

OUR CORPORATE JOURNEY 2016 - 2021

Our future is written in the stars...

THE VISION

Through a perfect balance of culture, creativity and passion, our aspiration to become a trusted landlord and a partner of choice is set out in our new corporate journey that spans the next five years.

With a track record of success and achievement since our launch in 2011, our roots are firmly fixed in our communities and the customers who live within them. We know and understand the people who make up our diverse neighbourhoods and every decision and improvement is driven by our customers. The essence of partnership influences each and every service we provide and what type of organisation we will be in the future.

We have a unique culture built around creating the right environment for our talented people – customers, staff and volunteers – to flourish and innovate. Passion and enthusiasm runs through each of us and we have the skills and expertise to run our successful business. And our foundations are solid; we are financially strong with all profits are re-invested into our homes and communities. We have a track record of delivering not just what we need to, but more. We invest and improve, doing what's right to provide a range of homes for rent and ownership. In return, we expect our customers to take responsibility for their choices, taking pride in their homes and the world around them.

By empowering our customers and providing opportunities for skills development and employment, we will realise the potential in our communities. By creating more opportunity and facing new challenges with a positive and creative approach, we are on course to make a lasting impact in our communities locally and in social housing nationally, building a bright future for the people who we house and connect with.

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OUR ROOTS

Our roots are firmly fixed in our communities and with our customers who make up those communities. It was our tenants and leaseholders who had the vision and energy to establish Red Kite as a business in which customers are at the heart of decision-making. And it is this core principle that will continue to be the foundation of our business as we go forward. We will remain a community-based local provider of homes and services; a business that knows and understands its customers, communities and local stakeholders. To ensure this is the case, we provide the means for tenants and leaseholders to influence our direction and determine what type of organisation we are and will be. We have over 700 tenants and leaseholders as shareholders, a figure that continues to rise; tenants and leaseholders sit on our Board; and it is tenants and leaseholders who make the key procurement decisions and monitor performance. In partnership with the Board, staff, stakeholders and contractors, tenants and leaseholders are the foundation of what we do.

Red Kite Community Housing was established in 2011 when we purchased 6,000 homes for rent from Wycombe District Council and took over the management of a further 700 leasehold homes. We promised to invest in improving these homes and improving the services we provided. We have delivered on these promises, completing the works to our homes ahead of schedule and with over £30 million of savings on the forecast cost.

Our service performance has improved significantly too and this is recognised by our customers, with satisfaction levels in excess of 85%. When tenants were asked in 2011 whether Red Kite should be established, fewer than 37% voted in favour. Service satisfaction levels suggest that many more customers are now convinced that Red Kite becoming their landlord was the right decision.

But we challenged ourselves to do much more than just what was promised over the past five years. We have looked to the future needs of our communities and reviewed all our older person accommodation, with some schemes being closed to provide opportunity for the development of new homes; we have invested in social enterprise, creating training opportunities for young people; we have begun a fundamental shift towards delivering services digitally; and we have reduced our annual management costs by £3,800,000, reflecting our commitment to better value for money for customers and communities.

These significant savings and efficiencies have enabled us to embrace the recent changes to Government policy that have reduced our income by £172 million over the next 30 years. Had we not achieved such success, these Government changes would have put considerable strain on our services to customers and plans to build new homes.

Above all, we have built a business with a distinctive culture; one based on partnership, respect, pride and creativity.

This Corporate Journey sets out how we will grow and thrive over the next 5 years in what is likely to be an ever-changing environment. What is unchanging is that our customers, our current tenants and leaseholders and our future ones, will be at the heart of our decision-making and we will continue to provide housing at rents that people can truly afford.

OUR PURPOSE

We provide homes and we deliver services to manage these homes, but this is not an end in itself. This Corporate Journey is based on our clear purpose:

**TO REALISE THE POTENTIAL IN
OUR COMMUNITIES**

OUR OFFER

Having a secure home is the foundation stone that allows each of us to grow. We will offer a spectrum of homes for both rent and purchase that is affordable, matched to the income means of each household and remains affordable as each household's circumstances change and their aspirations grow. In particular, we will continue to provide homes to rent for those for whom alternative housing options are either unaffordable or unavailable.

We will work in partnership with local businesses to support investment and jobs and with individuals, helping them to develop and use their skills, whether in paid employment or in volunteering in their communities. We will invest in the formation and growth of sustainable social enterprises.

We will expect customers to take responsibility for their choices and take pride in their homes and communities. Our services will increasingly become only available through digital access-channels, with much more reliance on customer self-service in line with the convenience of access expected by customers in this digital age. We will support our customers to use such channels. We will provide the core services our customers need, always with a focus on the cost. We will work in partnership with other organisations to provide additional services to customers when they are needed.

We will provide the means for tenants and leaseholders to influence our direction and determine what type of organisation we are and will be.

We will balance the views of existing customers and our investment in the provision of services, with the needs of future customers and our communities for investment in the building of new homes.

OUR CULTURE

We believe that it is not just what you do, but the way in which you do it that is also important. We identify four core strands to our culture:

Partnership:

We cannot achieve our purpose alone or as individuals acting alone. We want to work with others who share our purpose and values. Our customers, volunteers and staff work together to achieve success.

Respect:

We value everyone and seek to enable every individual to realise their potential.

Pride:

We strive always to be the best we can, learning from our mistakes and celebrating our successes

Creativity:

In an ever-changing world, standing still is not an option. We constantly seek out new and better ways of achieving our purpose. We use our creativity to drive innovation and deliver our objectives.

OUR RESOURCES

We own and manage homes in Buckinghamshire where property and land values are high, which provides a strong basis for raising funding and generating income. However, it also means that build-costs are high for new or replacement homes.

We have substantial capacity to source new funding. We have undrawn loan facilities of £80 million as at 31st March 2016 and have the asset security and income streams to increase this.

We are a charitable business, which means that we reinvest our surpluses back into our homes and communities. Although we are a new organisation, we have already built up substantial financial reserves. However, we must continue to generate surpluses that will allow us to make choices as to where we invest in the future. We will constantly review the services we deliver and how we deliver them to ensure we reduce costs and offer value to customers. We will use our creative culture to develop new revenue streams. We will seek investment opportunities that generate a positive financial return, whether these are in providing new homes, new services or social enterprises.

We have a Board, volunteers and staff that are passionate about our values and culture and are skilled in running the business.

We have uniquely strong links with our local communities and local stakeholders which means that we are best placed to understand their needs and aspirations. We will use this understanding and the skills and resources we have to deliver the services and homes that offer the greatest value to our current and future customers. This means that not only will outcomes be important, but also services will be delivered in a way that adds value to customers and communities.

OUR OPERATING ENVIRONMENT

The past year has been one of immense change. The next five years from 2016 to 2021 will continue to be a period of significant change and uncertainty for our business and our customers. Whilst this will present a serious challenge to the way we operate, it will also be a period of great opportunity.

Government policy will dominate the operating environment. Our core business activity of providing secure, low-cost rented accommodation is not a priority for the government. Indeed, it is perceived to be a contributor to the social and economic challenges facing the country and so will become harder to deliver. Many of our customers are likely to see disposable incomes fall as welfare reforms take full effect, whilst the cost of alternative housing options continues to rise. Limiting housing benefit to Local Housing Allowance levels will seriously impact our older customers in sheltered housing. Changes to S106 agreements will make the provision of low-cost rented homes and diversification into complementary service areas more difficult.

In the economy, interest rates are far more likely to rise than fall, which will increase our borrowing costs and impact on many of our customers since personal debt is rising again. Construction and maintenance costs will increase faster than our rental income and the competition for recruiting and retaining the best staff will become more intense. The changing nature of the UK's participation in Europe may reduce business confidence and restrict growth. The prospect of a housing market crash makes the generation of income from house sales a less secure option for us.

We are not alone in facing reduced funding and economic pressures. Our key local authority partners and all other public-funded agencies and services are under immense financial pressure, which will impact upon their ability to promote the provision of new homes and services.

Social change will occur as the population ages, immigration continues and the costs of home ownership and market renting in the south-east escalate, changing the expectations of customers and the services and homes required.

Technological change will also have a significant impact through the increasing use of social media and digital services, supported by the government's agenda of "digital by default". This will both change the way in which services are delivered, and also risks excluding those who do not or cannot access ever-changing technology.

There will be opportunities too. Fewer regulatory restrictions on our business may create scope for more efficient use of our assets, open up new funding streams and give us autonomy over our pricing policies. Completing the delivery of the promises we made in 2011 will allow us to focus more on the long-term business opportunities and our strong asset base and financial performance will allow access to new funding sources.

OUR GOVERNANCE

Our Board is responsible for safeguarding our future and the future of social housing within the Wycombe District. They set our purpose and values, ensure probity and protect our long term viability. They make the key business decisions regarding our journey and our response to the risks that we face.

In order to meet the ever changing demands on the Board, we constantly review the skills required and how the Board functions. To support the delivery of the journey set out in this document, we recruit new board members with the skills needed to complement those of the existing Board and with values that preserve our culture and ethos. We have revised our Rules to reduce the number on the Board from fifteen to eleven and to strengthen our commitment to being a tenant-led business.

We have a strong track record of engaging with our customers to share the challenges we face and agree a way forward. This approach is engrained in our culture of being tenant-led and is one that the Board ensures is continued. In particular, we have over 700 shareholding members who elect our Board members and who, therefore, continue to be the guardians of our tenant-led ethos.

We will adopt corporate structures that support the delivery of our objectives and enable the effective management of our business risks.

OUR JOURNEY

Our journey is built on five ambitions:

Ambition

Description

Providing great homes



We will provide homes in our local communities that our customers need, aspire to and can afford, in neighbourhoods where they want to live and are proud of

We will provide new homes in our local communities, with choices that make the best use of the properties and land available to us

We will provide a greater range of options for our customers to rent, lease or own a home

Knowing our customers



We will get the basics right by knowing our current and future customers; what they need, aspire to, can afford and what's important to them

We will use feedback to respond to their changing needs, to increase choice and to drive innovation and improvement

We will deliver personalised services in a way that is efficient and modern

We will provide services in a way that reflects our culture and values and meets our customers' needs and aspirations at an affordable price

Inspiring people



We will have really amazing talented staff and volunteers working for us and others wanting to join us

Building thriving communities



We will work together to develop safe, connected, sustainable communities that grow and flourish

We will build strong partnerships to create opportunities that benefit the whole community and create positive life chances

Increasing our investment



We will generate surpluses to reinvest within our communities

We will constantly review the services we deliver and how we deliver them to ensure we reduce costs and offer value to customers

We will seek opportunities that generate a positive financial return, whether these are in providing new homes, new services or social enterprises

OUR STRATEGY

By December 2021:

Providing great homes



- We will provide 375 new homes across a range of rent and ownership tenures, including the replacement of homes sold under Right to Buy schemes
- We will review the land and other property we own so that we understand the costs and income-generation potential of our assets
- We will expand our area of operation beyond Wycombe District to include other parts of Buckinghamshire, Hertfordshire, Berkshire and Oxfordshire where this supports this Corporate Journey

Knowing our customers

- We will review our allocation policies and agreements with local authorities to ensure that customers are allocated tenancies at rents they can afford
- We will explore flexible rent models, including short-term rent subsidies, to respond to customers' changing financial and personal circumstances
- We will invest in technology that will provide us with the knowledge and insight into each customer's needs and aspirations necessary to enable us to deliver a personalised service

Inspiring people

- We will recruit new members to our Board so that we continue to have the skills to lead an ever-changing business
- We will broaden the range of opportunities for customers and volunteers to participate in the business and in their communities and increase the take-up of these opportunities
- We will increase the number of employees who would recommend Red Kite as an employer to their family and friends to 75%
- We will look outside of the social housing sector for inspiration to improve what we do

Building thriving communities

- We will invest £1 of each tenant's weekly rent in projects that deliver community benefit
- We will support local businesses through our procurement practices and supply chain management
- We will build and redefine our relationship with Wycombe District Council so that together we realise the potential in our local communities
- We will build new relationships with other partners that share our values and commitment to delivery

Increasing our investment

- We will improve value for money for our customers by reducing our operating costs per home in real terms, whilst improving our services, through sound procurement and more efficient working practices
- We will maintain an interest cover ratio (EBITDA-MRI) of at least 115%
- We will re-finance our existing funding facilities to reduce the long-term cost of our borrowing
- We will use the value of our assets to increase the funding available from investors and lenders
- We will access sources of funding that support our investment in our communities
- We will seek strategic partnerships and alliances where these will maintain our culture and increase our resources
- We will establish a corporate structure that improves our cost-efficiency, increases the options available to us to grow the business and protects our assets
- We will develop commercial services that generate a positive financial return
- We will invest in technology to reduce our long-term operating costs
- We will have 80% of our interaction with our customers using digital channels