



# BUSINESS STRATEGY

2016-2021

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## 1. INTRODUCTION AND CONTEXT

- 1.1 In February 2016, English Rural's Board agreed that the scale and pace of recent changes to the operating environment for housing associations generally and English Rural in particular meant that the Association should undertake an in-depth review of its Business Strategy.
- 1.2 Over the last ten years the Association has grown from owning and managing 600 homes to around 1,200 homes today. Funding facilities had also increased from £9 million to £41 million. Thus while the asset base had doubled, funding has quadrupled, reflecting the drastic reduction in grant support over the period.
- 1.3 The Board reviewed how English Rural is recognised as having a leadership role for rural housing. It is increasingly being approached to provide services to other smaller housing associations which generates income.

## 2. PURPOSE OF THE BUSINESS STRATEGY

- 2.1. The Board agreed the purpose of the Business Strategy is to enable the Board and Executive to:
- a) Consider the opportunities and risks of the recent radical changes in the Association's operating context;
  - b) Set out the ambition for the medium to longer term, with a focus on the next five years, i.e. 2016 - 2021;
  - c) Formulate a business strategy to support delivery of that ambition
- 2.2. The Board have been mindful throughout the process of the Business Strategy Review, that the Regulatory Standard now requires that in seeking to maximise value for money, Boards should "consider alternative service delivery models" as part of regular strategic reviews.

### 3. STRATEGY IMPLEMENTATION

3.1. This section reproduces the main policy statements agreed by the Board. It also shows the action proposed and the lead responsibilities at Executive and Board/Committee level. This should all be regarded as work in progress rather than final conclusions or outcomes.

3.2. Each of the main policy steers given by the Board is set out below:

#### 3.2.1. *Purpose and Independence:*

The Association should continue to fulfil its purpose as a unique rural specialist and as an independent leader of like-minded organisations.

The Board considered that a merger with a larger organisation may not necessarily guarantee that priority would be given to rural housing and there may be a risk of the loss of English Rural's "brand" strength and Royal Patronage. English Rural is the only national housing association whose sole purpose is rural housing and having a wide geographical coverage.

Action:

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Confirmation of English Rural's ongoing specialist purpose.

Lead Responsibilities:

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Executive	Board/Committee
Chief Executive	Chairman and Board

#### 3.2.2. *Building of new homes for rent:*

The development of homes for rent should continue to be a priority but not to the exclusion of other tenures (see below). The Association aspires to expand the existing programme, subject to resources and ongoing stress-testing.

#### 3.2.3. *Building of new homes for sale:*

Subject to the outcome of stress-testing and appropriate risk mitigation measures, a ratio of up to 25% of the programme being for sale to subsidise housing for rent will be within the Board's risk appetite.

Action:

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Implementation of the Board's approval to the policy steers set out above.

Lead Responsibilities:

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Executive	Board/Committee
a) Business Plan – Finance Director	a) Finance & Resources Committee
b) Activation of development subsidiary – Development Director/ Deputy Chief Executive	b) Board
c) Treasury and Funding – Finance Director	c) Finance & Resources Committee

3.2.4. *Regional balance of development programme:*

The Board understood the reasons for the weight given to high value areas but decided to keep under review the feasibility of developing in low value areas where this can be made viable.

Action:

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This subject will be kept under review and considered further as the “additional” development programme emerging from the Business Strategy is implemented.

Lead Responsibilities:

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Executive	Board/Committee
Development Director/ Deputy Chief Executive	Board/ Finance & Resources Committee

3.2.5. *Shared ownership and other new products:*

Further development of the new development product mix and shared ownership continues to form part of the development programme.

Action:

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- a) The product range will continue to be developed in the light of experience.
- b) Shared ownership parameters will be comprehensively reviewed.

Lead Responsibilities:

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Executive	Board/Committee
a) Development Director/Deputy Chief Executive	Finance & Resources Committee
b) Operations Director	Board

3.2.6. *Service offer to other organisations:*

The Board supported the service offer being developed pro-actively but with continued subtlety. This could include recruitment of additional staff if financially viable.

Action:

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- a) Continue to seek appropriate opportunities
- b) Keep resource implications under review

Lead Responsibilities:

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Executive	Board/Committee
a) Executive Team	Board
b) Chief Executive	Board

3.2.7. *Resident satisfaction levels and affordability:*

The strategy recognises that the available resources have significantly reduced, particularly following the rent reductions, and that this would have to be reflected in the service offer to residents.

The Board supported the service offer being developed pro-actively but with continued subtlety. This could include recruitment of additional staff if financially viable.

Action:

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Through a process of engagement with the Resident and housing Services Panels.

Lead Responsibilities:

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Executive	Board/Committee
Operations Director	Board

3.2.8. *The Association's purpose:*

“The provision and management of affordable housing for local people in rural villages in England and to be an advocate for affordable rural housing” remains a relevant, valid and succinct expression of English Rural's purpose.

English Rural has a strong “brand”, considerably greater than would normally be associated with a housing association of its size. This has been built up through a reputation for delivery of quality affordable homes; extensive and proactive networking and advocacy activity. This has led to the Association being seen as a leader in the specialist field of rural housing and is seen as a non-threatening partner by smaller housing associations who as noted above are increasingly and by choice, approaching English Rural for advice and service provision.

Action:

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Maintain and develop the brand; seek renewal of Royal Patronage in 2016.

Lead Responsibilities:

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Executive	Board/Committee
Chief Executive	Board

#### 4. RISK

- 4.1. There is still much uncertainty in the business and operating environment, not least in the wake of the EU-Referendum result. Risk assessment has been and will continue to be an important part of the ongoing work of the strategy implementation, particularly for the Executive Team and Finance & Resources Committee.
- 4.2. Mitigation measures for the potentially highest risk areas of the proposed additional development programme and market sales have been identified. There is also a period of some 18 months of preparation for this programme, during which time, the plans could be changed or put on hold in the event of a significant deterioration in the risk environment.

#### 5. CONCLUSION

- 5.1. This Paper is a high-level summary of the outcomes of the Business Strategy Review of July 2016. The review process has provided an overall framework for the considerable ongoing activities necessary to implement the strategic direction.

*July 2016*

*" Providing affordable housing services  
with, and for, rural communities "*

