



STRATEGIC BUSINESS PLAN 2018 - 2023

Improving opportunities for people

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At the time of writing this Business Plan update, a Global pandemic has seen the way we work, how we care for our customers, how we provide our services, and how we interact with our colleagues, friends and families change dramatically. It would not have been appropriate to write our update without making reference to this, but more importantly, without recognising the enormous challenges our colleagues have faced, their devotion to supporting our most vulnerable residents and service users and responding to the changes we have had to make. Our residents and service users have been supportive and patient, adapting to the changes. We extend the thanks of our Board and Executive for this. We also want to take the time to remember and pay tribute to the members of the emh family who have sadly passed away from the Coronavirus.

June 2020

1. Foreword

Hello, and welcome to emh group.

We are living in a time of housing and care crisis. 224,000 social housing homes are needed for the 13 years from 2018 through to 2031¹. The needs of our customers are changing and in many cases increasing, we have an ageing population with a fragile care system, and we have new challenges facing both the housing and care sectors. We want to remove the stigma attached to the social housing and care sectors and to bring about a change in perceptions so our customers, colleagues and others across the sectors can be proud about social housing and care. We have a lot to achieve, but emh group is already very proud to provide housing, care and commercial lettings services to residents, service users and commercial customers in over 20,000 properties with a turnover of £114 million and over 1,100 employees.

In shaping this business plan, our Boards have actively engaged with our customers and colleagues to understand their perspectives on where our priorities should be. These views are captured within this plan and our strategic objectives. By the end of this five-year plan emh group will have increased the number of homes managed to at least 21,500 and will be providing sustainable person centered care and support services to over 1000 people through emh care and support. We will work smarter and harder to create and support thriving communities.

We will have transformed our business and customer offer through our ambitious plans to work in different and more agile ways; making better use of digital working solutions; reducing our carbon footprint; and strengthening our wide range of services. We are ambitious and motivated to achieve our aims and objectives; and to invest in the partnerships, staff and services to ensure we succeed. At emh group, our **Mission** is to:

“provide housing and care to improve opportunities for people”

We are a leading housing and care business. We have a strong reputation, built on years of good sustained performance, but this does not mean we will rest on our laurels. Our Board and Executive Team are committed to reaching our **vision** by 2023:

¹https://www.crisis.org.uk/media/239700/crisis_housing_supply_requirements_across_great_britain_2018.pdf referenced in https://www.housing.org.uk/globalassets/files/resource-files/nhf_briefing_how_many_people_need_a_social_rented_home_final.pdf September 2019

“to be the best social housing and care business in the country, leading the market as service provider and employer”

We have strong **values** that underpin everything we do:

Integrity	We work to the highest ethical standards
Diversity	We respect others for who they are
Openness	We are honest and straightforward
Accountability	We are accountable to and influenced by our customers
Clarity	We are clear about what we are here to do and why
Excellence	We strive to be the best in everything we do

These values are fundamental to achieving our newly revised **objectives**:

To deliver ambitious plans to **develop new homes to own and rent**, meeting a range of housing needs.

To **develop our people offer**, ensuring there are opportunities for personal growth, talent management and succession in order to increase the impact of individuals and teams across the group.

To **invest in the housing and neighbourhood service** where it is needed most, making services fit for the future, managing our existing homes and investing in and engaging with the diverse communities that live there, increasing our feedback options and putting customers right at the heart of what we do.

To **develop a clear vision and strategy** for our Care and Support arm that delivers ‘outstanding’ services to the people we support.

To **remain a resilient and financially robust business** by continuing to demonstrate value for money; efficiency and effectiveness; and by providing the financial and other resources needed to deliver our services and continue to grow.

Our objectives remain relevant even when facing unprecedented changes to our operating context - changes that have and continue to present us with both challenges and opportunities, and we embrace both. The 2015 budget cuts required us to bring about a fundamental shift in our business planning as a result of a four-year rent reduction plan, welfare reforms, and reductions in local government budgets impacting on the delivery of care and support services. We face the still somewhat unknown impact of BREXIT and the defining and tragic Grenfell fire and now the long-term impact of dealing with the Coronavirus pandemic - emh group is well placed to respond to these challenges.

We fully reviewed our business plan in 2018, realigning it with our mission and vision and identifying new projects, plans and ongoing improvements to services. This review, along with our strong reputation, the trust our customers and stakeholders have in us and our highly committed and value driven workforce will help to make our vision a reality.

We recognise however, that the sectors we operate in do not stand still and so we have reviewed our Business Plan this year (2019) to ensure that it remains relevant and so that we can provide clarity on our progress towards achieving our objectives and the metrics we link to them. Year One and two progress

updates are included within the Strategic Business Goals sections and we have also provided an update on our Vision Metrics.

We are immensely proud to have been awarded Homes England Strategic Partner status as one of the first eight registered providers; and indeed, the only East Midlands provider to have achieved this status in the first wave. We have delivered 868 new homes during the first two years of our Business Plan.

The implementation of our HR Strategy is gathering pace. We are proud to have been accredited as an Investors in People Gold organisation, showing true testament to our colleagues. We have commenced our Business Transformation Project and have a team of cultural transformation Practitioners trained within the Group; and have established our new Apprenticeship Strategy and programme with a strong focus on growing our own talent across our business.

One of our key objectives for the life of this Business Plan was to make a real impact on homelessness and we are pleased to have started this vitally important work by partnering with four local authorities across the East Midlands to provide real solutions, increase homelessness temporary provision and also move on accommodation with support to ensure tenancies have every chance of success. We realised part of this objective by successfully winning the tender for 14 units of temporary accommodation with support provision in Leicester City.

emh care and support has been successful in expanding its operations into Northampton with the provision of care and support services at two extra care schemes in the borough; this alongside the opening of Wrights Court, a specialist extra care scheme for a cross section of younger and older people with support and care needs in North West Leicestershire sees our care and support business go from strength to strength.

emh group continues to be a leading housing and care business across the East Midlands region. The Coronavirus Pandemic will for us, alongside many other social housing businesses, have a detrimental impact on our income collection, reduced lettings as a result of social distancing requirements, less new home development completions and fewer sales. Our costs to deliver care and support services will increase for agency staffing and shift costs. The financial strength of the Group will be impacted by the COVID 19 crisis. The stress test indicates that whilst performance will be much weaker, viability will not be threatened. However, the situation must be monitored, particularly if the situation continues for a prolonged period. We are financially strong and although our surpluses are expected to be well below previous predictions, we remain well ahead of our covenants and our future ambitions are well on track.

David Russell
Chair emh group

Chan Kataria
Group Chief Executive

2. External factors affecting emh group

The sectors in which emh group operates have changed dramatically over the past few years. The political, economical, social and environmental climates have given us challenges and opportunities. We are not expecting these to lessen over the coming years.

What we will do is prepare our business to respond to the changes, opportunities and uncertainties presented by the operating environment. Even in this environment emh group has thrived, successfully delivering improvements and many achievements. Each year we review the risks we face, and these are detailed in our risk map (Appendix 4). Key environmental factors affecting emh group are outlined below.

Welfare Reform and Income:

The return to a rent formula of CPI + 1% is not expected to cause problems for most working families on lower quartile incomes according to the National Housing Federation's 2017 research; however, we understand that impacts will vary widely across the country. We are conscious that we need to ensure our rents and services remain affordable as the roll out of Universal Credit continues in our areas of operation until the end of 2018. Our income team has managed the impact well, achieving a low current rent arrears level of 2.93% as of 31 March 2018. However, our business plan includes provisions for increased levels of debt should the full impact of Universal Credit make sustaining such low-level arrears more challenging going forward.

Political Changes:

The appointment of a new Housing Minister, and a new Ministry for Housing, Communities and Local Government, shows a renewed Government focus to deliver more homes and build communities. In the last five years we built more than 1,500 homes, including our award winning PassivHaus energy efficient housing development. We secured £200m of Bond Finance to build more homes. This renewed Government focus presents opportunities for emh group to continue our growth objective and help meet housing need.

Homelessness:

In 2015/16 local authorities accepted 58,000 households as homeless and there were over 4,000 people sleeping rough in the UK. We participated in a rough sleeper count in Leicester City in November 2017, where 31 rough sleepers were found on a single night (7th November 2017). 25% of those experiencing homelessness have spent time in care. There is no doubt that both the housing and care sectors need to respond. We are committed to delivering on a strategy that compliments the requirements of the Homelessness Reduction Act.

Care and Support:

Our care and support arm joined emh group in 2013 and has added to our portfolio of successful services and improved its financial position too. We are therefore better able to respond to the adult social care crisis. We currently provide care and support to vulnerable client groups. We want to increase this provision, but we acknowledge that with changes to the supported housing funding and local authority partners making substantial cuts to public funding, this is difficult. We will review and where necessary revise our service to deliver the increased care and support our vulnerable client groups really need. The Care Quality Commission rated all our services as 'Good', but we are striving for 'Outstanding' ratings for our services from our service users and the Care Quality Commission.

Households aged 65 and over are expected to increase by 58% to 903,000 by 2035. This presents an opportunity to bring our housing and care offer together for the benefit of our customers and the public purse.

The recruitment, retention and development of our staff is vital to our success. This is a significant challenge facing the care sector as a whole.

Regulatory Framework:

We are a housing and care Group. We are therefore bound by the requirements of both the Regulator of Social Housing and the Care Quality Commission. We are able to effectively manage our risks and respond to any regulatory changes required of us.

Financial Viability and Value for Money:

A key part of delivering our services as efficiently as possible is understanding the costs and main drivers, setting targets for key financial measures and understanding how our costs compare to our peers. We used the Housemark benchmarking tool and have recently adopted the Sector Scorecard approach. We delivered strong performance against the key measures in the Sector Scorecard during the 2016/17 year and our highlights include:

- ✓ Maintaining our top quartile performance for social housing cost per unit
- ✓ Improved operating margin from 25.6% to 31.6%
- ✓ Delivery of 331 new homes achieving 2.1% growth in units
- ✓ Achieving a 4.2% return on investment
- ✓ Delivering £1.9m efficiency gains in cash terms during the year.

In 2017/18 we are on target to match or improve this level of performance.

We want to ensure that our services are efficient and that our customers believe they are receiving value from their rent and charges. We welcome the new approach to value for money from the regulator. In addition to the sector wide financial metrics we will update our value for money strategy to measure the delivery of wider value for money measures. We believe one of the ways we can offer greater Value for Money is through the use of mobile technology. We spent more time out in our communities through the use of mobile working technology in recent years and intend to increase this.

Technology:

We continue to embrace the digital transformation agenda and are keen to explore options that support our organisational improvement objectives. Our approach is not digital by default – but digital where appropriate as we recognize that accessing services digitally is not easy or appropriate for all our customers. We are offering our services in digital ways including improving assistive technology use in our sheltered and care services; virtual offices through our agile working and digital access to our services.

Housing Green Paper:

The anticipated housing green paper will present us with a wide range of issues to deal with, but we are not expecting these to be 'new' issues. The health and safety of our homes; the quality and management of our homes; the rights of our tenants are already at the forefront of our day to day work. We have started our journey of anticipating and addressing the issues, our resident led Scrutiny Panel achieved the TPAS/Chartered Institute of housing Quality Assured Scrutiny Accreditation; and over the first three years of social housing rent reductions we improved our overall customer satisfaction levels from 76% to 81%. We will respond further to the housing green paper supporting the need to address the funding and infrastructure requirements that will help to deliver the much needed additional social housing and community cohesion across our homes.

Social Care Green Paper:

The long awaited 'social care for older people' green paper has not transpired despite the new administration's 90 day promise. However, our work to reposition our own care and support service means we can actively respond to the paper setting out what we believe to be of local, regional and national importance for the sector, when this is finally released.

3. SWOC analysis

As part of our business planning process, we undertake a review of the organizational and sector strengths and weaknesses and the opportunities and challenges that we face. An outline of these is given below.

3.1 Strengths

- Strong Governance
- Strong values and reputation
- Strong executive leadership and staff commitment and skills
- Robust financial viability
- Wide range of quality services provided
- Political and sector influence
- Strong stakeholder relations
- Proven track record for growth through successful partnerships
- Strong Consumer Regulation
- Group Structure ring fencing activities
- Efficiency/Value for Money
- Expertise and specialisms across care and support, housing and rural issues

3.2 Opportunities

- Developing links into the Industrial Strategy including funding
- Increased profile of the housing sector
- Digitalisation
- Mergers and consolidation in both housing and care sectors
- Selling our services i.e. development partner agency, care and support
- Housing, Health and Care integration
- HS2
- Increasing demand for services for older and vulnerable persons
- Devolution and combined authorities
- Rent certainty for the sector

3.3 Weaknesses

- Underutilisation of customer profile information
- HR metrics require expansion
- Geographically restricted to the traditional East Midlands region
- Digital offer requires review
- Open market sales not exploited
- Ageing stock profile
- Over reliance on care and support commissioning income
- Limited number of care and support partners

3.4 Challenges

- Voluntary Right to Buy pilot
- BREXIT uncertainty
- Skills shortages in competitive jobs market
- Land supply and competition
- Increasing vulnerability of customers and community cohesion
- Funding for sheltered and supported housing, including personalised budgets
- Falling real wages
- Welfare reform
- Longer term impact of Coronavirus

4. Strategic Business Goals

One emh – Business Transformation

Since the last update of the Business Plan, work has commenced on the delivery of the 'One emh Transformation Programme' – which cuts across all parts of the business and its activity.

The One emh Transformation Programme's aim is *'to make changes to processes, systems and culture to enable the Group to achieve its vision'*.

The Business Plan has Key Strategic Goals which the Transformation Programme is aligned to and will support the delivery of these both directly and indirectly.

The Programme has a focus on meeting customers' expectations and improving their experiences when dealing with us. In line with the Together with Tenants Charter, the vehicle for delivering change across emh has a large emphasis on active consultation and direct involvement with our customers. For successful change to happen, it is imperative to proactively use their feedback and relay to others what's been done and why.

The One emh Transformation Programme evolved from identifying a need to further build on our ambition, objectives and purpose. The programme was designed to support these by:

- Meeting customer expectations
- Introducing smarter working practices
- Meeting employee expectations
- Streamlining processes
- Creating collaboration across teams
- Turning data into insights
- Exploiting technological advancements

In November 2019, the appointment of a Director of Transformation marked a turning point for emh – showing a strong commitment to co-ordinated, consistent and sustainable change. Progress so far has been well received.

Within our Strategic Operational Plan our 2020/21 objectives include:

- Implementing our "one emh" programme to harmonise branding across the Group and promote culture change to reduce silo working
- Undertaking a comprehensive review of processes to minimise waste and inefficiencies
- Benchmarking central services in order to gain greater insight into whether they represent value for money

4.1 Growth and Business Development

emh group is the housing association with the largest number of homes in the East Midlands region. We have exciting plans to further diversify activities through market sale and private rent, whilst retaining and strengthening our market share in our core affordable products – after all, this is why we exist. We will expand to other locations where there is a demonstrable need for affordable housing, and where housing market conditions can support an active development programme and where our housing, care and support services are needed. Appendix 3 shows our current areas of operation.

In our last plan (2017 – 2022) we committed to building 2,150 units by 2022. Working in partnership with Homes England, Local Authorities and Developers we are pleased to say that we will meet this commitment and plan to grow our programme to over 500 quality homes a year, building 2,500 homes between 2018 and 2023.

emh group believes in improving opportunities for people and therefore, to help people who aspire to own their own home, we have our own sales team agency and re-sales service, operating under the commercial brand of Hello Homes. They have a successful track record in selling properties, with all homes built in 2017/18 being either fully sold or reserved. To help more people into home ownership, we are increasing our programme from 70 units in 2018/19 to over 160 in 2019/20 and by 2023, we plan to have sold more than 700.

emh group will explore opportunities for growth through strategic partnerships and acquisitions and has adopted the National Housing Federation's Merger Code and developed a Merger Strategy.

We consider the provision of rural housing to be valuable in helping to keep people in local communities. Through our unique operating business, Midlands Rural Housing, we will continue to provide a wide range of skills and expertise in the assessment of rural housing needs across the East and West Midlands, the development and management of homes, strategy formulation and lobbying for rural housing provision. We also intend to continue to build in rural communities and plan 50 new homes per year.

<https://www.midlandsrural.org.uk/media/2887/mrh-business-plan-2017.pdf>

emh group will look for opportunities to develop effective influencing links with key business and other forums to contribute to the delivery of the Industrial Strategy, to influence investment in regional infrastructure and workplace skills and to promote links between housing, health and social care in order to widen our offer to potential partners and service users.

It is our intention to grow the care and support business during the life of this plan.

Key Strategic Goals – Growth and Business Development:

- We will actively seek out opportunities for expansion through acquisition and partnering, including merger opportunities that align with our values and requirements.
- We will contribute to the Government's ambitions to deliver 300,000 homes by achieving our own development target of 2,500 new homes through a range of products and methods including modular construction.
- During the term of this plan we will work in collaboration with Homes England and other development partners. This includes as lead partner for the Quantum development consortium, partnering with builders and with local authorities to achieve increased housing provision.
- We will explore further opportunities to provide our services to others beginning with our development agency and sales services

4.2 People and Organisational Development

Employing over 1,000 people places a great responsibility on us to ensure we are an employer of choice, offering career pathways and developing a well-trained and highly motivated workforce. Our aim is to ensure we have high levels of colleague engagement and a productive, motivated and included workforce.

In 2016 we developed our HR vision, followed by our HR Strategy in 2017. These provide the framework and define our approach to investing in our staff, managing talent and how this links into our overall mission to **'to provide housing and care to improve opportunities for people'** – this includes our workforce.

We have a highly successful apprenticeship and traineeship programme provided through 'emh Academy' and our vision for the next five years is to build on this, developing more opportunities for a wider pool of talent, leadership development and coaching.

We recognise we work in sectors (Housing and Care) where skills shortages exist and see it as one of our key drivers to 'grow our own' and provide greater opportunities for staff to move around within the business to find their niche.

We work closely with staff consultative bodies and recognised Trade Unions, and value the contributions they make to us remaining an employer of choice and successful social business.

We firmly believe in ensuring the health, safety and wellbeing of our employees and any other persons who are affected by our working practices. In March 2017, we refreshed our Health and Safety responsibility structure and will continue to build on this during the next five years.

Addressing inequalities and promoting diversity is embedded within our social purpose - and that of all housing associations.

The recent tragic death of George Floyd in the United States and the reports of the disproportionate impact of Covid-19 on BME communities are just a couple of examples of the inequalities that continue to exist.

We are committed to working with our colleagues, communities and partners in taking a harder look at what more we can do towards creating a safer, fairer and inclusive society.

Key Strategic Goals – People and Organisational Development:

- Initiate an Organisational Development programme to develop an organisational culture that celebrates diversity, empowers staff, embraces change, and manages and values talent.
- Review our rewards and recognition frameworks to ensure we attract and retain staff.
- Refine and continue to roll out our Learning and Development Strategy, including our leadership development and coaching for performance programmes.
- Further develop our approach to talent management and succession planning.
- Expand the emh Academy, making full use of the Apprenticeship Levy, offering a range of options for people wishing to pursue work-based qualifications, traineeships and apprenticeships.
- Actively promote the health and wellbeing of our colleagues.
- Refresh the skills and diversity of the Board to align to the current operating environment.
- In line with our values and core client group, we will actively promote employment opportunities for people with disabilities.

4.3 Housing and Neighbourhood Services

emh homes is the main body for the delivery of housing services within the Group, whilst Midlands Rural Housing provides much needed housing and development services to rural communities.

emh homes is committed to growing and developing its Property Services function, with a vision that the internal maintenance service, including emh Sharpes our gardening and landscaping service, becomes a successful, market leading business, with a reputation for excellent customer focus, service quality and value for money. We recognise that excellent repairs services are a key driver of satisfaction for our customers.

Over the last three years emh homes has undergone a full review and restructure of the way in which services are delivered and has moved to more agile working, including digital, mobile, and customer service hub methods.

Our commitment to delivering great customer housing and neighbourhood services starts with ensuring our tenants are at the centre of shaping those services. emh group's consumer regulation arrangements have been developed in partnership with active residents and provide opportunities for residents to influence service delivery and the strategic direction of the group, and to hold decision makers to account.

We have TPAS Quality Assured Scrutiny accredited tenant scrutiny arrangements that are independent from Board and staff. Our dedicated Scrutiny Panel has been trained to examine landlord performance across all areas and make recommendations directly to Board.

Key Strategic Goals – Housing and Neighbourhood Services:

- Establish high performing and highly effective estate services and community development services.
- Maximise our impact in alleviating homelessness through the implementation of our homelessness strategy, including the roll out of our 'Housing First' pilot in Leicester City.
- Increase resident engagement and feedback opportunities, bringing the views and comments made by our customers together into meaningful learning that influences service development.
- Develop a strategy for the future of the older persons' housing stock, neighbourhood and support services, including more collaborative working between emh homes and emh care and support to provide holistic support solutions.
- Ensure the highest standards of safe working practices, ensuring our homes and communities are safe places to live and work.
- Increase the use of customer information to target and improve services in order to achieve top quartile satisfaction levels.
- Increase efficiency outputs by providing more digitally accessible customer services.
- Continue to develop our in-house maintenance service to be an effective, productive and viable business unit.
- Undertake a review of our Stock Investment Strategy.
- Develop a place shaping/community development strategy targeting areas of high antisocial behaviour/low satisfaction.

4.4 Care and Support

emh care and support's core client groups are services for people with learning disabilities, older people, and specialist services which includes services to support people with physical disabilities, people requiring mental health support, homeless people including mothers/fathers and babies, and people at risk of or experiencing domestic violence. We work closely with emh homes to provide some of these services and we intend to enhance this joint working going forward.

Underpinning our commitment to providing effective care and support services is our strong tradition of service user and carer involvement helping to shape our service delivery. We want this service delivery to be outstanding, judged by our service users and our regulator.

We have recently completed a review of the demand for supportive housing and this has revealed an annual shortfall of 46,771 supported housing units if current trends continue by 2024/25 across Great Britain. We know we need to respond, and our growth strategy will identify ways we can do this.

We have a good reputation, particularly in the Derbyshire area. We need to expand this geography where it makes sense to do so through the development of a cohesive housing and care offer, working with emh homes.

emh care and support is redefining itself and so is in a period of self review and appraisal to determine its future strategy.

Key Strategic Goals – Care and Support:

- Review and expand our care and support services including:
 - Appraising existing services to determine which we are best placed to support going forward
 - Expanding the range and geography of the services we provide, where this would compliment our business and growth aspirations
 - Working with emh homes to integrate our housing and care services to provide a holistic support solution for customers
- Deliver outstanding care and support services as judged by our regulator and customers.
- Actively seek opportunities to diversify our income streams across a range of care and support services.
- Actively promote career opportunities in social care to realise a fully recruited team of dedicated staff to reduce agency use.

4.5 Business and Financial Resilience

emh group is committed to being an effective and efficient social business, achieving strong governance and financial viability across all our activities. In early 2018, following an In-Depth Assessment (IDA) by the Social Housing Regulator, we retained their highest ratings for viability and governance.

We have developed streamlined, flexible and effective skills-based Boards, adopting the National Housing Federation's Code of Governance. The emh Group Board takes a lead on setting the values and strategic direction, providing a delegated authority framework for operating Boards to deliver the highest standards of customer services and improve performance on a continuous basis. Investing in and developing our Board members is key to our success.

We aim to achieve our social and business objectives in the most cost-effective way possible. We have a wide range of activities to ensure the delivery of financially viable services:

- ✓ The Group Board has responsibility for setting strategic priorities for Value for Money;
- ✓ Customers are involved in shaping services and scrutinising how their rent is spent;
- ✓ Teams manage performance and benchmark;
- ✓ There is effective financial management including accurate and relevant financial information; clear efficiency targets reflected in budgets; and effective procurement across the Group.
- ✓ Social return on investment is measured to assess the wider social impact of services.

We continue to be a strong and viable provider with an A+ rating from credit rating agency Standards and Poor's.

We are committed to ensuring that our business systems are flexible and scalable in order to anticipate and respond to change. This includes the prioritization and delivery of our ICT strategy and digital vision, ensuring that they meet the current and future needs of the business.

ICT and digital technologies are supporting the group to transform its business.

Key Strategic Goals – Business and Financial Resilience:

- Provide sufficient liquidity and funding to meet growth objectives whilst maintaining our financial strength with sufficient financial headroom.
- Retain our A+ rating from Standard & Poor's
- Introduce new unit cost targets for Value for Money ensuring the growth in unit costs are below the anticipated level of inflation.
- Manage and maintain our housing assets to maximise their performance.
- Review our entire approach to Risk Management and Assurance systems including our audit processes, risk map and control systems.
- Invest in digital solutions that enable us to effectively manage, shape and improve performance in key services.
- Undertake a performance information review across the business, ensuring we have appropriate systems and tools to produce highly effective reporting and performance management information to support delivery of business objectives.

5. Financial Projections

Our plan for 2019-2024 is included in our 30 year financial projection and has been stress tested. This summary was updated in 2020 to reflect our current position. It shows that we will maintain our strong financial position whilst providing more homes, care and support services.

EMH Group Consolidated Financial Plan - 2020-21					
Statement of Comprehensive Income					
	2021	2022	2023	2024	2025
	£000's				
INCOME					
Rents & Service Charge Income	87,955	92,062	97,160	103,198	108,155
Deferred Government Grants	2,385	2,876	2,946	2,921	2,917
Recharge Income	1,334	1,351	1,384	1,421	1,459
Other Income	15,083	15,204	15,478	15,788	16,103
First Tranche Sales Income	9,969	13,579	21,072	13,304	14,411
Outright Sales Income	0	0	3,780	7,049	0
TOTAL INCOME	116,725	125,073	141,820	143,680	143,046
OPERATING COSTS					
Overheads (inc. contingencies)	23,900	24,994	25,907	26,688	27,536
DLO (surplus)/deficit	-341	-386	-397	-400	-402
Lifeline (surplus)/deficit	-68	-67	-68	-68	-68
Estate Costs:					
Rent Losses	3,430	2,603	2,732	2,895	3,030
Routine Maintenance	12,903	13,328	13,780	14,301	14,822
Planned Maintenance	4,182	4,342	4,508	4,703	4,896
Running Costs	20,184	20,387	20,820	21,302	21,793
	40,699	40,660	41,840	43,201	44,541
Lease Rentals	203	204	208	212	216
Property Depreciation	15,975	17,630	19,147	20,138	21,244
Cost of Sales:					
First Tranche Sales	9,386	12,764	19,803	12,506	13,546
Outright Sales	0	0	3,587	6,741	0
	9,386	12,764	23,390	19,247	13,546
TOTAL OPERATING COSTS	89,754	95,798	110,027	109,018	106,613
OPERATING SURPLUS	26,971	29,274	31,793	34,662	36,433
Operating Margin	23%	23%	22%	24%	25%
Surplus on Sales Programme	999	1,047	1,072	1,099	1,128
Interest Receivable	27	122	72	72	72
Interest Payable	-20,887	-21,220	-21,714	-25,292	-28,340
SURPLUS	7,109	9,223	11,222	10,542	9,292
Net Margin	6%	7%	8%	7%	6%

Appendix 1 – emh group Overview

emh group is a social housing and care provider operating across the East Midlands since we were established in 1946. The Group describes itself as “profit for purpose”, signifying our commitment to demonstrating an increasingly commercial mindset, with a focus on efficiency, value for money and sweating assets in order to deliver our social purpose.

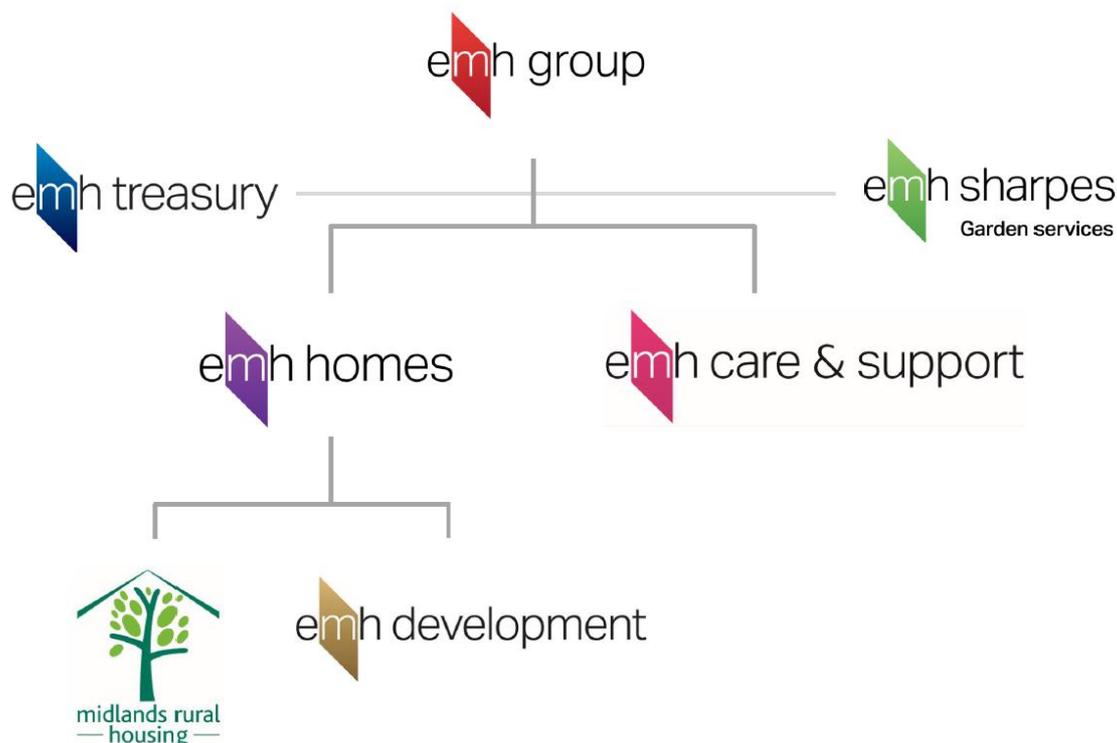
Our group structure comprises of:

- emh group – a registered Provider under the Co-operative and Community Benefit Society Act 2014 – non-charitable;
- emh homes – a registered provider under the Co-operative and Community Benefit Societies Act 2014;
- emh care and support – a company limited by guarantee and registered with the Charities Commission.

The Group also includes four three specialist legal entities:

- EMH Treasury PLC, a special purpose vehicle established primarily to raise funds through the Debt Capital Markets;
- Midlands Rural Housing provides management and development services to four rural housing associations, managing around 1,500 homes around the East and West Midlands. It also provides specialist rural consultancy services and campaigns for more investment in rural affordable housing, brings rural development opportunities to the Group and is a non registered provider under the Co-operative and Community Benefit Societies Act 2014;
- emh Sharpes is our in-house landscape maintenance company.
- emh Development Company Limited, provides Design and Build services across emh group.

Appendix 2 – Group Structure from September 2018



East Midlands Housing Group Limited (trading as emh group)

Group Parent

*Registered Provider under the Co-operative and Community Benefit Society Act 2014 - Non-charitable
Registered Provider 30476R*

Registered Provider L4530

Sets the strategic direction for the Group and provides a range of support and development services to subsidiary companies.

emh Care & Support Limited

Subsidiary of EMH Group

Company Limited by Guarantee – company number 02488821

under the Charities Commission – charity number 1001704

Provides landlord and day care services to adults with learning disabilities. Delivers circa 10,000 hours of care and support each week within a supported living, registered care and nursing home environment.

East Midlands Housing and Regeneration Limited (trading as emh homes)

Subsidiary of emh group

*Registered Provider under Co-operative and Community Benefit Society Act 2014 – Charitable
Registered Provider 32198R*

Registered Provider 4775

Formed in 2013 as the result of the amalgamation of four independent housing associations. Provides landlord services to circa 19,000 mixed tenure properties across the region. Also leads the Quantum Development Consortium which is an investment partner with the Homes and Communities Agency.

Emh Treasury PLC

Public Limited Company of emh group

A special purpose vehicle set up primarily to raise funds through the Debt Capital Markets.

Emh Development Company Limited

Subsidiary of emh homes

Provides Design and Build Services to the Group.

Sharpes Garden Services Limited

Subsidiary of emh group

Limited by Guarantee (non-charitable)

Company no. 03653423

Provides garden maintenance and landscaping services within the Group.

Midlands Rural Housing and Village Development Association Limited (trading as Midlands Rural Housing)

Subsidiary of emh homes

Not registered with HCA

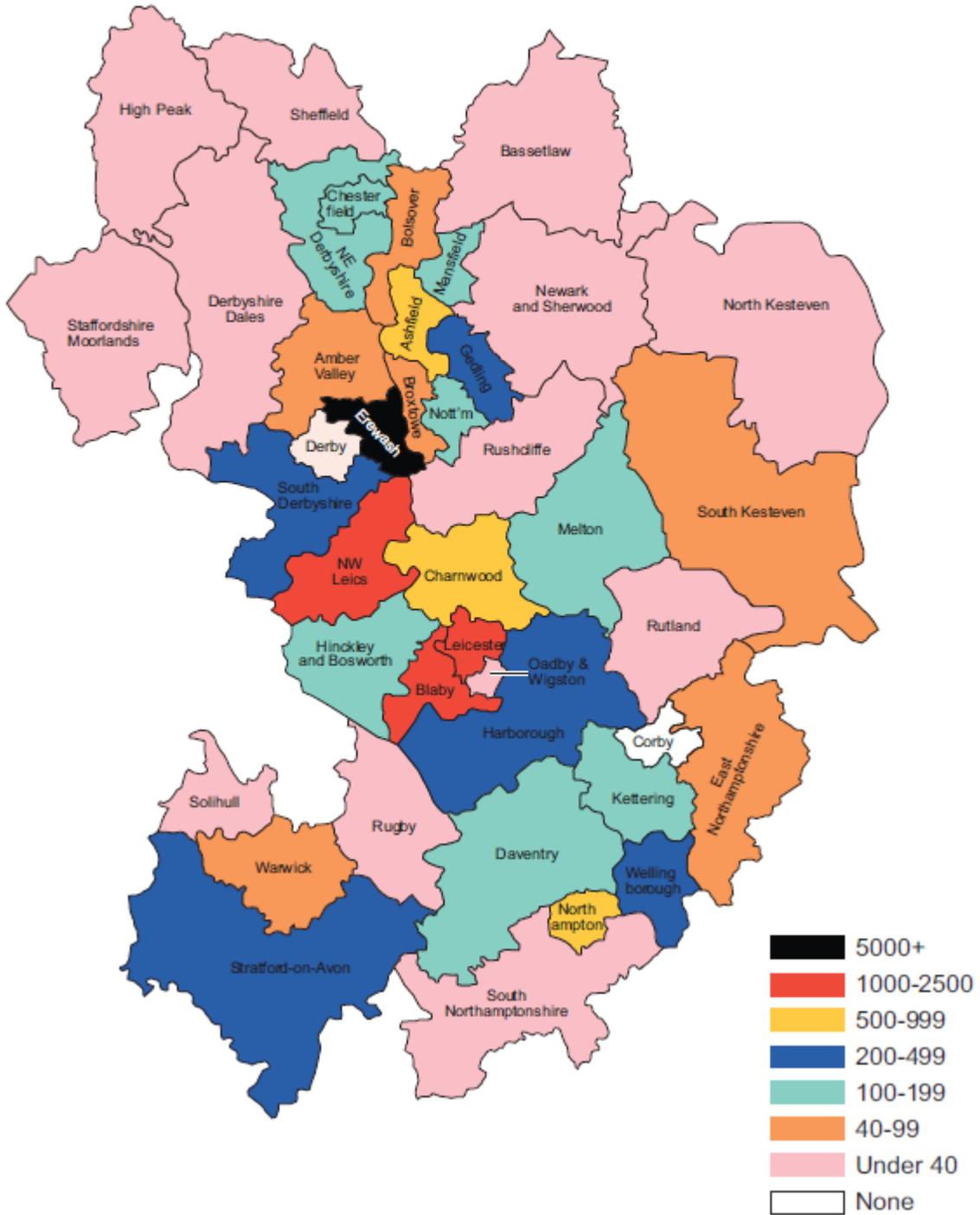
Non-registered Provider under the Co-operative and Community Benefit Society Act 2014 - Non-charitable Registered Provider 24278R

Provides specialist management services to four independent rural housing associations.

Appendix 3 – Geographical Spread of emh Stock Profile



emh group
Homes owned and homes where management services are provided.



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Appendix 4 – Strategic Risk Map Summary 2020/21

COVID19 Implications

The impact of the COVID19 crisis will inevitably have a severe impact on the delivery of the Business Plan and the Financial Performance of the Group. There are many uncertainties, particularly the length of time operations will be affected and the services to residents may not resume to 'normal' for some time.

We have undertaken a new 'stress test'. This indicates that whilst performance will be much weaker, viability will not be threatened. However, this must be monitored, particularly if the situation continues for a prolonged period.

We are not anticipating significant changes to performance in 2019-20, the impact will be in 2020-21 and possibly later years. We will consider, on an ongoing basis, the mitigating actions we need to take to lessen the impact.

Our assumptions are relevant to the following:

- ✓ Rental income – currently 40% of tenants pay their rent directly. We have assumed they all take a three-month payment holiday and that 50% of this income becomes unrecoverable and is written off as bad debt.
- ✓ Voids – we assume a reduced number of voids but for a period of three months re-let days are increased by 90, adding to void losses.
- ✓ New development – there is a delay of three months for all new development completing after 31 March 2020, due to sites being closed.
- ✓ Shared ownership sales - first tranche sales are delayed by a further 3 months due to market uncertainties.
- ✓ Sales values - first tranche sales receipts are reduced by 20% for all schemes completing after 31 March 2020, due to a weak property market.

- ✓ Surplus on Shared Ownership Sales – the reduction in sales values causes a loss of £4k per sale in 20-21, reducing to a loss of £2k per sale in 21-22, breaking even in 22-23 and returning to a profit of £4k per unit from 23-24.
- ✓ Surplus on other sales – due to a stalled property market there will be a 50% reduction in property sales relating to RTB, asset management disposals and shared ownership staircasing.
- ✓ Care & Support staffing costs – an increase off 5% in staff costs reflecting 100 staff being absent for three months and replaced by agency staff at a higher cost.

We anticipate that the bulk of the impact will be in financial year 2020-21, there will be a residual impact in later years due to the additional borrowing required.

There is likely to be significant impact on our loan covenants, but these will continue to remain well above the minimum required by our lenders.

Liquidity will also be impacted by lower rental income as well as fewer sales. But the anticipated delays to development expenditure will help to compensate. Based on our stress test we have funding in place to cover expenditure until 31 December 2021. Additionally, we are in the process of arranging a new facility with NatWest which should complete in June. The new facility will extend the period of funding to 30 September 2022.

Within emh care & support the concern is wider viability rather than covenant compliance. emh care & support is likely to generate a deficit rather than the budgeted surplus. Group reserves exceed £14m therefore a deficit can be sustained for a short period.

Overall, financial performance will be much weaker in 20-21. However, viability and covenants will not be threatened. we will continue to revise the stress test.

Business Theme Reference	Risk	Cause & Effect
1. Growth & Development		
1.1	Unable to deliver development programme	Lack of affordable land, increasing building costs and a market downturn ultimately reduces our ability to meet development programme objectives
2. Business & Financial resilience		
2.1	Economic Conditions/Brexit threatening financial viability	Weak economic conditions with high inflation and interest rates causing increases in operating costs. Ultimately leading to breach of covenants. Uncertainty around Brexit poses additional threats to economic viability
2.2	Treasury risk leading to lack of funding and liquidity	Brexit impact leading to a funding crisis, which increases the cost and reduces availability of funding
2.3	Non-compliance with H&S requirements	Diverse business activities and a dispersed workforce mean that there is a wide range of complex H&S requirements that need to be met across the group
2.4	Impact of Coronavirus on organisation, staff, residents and service users	Impact on business critical functions resulting in ability to deliver internal and external services
2.5	Loss of ICT systems and data governance	Loss of data or disruption to ICT service as a result cyber attacks. Erroneous data leading to data integrity issues
3. People & organisation development		
3.1	Ineffective governance	Inability to recruit or retain Board Members with the diverse range of skills and perspectives needed to meet the on-going requirements of a growing and diversified business
3.2	Unable to attract/ retain skills to meet business objectives	Restricted capacity within business plan to keep pace with wage inflation in a competitive jobs market with skills shortages and low unemployment rates
4. Care & support		
4.1	Inability to provide effective, compliant and viable care & support services	Significant breach of Regulation with CQC leading to reputational damage Reduction in commissioning income leading to loss of viability Retrospective payments relating to sleep-in provisions
5. Housing & neighbourhoods		
5.1	Deterioration in Housing Assets	Lack of robust Asset Management Strategy and delivery of maintenance programmes leading to deterioration of stock and lowering of customer satisfaction
5.2	Unable to deliver effective Customer & Neighbourhood Services	Poor customer satisfaction levels that lead to reputational damage and higher turnover of properties
5.3	Adverse impact of Coronavirus/welfare reform on income streams	Lower levels of income collection and financial inclusion activities which have an adverse impact on the financial viability of the organisation as well as customers

Appendix 5 – Vision Metrics

Business Plan 2018-2023 VISION METRICS

In order to deliver our vision to be the best housing and care organisation in the country, it is our aim that by 2023 we will:

- Establish 6 Local Authority homelessness partnerships
- Have Good or Outstanding Care Quality Commission ratings on all our service
- Deliver care and support services to 1000+ service users across 4 Counties
- Develop at least 2,500 new homes
- Help 1000 households into home ownership
- Develop 3 new extra care schemes
- Have 90% staff engagement rates
- Deliver 250 traineeships and apprenticeships
- Have 100% of our leaders trained as coaches
- Have 90%+ customer satisfaction
- Have 90%+ satisfaction with the condition of our homes, and with their neighbourhoods
- Have doubled the number of actively involved tenants, to a minimum of 100 (note this is in addition to other feedback received from tenants such as surveys and comments)
- Have top quartile performance on rent arrears and void management
- Have commenced 2 comprehensive regeneration schemes
- Retained our A+ Standard and Poors' rating
- 65% of tenants having signed up to our on-line portal
- Have achieved Investors in People Gold across the Group
- Have achieved BS ISO 45001:2018 Occupational Health and Safety Management Systems
- Have workforce and board membership demographics that reflect the communities we serve

Appendix 6 – Years One and Two Progress Statement:

Growth and Business Development:

- Selected as one of the first Homes England Strategic Partners; this demonstrates our long-term delivery achievements, quality standards and strong partnership working success. We have secured an allocation of £30.5 million to deliver 748 new homes over four years.
- We have provided an additional 868 homes during the first two years of our Business Plan and remain on target overall to achieve 2,500 new homes by 2023.
- We exceeded our home sales target of 219 – achieving 454 sales in the first two years of the Business Plan.
- emh care and support has been successful in expanding its geography into Northamptonshire to provide care and support services to an additional 45 service users.

Care and Support:

- We have opened a new specialist housing scheme in Northamptonshire, providing 45 apartments with on site 24 hour care and support services for older people, and people with learning disabilities and mental health conditions.
- Having been accepted onto the framework in Northamptonshire for the provision of supported living and Community Services we have been successful in our bid to provide the care and support services at two extra care locations in Northampton.
- All seven of our CQC registered schemes have achieved a 'Good' rating.
- We have been reaccredited as Silver Investors in People within emh care and support.
- We have started onsite with the development of 65 apartments of extra care housing for rent and home ownership in Ashby De La Zouch, Leicestershire.

People and Organisational Development:

- We have achieved the Investors in People Gold accreditation across emh group, emh homes and Midlands Rural Housing. emh care and support have been reaccredited during 2020 with Silver, showing positive direction of travel in all criteria.
- Our leaders and managers continue their leadership development journey. At the end of year two, we have trained all but 14 as coaches. This is due to our face to face training being suspended due to Coronavirus. Other delivery methods are being explored.
- We have commenced our business transformation project, with eight of our colleagues becoming Barrett Cultural Transformation practitioners. We have brought forward our agile working plans in response to the Coronavirus working from home requirements and strengthened our digital connectivity.
- We have begun rolling out our new learning management software to support our plans for the future investment in the development of our workforce.
- We exceeded our apprenticeship target of 100, by achieving 108 apprenticeships across the business.
- We have reviewed our Equality, Diversity and Inclusion Strategy and have made commitments through this to develop and promote employment opportunities for people with disabilities. We have begun exploring our people data and have signed up to the Disability Confident Employer status as first steps.

Housing and Neighbourhood Services:

- Following our review of our consumer regulation framework, we have increased our resident engagement opportunities, offering a wide range of digital methods. This along with our 'Together with Tenants' work as an early adopter has seen the number of residents who engage with us on a regular basis increase to 737 over the last two years.
- We have launched a new service improvement group with a communication and engagement remit.
- We have increased online methods of consultation and engagement with increased social media activity and the development of our proof reading and survey panels.
- We have reviewed our customer satisfaction measurements to include transactional survey data from Property Services, Housing and Neighbourhood Services, Customer Services, Development and New Build Services and our STAR Survey. Our overall satisfaction level is 90.9%.
- We have developed our Ageing Well Strategy and action plan that will shape our future offer for older persons' housing with strong links to the care and support services we can offer.
- We are working with four of our local authority partners to improve the accommodation and support provision for homeless people, both for temporary provision, but also and importantly for move on accommodation to ensure that tenancies have every chance of success.

Business and Financial Resilience:

- We continue to retain our A+ rating from Standards & Poors alongside our V1 and G1 ratings from the Regulator of Social Housing.
- We secured additional funding of £37.5m, in March 2019, through the sector borrowing vehicle MOR Homes and a further £100m in July 2019 through a direct investment from PIC. We are in the process of increasing the Revolving Credit Facilities which, once complete, will provide a further £125m of funding. These facilities will be sufficient to deliver the bulk of our reinvestment and development programme over the next five years.
- We launched our review of our ICT and digital solutions across the business including the opportunities for digital engagement with customers and the launch of our new 'myhomeonline' customer portal. We developed our forward plan and began our consultation with staff and customers about this. In response to the Coronavirus, we revised the roll out of actions in this plan to facilitate home working for the majority of our office-based colleagues.
- We also carried out a review of our performance reporting, consulting all areas of the business and our Boards on their requirements. We are now looking at upgrading our digital information management system and are linking this with our ICT review.
- We developed a new approach to Risk Management and Assurance that was approved by our Audit Committee and Boards in late 2018. This is now in the implementation phase.