



BUSINESS PLAN

2019-2022

plexus
PROVIDING AND MANAGING HOMES

MEARS



Contents

- 03 Foreword by Chair
- 03 About Us
- 04 Our operating environment
- 05 Our Mission and our Values
- 06 Governance
- 06 Our objectives
- 06 Measuring our success
- 07 Key Performance Indicators
- 07 Value for Money
- 08 Risk Management
- 08 Staff
- 08 Annual Review



1. Foreword by Chair

On behalf of the Board, I am delighted to present a new Corporate Plan for Plexus.

This plan is the culmination of months of work to present a clear vision and strategy of how the Board will continue to drive forward the business of Plexus.

Housing is going through a period of great change following the tragedy of Grenfell, the social housing green paper, Brexit, setting up of Homes England and the regulator for social housing.

These changes, some known, many still to be experienced, will greatly impact on how we do business, but the Board is confident that we can use all the tools available to us to support our partners and make a positive contribution to the success of our respective plans.

Roy Irwin
Chair

2. About Us

Plexus UK (First Project) Limited ("Plexus") is a company originally registered with the Homes and Communities Agency (HCA - registration number 4757), whose purpose is to provide accommodation for those households who are homeless or in housing need.

The company was set up in February 1997 and registered as a private not-for-profit Registered Provider (RP) in early 2013. It was incorporated as a company with limited guarantee in England and Wales and hence has no shareholders. Plexus was acquired by Mears Group PLC in July 2013.

It's business to date has being principally the response to homelessness, providing affordable housing and Care where long term finance is secured against the housing asset for more than 10 years and up to 40 years and delivers social housing outcomes.

Our long term lease arrangements in partnership with institutional investors to provide secure homes for residents and value for money housing to local authorities.

Typically long term leases for Plexus are 20 years. This allows competitive funding to be secured and an operating window by which Plexus can manage risks and secure homes for people in housing need.

The governance structure and Boards of Plexus and Omega Housing (another RP owned by Mears Group) consisting of non-executives and executive membership were brought together following the acquisition of the Omega Group by Mears Group.

The Board is responsible for the overall strategic direction and governance of the Company, including the determination of key policies and the monitoring of compliance with both policies and performance targets.

The Board is now supported by two Committees appointed by the Board from its membership. The Board sets the terms of reference for each Committee and approves the membership thereof.

The Board receives all minutes of Committees, and the relevant Chair gives a verbal update to every Board meeting on the discussions held at the previous committee meeting.

ASSURANCE COMMITTEE

- The Committee is to meet at least three times a year. Its role is to monitor the risk management framework, review the effectiveness of internal control systems, oversee compliance, whistleblowing and fraud, review the financial statements and accounting policies and to appoint, and consider reports from the external and internal auditors. The Committee also reviews the external audit management letter and meets the external auditor before the financial statements are presented to the Board for approval.

OPERATIONS COMMITTEE

- The committee is responsible for overseeing operational value for money, performance, levels of satisfaction, customer satisfaction and complaints. It is also responsible for reviewing services provided by Mears Group PLC and scrutinising progress with developments and new business models. Overall value for money and approval of new development and business models is subject to full board approval.

Since the last Business Plan, Plexus has continued to grow and work in partnership with local authorities, registered providers and customers to deliver innovative solutions to help alleviate homelessness, provide accommodation for key workers and increase the supply of affordable housing across the country.

During the life of this Plan. Plexus will continue to focus on the four key sectors that we currently operate within:

- **Affordable:** Through Plexus, we will look to increase the supply of affordable housing through S106, providing shared ownership and affordable rental homes.
- **Private Rented Sector:** Provision of good quality accommodation for keyworkers, students as well as individuals and families looking for good quality, value for money accommodation.
- **Homelessness:** Provision of accommodation and management services to prevent and alleviate homelessness.
- **Housing with Care:** Creation of bespoke housing developments with provision of specialist care services by either the Mears Group or other specialist organisations, for the elderly and those with physical or learning disabilities, in partnership with Local Authorities.

3. Our operating environment

Legislative and political changes to the social housing landscape continue unabated and have a significant impact on the environment in which the Company operates. It should be remembered that all of this is happening against the backdrop of Brexit with a currently unknown final solution and the impacts this may have on the economy, government policy and spending priorities and the housing sector.

The legacy of the Grenfell Tower tragedy, continues to overshadow the environment we work in. We are paying very close attention to the inquiry as it progresses and, as the findings continue to be released, we are ensuring that we evaluate and implement all the relevant recommendations so that we can continue to maintain

the highest standards of fire safety, as well as making sure our customers feel empowered and informed about our approach.

This past year has also seen the release of the long-anticipated Housing Green Paper, highlighting some key areas for housing providers to work on. It is clear that there is going to be a renewed focus on providing safe and decent homes, transparency, empowering residents and celebrating communities.

2018 also saw the formulation of the new arrangements for regulation with the establishment of the now independent Regulator of Social Housing which may take different lines over time given its disconnection from what was the Homes and Communities Agency (now Homes England). No doubt Homes England's approach to its role will also evolve quite quickly given the pressures that they will be under to add to the housing stock at a faster rate than has so far been achieved.

Currently the regulator is now responsible for undertaking economic regulation, focusing on governance, financial viability and value for money that maintains lender confidence and protects the taxpayer. They also set consumer standards and may take action if these standards are breached and there is a significant risk of serious detriment to tenants or potential tenants.

It is extremely likely that there will be changes to consumer regulation as a result of Grenfell/Green Paper/MHCLG consultation on regulation. At the very least we expect consumer standards will be revised. Whatever the outcome there will be increased focus on pro-active consumer regulation, which is obviously a significant change from what the sector has become used to since 2010

The new value for money standard introduced in April 2018 sets out a clear focus on outcomes and what is expected of registered providers.

Homes England is now responsible for:

- increasing the number of new homes that are built in England, including affordable homes and homes for market, sale or rent
- improving existing affordable homes and bringing

empty homes back into use as affordable housing

- increasing the supply of public land and speeding up the rate that it can be built on
- helping to stimulate local economic growth by using our land and investment, and attracting private sector investment in local areas.

These changes, some known many still to be experienced will greatly impact on how we do business, but we can use all the tools available to support our partners and make a positive contribution to the success of their plans. In addition to this in light of all the uncertainty and regulatory expectations in this area, to risk management and stress testing, we will continue to ensure that our social housing assets are protected regardless of how the operating environment may be affected.

Finally, customer expectations continue to change with ever increasing demand for greater ease, flexibility, speed and efficiency. A growing number of households expect to be able to interact with us through social media and for a seamless experience as they move across communication channels. We will respond through innovation, offering more and better services online, and by using technology to automate processes.

4. Our Mission and our Values

OUR MISSION IS:

“To provide sustainable and affordable temporary and permanent housing solutions for people in housing need and the communities where they live”

Underpinning our Mission are five values which support the ethos of the organisation:

OUTSTANDING CUSTOMER SERVICE

- Our customers are our first priority and we will ensure that we deliver our services in line with their current and on-going needs. We will listen to them and offer them opportunities to influence the way we work and to monitor our performance. We will invest in our business infrastructure to ensure our service delivery is effective and offers value for money.

EXCEPTIONAL SERVICE DELIVERY

- We will employ a culture of continuous improvement across all of our service areas to ensure that we deliver exceptional services to our clients who include local authorities, tenants and landlords.

PARTNERSHIP WORKING

- We will work in partnership with Local Authorities, Registered Providers, the Government and other agencies to assist them in delivering their housing strategies by creating new long term partnerships and look to make a genuine difference in the communities we work in

GROWTH

- We will look to grow the business whilst ensuring the balance of risks in terms of financial exposure and financial commitments are prudently maintained whilst ensuring our income streams are strong and well supported. We have ambitious plans to grow our portfolio substantially over the period of this corporate plan with an aim to help our partners meet their housing need nationally.

ADAPTABLE

- We will deliver innovative solutions to ensure we can continue to procure and invest in long term sustainable housing to meet local housing need, by being at the forefront of future innovations.

5. Governance

Our Board sets the strategy and drives the organisation to achieve its objectives with the support of its committees. Our Board has extensive experience and knowledge. The Board delegates to an Executive Team with extensive housing experience and a great track record of achieving results.

We also have established risk, performance management and financial planning frameworks which are overseen by specialist staff. The Board is also responsible for agreeing all policies and strategies and has a forward plan to ensure these are regularly reviewed and that all board business is completed on a timely basis.

6. Our objectives

At the heart of our Business Plan are four strategic objectives that will help us provide more homes, deliver better services and improve the lives of our customers. Each is supported by a series of operational plans and KPIs designed to ensure we can deliver them over the life of the plan.

CUSTOMERS

We will carry out a review of how we deliver our services during 2019 to ensure that our core customer offer supports the delivery of sector leading service:

- Listening to our customers to improve what we do.
- Improve our customer experience and interactions.
- Investment in new technology to make it easier for our customers to do more online.
- Maintain the safety of our homes.

FINANCIAL SUSTAINABILITY

As a growing business we can work more efficiently and in order to deliver efficiencies we will:

- Drive out waste from our processes and embed a culture of cost awareness, efficiency and value.
- Continue to make the most of our assets and housing stock.
- Measure our costs and benchmark them against relevant registered providers, then use this information to deliver services more efficiently
- Become financially stronger to secure the future of our services.

GROWTH

Ambitious to expand our services and respond positively to the challenges around us by:

- Acquiring interests in properties within a sensible operating distance of areas of existing portfolios.
- Expanding into new areas where we don't currently operate, if the scale and duration of development is large enough to deliver services effectively and efficiently.
- Work with a range of investors to identify funding solutions to support our growth plans.

- Continuously review our existing portfolio to ensure it fits into our future plans.

ORGANISATIONAL READINESS

In order to deliver our objectives and vision we'll ensure that:

- The services provided by Mears are fit for purpose and represent value for money.
- The right governance and legal structures are in place to support our vision.
- We are fully compliant with all legal & regulatory legislation.

7. Measuring our success

The outcomes we expect to achieve in these areas during the life of this plan are:

CUSTOMERS

Our core customer offer supports the delivery of sector leading service and means we will work to:

- Increase overall customer satisfaction with their landlord to 85%.
- Offer an enhanced online service we will reduce the number of repairs related calls to MEARS 24/7 by 50%.
- Increase the number of customers that access services online to 50% by 2022.
- Embed all the necessary changes following the review of how we deliver our services.

FINANCIAL EFFICIENCY

As a growing business we can work more efficiently and in order to deliver efficiencies we will:

- Minimise income lost due to our homes being empty.
- Maximise the amount of income that is collected.
- Develop a new value for money strategy that sets out ambitious targets to reduce our operating and repairs costs.
- Develop a new Asset Management strategy that makes the best use of our assets and keeps our customers safe.

GROWTH

Ambitious to expand our services and respond positively to the challenges around us by:

- Increase the number of homes in management by 250 per annum identifying growth opportunities, portfolio acquisitions, and management agreements.
- Work in partnership with local authorities, investors, and others to maximise the number of homes we are able to build for them.
- Develop a strategy to create a framework for the acquisition and rationalisation of properties.
- Maintain the confidence of our regulator and investors.

ORGANISATIONAL READINESS

In order to deliver our objectives and vision we will ensure:

- We have 100% compliance with all health and safety legislation.
- We fully comply with our code of governance.
- We have demonstrated the benefit of being part of the Mears Group.
- We will carry out a further governance review to ensure our governance structure continues to remain fit for purpose

8. Key Performance Indicators

See Appendix 1

9. Value for Money

A new Value for Money (VfM) Standard and Code of Practice was introduced in April 2018. This new Standard has a clear focus on outcomes and sets out expectations that registered providers will agree a strategic approach to achieving value for money in fulfilling their objectives.

The standard now includes a number of requirements for registered providers, in particular the need to demonstrate that:

- overall, optimal benefit is derived from resources and assets in the delivery of their strategic objectives.

- providers undertake a rigorous appraisal of options for improving their VfM performance and have a robust approach to decision making.
- VfM is achieved across all providers' operations and that where investment is made in non-social housing activity, proper consideration is given to whether this activity generates returns that are proportionate to the risks involved.
- providers report on a suite of VfM metrics (these now replace the former requirement to publish a VfM self-assessment) and that they clearly explain plans to address areas of underperformance.

For Plexus there are our three key VfM drivers (our business plan, our desire to seek continuous improvement and to be fully regulatory compliant) to support our three VfM pillars, which are:

- Strong governance, scrutiny & performance management.
- Ensuring we maximise the Return on Assets.
- Clear measures, evidence and comparisons; including understanding of costs and outcomes.

These are underpinned by a strong VfM culture where information is transparently available and accessible to stakeholders. In order to deliver social value we need to be financially sound and make the most of our resources to deliver the services that our customers need. We also need to provide assurance to our freeholders and where necessary their funders.

10. Risk Management

We recognise that all our activities are not necessarily following the well-trodden path of almost all other registered providers with few long-term assets being held and virtually no government grant to subsidise our business. Our approach, which is different, of course has an element of risk. But we believe that taking identified, evaluated and managed risks in pursuit of our strategic objectives is acceptable, particularly those that benefit Plexus and our customers.

We will continue to identify emerging risks as environmental changes happen and take appropriate action to mitigate them.

This, supported by our risk maps, appetite, tolerance statements and associated risk management strategy, provides a managed approach to the risks we face.

We also recognise the need to align the skills of Board members and staff delivering this plan to current and emerging strategic risks, including:

- Complying with legislative requirements and regulatory standards.
- Remaining viable as an organisation.
- Effectively managing funding agreements and cash flows.
- Dealing with the impact of welfare reform and other housing-related policies.
- Effectively and compliantly managing systems & data.
- Well managed diversification into new products and markets.

11. Staff

Whilst Plexus do not employ any staff directly the Board ensures that services provided to it by Mears Housing Management represent value for money.

Mears Housing Management have the correct policies and procedures in place to ensure that they:

- Have the right people in place, with the right capabilities, who are innovative and passionate.
- Make Mears an employer of choice by embedding a professional attitude, ambition and focus on delivery
- Identify potential and support future leaders.

These objectives are monitored by the board to ensure that Plexus continues to benefit from this.

12. Annual Review

This plan will be reviewed by the Board on an annual basis and updated as appropriate.

APPENDIX 1

Strategic Objective			Quarterly	Annually
Customers	Customer	Overall Satisfaction with the services provided		
		Satisfaction with repairs completed		
		Overall Satisfaction with contact centre		
		Average number of days to resolve complaints		
		Number of ASB cases received		
	Repairs	Average number of days taken to complete a repair		
		Repairs appointments made and kept		
		Average cost of a repair		
		Number of repairs completed right first time		
		Number of repairs carried out per property		
Financials	Income	Rent arrears as a percentage of rent roll		
		Former tenant arrears as a percentage of rent roll		
		Void losses as a percentage of rent roll		
		Amount of debt written off		
Growth	Growth	Number of new properties acquired		
		Number of properties handed back		
Organisational readiness	Compliance	% (and number) of properties with a valid gas certificate		
		% (and number) of properties with a valid fire risk assessment		
		% (and number) of actions from the fire risk assessment completed within timescale		
		% (and number) of properties with a valid electric certificate		
		% of annual legionella tests carried out		
		% of annual lift inspections carried out		
	% of properties will valid aesbestos survey			
	Other	Cost of services provided by Mears (per property)		
		Compliance with code of governance		
		Compliance with regulator standards		
VFM metrics	Reinvestment			
	Gearing			
	EBITDA MRI			
	Headline Social Housing Cost per unit			
	Operating margin (social housing lettings)			
	Operating margin (overall)			
Return on capital employed				