

Local Space Corporate Plan 2020-2025

58 Romford Road,
London, E15

Local Space is a charitable registered society
(Reg. Number: 29840R)
Registered Social Landlord
(Reg. Number: LH4454)



**Working together to provide
Quality and Safe home for
Those in need**



Corporate Plan 2020-25 Summary

Mission	<u>Working together to provide quality & safe homes for those in need</u>			
Values	PEOPLE FIRST - INTEGRITY – ENCOURAGING CREATIVITY- PARTNERSHIP			
Strategic Objectives	Homes that people want to live in	Services that our customers are happy with	Being a successful and well-managed social business	Beyond Bricks
2019-24 Corporate Goals	We will continue to provide as many more sustainable and affordable homes as we can afford to. We will secure the most and best new home options we can.	We will establish different ways for our customers to access our services directly	We will be well run and maintain our current high ratings. We will remain compliant with our lender covenants and regulatory standards	We will improve support for residents who have multiple needs - assessing those needs and working in partnership with others to provide a network of support
	We will complete all of our current growth contracts by 2024.	Service delivery will be customer focussed, and we will adapt our business processes to support this, whilst ensuring we keep all data safe and secure.	We will manage our money well, keeping our current operating margin as we plan, and re-investing any efficiency savings into our work.	We will find ways of supporting our customers more – by working proactively and with partners to provide services.
	Our customers will be satisfied with their homes. We will deliver our investment program in our homes and will refresh our specification for homes using feedback from our customers.	Customers in the homes we manage will be satisfied with our services. Our complaints process will be simple and transparent with staff empowered to solve issues	We will be a great place to work, evidenced by the Great Places Survey and Investors in People Platinum status	We will help customers to live more sustainably, implementing energy savings, fuel efficiency and artificial intelligence enabled services.
	We will explore ways of helping more people, by considering new partnerships to provide other types of accommodation for those in most need.	We will provide customers with flexible and affordable housing/rental options.	We will promote our customer first approach (and our business and partnership working models) with a pro-active Public Relations strategy	We will establish different ways for our customers to be involved enabling residents to help shape the services that they want

This 5-year plan will be more fully explored twice a year on Board away days. Annual plans, setting out team targets and individual objectives are produced for approval in March each year as part of the business planning process. Annual targets will work incrementally to meet these outcomes at the end of the 5-year period.



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1. Introduction



Caitlin Farrow
Chair



Josie Parsons
Chief Executive

Welcome to the Local Space 2020-2025 Corporate Plan. At Local Space we believe in making our resources work for us. Our last corporate plan was focussed on delivering 800 additional homes over 4 years. We are now nearing the end of this delivery period with over 834 homes bought at the 31 March 2020, we are reviewing our direction and business strategy for the next 5 years. We are proud of the quality of the homes that we provide, and we want to match this with the service experience we offer to our customers.

The housing world remains on high alert following the tragic events at Grenfell Tower in Kensington where so many lost their lives. Grenfell has ensured that the health and safety of our residents remains a key focus of our work and that we listen to our customers as we provide a respectful level of service. We expect that customers and improved service standards will be the focus of new regulation (by the RSH) and our trade body (the NHF). Boards will be required to demonstrate their accountability to residents and our performance and service levels are likely to be measured in future.

This is an ideal opportunity to upgrade our service level offer and to introduce more efficient methods to deliver services. Our customer focus journey will be complemented by technological innovation. Where we can make savings, we will re-invest them to ensure that our customers receive the best service experience we can provide. We will improve services to the highest achievable levels within our available resources.

We want our customers to enjoy safe and secure homes and feel valued and well served whenever they interact with Local Space. We will provide good customer service to all of our partners including tenants, local authorities, other services and each other. We are a people first business, operating with fairness, honesty and transparency. Our 2020-25 Corporate Plan has the customer at the centre of strategy, operations and processes. This plan has been compiled in consultation with our customers, the Board and the staff at Local Space.



2. Mission

Our mission is simple and straightforward:

Working together to provide quality & safe homes for those in need

We provide safe, secure, good quality homes for those who need them most. We help local authorities by offering an alternative to the poor quality, expensive private sector accommodation often used for temporary accommodation. In the past three years, from 1 April 2017, we have delivered 775 additional homes for those most in need of them, for our local authority partners, saving the taxpayer on average £5,436 per 2-bed property per year.

Our customers are often families and individuals who have needs other than just housing. To help them to maintain their tenancies successfully we want to ensure that they can easily access all the support they need. We will assess the value of forging new partnerships with other services which work alongside housing such as health, care, support and education because we recognise that our resources are likely to be more effective when they are joined up.

Our customers' health and safety is at the forefront of our new strategic direction. We provide good quality and safe housing, investing in both our new and existing homes. We will reduce our carbon footprint wherever we can in the investment in our homes. Our tenants are our customers: by respecting their views, wishes, needs and feedback we will deliver a service that meets their needs and continuously improves. We want our tenants to feel valued and we will provide as wide a service as possible to support our customers to have sustainable and successful tenancies.

3. Our Values

Our work is based on our values of putting people first, working with integrity, being open to innovation and working in partnership with like-minded organisations. Our values are the foundation of our organisation and shape how we deliver services. This is what our values mean to us: -

People First

This is a people focussed business – services to people from people. We invest in our staff so that they can provide the best experience possible to those who use our services. We treat people as people – warmly, politely and honestly.



Integrity

It matters that we act with integrity in all our dealings. We treat people with fairness, respect and in a trustworthy manner. Treating our residents as customers is part of our respectful approach and helps us maintain the highest levels of service.

Encouraging Creativity

Our staff are our greatest resource and are our ambassadors. Together, drawing on our collective skills, qualities and experience, we deliver the best possible service to our customers. Our staff know they are making a difference to people's lives.

Partnership

We recognise that partnership working is about joining forces with others to stretch our resources further and achieve more than we could have done alone.

4. The Local Space Customer

Our customers are those most in need of housing assistance and the keyworkers of East London. This includes families and individuals nominated to us by Local Authority Homelessness Teams. It includes NHS staff, police and other emergency services; teachers and public servants; those in low paid work experience; those in so-called in-work-poverty and those looking for work or unable to work as a result of illness. We house some of the most vulnerable in our community and we take our responsibility to provide them with a safe, high quality home and good services seriously. That is why our people (including our customers) are at the heart of our plans.

We are investing heavily in the quality of our homes through the replacement of kitchens, bathrooms and other major improvements to over 800 homes over the next 5 years. This will improve the carbon footprint and sustainability of our homes and ensure we reduce fuel poverty wherever we can. Some of our homes and those who live in them are managed by other agencies such as the local authority partner for whom we provide the homes.

In 2018 74% of customers were satisfied with the services they received overall from Local Space and its partner organisations. In homes that Local Space manages directly 85% of customers were satisfied, compared with 68% in homes managed by our partner organisations.

Our plan prioritises improving the quality of service delivered to all customers and in particular those in homes managed by others so that those customers experience at least the same level of services as those we manage ourselves. We have set our 5 year target for satisfaction with how services are delivered at across all our homes at 85%. Satisfaction with the quality of our homes is set at a target of 95%.



We will improve our service to customers by focusing on:

Our repairs service – We know that what our customers want most from their landlord is a reliable, quality and easy to use repairs service. We will improve communication and coordination of repairs reporting, appointment bookings and maximise the number of repairs we resolve with one visit.

Improvement work in our older homes – We know that the condition of our customers home has a significant impact on their quality of life and their satisfaction with their landlord. We will fit new kitchens bathrooms and deliver other major improvements in over 800 homes over the next 5 years to ensure all our homes are of a good standard and have the lowest carbon footprint possible.

Customer communication channels – We know that ease of access to our services matters to our customers. We want to make reporting issues to us and managing a tenancy as effortless as possible. We want our customers to benefit from the same kinds of convenience they experience with retailers, utilities, suppliers and banking. To do this we will launch Local Space digital services, including the Local Space app to customers so that they may report repairs, book appointments, track progress of their enquiries and manage their rent account online 24 hours a day 365 days a year and without having to speak with a member of staff if they don't want to. We will launch web chat, and social media enquiry channels alongside our digital services. We will continue to offer a face to face service and telephone service.

Tenancy sustainment and support services – We understand that our homes are more than just a new address to our customers, they are a safe haven, a base from which they can put down roots and grow as a member of the community. In the coming years we will undertake a support needs audit and with other organisations - including local authorities, education and health - establishing a network of support for our residents who may have multiple needs.

5. Technology for better service

Local Space began its planned technology programme in 2018 by addressing essential systems improvement and making us cyber safe - demonstrated by achieving Cyber Essential status. In 2019, the focus is on making existing systems work better to capacity. From 2020 we will introduce labour saving applications that will enable our staff to better use their time to help support customers for more successful and sustainable tenancies.

We will require support partners (such as maintenance service providers) to provide digital channels for tenant use to ensure ease of service. Improving our processes and operations to expand our service offering may also involve employing other digital tools such as information channels or apps. The technological world moves at a pace and we want to keep abreast of new developments and innovations.



Improvements will be made in the repairs service, in information management, and in recording customer and property data to help better target resources. Systems will be developed to better manage arrears, voids, lettings and allocations. Improvements are also planned in supporting infrastructure such as payment systems enabling staff to work smarter. Data management is key to delivering services in this modern age.

6. Our People

Local Space believes in putting people first and this is reflected in the value we put on our staff and customers. We are a small organisation with a dedicated and skilled workforce. In 2019 we were re-accredited with IIP Silver status under the new, more rigorous 6th generation regime. This affirms our commitment to continuous improvement. We are working with staff to continually improve our customer offer; up-skilling staff in how we work with our tenants to provide the best solutions and technical skills.

By 2025 the organisation will have completed and cascaded customer focused training. Systems and processes will have been refined with the customer at the heart of review and improvements. Our use of technology is solely to make processes easier, quicker and more predictable. Staff surveys are conducted annually with resulting data informing training plans and staff engagement. Diversity training has been implemented at both staff and board level and we recognise that we work in a diverse area of London for a diverse group of customers. Understanding their needs is essential in providing a responsive service.

The culture of the organisation is positive - with current survey data evidencing this and we will build on this in directing our energies to providing a customer-focused service. Local Space is confident that it will achieve IIP 6th Generation Platinum status in the lifetime of this corporate plan. We also aim to be listed as an employer of choice in the UK Best Workplace annual survey, recognising that investment in staff is an investment in the organisation's success.

7. Partnership and Collaboration

Local Space has a long history of successful partnership working since its inception. We have developed partnerships with several local authorities, and we continue to recognise that partnership working means that our resources can go further. Partnership working can enable us to provide even more homes, and to support our customers' other needs as well.



There have been several studies documenting the importance of good housing in an individual's health, safety and well-being. We want to take that a step further by joining forces with complementary agencies and services. We will explore what additional services would benefit our customers and how these can be accessed – working with social services, health and education providers.

We will make these links and provide a joined-up service to our residents. We will audit what may be needed and employ technology to help us free staff time to work on this. This may involve signposting to other agencies or setting up new collaborations to provide a seamless service.

Our ideas include:

one stop shop surgeries so that our customers can access services more easily.

linking with adult social care to ensure that older, vulnerable tenants are being appropriately supported.

Working in Partnership





8. Involving our Customer

Our customers are at the centre of our corporate plan. We involve our customers so that they can shape services and contribute to our work and the plans we make, including this one.

The Social Housing Green paper was drafted to address the shortfall in customer service and empowerment highlighted by the events at Grenfell Tower where so many had struggled to have their voices heard. Regulation is being enhanced and new metrics are anticipated to ensure that service levels are at required levels. Our trade body (the National Housing Federation) has taken up the challenge and has captured this in its Together with Tenants charter, which seeks to introduce greater accountability at board level to those who live in our homes. Regulation will be strengthened with a revised NHF Code of Governance, as well as with new consumer standards and metrics developed by the RSH.

Local Space is an early adopter of the Charter and will ensure that any identified gaps in service provision as compared to the Charter are fully met as soon as possible. Our customers' health, safety and well-being is at the centre of our service offer.

We will use technology to communicate with our customer and receive feedback more frequently and in as many ways as possible. Communication needs to be easy and we will respond receiving frequent feedback on our service by adapting service to address those issues most important to our customers.

Our Tenants' Panel is an important forum for us. It is the first place that we turn to when we wish to consult with customer representatives. Tenant panel members also receive a standing invitation to Board meetings. The panel will be supported to evolve and to also embrace technology to work remotely and virtually. Over time we expect that representation will grow by utilising virtual attendance. Growth in representation will mean that the influence of our customers will become stronger, shaping our services and making them more appropriate, targeted and proportionate.



9. Development and Growth

Since our start, a number of partnerships have been created and grown to meet the needs of homeless individuals and families across East London. As property prices have soared so has our stock value. This growth in capital values underpins the reason for some of the housing crisis in the country, which is especially felt in the capital. Whilst we make our own assets work hard, we also encourage our partners to lend their financial support. This has led to rent guarantees with annual increases. At a time when the sector has generally endured rent reductions, this has helped funders to view us more favourably. We have also received 'Right to Buy' grant support from some of our partners and this valuable addition of up to 30% towards the cost of providing homes means that we are able to stretch our funds to provide even more.

In the face of the housing crisis Local Space has worked hard to use its assets to access as much funding as possible to spend on the provision of additional homes. The partnerships with local authorities have meant that hundreds of families have been allocated a warm, safe and secure home near local support networks.

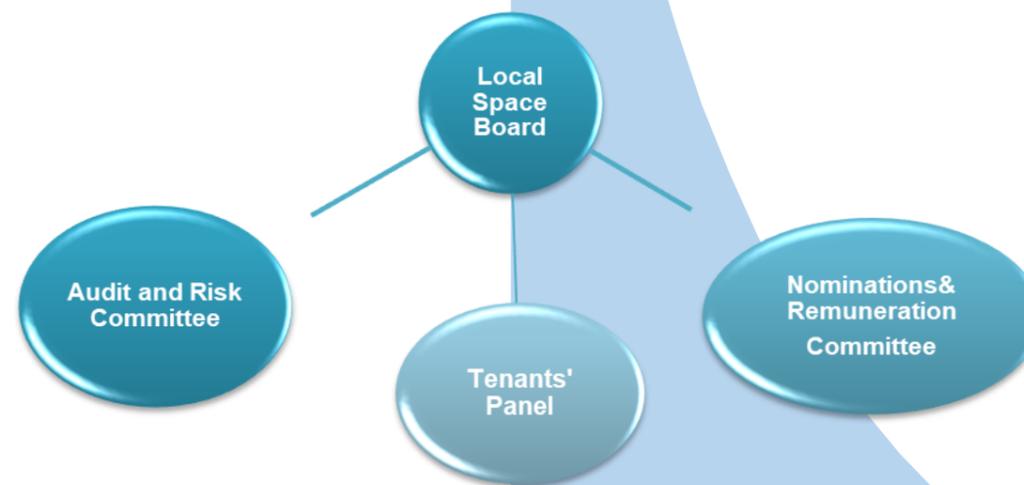
The level of provision since our creation, and the pace of our growth in additional homes over the past few years, means that Local Space will deliver a lower level of growth in 2023/24 providing approximately 50 homes per year.

Partnerships that will increase our buying power will be prioritised as this helps us meet more need than we could do alone. One area that we intend to explore further is that of a product for local authorities to use as nightly temporary accommodation. Should this prove beneficial, then we would look to offer this product to our partners



10. Governance

Local Space is committed to providing the best possible leadership for the organisation, in the most efficient way. We have a relatively lean structure with only 10 Board members, and two committees. That being said – our Board members have the skills that we need – across treasury, finance, housing, development, policy and regeneration. As well as our two formal committees, we also work closely with our Tenants Panel – this is our consultative group on policy development and it also acts as our scrutiny service. It is important that we maintain our good governance standards to support the work that we do. In 2018 Local Space retained its G1 V1 ratings, and it also retained the credit rating of AA- in 2019. We will ensure that we retain these current high ratings and remain compliant with both our lender covenants and regulatory standards





11. Managing Risk

All active businesses contain risks. The tolerated level of risk is related to the appetite for risk and how well it is managed. We have a straightforward mission to provide homes for those in greatest need. We work closely with local authority partners to provide homes they can allocate to those who need them most. In the last 4 years we have accelerated our growth by aiming to acquire an additional 800 homes. This level of activity is significant for a small organisation and there are risks involved including:

- Acquiring properties
- Organising appropriate funding at the right cost
- Managing a growing asset base with tenant safety and satisfaction at the forefront

This has been achieved against an uncertain economic backdrop associated with Brexit. Local Space's appetite for growth means that we accept that there will be risks in the work that we undertake and a mark of good governance is how well we manage those risks. Our Board and senior staff have been recruited to bring appropriate skills and experience to identify and manage risks. We do this by scoping the area, testing our ability to manage it under stressed conditions and understanding what our constraints are. By understanding our risks to this degree, we can devise and put in place mitigating strategies that work.

Risks are scoped with staff, the Board and the Audit and Risk Committee (ARC) with deep dives into specific areas to ensure that risks are appropriately scoped. The organisation's risk register is examined monthly by the Executive Team, reported to every ARC meeting and twice yearly to the Board. Our internal audit programme is set with both regular items such as Gas Safety along with more recent entrants such as GDPR. Bi-annually the organisation's approach to risk is revisited with a longer session on the organisation's approach to risk appetite and management.

Local Space recognises that a dynamic business such as ours will have a dynamic risk profile. Our approach of continuous engagement with risk processes reflects our understanding of the importance of keeping a watching brief that is regularly tested, updated, monitored and reported.



12. Value for Money

We recognise that the temporary accommodation we provide to our partners offers better value for money than they can achieve in the private rental or B&B market. Our customers value a safe, good quality home as close as possible to family networks. Local Space will provide as much accommodation as possible within our financial and business constraints. We will provide a service that meets our customers' expectations.

We are using our financial capacity to provide more homes for rent. Our financial strategy is to make the value of the properties we own work as hard as possible and access the cheapest finance possible. Local Space is financially strong organisation and achieves excellent financial results.

Our VFM metrics compare well with the median in the sector – table 1 below:

Table 1 RSH VFM Metrics

Value for Money metrics	2019/20 Plan	2020/21 Plan	2021/22 Plan	2022/23 Plan	2023/24 Plan	2024/25 Plan	Median for sector 2017/18
Operating Margin	54.7%	55.3%	49.2%	50.3%	48.1%	47.5%	27.9%
EBITDA-MRI Interest cover	149%	138%	128%	135%	145%	166%	213.6%
Gearing	65%	68%	67%	66%	63%	60%	35.1%
Return on capital employed (ROCE)	4%	4%	4%	4%	4%	4%	3.7%
New supply delivered	8.4%	8.4%	2%	2%	2%	2%	1.5%
Headline social housing costs per unit	£4,420	£4,523	£4,000	£4,000	£4,000	£4,000	£3,450
Total number of homes	2,578	2,795	2,795	2,795	2,795	2,795	N/A
Investment in existing homes	£3.4m	£3.3m	£3.4m	£3.4m	£3.5m	£2.1m	N/A



Our headline social housing costs are higher as we are a relatively small organisation operating in London. However, we are reviewing how our services are offered and will be returning approximately 25% of our stock into our own management from 2021 onwards showing an expected fall in overall costs.

Our gearing levels are higher than the sector generally as we are making our resources work to produce more affordable housing. This is evidenced by the higher than average new supply figures. We anticipate that the current rate of growth will reduce to a more moderate level from 2022 onwards. We expect growth capacity to return to the organisation as our homes rise in value and rental income grows.

Value for Money is integral to our core business and is captured in our strategic objectives. By making our assets, staff and wider resources work at optimum levels we will continue to meet our overall mission to provide as many homes as possible to those in greatest need. This means that we focus on maximising income and keeping costs down. Customer satisfaction measures help us to understand how well we are meeting our customers' needs and expectations. Investing in our homes helps keep our customers happy with the quality of their homes and maintains the value of them where they are used to secure borrowings.

Our staff are our ambassadors and we want to enable them to perform to their best levels with enthusiasm and passion for what they do. Staff satisfaction is important to us. We make sure our staff are aware of their value to us and in the work they perform for Local Space. We invest in our staff with training and appropriate rewards and give them a voice to shape how we improve. Our team own their work and provide an efficient and professional service that is welcomed by our customers.

The organisation's performance indicators are monitored by the board and illustrated in the table below.

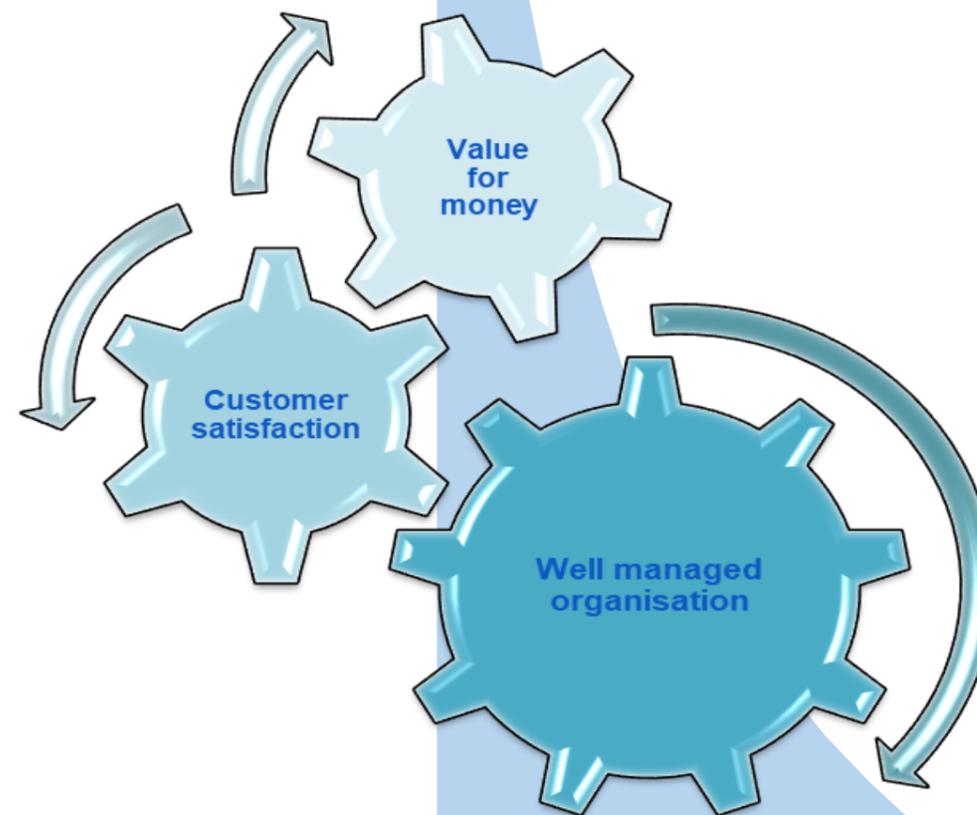


Table 2 Local Space KPIs and VFM Impact

Strategic Link	Objectives 2019-20	Target	VFM Impact
Homes that people want to live in	Homes Let	> 275	Investment in social business mission
		> 254	Creating revenue stream to support borrowing
		< 254	
	Satisfaction with product	> 90%	Fewer defects leading to fewer complaints
		> 85%	
		< 85%	
Homes meeting DHS	> 100%	Assets maintained providing security cover	
	< 100%		
Services that our customers are happy with	Satisfaction with service	> 85%	Efficient and effective service to customers
		> 80%	Meeting customer expectation
		< 80%	
	Satisfaction with repairs completed	> 95%	'Right first time' efficiency
		> 93%	
		< 93%	
Complaints received at stage 1	> 90%	Listening to customers	
	> 85%	Meeting expectations	
	< 85%		
Being a successful business	Rent arrears (%age of annual rent roll)	< 2%	Income maximisation
		< 2.5%	
		> 2.5%	
	Void loss (%age of annual rent roll)	< 2.5%	Losses minimised
		< 2.8%	
		> 2.8%	
WACC	< 4%	Adding to capacity to invest	
	< 4.2%		
	> 4.2%		
Being a well-managed organisation	12 months rolling av sick days	< 8	Efficient use of resources. Maximising staff engagement for better customer service
		< 10	
		> 10	
	Staff satisfaction with LS	> 95%	Continuous improvement of systems and processes
		> 90%	
		< 90%	
%age IA actions completed	100%	Well managed business with less vulnerability	
	< 100%		



Our targets are set at both achievable and at stretch levels encouraging us to extract as much value as possible from the work we do. Defining our strategic objectives with value for money impacts means we can be clear to our staff why it is important that they achieve great performance. Our focus on the customer is translated into value for money - providing the right level of service first time reduces cost and promotes greater satisfaction. This 'smart' work approach – supported by technology and automation - allows us to target our services where they are most needed. A successful tenancy is likely to mean greater satisfaction and less officer intervention.





13. Business case summary

£'000	2019/20 Budget	2020/21 BP	2021/22 BP	2022/23 BP	2023/24 BP	2024/25 BP
Turnover	£34,477	£38,707	£35,831	£36,367	£35,398	£35,611
Operating Surplus	£18,857	£21,404	£17,636	£18,308	£17,021	£16,928
Gain/Loss on FA	263	-	-	-	£9,166	-
Finance Costs	(£13,824)	(£17,457)	(£16,329)	(£16,051)	(£14,152)	(£13,142)
Net Surplus	£5,277	£3,938	£1,283	£2,230	£12,008	£3,759
Covenants						
Interest cover	149%	138%	128%	135%	145%	166%
Gearing	65%	68%	67%	66%	63%	60%
Asset cover	156%	153%	156%	157%	165%	167%

The Business Plan approved by Board in March 2019 allows for the completion of the current growth strategy by the end of 2020/21, and the investment in existing homes of £13.5m over the first five years of the plan.

One of our contracts is currently due to end in 2023 which results in an unusual pattern of results in a single year as the contract ends. However, we are negotiating with our partner to provide a different end to the contact and this will be incorporated into future versions of the financial plan once the way forward has been agreed.

The plan assumes that the end of our management agreement in 2021 results in an additional 800 properties being managed in house, and our resourcing requirements would increase to accommodate this change, but it would result in reduced management costs per unit.

Financing costs are the largest single cost to the business, and the plan assumes that refinancing is possible at similar rates to our average cost of capital over the medium term. There is an ongoing requirement for refinancing of around £50m per year over the first five years of the plan. The growth plan that is included is fully funded using existing facilities.