

2017

ANNUAL REPORT



ENGLISH RURAL

“ PROVIDING
AFFORDABLE
HOUSING
SERVICES
WITH,
AND
FOR,
RURAL
COMMUNITIES ”



ENGLISH RURAL

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CHAIRMAN'S WELCOME

The past year can be summarised as one of progress as we deliver on the ambitions contained within our revised Business Strategy for 2016-21. The key strands to this Strategy are consistent and ambitious growth through new development opportunities, whilst refreshing our offer to existing households through a timely service review. Importantly, our Business Strategy also recognises the value secured for the broader rural housing cause through our advocacy activity. We have made a very good start delivering against our ambitions.

Our financial strength is once again recorded in the audited accounts a summary of which is included. During the year, English Rural started a fundraising exercise to secure additional borrowing of circa £12m to invest in new and existing homes. The positive response from lenders to this exercise confirms their confidence in our sound financial status. This does not come without its challenges as rents fall for the second consecutive year as part of the four year rent decrease. Prudently managing overheads whilst securing useful additional income has helped to offset much of the impact of the rent reduction so far and I am proud that our investment programme in new and existing homes remains broadly as we had anticipated.

During the year, our previously dormant

development subsidiary ER Homes Ltd was activated with the purpose of delivering homes for sale or affordable home ownership. ER Homes Ltd will be used to compliment the affordable homes programme with surpluses returning to English Rural to fund affordable rented homes.

Innovation in the way we work has been a consistent feature during the year, with a further example illustrated through the 'Village Homes' model used at Wickham Bishops, Essex. Here we worked in partnership with the landowner, community, district council and private developer to deliver a mixed tenure development including market, discounted market and shared ownership homes for sale, alongside affordable rented properties. This development met the broad



need across the community and featured bungalows to meet the demand from older residents seeking to downsize into more manageable accommodation.

Using our experience to inform and influence has always been something which English Rural has sought to do through our advocacy role. We are extremely fortunate to have the support of our Patron, HRH The Princess Royal, who has for many years helped to highlight the need for affordable rural homes for local people. Our scale is such that much of the influencing work we undertake fits within existing capacity, as we believe that authenticity comes from having practitioners who can speak from experience. We continue to hold a high profile role as a national voice amongst rural housing providers, demonstrated

firstly by our involvement in the National Housing Federation Influencing Academy, secondly by being a leading architect in the development of the newly launched 5-star plan for rural housing and more recently one of our directors has been elected to lead the Rural Housing Alliance as Chairman.

In summary, we have already made good progress implementing the new Business Strategy. This would not have been achieved without the efforts of all those involved in our work including external partners, staff, residents and fellow Board Members. There is still a great deal to be done if we are to deliver all our ambitions, with this work made more complex by the continuing uncertain operating climate as the UK government negotiates a new relationship with the EU and international

partners. Supporters of our work can be sure that we shall continue to maintain our focus, respond to risks and deliver on our strategic objectives to provide and manage homes both with and within rural communities.

Mark Tillson, Chairman

" We have already made good progress implementing the new Business Strategy. This would not have been achieved without the efforts of all those involved in our work including external partners, staff, residents and fellow Board Members. "

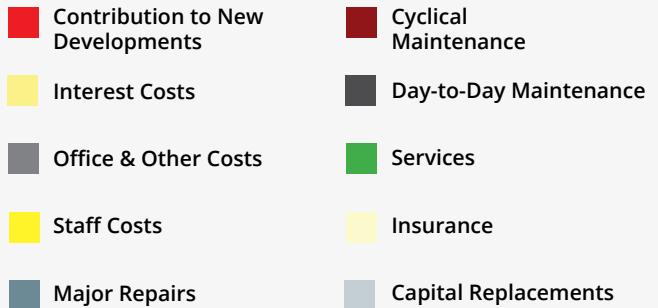


VALUE FOR MONEY

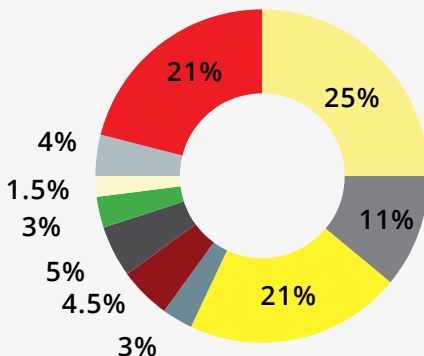
We continue to review opportunities to secure value for money (VfM) and more details on this work can be found in the VfM Statement published on our website: www.englishrural.org.uk

Overall our approach of achieving more with the same resource continues to secure year-on-year benefits for our overall productivity. We compare favourably in most areas to the broader sector, but are not complacent as we look to continue our successful trend.

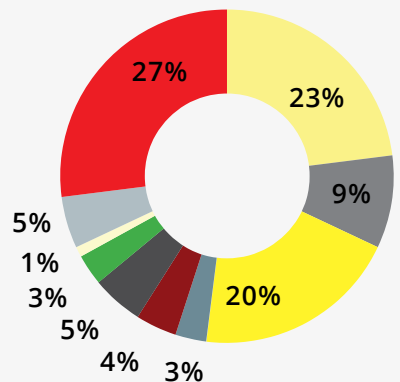
REVENUE EXPENDITURE



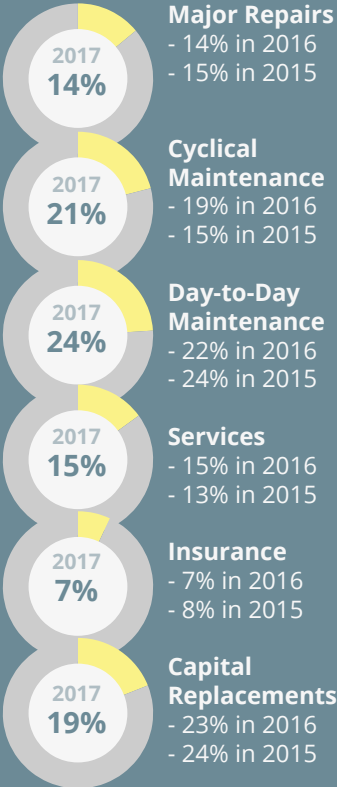
2016/17



2015/16



£1.092M



Major Repairs



Cyclical Maintenance



Day-to-Day Maintenance



Services



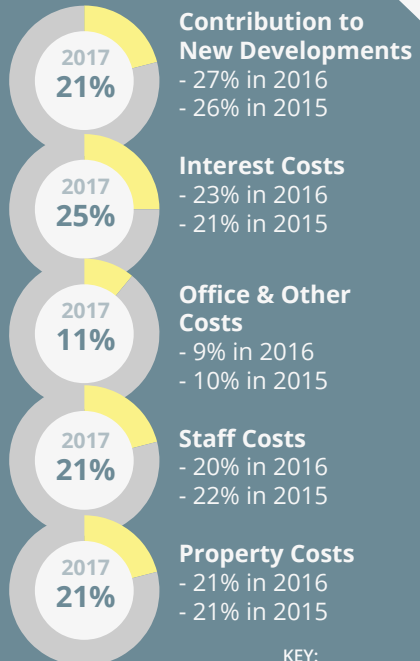
Insurance



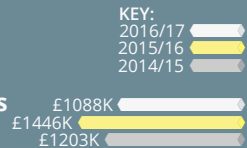
Capital Replacements



£5.093M



Contribution to New Developments



Interest Costs



Office & Other



Staff Costs



Property Costs



PROPERTY COSTS

EXPENDITURE - AS A PROPORTION OF INCOME

DEVELOPMENT



Our development programme continues with the ambition of delivering 175 new affordable villages homes between 2016-21. Some of these homes are now already completed and around 50% are within our committed development programme, the remainder will result from our list of emerging opportunities being progressed in partnership with local communities.

Financial viability continues to be a key consideration as does the challenge of developing with little or no grant. A good example of how the challenges are being overcome is the development at Wickham Bishops, Essex detailed earlier in the Chairman's Welcome. Despite increasing challenges, we have sought to maintain the high levels of build quality and design which we are proud to be known for.

We were pleased to have been selected as part of a consortium to

become a preferred rural partner for Hampshire, through the established HARAH framework. Our relationship in Test Valley and more recently the successful partnership we have developed with New Forest Villages Housing Association ensures that we are well placed to work in the county. Outside of the HARAH arrangement we have also supporting Grayshott and District Housing Association with their ambition to invest their resources into delivering more homes in the community that they serve.





RESIDENT SERVICES

The delivery of resident services continues to meet efficiency objectives and reflect changing demands. English Rural's commitment to resident services has been a key consideration of the revised Business Strategy.

Maintaining acceptably high levels of satisfaction and investment has become more challenging as we face limits on rental income. English Rural continues to perform well in all areas of our service delivery and this is partly due to the focus on improving productivity over the year.

Our approach has also created capacity within the team to provide services to other housing association residents, generating useful income which helps to offset some of the effects of rent reductions. A review of our approach to services is underway and the refreshed Residents Scrutiny Panel are closely involved progressing this work, which will also be informed by a detailed survey being commissioned later in 2017.

Health and safety has been an area of thorough review over the year, much of this work providing timely

assurance following the tragic fire at Grenfell Tower. We continue to invest in maintaining and upgrading homes. Resources have again been allocated to retro-fitting older homes that have up until now only had electrical storage heating, as we install more cost effective and efficient heating types. A number of older homes have benefitted from connection to the mains gas network during the year. Future plans include a further programme of installing air source heat pumps to older homes.

We have welcomed new residents at The Old Rectory, Chew Stoke in Somerset following a transfer of a cooperative landlord to English Rural in March 2017. We also continue the services provided to New Forest Villages Housing Association residents and for RAFA Housing residents.



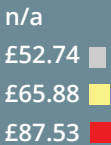
BUSINESS PERFORMANCE DATA

- ENGLISH RURAL 2017
- ENGLISH RURAL 2016
- BENCHMARKING CLUB
- NATIONAL

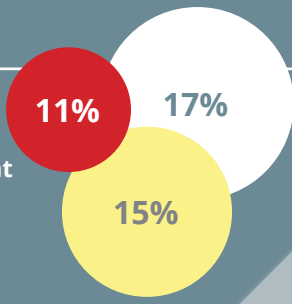
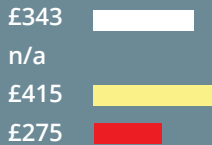
COSTS PER UNIT

Overheads as a percentage of turnover:

Operating



Housing Management



Responsive & Void



Major & Cyclical



HOUSES

Total number of homes owned and managed for others:

1187 2017

1169 2016



22
SALES
(NEW &
EXISTING)



6
MUTUAL
EXCHANGES



36
PROPERTIES
LET



18
EXTRA
STOCK
IN OUR
PORTFOLIO

TARGETS

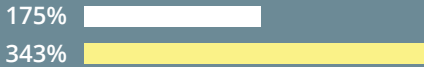
Gearing
Gross Borrowing
/ Net Tangible Worth

≤ 70%



Interest
Cover

≥ 110%



Liquidity



SERVICE

Overall Service



Maintenance & Repairs



VfM



Repairs fixed on 1st visit

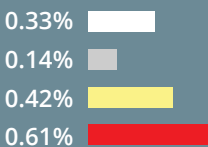


RENT

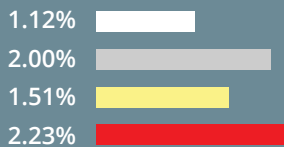
Time taken
to re-let
existing homes



Lost Rent
due to empty
homes



Rent Arrears



Average increase:



Average social rent:





NEW BUSINESS



The relationship developed with other housing associations continues to generate useful income and improves efficiency. This has ranged from longer term service agreements covering all areas of housing and property services, through to specific projects such as financial capacity modelling.

Our aspiration is to expand our offer to others when we can do so effectively and in a way which complements our own Business Strategy. As the overall number of independent housing associations shrinks, as a consequence of the increased volume of mergers and transfers, our offer to like-minded organisations is one of securing resilience and efficiency through mutual strategic alliances that secure reciprocal benefits, protecting and supporting the objectives of both our own organisation and those whom choose to work with us.



ADVOCACY



As one of the leading rural housing specialists English Rural works hard to promote the need for affordable rural homes. Our Business Strategy is clear that this advocacy work is an important part of what defines the Association as an organisation. When undertaking this advocacy role, we do so in a way that is collaborative with our rural peers. The demise of our founding charity the Rural Housing Trust several years ago was a significant blow for the affordable rural housing agenda. Although we have not sought to replicate the level of advocacy activity undertaken by that charity, we play an active role in championing the need for more affordable rural homes and using our national profile to support the voice of other specialist rural housing association who share our focus.

We were pleased to have been selected as the rural representative on the National Housing Federation Influencing Academy and to have taken the challenges presented at the Academy forward in a cooperative way, leading to the development of the 5-star plan for rural housing, recently launched during Rural Housing Week 2017. The 5-star plan succinctly lays out a clear ambition for the wider rural sector to increase the supply of quality villages homes for local people in partnership with rural communities. We are grateful that from October 2017 we will hold the position of Chairman of the Rural Housing Alliance, enabling us to work with Alliance Members to further develop their ambitions, influence decision making and advance shared objectives, including the delivery of the 5-star plan.



FINANCE REPORT

The work of the finance team is critical to the successful functioning and well-being of the business. We have again received a positive external audit with full detail of our published annual accounts available to download from the Association's website.

The delivery of the Business Strategy requires additional borrowing of £12m. Our financial stewardship and sound management has helped to ensure a positive response to the funding invitation, and these new facilities are now being finalised.

The low grant environment has changed the financial profile of the housing association sector. We have taken advantage of a recent financing exercise to improve loan terms and accommodate accounting changes.

The Association's Risk Framework has been the subject of comprehensive review. This work has included both defining our appetite for risk and enhancing the framework for mitigation and risk tolerance.

STATEMENT OF COMPREHENSIVE INCOME	2016/17 £000	2015/16 £000
TURNOVER	5,514,851	5,817,957
Cost of sales	-	(109,251)
Operating costs	(4,015,188)	(4,068,627)
OPERATING SURPLUS	1,499,663	1,640,079
Loss on transfer of engagements	(64,903)	-
Surplus on sale of property	25,436	-
Interest receivable and similar income	31,303	53,752
Interest payable and similar charges	(1,288,033)	(1,295,141)
Surplus before tax	203,466	398,690
Taxation	-	-
Surplus for the year after tax	203,466	398,690

STATEMENT OF FINANCIAL POSITION	2016/17 £000	2015/16 £000
TANGIBLE FIXED ASSETS		
Housing properties - depreciated cost	77,623,317	76,672,771
Office equipment and leasehold improvements	54,136	5,917
	77,677,453	76,678,688
CURRENT ASSETS		
Properties developed for sale	582,904	-
Debtors	246,975	210,211
Cash at bank	7,651,667	10,423,722
	8,481,546	10,633,933
CREDITORS		
Amounts falling due within one year	(2,750,719)	(2,762,983)
NET CURRENT ASSETS	5,730,827	7,870,950
TOTAL ASSETS LESS CURRENT LIABILITIES	83,408,280	84,549,638
CREDITORS		
Amounts falling due within one year	(70,616,447)	(71,961,277)
TOTAL NET ASSETS	12,791,833	12,588,361
CAPITAL AND RESERVES		
Share capital	48	42
Revenue reserve	12,791,785	12,588,319
	12,791,833	12,588,361



MEET THE TEAM

PATRON

HRH The Princess Royal

HONORARY PRESIDENT

Sir Peter Dixon

BOARD

Mark Tillson
Chairman

Mike Paddock
Vice Chairman and
Chair of Finance &
Resources Committee

Norman Arnell
Chair of Audit & Standards
Committee

Dorcas Cumming
Clive Francis
Jane Jennings
Tony MacArthur
Sue Reekie
Nick Way OBE

CHIEF EXECUTIVE'S OFFICE

Adrian Maunders
Chief Executive

Karen Eagles,
Business Support Officer
and Company Secretary



RESIDENT SERVICES TEAM

Martin Collett,
Operations Director

Steven Bland
Regional Housing Manager

Terri Browning
Housing Services
Administrator

Jade Clark
Regional Housing Manager

Dawn Cridland
Repairs and Maintenance
Officer

Kathryn Harrison
Housing Services Manager

Pam Howard
Housing Services
Administrator

Janette Spence
Repairs and Maintenance
Manager

Luke Versteeg
Regional Housing Manager

DEVELOPMENT TEAM

James Taylor
Development Director and
Deputy Chief Executive

Nick Hughes
Regional Development
Manager

Ian Gillespie
Technical Development
Manager

Alison Thompson
Senior Regional
Development Manager

FINANCE

Ray Green
Finance Director

Ade Balogun
Accounts Officer

Chyna Edwards-Bryce
Finance Apprentice

Ferdie Lachica
Finance Manager

Lorna Murdoch
Accounts Officer



ENGLISH RURAL

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