Axiom Housing, a 2000, unit housing association based in Peterborough, is due to join the Group in July 2017. The Longhurst Group is currently rated G1, V1 by the HCA and A2 by Moody's.



# Our Homes

## Areas covered

- L&H Homes
- Spire Homes
- Friendship Care and Housing
- L&H Homes/Friendship Care and Housing

## Main offices

- Longhurst Group (registered office)
- L&H Homes
- Spire Homes
- Friendship Care and Housing

## Total Properties

- 8,918** L&H Homes
- 5,527** Spire Homes
- 4,617** Friendship Care and Housing

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- 19,062** Total



# Longhurst Group

**With a year end March 2016 turnover of £113m, 958 employees, and a strategy to deliver over 3,000 homes over five years, the Group is a significant contributor to meeting housing needs, supporting customers and communities and playing its role in the health of the Midlands economy.**

In addition to providing homes that meet a broad range of needs, the Group offers care and support services to over 4,000 people through a range of adult mental health, learning disability and older people's services, community initiatives and assistive technology. Over 400 members of staff are employed in these services with a business unit annual turnover of over £10.5 million.

A commitment to partnership working has always been central to the Longhurst Group philosophy. In an increasingly competitive and challenging operating

environment, it believes that partnerships set us apart. Drawing on the knowledge and experience of expert partners, the Group is able to demonstrate new strengths and deliver excellent homes and services.

## Our Vision

Our vision as a Group is clear. Everything we do is about 'improving lives'. From the great homes and care and support services we provide to the numerous projects that make a positive difference to people's lives.

## Our Values

We are united by a shared set of values that guide everything that we do as a Group and show what matters to us. These are:

**In it together** – We stand together as one team with one vision to make a difference to people's lives.

**Heartfelt service** – Everything we do shows we care deeply about our customers and colleagues.

**Own it** – We do what we say we do to the best of our ability with pride and passion.

**Push the boundaries** – We strive for excellence constantly looking for fresh ways of doing things.

**Fun and fair** – We work hard, enjoy it and treat everybody equally with respect and honesty.





**A commitment to partnership  
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Group philosophy.**



**If 2015 was the year everything changed for social housing, 2016 was when we started to feel the effects.**

# Our operating environment

**This is a time of unprecedented change for housing associations which brings a significant number of opportunities, as well as the many emerging threats within a more volatile operating environment.**

The new business landscape is dominated by the rent reduction between 2016/17 and 2019/20, potential macro- economic changes related to Brexit, the on-going pressure of Welfare Reform, austerity impacting on commissioners of care and support provision and a move towards loan guarantees or public equity investment instead of grant for the provision of new affordable homes.

If 2015 was the year everything changed for social housing, 2016 was when we started to feel the effects. The seismic shocks of the previous year, including the Right to Buy extension and the social housing rent cuts, were not repeated but the sector has still spent much of the past 12 months adapting to a new reality.

Housebuilding - The latest government figures show that in the 12 months to the end of September 2016, the number of new homes that started construction in the UK in England was up by 4 per cent, at 147,880. The net additions of housing, which factors in conversions and takes into account demolitions, shows that in the year 2015-16 just under 190,000 homes were added to England's stock.

Whilst this is the highest number since the financial crisis, a House of Lords committee has called for 300,000 new homes per year in England and there are fears that market uncertainty could mean fewer homes are started in 2017. Recent estimates suggest the number of housing starts could fall to 134,000.

Across our operating area there are significant variations in economic and housing circumstances. In areas like North Lincolnshire, house prices are significantly lower than the national average but high unemployment and low wages mean affordability is

still a big issue leaving many people unable to achieve the dream of home ownership. Unemployment levels are higher than the national average at 7.4 per cent. The number of employed people claiming housing benefit is up more than 19 per cent since 2008. Forecasts indicate that 342,000 new households will form in the region by 2037.

By contrast in the East of England the affordability ratio of incomes to purchase is more than nine times the average income and up to fifteen times in Cambridge. Renting privately is also becoming increasingly unaffordable averaging £690 per month and taking up 30 per cent of average income. A quarter of all housing benefit claimants in the region are employed.

# Our operating environment

## Government Policy - The Chancellor made a number of important announcements in the Autumn Statement including funding and flexibility, Voluntary Right to Buy and a taper to Universal Credit rates

In a headline measure, the Chancellor announced a major change in the way the Government will invest in affordable housing with an additional £1.4bn of flexible funding to build 40,000 new affordable homes and relaxed restrictions on how affordable housing funding can be used, allowing us to build a range of tenures to meet different people's needs.

The Chancellor also announced £2.3bn of new infrastructure funding specifically to unlock land for up to 100,000 new homes in high demand areas. Although some detail is still to emerge, the announcements on funding and flexibility should have a significant impact on the sector's ability to deliver affordable homes of all types signaling that we are now seen as crucial partners for the Government to work with.

The much anticipated roll out of Voluntary Right to Buy has not happened as the Chancellor announced a regional pilot scheme with £250m available across the course of this Parliament. More detail on where the pilot is to be located is awaited although the West Midlands seems a likely choice.

**Care and Support** – This sector has been operating within a national funding crisis for a number of years and there is no let-up in the challenges that face providers of health and social care services. The legislative and regulatory environment remains complex with a continued shift towards greater public scrutiny, service providers being asked to deliver more for less, having to balance increasing demands to deliver high quality, personalised services against the pressure of extremely challenging economic circumstances. There are particular concerns about the future of specialist schemes for vulnerable people as the customer-funded services are likely to see income reduce.

The Government announcement that the taper rate within Universal Credit will be reduced from 65 per cent to 63 per cent from April 2017 is welcome news as it means that claimants earning above the work allowances will be able to keep more of what they earn. However, concerns continue about the fact that the Local Housing Allowance cap will apply to new and existing tenants on Universal Credit from 2019 and particularly the impact on under 35's making it potentially impossible for people under 35 in need of social housing and care to obtain housing and support.

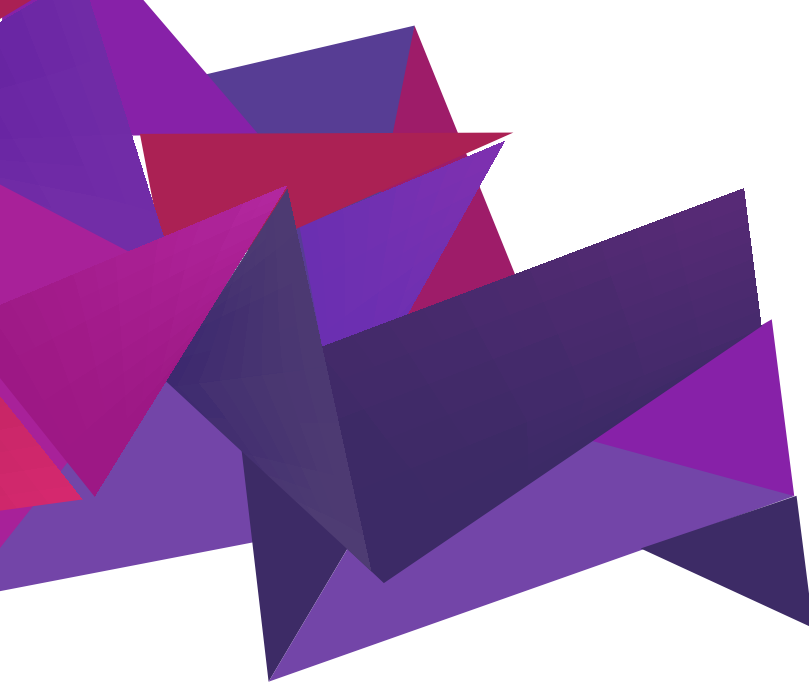


**Building a range  
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**Social housing tenants  
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# Our operating environment



**Welfare Reform** - The continued impact of welfare reform is most felt by social housing tenants and care and support service users that rely heavily on benefits so they are particularly hard hit by welfare reform. More are out of work than in work.

Reforms such as the Housing Benefit size criteria (also known as the 'bedroom tax'), changes to Council Tax charges and benefit cuts are all changing the way social landlords relate to their tenants and how tenants manage. The benefits system is becoming tougher and tighter with more sanctions, reclassifications, exclusions and suspensions of payments.

Social housing tenants face rising costs and cuts in income whether they are in work or not. Food and energy are main areas of spending that tenants

are cutting back on. High energy bills and debt are making energy saving advice and investment a priority in social housing. Tenants are experiencing poverty, anxiety, debt and health problems. Food banks are becoming essential. People rely on family and friends for help. Tenants and landlords expect evictions to rise.

The Group's affordable housing customer base comprises 22 per cent of households aged under 35 years and 41 per cent aged over 55 years. 54 per cent of households are in receipt of Housing Benefit. Some 50 per cent are known to have access to the internet.

# One team One vision

## Longhurst's Response to the External Environment.

**Longhurst Group is managing the external environment challenges with a clear focus on developing new homes and providing essential local services and we are confident that we will continue to do more to make a positive difference in local communities. We have taken the time to re-assess our assumptions and this Business Plan presents our long-term projections in the Summary Financial Plan.**

At Longhurst Group we have a proud history of delivering high quality homes and services for the benefit of the communities in which we operate. We take a long term view in all areas of our business so that we can make a positive difference for our customers and key stakeholders. We understand that the capacity to continually improve our operation is key to the longevity and on-going success of our organisation. Strong governance and structures are essential for any secure and ambitious organisation to thrive, particularly in a challenging operating environment.

The business and governance of an organisation do not work in isolation and given our substantial growth over the last decade it is important to ensure that all existing arrangements are both fit for purpose and fit for the future and that we have the confidence of our stakeholders, the regulator and the wider sector.

Our Board, Executive Leadership Team and Senior Management Group are now fully operational following a comprehensive review of the governance and senior management structures within Longhurst Group. More streamlined board and executive structures are now in place allowing quicker decision-making processes, more clarity around risk and responsibilities and positioning us for growth.

Our core business is incredibly valuable generating not only in excess of £113million turnover for the year 2015/16 but also delivering immeasurable social value in local communities. With a strong board and executive team at the helm, Longhurst Group will continue to have a positive impact on the lives of customers across the Midlands and beyond.

Our old federal structure inevitably became more complex as funding, charitable status, diversification in products, protection of social assets and taxation led to the creation of additional entities, Boards and Committees. Having the right skills and expertise on the Board to run the business in the more complex operating environment was vital to our future success and we now have robust governance arrangements in place moving forward.







**We have a proud history of delivering high quality homes and services for the benefit of the communities in which we operate.**

# One team One vision

## Longhurst's Key Business Objectives

**To deliver more for our customers whilst not increasing cost, change has been essential, not only at governance level but throughout the business. The creation of a collegiate senior management structure enables us to develop our future strategy based on the principle of one, strong, unified organisation that works imaginatively and enthusiastically together.**

Under the strategic message of "One Team, One Vision" we are an organisation that understands its customers and localities and tailors services accordingly, making the most of shared expertise and buying power.

Value for money and efficiency remain central themes to our work and we will continue to work hard to drive those themes in all aspects of our work. It is essential that we understand and manage our finances robustly so that we know how and where resources are used. It is also vital that we identify

opportunities to streamline our approaches and ensure that we are as efficient as possible whilst delivering our mission and protecting the quality of what we do on the ground.

Using "One Team, One Vision" we have encouraged the widest involvement of our staff teams to contribute to the reshaping and restating of our vision and values which are described earlier in this Plan. We passionately believe that these values will help us to ensure that we obtain maximum value from all of our resources for the greatest benefit to our tenants, service users and communities – whether that is our time, energy or the money we spend.

### Longhurst's Key Business Objectives

Through our "One Team, One Vision" approach, these commitments will be delivered during the lifecycle of this Business Plan.

**To provide more homes**  
**To support our communities**  
**To deliver quality care and support**  
**To invest in our people**

The way in which we pursue these business objectives will embody our organisational values. We are in it together to deliver the objectives in a way that best demonstrates that we care about our customers. We will do what we say we will do and we will always look to push the boundaries in terms of excellence and innovation where we can and whenever we can, making sure it is done in a fair and where appropriate fun way.



**Provide more homes,  
Support our communities ,  
Deliver quality care and support,  
Invest in our people.**

# We will provide more homes by:

- **Growing** our new homes portfolio and developing homes to meet the demand of affordable housing. At least 3,000 new homes will be built by 2020 in key target geographical areas which will include an HCA funded development programme of up to 400 units.
- **Create** innovative and value-for-money options for affordable home ownership.
- **Use** the compensation from the sale of properties under the voluntary Right to Buy scheme to fund a further development programme of rented and low cost home ownership properties.
- **Actively** develop partnerships and invest in them when we have a clear understanding about what we

want to achieve from them. We are joint lead partner in the Blue Skies Development Consortium which secured a top ten position in the January 2017 HCA grant allocation announcements.

- **Actively** seeking out partnerships with other housing associations who have similar values to us and may wish to join us or work with us as partners in the delivery of our business objectives – our current discussions with Axiom represent a clear example of this approach.
- **Maximising** traditional development models and increasing our use of creative and innovative solutions to meet a broad range of needs through a diverse range of tenures.

- **Delivering** new mixed tenure homes through our specialist development arm, Keystone and seeking to make a healthy return on our investment on our non-social housing development activity.
- **Maximising** social value commitments from our partners and suppliers through formal procurement processes.



**Create innovative and  
value-for-money options  
for affordable home  
ownership.**



**Our money advice service continues to assist our tenants to manage challenging financial situations and help them to sustain their tenancies.**

# We will support our communities by:

- **Having a strong presence** on our estates which will be well managed and maintained, working closely with communities to ensure we provide quality services that contribute to great neighbourhoods where people want to live.

- **Identifying** through stock condition surveys and customer feedback areas for investing in homes. Through our asset management strategy, we will assess all properties to ensure they deliver on quality standards and meet the housing needs today and into the future.

- **Ensuring** the money we spend delivers wider social and economic benefits for our communities, in order to improve the economic, social and prospects of our customers.

- **Maximising** Social Value commitments from our partners and suppliers through formal procurement processes and seek to develop new partnerships

with other sectors and organisations, enabling them to deliver their corporate social responsibility commitments within our communities. Using our comprehensive customer information base we will proactively target support services at those tenants and communities most in need of them. We will provide more tenant training, advice on finances and encourage more interaction with our tenants by refocussing on front line, face-to-face contact and community support.

- **Equipping** more front line staff with portable technology to resolve problems on the doorstep. Our tenants show resilience and skill in managing tiny amounts of money but we recognise their need for financial advice, debt counselling and access to banking and credit unions.

- **Providing** information, advice on jobs and benefits, tackling fuel poverty and meeting crises through hardship funds and support for food banks. Our

money advice service continues to assist our tenants to manage challenging financial situations and help them to sustain their tenancies.

- **Continuing** to develop a stronger focus on employment, training and skills for our tenants is being developed to support the economic resilience of our neighbourhoods. Apprenticeship and work placement opportunities will be promoted along with initiatives such as Community Champions which has successfully supported residents with little or no previous employment experience into full time employment, training or volunteering.

# We will deliver quality care and support by:

- **Working** with local commissioning teams and by setting up our own local strategies and action plans to ensure that our services continue to prosper.
- **Continually** reviewing our services and local strategies reflecting changes to commissioning plans and looking at ways of improving the financial performance and reducing the cost base of services to ensure they remain competitive without compromising the quality of service provision.
- **Successfully** using local partnership arrangements for providers as we have recently done in Birmingham and Rutland. We will continue to explore and develop this approach where we feel such working methods would be of benefit.

- **Working jointly** with Local Authority and Health commissioning teams to forge positive working relationships with key commissioners. We are involved in a number of Health related fora including Health & Wellbeing Boards, Healthwatch Boards, Care Fora and NHF Housing and Health Regional Interest Group.
- **Rolling out** a new and robust Care and Support Strategy that has its own approved divisional business plan and financial targets. A robust assessment process will be used to fully evaluate new service provision and carry out regular reviews of existing services, with the priority for the latter being identified via a new traffic light system highlighting financial risk areas for individual services. This will ensure the division not only continues to provide high quality

services but makes a contribution to the continued business success of Longhurst.

- **Making sure** that our Group Asset Management Strategy appropriately invests in our property related care schemes and services to ensure they are fit for purpose.





**Local strategies and  
action plans to ensure  
that our services  
continue to prosper.**



**Staff are encouraged to think creatively, innovate, push boundaries and drive continuous improvement.**

# We will invest in our people by:

- **Continuing** to roll out the “One Team, One Vision” philosophy as we bring teams together, align policies and practices and transform how we work together as one organisation. This will include developing our change ambassadors to drive the approach and make sure that all organisational change is effected in the most effective and sensitive manner.

- **Working towards** ensuring the organisation is appropriately designed to deliver maximum impact in the short and long term, with staff employed in fulfilling roles that make best use of their skills and talents. Key to this will be effective succession planning and the ability to attract and retain talent into the business.

- **Ensuring there is clarity** about the shared vision that we are working towards and the values, behaviours and ways of working that will be important to the Group’s future success. This will be supported by a programme of interventions to embed the agreed

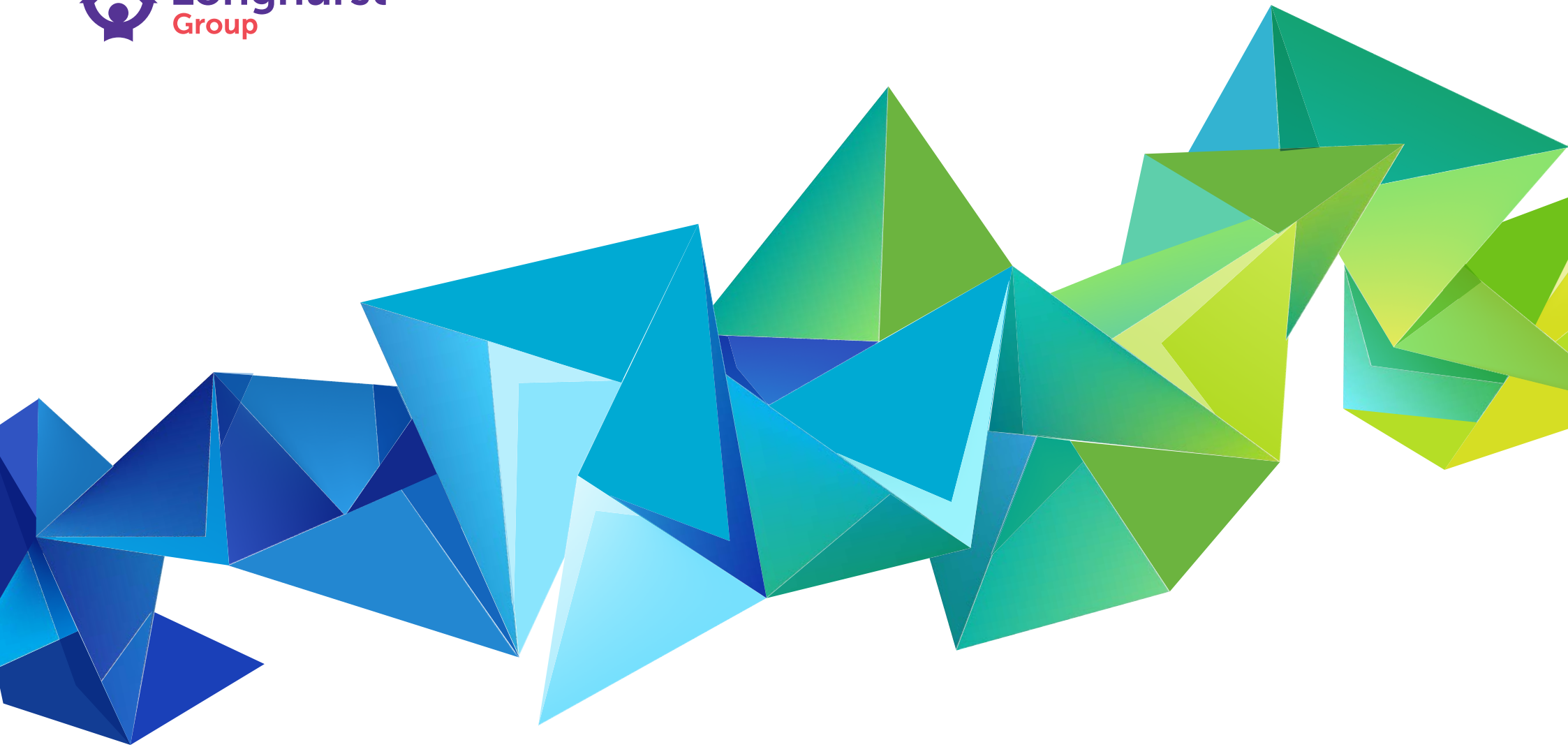
culture and philosophy of working and start to create a highly engaged and motivated workforce. Effective two way internal communications will be vital to this.

- **Working** towards embedding a performance culture where staff are encouraged to think creatively, innovate, push boundaries and drive continuous improvement. This will include delivering programmes that reward and recognise key behaviours, skills and performance that are market relevant, fair and cost effective.

- **Providing** a comprehensive menu of learning and development opportunities to enable staff to reach their full potential and best equip them to deliver our organisational objectives. This will include programmes to further develop our leadership capabilities, to improve staff resilience to working in an increasingly changing environment and a new apprenticeship programme.

- **Being an employer of choice** that invests in its people and the places they work to create a vibrant, upbeat culture that people enjoy working within. A key piece of work will be the review and alignment of staff terms and conditions across the Group to ensure they are fair, cost effective and ensure the Group remains an attractive employer.

- **Ensuring we listen** to our staff, consult them appropriately, take on board their views and opinions and keep a close eye to staff morale. This will include developing a Group wide staff consultative forum to use as a sounding board and undertaking staff surveys on a routine basis, utilising both internal and independent external mechanisms.



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 *One Team One Vision*

**BUSINESS PLAN** 2017-22