



Paradigm

# Paradigm Corporate Plan 2018-21

## OUR VISION

*To make the very best use of our resources  
so we can provide new affordable homes  
and a fair deal for existing residents*



BUILDING ON  
**30 YEARS**  
OF SUCCESS

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# Foreword



As a society, we are facing an acute housing crisis, not least in the expensive areas around London in which Paradigm operates. As an organisation set up to support people in housing need, it is our responsibility to step up and do all we can to address this crisis. This Corporate Plan explains how we intend to do so over the next three years.

The plan reflects the shared purpose of Board members and staff and sets out how we will achieve our key objective of providing new homes for people who need them the most.

The improvements that we have made under the previous plan and our recent G1, V1 rating from the Regulator mean that we are well-placed to take on future challenges. For example, we have established a clear offer to residents, our property services function is more efficient and effective, and we have a

clear operating model setting out the role, responsibilities and relationships across the business. But there is more to do, including improving our IT infrastructure, and making sure that we are driving service improvements, building on a wide range of feedback from our residents.

The solid platform on which we can build is due in large measure to our outgoing Chair, David Eason. We thank him for his leadership in steering Paradigm through a significant overhaul of our governance arrangements, and for helping to ensure that our finances are in good shape to deal with rent reductions and the wider challenges which housing associations face.



**Matthew Bailes**  
Chief Executive



**Julian Ashby**  
Chair

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The improvements that we have made under the previous plan mean that we are well-placed to take on future challenges.

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# Our vision and purpose

*To make the very best use of our resources  
so we can provide new affordable homes  
and a fair deal for existing residents*



Paradigm is a strong housing association. We have grown over our first 30 years to become one of the leading social housing providers in the region. We own or manage 15,000 homes across 34 local authority areas, and have an annual turnover of over £135m. We do many things well, but we want to be an outstanding affordable housing provider.

We have a relentless focus on providing new affordable homes for rent and shared ownership, and on delivering consistent and reliable services to customers. Keeping our customers safe in their homes, and our employees safe at work, will remain our priority.



### We will:

- Run an excellent business, using commercial disciplines and continually strive to deliver efficiency improvements
- Deliver better value for money in building an average of at least 600 new homes each year
- Work closely with our strategic partners
- Manage our homes better through a robust Asset Management Strategy
- Make sure our customers have a voice to help us improve what we do
- Develop digital services which will be more convenient for customers
- Be an employer of choice, attracting, developing and retaining excellent staff

**We are excited to take the next steps on our journey to achieving this vision.**

# Context

## Our customers and their homes

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Our first responsibility as a landlord is to make sure that the homes we provide are safe. We expect that the way in which the safety requirements for residential buildings are specified and regulated will change following the Grenfell Tower fire. We will need to ensure that we keep our systems updated and working reliably to ensure that homes are as free as they can be of the hazards and risks which, as a landlord, we can reduce or remove.

Many of our working age customers are managing difficult household financial challenges. Wage levels have not kept pace with inflation in recent years for those on the lowest incomes or those who are in insecure employment.

Those on lower incomes are entitled to welfare benefits to help meet costs of living – those households face the additional challenges of benefit levels being frozen, and with a range of additional risks related to the implementation of Universal Credit and other reforms to the welfare system.

There are an increasing number of households in temporary accommodation, for whom the prospects of being offered good quality, secure, affordable rented housing are uncertain at best.

These risks and challenges are not confined to those who are workless – they affect an increasing proportion of the working population for whom even median salary levels may be inadequate to meet the basic housing and other living costs in the places where we work.

For Paradigm, this means that we are faced with increasing challenges about how we continue to provide the maximum number of homes at prices that people can afford, and how we manage the risks of higher arrears and rent loss.

Many of our customers are vulnerable or have health problems or disabilities. These are often a leading factor in the reasons why they are in housing need, and have been offered social housing.

For Paradigm, this means that we are faced with challenges around how we continue to let homes to those most in need, but for whom the ability to sustain independent living depends on health and care services provided by others, and for which access is becoming more difficult for many.

An increasing proportion of our customers are shared owners. Although they will often face similar income and employment challenges to tenants, they buy a share in their home with different expectations, and with different rights and obligations compared to those who rent. Leasehold as a tenure is under increasing scrutiny, and we must manage and deliver good services to these customers.

## Building new homes

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The housing market in the areas where Paradigm operates is expensive – in the South East, the house price to income ratio is over nine, in Buckinghamshire, it is over 11, and in Chiltern, the local authority area with more Paradigm stock than any other, it is 14. Most lenders will advance no more than four times salary, and even that



will depend on the circumstances of individual borrowers. These house price levels drive the price of land for residential development.

In order to help those in housing need, we must have the ability to provide affordable rented housing. Building new social rented homes requires significant subsidy, but publicly funded grant programmes have significantly reduced for this type of home. This means we must find a sensible trade-off between the number of new homes we can build, including for shared ownership, and how far we can set rents on new affordable rented housing below market levels.

We must also consider what we build to ensure that we can offer homes which meet the changing needs of an ageing society, and changing patterns of work and caring.

The Housing White Paper – “Fixing Britain’s Broken Housing Market” – set out the ways in which the planning system needed to be changed in order to ensure that sufficient land was brought forward for residential development.

There are upward pressures on supply chain costs for land, labour and raw materials, which are likely to include higher standards of design and construction quality for new residential buildings. These pressures will have equivalent effects on the cost of maintaining our existing homes. This will present greater challenges to look at the whole life costs of new buildings, and the decision making

process for adopting new technology and new methods of construction.

Our challenges are to make the best use of the assets and resources which we have to develop the largest number of affordable new homes that our finances will support.

## Running our business

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For the first two years of this plan, we will face a per unit reduction in income from the effect of statutory rent cuts, although development growth will increase our aggregate income. In subsequent years, we will have the scope to apply inflation linked rent increases at least for a five year period, and can build this into our longer term financial forecasts

Employment levels are high, and we compete for employees in areas with high housing costs and which are within London’s commuter belt. We must attract, retain and develop skilled and experienced staff, including within key corporate service functions, within this market.

Paradigm is lagging behind consumer services companies in bringing online services to its customers. We need to find intelligent, progressive and sustainable ways to improve how we design and deliver services using digital channels to reflect changing customer expectations and preferences, but recognise that discipline is required in how we use customer data to ensure we are compliant with data protection regulations.

# Make the best use of our resources

## Our Governance

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We will embed the changes we have made to our governance arrangements. We recruit Board members who have the skills and experience to ensure the effective strategic direction, oversight, and scrutiny of Paradigm's business. The governance structure has been simplified to remove most of our subcommittees so that the Board has a clear line of sight over Paradigm's performance, and can effectively hold our Management Team to account.

We run a financially sustainable business. This is essential to our being able to deliver our wider social and charitable objectives. We have a clear planning and risk management framework which is based on understanding the value and potential of our resources and using these to expand and strengthen our business.

Our strategic approach is to manage our business to generate a strong operating margin. This is a core target and measure. It ensures that we are focused on controlling costs, have the capacity to meet our obligations to our creditors over the long term, and can invest both in developing new homes and in improving our business.

## Managing Smarter

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We are implementing a new structure in our Operations directorate, with a strengthened financial reporting and controls framework. The purpose of this operating model is to ensure that there is clear management accountability

for the performance of our core business, and to improve the efficiency of the services we provide to our customers.

This operating model is based on understanding and managing the financial and operational performance of specified property portfolios within our overall stock. We are designing our financial and management information systems to enable managers to understand customer demand better, and control costs more effectively.

It is a data driven approach which ensures that operational managers consider not just whether the bottom line is delivering a surplus, but also that they are taking a rounded view of managing our tenancies with customers, and looking after the condition of the homes that we own.

We will deliver our Asset Management Strategy. This forms the basis for ensuring that we understand the value of our property portfolio, the costs of maintaining it, and that we use it to maximise our charitable objectives to tackle housing need.

Our Direct Labour Organisation – the Property Services team – is also an integral part of our operating model. It provides Paradigm with the benefits of better control over quality, availability and reliability of core maintenance capabilities, and the disciplines of a “price per property” structure for delivering a maintenance service to Operations.

We have widened the skills and experience in our Procurement team. We have already realised



benefits of over £1m through more commercial approaches to purchasing goods and services. Our new Procurement Strategy sets out how we will continue to drive purchasing costs down by rationalising our supply chain, driving better deals with our suppliers, and managing contracts more effectively.

We will continue to donate up to 2% of our surplus each year to Paradigm Foundation to provide financial support through grants to individuals and community in the neighbourhoods where we work.

**Our target:**

- Top decile operating margin

**Finances**

Our Finance function provides a service which enables Paradigm to plan and allocate the resources required to deliver our day to day operational services, whilst ensuring the budgetary disciplines are applied which maintain our overall financial performance.

We have a conservative approach to liquidity – we arrange committed funding lines sufficient to fund our operational activities and our investment commitments and a significant contingency.

We operate financial controls and budget processes which target high levels of operating margin – this means that we can maximise our development capacity without increasing our gearing level.

We actively manage our short and long term borrowing, and plan for new facilities with the aim of lowering our effective interest rate within agreed treasury policy parameters for fixed and floating rate debt, and ensuring that we are making the best use of our property assets for security purposes.

We develop through a subsidiary company, Paradigm Development Services Limited, which enables us to mitigate our VAT costs, using a conservative and well established tax management measure. We develop properties for outright sale through a separate subsidiary, Paradigm Commercial plc.

We have completed a refinancing of our Revolving Credit Facility, and agreed the terms of a Private Placement, which means that we have the funding we require for the planned level of investment in new development over the plan period.

**Our target:**

- Deliver procurement savings of at least 5% over the plan period on a like for like basis

## Looking After Our Properties

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The main purpose of our Asset Management function is to take a systematic and strategic view of the properties that we own, their condition, and the plans for maintaining them to our specified standards of repair. This function determines what works needs to be done to our properties and when, and how that will be carried out based on a long term view of the costs and benefits of owning those properties.

First and foremost, we will ensure that property assets are safe, and compliant with statutory and regulatory obligations. We will maintain reliable systems and processes for monitoring and maintaining compliance.

We will use our asset management approach to underpin the delivery of planned and responsive maintenance services to agreed service standards and an agreed stock investment programme, using a clear specification and performance management framework between Operations and Property Services. We will apply the same approach to the handover of new properties by the Development team, and ensure the reliability of handover and defects period processes.

We will maintain reliable and accurate stock data to ensure that we understand what assets we have, and use this data to manage our property asset portfolio based on clear options appraisal processes, prioritising the assessment of properties with high costs.

This will enable us to optimise how we manage them, and provide a data driven basis for plans to keep them in good repair. This approach will also integrate our understanding of our current and future customers' needs so that we ensure the continuing relevance and suitability of the homes and services that we provide.

We will integrate asset management considerations into development activity so that the design and specification of new homes optimises the value and the life cycle costs of our homes.

We will develop the organisational structure, management skills and business and IT systems

to deliver sector-leading levels of productivity in the Property Services team. This includes a clear approach to outsourcing, which ensures that subcontractor services are only procured where these will provide better value for money than an inhouse alternative

### Our target:

- Reducing the cost/property (in real terms) of delivering our agreed responsive repairs standards and service over the plan period

## Information Technology

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We plan to invest in technology, building on an excellent base, but making technology a driver of change, rather than a support service.

Paradigm has, over a period of years, developed a bespoke, multi-functional set of IT systems called Frameworks. We have established an integrated, stable and highly efficient approach to supporting the business at relatively low cost. This approach offers us a potential competitive advantage, and we have established a clear strategy to retain and build on this, and to invest in our systems development capacity.

We have not progressed as far as some of our peers in developing our digital options for organisational development and customer service delivery. We plan to turn this around over the plan period and to put technology at the forefront of our service improvement strategy. The Information Technology team will provide expert advice and insight to support the business to make good decisions about investing in new technology to improve the organisation's capability and productivity over the long term.

We have a robust technology infrastructure, with excellent levels of security and data integrity. We will continue to invest in future-proofed IT architecture which is scalable, reliable and maintainable.



Frameworks provides us with a comprehensive data set relating to every aspect of our business, and provides 'one version of the truth' for all data items. We will build a coordinated, reliable and timely Business Intelligence capability which uses the functions of our integrated business systems, and the data that it holds, to provide information, intelligence and reporting on business performance, benchmarking, risk, change, people and customers.

## Organisation and People

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We depend on the commitment and skills of our staff, and the capability of managers to lead them effectively. The goals set out in this corporate plan require managers and staff across the business to work more collaboratively and intelligently.

We have made significant progress in embedding a performance management framework which ensures that individual and team objectives are specified consistently across the business, so that the role of all our staff in achieving our goals is clear.

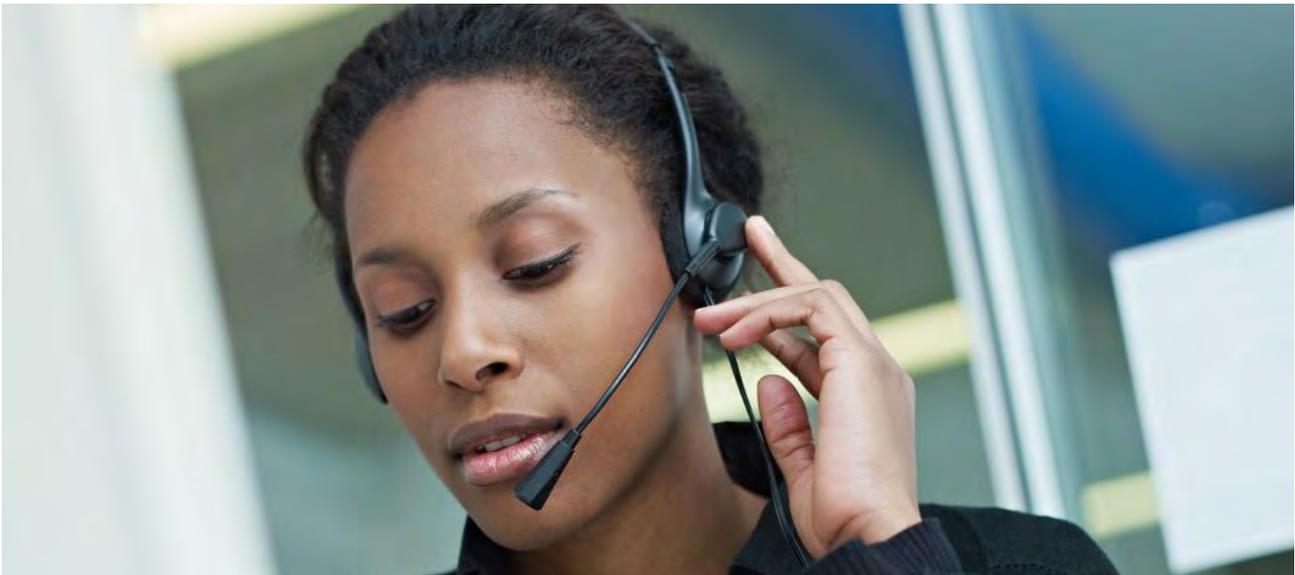
Our challenge is to compete with other employers, in a high pay area just outside London, to recruit, develop and retain the best staff. We are committed to offering a reward package which is fair and competitive.

Our goal is to offer staff a rewarding job which fulfils their career and development goals, and which makes the best use of technological development to help them be more effective and productive.

We will deliver a structured programme of Organisational Development so that we have a clear strategic approach to; the management and development of our people; embedding our expression of our values in terms clearly linked to our social purpose and to the demands of delivering this corporate plan; and building the capacity and capability we require for our longer term growth and viability.

We will implement an integrated workforce strategy which will enable us to attract, retain and develop talented people to work in Paradigm, in all of the roles that we recruit to.

The aim of our talent management approach is to offer staff and managers demanding and fulfilling roles which engage and motivate them. An integral part of that commitment to making work fulfilling will be to offer the ability to work more flexibly. During this plan period, we will provide the working arrangements and IT equipment which will enable all front line operational staff to be able to carry out their jobs away from the office, and in the places where we own homes and deliver services.



We will make more efficient use of the office space we have, and design this not only to provide a safe and healthy working environment, but also to enable staff to work more collaboratively and flexibly.

**Our targets:**

- Top quartile employee engagement
- Mobile or flexible working available to all staff

We will improve our approach to engaging with key stakeholders so that we have a more systematic approach to how we work together with them to deliver our shared objectives to build new homes and serve the communities where we work.

The ability to deliver our goals for Organisation and People, and our target for employee engagement, depend on effective internal communications in all its forms. We will review the effectiveness of our internal communications to adapt and improve our approach to employee engagement.

## Communications

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Effective communications are essential to strategic success. Our objective is to communicate Paradigm's purpose and strategy clearly and consistently, to be responsive and clear in our engagement with staff, customers and stakeholders, and to tell a compelling story about our work.

We will communicate with customers and stakeholders in ways which meet their needs and preferences as far as possible. Our priority is to promote and increase the use of digital communication channels which will offer a better experience for customers and stakeholders. We will review the extent to which we will support the production of hard copy documents for those who do not have digital access.

**Our targets:**

- Improved management of digital communication channels – improved customer and stakeholder satisfaction with digital communications
- Stakeholder engagement – higher proportion of well managed relationships linked to better business outcomes for development and operations

# Building New Homes

## Our approach

We are a major developer of affordable social housing. One of our main strategic objectives is to strengthen this position during the plan period. Our business model is focused on managing our business efficiently so that we can maximise our development capacity.

Paradigm has consistently delivered a development programme which is large in proportion to our size by national standards, and which delivers a significant proportion of the new social housing in the areas of the northern Home Counties and NW London which are our core areas of operation.

We will develop an average of more than 600 homes every year between April 2018 and April 2021, primarily for affordable tenures.

### Our approach will be:

- To continue to focus our development activity in the areas where we already work, and to strengthen the relationships with our key partners, particularly local authorities to maximise the impact that we can jointly make on housing needs
- To continue to develop affordable homes for rent and home ownership, with the aim of increasing the proportion of new homes which are for rent, subject to our long term financial capacity and the strategic housing objectives of our local authority partners
- To manage our programme within our overall financial resources, including the debt that we are able to borrow, the operating surplus that we can deliver through our core operations, and the availability of public subsidy
- To undertake more land-led development as a share of our overall development programme, and therefore to expand and improve our development capabilities and processes so that we can manage the risks and deliver the quality standards which this will require
- To make the most of our existing land where this is capable of redevelopment, and to establish partnership working arrangements which will support our ability to build more and better homes on a financially sustainable basis
- To ensure that there is a clear customer focus in how we develop, so that we reflect our future customers' requirements in where we develop homes, the design standards that we set, the skills and resources which we apply to procuring and managing construction and advisory services, and the service we provide to them when they move into new homes
- To ensure that our development is integrated with our wider strategic asset management approach so that our appraisal of development opportunities fully reflects the long term costs of managing and maintaining our properties



## What we will build

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We will build new affordable homes to the greatest extent that we are able whilst maintaining our financial sustainability and the ability to manage our property portfolio efficiently. Our planned operating margin will support this, subject to our aim to limit our gearing level to 55%.

We will build new affordable homes for rent and ownership where we are able to secure cash or equivalent subsidies to enable them to be financially viable and remain affordable for the customer groups that Paradigm serves.

We will build an average of more than 600 homes per year over the strategy period, primarily for affordable tenures, split roughly 50/50 between rent and sale.

We will continue to purchase affordable housing developed by housebuilders to meet planning conditions for affordable housing where the cost and quality is consistent with our asset management requirements.

We will maximise the use of our existing land and other assets by redeveloping them where this will provide more and better new homes.

We will build homes for outright sale to help subsidise affordable homes, and where the outright sale is clearly marketable and offers returns commensurate with risk.

## Where we will build

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We will focus our development activity in key local authority areas, working closely with those LA partners to ensure that our investment supports wider housing strategy objectives, and maximises the potential of developments to deliver new affordable housing.

We will continue to develop in our current area of operations. We will refine and adapt the geographical scope of our development. This includes actively considering choices about divestment of existing stock and increasing concentration of the homes we own within our area of operations. The criteria which we consider in those decisions do not necessarily follow local authority boundaries.

Our priority will be to focus on those areas where we have a strong management presence and strong relationships, and in those local authorities where we can see the realistic potential to achieve those two conditions.

The objective is to increase our flexibility to respond to market conditions and opportunities, provided that new homes are of a good quality, that we can deliver a good service to those customers efficiently, and that they add financial and social value to Paradigm's business.

We will carefully manage concentration risk. We plan to increase the proportion of our new

development which comes from larger sites, but will do so in a way that does not create an unacceptable level of sales risk in any one local market, or counterparty risk with development partners or contractors.

## How we will build – the quality and design of new homes

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We are reorganising our development function to deliver a clearer and stronger commitment to our customers' needs throughout the development cycle including; the identification of suitable development sites; the design and tenure mix of new schemes; our requirements for build quality and how we verify these; and the after care service we provide through snagging new homes and making sure that defects are put right.

In line with this commitment to a customer focus, we will also be asking more of those companies which provide professional services to support our development programme. We will want those organisations to provide services to a standard which reflects our values, and to help us achieve our objectives to build more homes and to increase the range and complexity of development projects that we undertake.

We have very little housing over five storeys – higher rise buildings bring significant asset management and compliance challenges. We will take new higher buildings but only where the design standards and construction quality are of a high standard and future proofed for regulatory changes likely to come out of post-Grenfell reviews.

Paradigm's Design Guide will require materials to meet safety requirements for residential occupation – so there will be a presumption in favour of non-flammable materials, or those with other safety benefits, and in favour of sprinklers or other building components which enhance safety where this will have a material safety benefit for residents.

Liveability and amenity matter – providing homes matters, but people need local services, and they benefit from thriving neighbourhoods and communities, which in turn underpin demand

and asset values. This applies to all tenures, but will be a particular focus for the role of our marketing team in ensuring that we consider the sales potential of new low cost home ownership opportunities.

We are prepared to innovate and to upgrade our design standards to deliver lower carbon emissions, and energy and water consumption, or other wider sustainability objectives, but we will do this strategically rather than accepting the ad hoc commissioning of different building components for which the long term management implications and costs are unclear.

We will purchase sites without planning where there is a clear rationale for doing so and the inherent risks can be effectively managed. There are a range of factors we will consider including where there is a strategic link to planning or infrastructure objectives, where we are able to capture a greater proportion of the increase in value, or have greater control over the terms of planning consents, and where we are able to exercise greater control over the design and procurement of the construction.

We will continue to accept Section 106 developments, but they will need to work within our Asset Management Strategy, which means that they will need to meet our basic requirements on design and, for rented properties, the rent levels and nomination arrangements.

The core of our approach to appraisal of new development opportunities is to ensure that we understand the financial performance of our investment in new homes, including the assumptions we make which are based on the principles in our Asset Management Strategy about whole life costs, and the impacts of location, design and tenure.

We are going to review our approach to rent setting for Affordable Rent, and plan on requiring shared owners to take a significant minimum equity stake. In both cases, this is aimed at ensuring that we are offering a fair deal to customers moving into our new homes.



## Capacity and capability

We have raised funds through a Private Placement which will provide sufficient financial capacity to deliver our development objectives for this plan period, based on our forecasts for financial performance of the business.

Our financial capacity means that there are limits to the extent we can land bank and manage the risks of holding land, but we are developing our financial capacity and our in-house skills with the objective of securing more control over land on a selective, strategic basis.

Our commitment to undertake more ambitious development is a significant change to our approach. In order to do this, we will undertake development through partnerships and similar new models to a greater extent than previously. These partnerships will involve local authorities and other developers. We will be placing a greater priority on building and maintaining relationships with our strategic partners to play our part in achieving mutually shared goals.

We are committed to increasing the depth and breadth of the skills in our development team. Our starting point is that we are already putting a different structure in place in that team to deliver the number and type of new homes that we want to build. That team will need to be able to exercise a higher degree of control over more complex

schemes on average compared with our earlier development programme.

This also means that we are improving the standards, processes and controls that we need to ensure that we can manage higher levels of development risk from more complex or larger projects, and to ensure that the new homes we build are of a good quality.

### Our targets:

- An average of more than 600 new homes per year, primarily for affordable tenures, split roughly 50/50 between rent and sale, within a gearing limit for Paradigm of 55%.

# Fair deal for tenants and homeowners

## Making sure homes are safe and in good repair

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Our primary duty as a landlord is to ensure the safety of our customers' homes. This means that we must make sure that new homes are built safe, but also that we must keep them safe over their whole lifecycle.

We operate comprehensive and robust systems for delivering compliance with health and safety and other regulatory requirements. This also means ensuring that our maintenance activities are carried out safely by well-trained employees.

The Property Services team will deliver a reactive and planned maintenance service which meets the performance requirements of the Operations team across the range of cost and quality criteria, and is integrated with our Asset Management Strategy and systems.

## Customers

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Our ability to provide good customer services must evolve as technology improves, and customers' expectations and needs change. Our Customer and Service Improvement team are the first and main point of contact for most of our customers. They are also responsible for ensuring that the views and the voice of the customer are understood within Paradigm, and that customer insight is used to drive process improvement and the development of digital services.

We have installed a new telephony platform and redesigned our customer website. We will

be progressively intensifying how we use this technology to drive improvements in how we communicate and transact with our customers, and particularly improving our capacity and capability to serve customers through digital channels.

We will extend the range and depth of understanding and insight into the characteristics and needs of our customers to improve how we serve them.

This will include a renewed and improved approach to how we engage residents, so that we capture a wider and more diverse range of customer views. We will continue with our successful approach to resident quality inspections, but will look for additional options for our customers to feedback on our services. We will also increase the amount and quality of our customer survey activity including real time surveys of customer experience.

We will apply this directly to how we improve the design and quality of the homes and services which we provide. The business transformation team will support operational managers to reduce the lead time for identifying and implementing service improvements which increase customer satisfaction and process efficiency.

### Our target:

- Service improvements generated through customer services activity measured by reduced customer complaints



## Housing Management

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Our approach to housing management is driven by our operating model. This puts Operations Managers in the driving seat, and gives them the information, control over budgets, processes and systems to manage their respective business areas. This underpins our corporate target to deliver strong financial and service performance.

We will embed and develop the role of Operations Managers and the structures which support them to manage their business portfolio to deliver value for money, particularly the integration and coordination of cross functional working.

We will embed and develop specialist functions for the letting process and tenancy interventions in order to improve the quality and effectiveness of how we manage our relationships with our customers. We have significantly improved our efficiency in letting homes. We have set a demanding target of an average void period of 12 days. In many cases we already let vacant homes much more quickly than this. The quicker we can relet void properties, the sooner we are providing a new home for those who need it, and the less rent we are losing which can be used to build additional new homes.

We will introduce pre-tenancy assessments to ensure that we understand the ability of prospective tenants to sustain their tenancies, and identify what additional support they may require.

We will maintain and develop our ability under this operating model to identify, intervene with, and assist customers who are at risk of losing their tenancy or having difficulty in meeting their tenancy obligations. Where we do not have the skills or expertise to help, we will help tenants, if we can, to access specialist support provided by others.

We will continue to provide specialist housing options for homeless people through the Hatfield Foyer and Lea Bridge House, and through our Private Sector Leasing team. We will look for opportunities to replicate these models as part of our development programme where that will meet strategic housing needs of key LA partners.

### Our target:

- To deliver agreed operating margin targets at portfolio level

## A clear offer to tenants

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We charge rents which are significantly below market levels, and on terms which are significantly better than in the private rented sector.

We provide tenancies on clear terms, whether these are assured or secure tenancies for established tenants, or fixed term assured tenancies for new tenants, giving the stability and

security of longer term tenancies with more rights than in the private rented sector.

We deliver a good quality repairs service which will keep homes in good condition, and we manage this so as to fix repairs in a reasonable time and, where possible, on the first visit.

We provide a courteous and friendly customer service, and will respond to complaints about our service promptly, and put things right where we have got them wrong.

## Helping our residents to meet their obligations

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We require residents to keep their rent account up to date, and take responsibility for ensuring that they do not fall into arrears, including by being responsible for claiming benefits to help with their housing costs, and keeping those claims up to date and accurate.

The finance function is responsible for managing customers' rent accounts. We are undertaking a comprehensive review of our approach to rent collection to ensure that it is resilient and able to sustain current levels of rent collection given the recent and continuing series of welfare reform measures, and changes to homelessness legislation. In common with other customer facing teams, they will also design improvements in revenue collection through the use of customer insight supported by the Customer and Service Improvement team.

We need tenants to look after their homes, and carry out the repairs for which they are responsible. They must also keep appointments which they make with us, particularly those where we need access to carry out repairs and make safety checks.

We expect our customers to treat their neighbours and our staff with consideration and respect. Even though very few of our tenants fail to do so, we are clear that where they are responsible for anti-social behaviour, it is our responsibility, owed to our other residents and to other households who are affected by it, to intervene and enforce the terms of tenancy agreements.

We will develop a more systematic and proactive approach to dealing with tenancy breaches, so that unacceptable conduct is not allowed to escalate or persist. Our Tenancy Intervention and Enforcement team will provide a specialist resource to support the management of serious or complex anti-social behaviour cases, and take action to seek possession where this is necessary.

### Our target:

- Maintain tenant rent loss at less than 0.5% of rent debit

## Homeowners

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The agreements with our homeowners are set out in leases which specify our respective rights and obligations. During this plan period we will review our service offer to homeowners in order to ensure that we are providing them with a value for money service, and that we have the right structures and processes to deliver that service.

### Our target:

- Higher customer satisfaction for tenants and for shared owners (from index level of survey to be carried out in 2018)

# Our financial position and forecasts for the plan period

Summary Statement of Comprehensive Income:	2017/18	2018/19	2019/20	2020/21
<b>Operating income</b>	<b>124,942</b>	<b>127,537</b>	<b>143,119</b>	<b>144,812</b>
<b>Operating costs</b>	<b>74,157</b>	<b>73,312</b>	<b>84,409</b>	<b>82,939</b>
<b>Operating surplus</b>	<b>50,785</b>	<b>54,225</b>	<b>58,710</b>	<b>61,873</b>
Surplus on sale of fixed assets	4,314	3,984	4,128	4,291
Net interest payable	-35,031	-27,760	-28,689	-28,638
Tax	-13	0	0	0
Surplus for the year	20,055	30,449	34,149	37,526

Statement of Financial Position	2017/18 (provisional)	2018/19	2019/20	2020/21
Housing properties	1,266,826	1,331,282	1,359,728	1,418,392
Other fixed assets	12,273	13,034	13,815	14,612
Investments	9,691	9,691	9,691	9,691
<b>Net current assets</b>	<b>29,143</b>	<b>28,459</b>	<b>31,579</b>	<b>29,070</b>
<b>Total assets less current liabilities</b>	<b>1,317,933</b>	<b>1,382,466</b>	<b>1,414,813</b>	<b>1,471,765</b>
Less: housing loans, grants and other long term liabilities	743,683	775,578	770,376	790,597
Less: net pension liability	9,731	8,700	7,700	6,700
<b>Total net assets</b>	<b>564,519</b>	<b>598,188</b>	<b>636,737</b>	<b>674,468</b>
<b>Capital and reserves</b>	<b>564,519</b>	<b>598,188</b>	<b>636,736</b>	<b>674,467</b>

Title	2017/18	2018/19	2019/20	2020/21
Reinvestment	4%	2%	4%	5%
New supply delivered	4.3%	3.2%	4.0%	4.3%
Gearing	55.7%	55.1%	53.3%	52.5%
EBITDA MRI	1.46	1.84	1.98	2.03
Social housing cost/unit	£3,244	£3,279	£3,253	£3,247
Operating margin (social housing lettings)	47.8%	48.0%	47.9%	49.7%
Operating margin (overall)	40.7%	42.5%	41.0%	42.7%
ROCE	4.2%	4.2%	4.4%	4.5%

# Targets – outcomes and what we measure

## PRIMARY

- Top decile operating margin
- An average of more than 600 new homes per year, primarily for affordable tenures, split roughly 50/50 between rent and sale, within a gearing limit for Paradigm of 55%
- Higher customer satisfaction for tenants and for shared owners (from index level of survey to be carried out in 2018)
- Service improvements generated through customer services activity measured by reduced customer complaints

## SUPPORTING

- Deliver procurement savings of at least 5% over the plan period on a like for like basis
- Reducing the cost/property (in real terms) of delivering our agreed responsive repairs standards and service over the plan period
- Top quartile employee engagement
- Mobile or flexible working available to all staff
- Improved management of digital communication channels – improved customer and stakeholder satisfaction with digital communications
- Stakeholder engagement – higher proportion of well managed relationships linked to better business outcomes for development and operations
- To deliver agreed operating margin targets at portfolio level
- Maintain tenant rent loss at less than 0.5% of rent debit

### **Email**

For all general enquiries – including complaints and compliments – please email:  
[enquiries@paradigmhousing.co.uk](mailto:enquiries@paradigmhousing.co.uk)

### **Telephone**

You can reach our Customer Services team by telephone on 0300 303 1010.  
Our telephone lines are open Monday to Friday 8am – 6pm. Please be aware that calls are recorded for training purposes.

### **Post**

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