THE HYDE GROUP

FIVE YEAR PLAN 2007/12

hyde

creatingthrivingcommunities

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2007/12

1 The Hyde Group - creating thriving communities, our five year plan 2007 - 2012

The Hyde Group provides homes and services to over 75,000 people in the South of England. We have ambitious plans to improve the services we deliver and to increase significantly the number of people to whom we deliver services.

We wish to use the financial strength of the group to enable us to expand the range of activities we undertake.

Our core objective will continue to be providing social housing and support and any new activities we undertake will complement this.

We are committed to recruiting, supporting and retaining a stable, effective and well motivated Board and committee membership and workforce.

This plan covers the next five years and provides an overview for the Group. It is supported by annual business plans for each of the four directorates: finance, corporate services, operations and business development. In addition, there are business plans for the following subsidiaries or business units that give a more detailed picture of how the objectives will be reached:

- Hyde (London)
- Hyde (Kent)
- Hyde (Hampshire)
- CDHA
- Hyde Southbank Homes
- Hillside Housing Trust
- Minster General Housing Association
- Hyde Northside Homes
- *in touch*
- Hyde Vale

2 Vision Statement

The Hyde Group - creating thriving communities

The Hyde group is a leading provider of affordable housing. We make a significant contribution to meeting housing needs and improving people's quality of life.

We will:

- Provide an excellent service
- Be creative, flexible and responsive
- Fully involve residents in our work
- Ensure equality of opportunity and embrace diversity
- Continuously improve performance
- Be financially robust and efficient and achieve value for money
- Demonstrate good governance

3 The Group Strategy

3.1 Customer First

Our purpose is to meet the needs of our customers. To ensure we do so we will involve our customers in all aspects of our business. A group wide residents' group will be established in 2007, involving board members.

We will undertake a detailed residents' survey in 2007, putting in place an action plan to deal with issues raised.

3.2 Achieving Customer Excellence

Hyde has embarked on an ambitious programme to change the way it delivers services to its customers. It is conscious that the external environment is changing quickly and the housing association sector has to change its approach from its paternalistic origins to a more consumerist style.

Our aim is to provide a great customer experience every time, with Hyde being a brand leader in customer service. We have to challenge the services we currently provide and question how they can be improved.

This is a long-term project, which will involve our customers and will shape what we do for the next ten years.

The review will look at the impact of the changing shape of the service we deliver, with a significant growth in areas such as leasehold management, shared ownership and contract management (Private Finance Initiative) and the changing demographics of who we house.

We will put residents at the heart of what we do, delivering an excellent service, the best in the sector. In establishing Hyde as brand leader we will compare ourselves against private sector market leaders in customer service.

Our aim is to offer the best service when benchmarked against our housing association peer group.

3.3 *in touch*

We have successfully established *in touch* as our supported housing business, and it will improve the lives of people who need support or care to live independently. We see providing this service as key to the aims of the group. We expect this business area to grow, increasing its financial performance over the coming years.

3.4 Growing the business

We will continue to grow as an organisation, making a major contribution to the resolution of housing and regeneration problems. We are assuming the rate of growth will be consistent over the coming years and expect to exceed 40,000 homes within the period of the plan.

The organisation will continue to focus its activities in the South of England, East Anglia and the South Midlands, concentrating on areas where there are significant opportunities to meet housing need. We will always seek to grow the business in a way that is responsive to local needs and we will continue to develop sustainable communities.

Our focus for growth will be in the following areas:

- sustainable communities
- urban regeneration
- private finance initiative
- Stock Transfers.

We will continue to undertake development for rent and sale amounting to, on average, 800 units per annum. On average 20% of the programme will be developed for outright sale or market rent.

We will develop new products that will allow our customers to move from affordable rented housing into shared ownership.

3.5 Balancing the business

General needs rented accommodation continues to be the largest activity the group undertakes (58% of turnover in 2005/06). Due to rent controls the margins made on this dominant business stream are reducing (from 46% in 2001/2 to 36% in 2004/5). Therefore the group will continue to look for other activities that will offer an attractive return, especially those that are revenue based rather than capital intensive. These will complement our core product of general needs housing. An example of this would be the work we have undertaken on the Private Finance Initiative for example in Islington.

We will review existing business streams and look to divest ourselves of activities we are undertaking which do not offer or show signs of being able to offer acceptable margins and are not core business. This is likely to include, student accommodation and our health worker stock.

The group will continue to look for ways to decrease the dominance of general needs housing in our business plan and have a more equitable spread of business activities. Our aim over the period of the plan is to reduce the dominance of general needs.

3.6 Becoming a larger organisation

We can see considerable benefits from becoming a larger organisation and will attempt to achieve significant growth by merging with other housing organisations. This will produce the following benefits:

- creating increased financial capacity and strength
- reducing costs
- meeting the needs of the intermediate market
- tackling weaknesses in social cohesion
- establishing robust resident engagement strategies
- improving existing services

We are aware of the need to look for partners in both Kent and East Anglia, as these operational bases need significant growth to be sustainable.

3.7 Building on our financial strength

We will work within the long term financial objectives and annual targets set out within the Financial Strategy.

Over the period of the plan we aim to increase our gross operating margin from 36% to 38%

We will use the surpluses to create a sound business and in particular to invest in the development and management of affordable housing. We will maintain basic interest cover and gearing ratios that achieve an appropriate balance between financial security and maximising the assets of the business.

We will manage existing assets to ensure we maximise their value and quality. Our asset management strategy will ensure efficient and effective use of assets, including options for disposal where efficient reinvestment is not viable.

We will not undertake any activity which would result in our financial viability falling below the assessments made by the Housing Corporation, rating agencies and lenders.

3.8 Developing our people

Board members and staff are vitally important to achieving our vision. We are committed to recruiting, supporting and retaining a stable, effective and well motivated Board membership and workforce.

We aim to be in the top quartile of housing associations in relation to staff satisfaction and turnover.

We aim to be considered as an exemplar by official bodies for:

- learning and development of staff and members
- communication
- equality and diversity policies and practice
- staff relations

4 The policy environment

The period of the plan coincides with a period of significant change in the external environment. The creation of a new government agency combining the Housing Corporation, English Partnerships and parts of the Communities and Local Government Department has been announced. The details will be finalised after the reporting of two government sponsored reviews in to social housing (see below). Also within the timeframe of the plan will be the election of a new government. The policies of the three main parties are highlighted below.

4.1 New Government

During the period of the plan, there will be a change in leadership within the Labour party and the election of a new government.

While there is no discernable difference between Blairite or Brownite policies on housing, political commentators have suggested that Brown may provide additional funds if the economic situation allowed. The Labour party's policy on housing were set out in 'Sustainable Communities – homes for all' published in 2005.

The Liberal Democrats, while broadly supportive of 'Sustainable Communities' wish to see further action taken on increasing the supply of new homes, ensuring that they are cleaner and greener. They want tenants to have a stronger influence over the policies of housing associations. They would seek to introduce new forms of home ownership, giving public sector tenants the 'right to invest' in their home (equity shares).

The key driver for housing policy for the Conservative party is still supporting options for home ownership. The party is currently undertaking policy reviews in the area of housing over the summer of 2007. A 'cities' task force has been established under Lord Heseltine, which is visiting major regeneration schemes. Key themes that are emerging from the task force are:

- people based regeneration, rather than just physical is best
- private sector needs easier access to grant funding
- introduction of rent to ownership schemes in all sectors is needed
- the need to cut bureaucracy

4.2 The Cave Review of Social Housing Regulation

The review has been commissioned by the secretary of state and will report in the spring of 2007.[1].

Its focus is on:

- assessing the accountability and responsiveness of the current regulation systems to residents
- analysing the capability of regulation to deal with different types of organisations
- suggesting how to minimise the regulatory burden possibly through the introduction of one regulatory body (Cf the Health and Social Care Commission).

[1] See www.communities.gov.uk/index.asp?id=1504947

The press have reported that the review has been considering:

- better consumer protection through maximum choice for tenants
- efficiency measures linked to rents charged
- more encouragement of mixed communities through buying and selling of stock
- increased regulation of social landlords functions outside of social housing
- reviewing the regulation of development grant.

The implications of the review could have wide ranging ramifications for housing associations. At this stage, it is only possible to predict some of the outcomes of the review, which it is believed, may focus in the following areas:

- the current system only allows for action to be taken in extreme circumstances; either the Housing Corporation becoming involved in the running of a housing association or a resident taking their case to the Housing Ombudsman. The review is considering the possibility of having performance linked to rents charged or grant paid. It is likely the latter may be considered as a similar system already operates in funding of ALMO's (Arms Length Management Organisations), bodies which manage local authority stock and receive funding to bring the stock up to Decent Homes standard subject to satisfactory inspection by the audit commission.
- the introduction of formal reviews by tenants of services provided by landlords, with stronger links between these groups and the Housing Ombudsman
- changes to the inspection regime, with the introduction of random inspections, different types of inspections for organisations that manage and those, which develop and manage.
- an attempt to have a single regulation system for all social landlords, which is acceptable to the private sector.

It should be noted that the commission has asked if residents have any view on the optimum size of landlord.

4.3 The Hills Review of Social Housing

The Hills review took place in the autumn of 2006 and has now reported to the Minister.

The Hills review had a wider scope than that given to Cave, looking across the whole of social housing, and was asked to challenge widely held concepts. He has asked if tenancies should be for life? Why are there high levels of unemployment in social housing tenants? Should landlords have a wider role in finding tenants jobs? How do we encourage tenants change tenure and move into shared ownership?

The review is not expected to come up with solutions but to give the pros and cons of the issues considered. There is expected to be a greater emphasis on the need to create mixed communities and with how social housing can cope better with peoples changing circumstances, both geographical and social.

4.4 Comprehensive spending review 2007

This is the second comprehensive spending review undertaken by the present government, the first being in 1998. It is far wider than the normal annual spending reviews undertaken by government. It aims to identify what further investment and reforms are needed to equip the UK for the global challenges of the decade ahead. It will set out the funding framework for the years 2008-11. The review is now underway but no date has been set by the Treasury for its completion, but it is expected in 2007.

The National Housing Federation, Shelter, The Institute of Housing, the Local Government Association and the National Federation of ALMO's made a joint submission to government in Nov 2006[2]

It called for:

- an increase in the National Affordable Housing Programme
- a return of real inflation increase to the supporting people programmes
- significant increases in other housing related programmes.

The results of the review are difficult to predict, however housing is a key political issue because of its links to creating sustainable communities. There is a broadly supportive political environment for housing within Labour. It is expected that the review will call for an increase in the provision of new affordable homes, and expect housing associations to continue to undertake a wider role in the community, however it is anticipated that there will no extra funds for this, and increased expectations.

4.5 Communities England

In January 2007, the creation of a super-agency to oversee the delivery of new homes was announced. This involves the merging of the Housing Corporation with English Partnerships and parts of the Department of Communities and Local Government. This will result in a major shake up in housing delivery in England. The new agency 'Communities England' will be up and running by 2009. An interim shadow board has been established. It is proposed by the minister (Ruth Kelly) that it will focus on four major challenges:

- increasing the housing supply
- delivering new and innovative approaches to strategic regeneration
- revitalising social housing
- ensuring we make our homes and communities greener

4.6 Efficiency and Value for Money

Following the Gershon review in 2004 the Treasury continues to expect efficiencies in both overheads and the cost of the production of new homes.

Although the group has made considerable progress in the last years to increase its margins and reduce cost, we may need to further examine ways in which we can achieve economies.

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[2] See http://www.cih.org/policy/csr2007.pdf

Focus needs to be in the two main areas of expenditure, salaries and maintenance. In both these areas cost increases are exceeding inflation while income is rising only at inflation levels.

4.7 Emphasis on House Production

The government is clear that it expects to achieve more from its investment in social housing. There continues to be a push for more housing to be delivered, with the focus on increased delivery rather than who is delivering. This means RSLs have to be prepared to complete directly with house builders and developers.

The opening up of the National Affordable Housing Programme to private house builders will put more pressure on housing associations to reduce costs.

To enable Hyde to deliver the level of cost effectiveness wanted by government, we need to consider the scale of outright sale properties that need to be built in order to provide the appropriate level of cross subsidy to the affordable programme.

We need to continue to look at modern methods of construction as a means of speeding the construction process and reducing the cost of new homes.

4.8 Rationalisation of the sector

There continues to be considerable merger activity taking place within the sector. We will continue to have discussions regarding potential mergers in order to create a more financially efficient organisation.

This consolidation of the sector has two main consequences for the group. We will be approached to join with others, the results of which may significantly change the shape of the group. The second is that the group will face stiffer competition from newly formed groups especially in the south.

4.9 Supporting People

The level of funding available continues to be reduced from £1.8bn in 2003 to £1.7bn in 2007/8. This is forcing local authorities to seek greater efficiencies in the contracts they place. The creation of in House gives us the ability to achieve greater economies, however the supporting people market is extremely competitive with significant private sector competition.

4.10 Building a Greener Future: Towards Zero Carbon Development

The above document issued in 2006 by Department of Communities and Local Government[3] proposed a framework for progressively tightening building regulations up to 2016 to increase the energy efficiency and reduce the carbon footprint of new homes. This will increase the constuction costs of new homes, which is unlikely to be funded by additional grant funding.

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3 http://www.communities.gov.uk/pub/173/BuildingaGreenerFutureTowardsZeroCarbonDevelopment_id1505173.pdf

5 The Financial Environment

The following section explains the key financial factors, which have been taken into account when preparing the financial elements of the plan. The issues facing the Hyde Group are not uncommon within similar large housing associations in London.

5.1 Rental Income

We will continue to have low rises in rental income. Most of our rental income is capped by government to increases of RPI + ½ %.

5.2 Grant Rates

The level of funding available for affordable housing development is insufficient to satisfy the demands of the Sustainable Communities Plan and subsequently grant per unit is being reduced. Housing Associations are looking to fund this shortfall by delivering units for outright sale. The Group's financial plans are significantly underpinned by a healthy growth in units under management and the economies of scale and contributions they make. Fundamental changes in the number of units that the Group is able to deliver as a result of capital funding pressure, would require us to revisit the business plan model.

5.3 Sales income

The Hyde business plan, in common with other traditional RSL's, requires an element of income from stock disposal. While this fundamentally allows the association to meet its surplus and covenant targets, it also generates resources to fund the stock investment programme and the deficits generated by the development programme.

5.4 Costs

The Group faces significant cost pressures across all areas of service delivery, asset management and business development that, when allied to income constraints, result in pressure on business operating margins.

The key cost drivers within the Group are staff cost inflation, maintenance cost inflation and build cost inflation; whilst income increases at a rate of RPI + ½% per annum, the indices for these key drivers are increasing at rates of at least RPI + 1% per annum for staff costs, and much higher for maintenance and build costs. It is therefore imperative that the Group seeks to improve its operational efficiency and procurement practices on an ongoing basis in order to maintain business margins at acceptable levels.

Maintenance costs are increasing at PRI + 2%, and changes in accounting treatment of major repair works has meant that a shift away from capital works to more revenue based works. Whilst the treatment in the accounts does not affect the cash outlay to the business, it does result in lower surpluses recognised in the accounts.

Sustained reductions in interest rates have occurred since 1999, which has considerably reduced pressure on interest costs to the business. With base rates low there is little scope for further savings to be achieved as a consequence of rate cuts alone. However, a more fundamental review of our own loan portfolio may yield savings.

There is considerable and sustained downward pressure on support income from support funding agencies. Now that the support activity is being budgeted for within *in touch*, the extent of the reductions being faced by the support providers is becoming more evident as a result of the increased visibility. These cuts clearly would have happened regardless of the transfer to *in touch*.

These additional pressures will require the group to adopt a more aggressive asset management strategy resulting in higher levels of asset sales to reduce the cost of the stock reinvestment programme, as well as generating a proportion of the cash required to finance the remainder of programme.

5.5 Addressing the Financial Pressures

The Group Financial Strategy sets the targets and objectives for addressing the pressures facing the group within the period of this plan. It sets specific financial performance targets for the Group as a whole, as well as for subsidiaries, to ensure the Group achieves an appropriate balance between financial security and maximising the return on the assets of the business.

In addition to these Group targets, specific targets and parameters have been set for the operating business units within the Group. These targets and parameters seek to ensure that individual business units achieve an appropriate balance between scale and mix of business activity, and that will generate operational business efficiencies whilst also providing a platform for strategic business growth.

Cost targets for central business support services have been set as percentages of Group turnover.

6 Overview of Financial Forecast

The Hyde Group five year financial forecast consolidates the business plans of the individual entities within the Group. The summary business plans for the members of The Group (Hyde Housing Association, Hyde Southbank Homes, Chichester Diocesan Housing Association, Minster General Housing Association, Hillside Housing Trust, Hyde Vale and *in touch*) are included in this document for information purposes.

The five year financial forecast does not predict budgets for future years; the aim of the forecast is to identify the trends that the business is likely to encounter in the future. These trends will inform the strategy decisions and future policy setting of the business as well as creating a focus for future budget setting rounds

The business plans are developed around a set of key assumptions derived from various economic, political and business indicators. The assumptions used in the current business planning round are as follows:

- RPI has been assumed at 2.5% based on the all items RPI index (as it is this
- measure of inflation that drives rent increases)
- Rents have been modelled to increase by RPI plus 0.5% throughout the plan
- Interest rates are assumed to average 5% over the life of the plan
- Staff costs are assumed to rise at an average of RPI plus 2.5% each year
- Maintenance costs are assumed to rise at the rate of RPI plus 2.5%
- Investment in stock renewal has been based on the results of the stock condition survey
- Additions to the property asset base have been assumed at a handover rate of 750 whole units per annum

The budget and business planning process for 2007/08 has highlighted the financial pressures facing the business and given rise to the targets and parameters included in the Group Financial Strategy.

7 Five Year Financial Forecast

HYDE GROUP	2007/08 £ (000)'s 1	2008/09 £ (000)'s 2	2009/10 £ (000)'s 3	2010/11 £ (000)'s 4	2011/12 £ (000)'s 5
Turnover					
Net Rental Income	126,422	142,960	156,117	169,212	178,194
Management Fees	15,802	12,874	13,673	14,052	14,891
Other Income	117	119	121	122	124
Grants	3,520	2,423	2,060	1,738	1,613
Total Turnover	145,862	158,375	171,970	185,124	194,822
Total Operating Costs	95,182	102,001	110,768	115,662	121,061
Gross Operating Surplus	50,680	56,374	61,202	69,462	73,761
GROSS OPERATING MARGIN %	34.7%	35.6%	35.6%	37.5%	37.9%
Other Activities	(17,181)	(11,735)	(10,523)	(9,482)	(13,014)
NET OPERATING SURPLUS	33,500	44,639	50,679	59,980	60,746
NET OPERATING MARGIN %	23.0%	28.2%	29.5%	32.4%	31.2%
Net Sales Income	15,322	14,298	15,428	15,829	19,011
Net Interest	(34,812)	(37,318)	(41,334)	(44,690)	(46,726)
TOTAL SURPLUS	14,009	21,619	24,773	31,119	33,031

	2007/08	2008/09	2009/10	2010/11	2011/12
	£ (000)'s	£ (000)'s	£ (000)'s	£ (000)'s	£ (000)'s
HHA	**1**	**2**	**3**	**4**	**5**
Turnover					
Net Rental Income	92,257	104,195	116,111	127,836	135,206
Management Fees	7,885	8,007	8,419	8,406	8,835
Other Income					
Grants	2,304	2,155	1,860	1,550	1,422
Total Turnover	102,446	114,357	126,390	137,792	145,463
Total Operating Costs	59,286	67,178	75,230	79,222	83,202
Gross Operating Surplus	43,160	47,179	51,160	58,570	62,261
GROSS OPERATING MARGIN %	42.1%	41.3%	40.5%	42.5%	42.8%
Other Activities	(19,725)	(18,502)	(17,470)	(17,398)	(16,442)
NET OPERATING SURPLUS	23,436	28,677	33,690	41,172	45,820
NET OPERATING MARGIN %	22.9%	25.1%	26.7%	29.9%	31.5%
Net Sales Income	12,138	12,402	13,193	13,863	16,924
Net Interest	(29,340)	(30,532)	(34,423)	(37,246)	(41,450)
TOTAL SURPLUS	8,234	14,667	16,704	22,159	25,797

CDHA	2007/08 £ (000)'s 1	2008/09 £ (000)'s 2	2009/10 £ (000)'s 3	2010/11 £ (000)'s 4	2011/12 £ (000)'s 5
Turnover					
Net Rental Income	7,027	6,490	6,064	6,146	6,386
Management Fees	862	888	911	932	964
Other Income					
Grants	175	86	14		
Total Turnover	8,065	7,464	6,989	7,077	7,349
Total Operating Costs	6,208	5,576	4,942	4,553	4,537
Gross Operating Surplus	1,857	1,888	2,047	2,524	2,813
GROSS OPERATING MARGIN %	23.0%	25.3%	29.3%	35.7%	38.3%
Other Activities	(340)	(350)	(361)	(373)	(384)
NET OPERATING SURPLUS	1,517	1,538	1,686	2,151	2,428
NET OPERATING MARGIN %	18.8%	20.6%	24.1%	30.4%	33.0%
Net Sales Income	511	542	574	608	644
Net Interest	(1,467)	(1,467)	(1,442)	(1,366)	(1,297)
TOTAL SURPLUS	560	612	818	1,393	1,775

	2007/08	2008/09	2009/10	2010/11	2011/12
	£ (000)'s	£ (000)'s	£ (000)'s	£ (000)'s	£ (000)'s
HSH	1	2	3	4	5
Turnover					
Net Rental Income	11,101	11,380	11,700	12,032	12,402
Management Fees	41	42	43	45	46
Other Income					
Grants					
Total Turnover	11,142	11,422	11,744	12,077	12,448
Total Operating Costs	7,923	8,196	8,536	8,802	9,089
Gross Operating Surplus	3,219	3,226	3,207	3,275	3,359
GROSS OPERATING MARGIN %	28.9%	28.2%	27.3%	27.1%	27.0%
Other Activities	(761)	(784)	(807)	(832)	(857)
NET OPERATING SURPLUS	2,458	2,442	2,400	2,443	2,502
NET OPERATING MARGIN %	22.1%	21.4%	20.4%	20.2%	20.1%
Net Sales Income	2,553	1,083	1,340	1,014	1,074
Net Interest	(2,116)	(1,955)	(1,673)	(1,484)	(1,371)
TOTAL SURPLUS	2,895	1,570	2,067	1,974	2,205

MINSTER	2007/08 £ (000)'s 1	2008/09 £ (000)'s 2	2009/10 £ (000)'s 3	2010/11 £ (000)'s 4	2011/12 £ (000)'s 5
Turnover					
Net Rental Income	5,825	5,997	6,189	6,386	6,606
Management Fees	15	15	16	16	17
Other Income					
Grants	180	183	185	188	191
Total Turnover	6,020	6,195	6,390	6,591	6,814
Total Operating Costs	4,810	4,991	5,284	5,405	5,588
Gross Operating Surplus	1,210	1,204	1,106	1,186	1,225
GROSS OPERATING MARGIN %	20.1%	19.4%	17.3%	18.0%	18.0%
Other Activities	25	27	1	(17)	(89)
NET OPERATING SURPLUS	1,235	1,232	1,106	1,168	1,136
NET OPERATING MARGIN %	20.5%	19.9%	17.3%	17.7%	16.7%
Net Sales Income	120	131	142	154	166
Net Interest	(886)	(903)	(910)	(889)	(883)
TOTAL SURPLUS	469	460	339	433	419

IN TOUCH	2007/08 £ (000)'s 1	2008/09 £ (000)'s 2	2009/10 £ (000)'s 3	2010/11 £ (000)'s 4	2011/12 £ (000)'s 5
Turnover					
Net Rental Income	10,212	10,865	11,528	12,151	12,784
Management Fees	2,490	2,778	3,107	3,441	3,780
Other Income	117	119	121	122	124
Grants					
Total Turnover	12,820	13,762	14,756	15,715	16,688
Total Operating Costs	12,007	12,784	13,628	14,491	15,393
Gross Operating Surplus	813	978	1,127	1,223	1,295
GROSS OPERATING MARGIN %	6.3%	7.1%	7.6%	7.8%	7.8%
Other Activities	(1,060)	(1,087)	(1,114)	(1,142)	(1,170)
NET OPERATING SURPLUS	(247)	(109)	14	82	125
NET OPERATING MARGIN %	-1.9%	-0.8%	0.1%	0.5%	0.7%
Net Sales Income					
Net Interest	(21)	(40)	(49)	(51)	(51)
TOTAL SURPLUS	(269)	(149)	(35)	31	74

HVL	2007/08 £ (000)'s 1	2008/09 £ (000)'s 2	2009/10 £ (000)'s 3	2010/11 £ (000)'s 4	2011/12 £ (000)'s 5
Turnover	22,749	38,607	48,776	77,813	43,696
Operating Costs	(633)	(655)	(678)	(700)	(722)
Cost Of Sales	(17,149)	(28,526)	(38,357)	(66,272)	(36,471)
Operating Surplus (Deficit)	4,967	9,426	9,741	10,840	6,503
Gift Aid	(2,000)	(4,120)	(4,244)	(4,371)	(4,502)
Interest Receivable And Other Income	266	270	270	270	564
Interest Payable And Similar Charges	(1,302)	(1,386)	(1,553)	(2,276)	(647)
Surplus Deficit For Period	1,931	4,190	4,214	4,464	1,918
Transfer (To) From Reserves					
AccumulatedSurplusDeficit Brought Forward	754	2,685	6,876	11,090	15,553
Accumulated Surplus Deficit Carried Forward	2,685	6,876	11,090	15,553	17,471

HHT	2007/08 £ (000)'s 1	2008/09 £ (000)'s 2	2009/10 £ (000)'s 3	2010/11 £ (000)'s 4	2011/12 £ (000)'s 5
Turnover					
Rent		3,827	4,295	4,423	4,568
Management Fees	4,509	1,143	1,177	1,212	1,249
Other Income					
Grants	861				
Total Turnover	5,370	5,175	5,702	5,872	6,060
Total Operating Costs	4,947	3,274	3,146	3,187	3,251
Gross Operating Surplus	423	1,901	2,556	2,685	2,809
GROSS OPERATING MARGIN %	7.9%	36.7%	44.8%	45.7%	46.4%
Other Activities	(287)	(466)	(513)	(561)	(575)
NET OPERATING SURPLUS	136	1,435	2,043	2,125	2,234
NET OPERATING MARGIN %	2.5%	27.7%	35.8%	36.2%	36.9%
Net Sales Income		140	179	190	202
Taxation					
TOTAL SURPLUS	180	243	639	637	814

8 Information about The Hyde Group

Introduction

The following section provides a general description of the Hyde Group. It also sets out some key statistics. This information is provided to enable the reader to set the plan within a wider context.

Legal and Governance Structure

The Group works in London, Kent, Surrey, Sussex, Hampshire, the East of England and the East Midlands.

There are eight incorporated bodies within the Group – the parent body, Hyde Housing Association, four housing association subsidiaries, Chichester Diocesan Housing Association (CDHA), Hyde Southbank Homes, Minster General Housing Association and Hillside Housing Trust together with Hyde Charitable Trust, *in touch* Support and a property development and management company, Hyde Vale.

The Board and Committee structure is as follows:

- The Hyde Group Board is the body ultimately responsible for all of the Group's work. As Hyde Housing Association is the parent body for the Group, the Group Board is also responsible for the association.

- Although the subsidiaries and regions of Hyde Housing Association are not necessarily represented on the Group Board, arrangements are in place to ensure effectively lines of communication between the various boards and committees in the Group.

- All the subsidiaries of Hyde Housing Association have their own governing bodies.

- Hyde Housing Association has three regional customer service boards, one for London, one for Kent and one for Hampshire.

- There are four functional Committees: Group Finance & Organisation, Group Operations, Group Audit and Group Business Developments.

Hyde is a joint owner of two companies responsible for the implementation of a PFI scheme in Islington - Partners for Improvement 1 & 2.

Each Region, the four RSL subsidiaries, *in touch* support and Partners for Improvement all have operational teams responsible for implementing the Group's work.

There are four directorates: Finance, Corporate Services, Operations and Business Development.

- The Finance Department has overall responsibility for the management of the Group's finances including budgeting and financial planning, external audit, risk management, all financial processing and treasury management.

- The Corporate Services Department has a wide range of responsibilities as follows:

    - Company Secretariat
    - Governance
    - Internal audit
    - Information and Communications Technology and services.
    - Facilities management.
    - Internal and external communications
    - Human Resources
    - Equality and diversity

- The Operations Department is responsible for the effective delivery of the Group’s customer services and asset management strategies and for ensuring that all parts of the Group continuously improve services provided to the Group’s customers

- The Business Development Directorate is responsible for delivering effective medium and long term growth through new business, acquisition and development. The Directorate also maintains an overview of the nature and scale of the risks inherent in business growth.

Hyde has two specialist arms - Hyde Plus responsible for community and economic regeneration and INplace, responsible for the development of housing for outright sale and market renting

Key Statistics

Numbers of properties in management (April 2006)

- Social rented 27,655
- Shared ownership 2,041
- Market renting 1,341
- Temporary housing 1,051
- Supported Housing (bedspaces) 3,521

Properties managed on behalf of local authorities (including housing management and PFI contracts) 6,731

Numbers of properties within the development pipeline 4,000

Annual turnover (2005/06) £120,499,000

Numbers of staff 935 (857.FTE)

Number of Board and Committee members 110