

Home Fix Scotland Limited

**2019 – 2024
Business Plan**



A commercial mind with a social heart



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INTRODUCTION

Home Fix Scotland Limited is the new name and branding for River Clyde Property Management Limited. The decision to rebrand will support our aspirations to build on recent success and trade in an open and competitive market.

This Business Plan identifies our operational objectives and financial expectations for the 2019/20 financial year. It also sets out our intentions to enter new markets that have been identified and to set out our strategies for achieving this between now and 2024.

River Clyde Homes was formed in December 2007 following a large-scale voluntary transfer of housing stock from Inverclyde council. The transfer was undertaken with the support of tenants to secure additional financial resources for much-needed investment in their homes while maintaining affordable rent levels, their security of tenure and providing an opportunity to have greater influence over the standards and quality of their services.



Since the transfer, River Clyde Homes have positively transformed the company and improved the service delivery to its customers. They have redesigned the way they provide many key services to ensure they are more customer focused and have improved operational performance and efficiency. To assist in meeting these objectives, River Clyde Homes launched a subsidiary company, Home Fix Scotland Limited (formerly River Clyde Property Management

Limited) in 2016.

Home Fix Scotland Limited is a non-charitable, fully trading company aiming to make a profit. It currently delivers a number of services directly to River Clyde Homes including, planned maintenance, property investment projects and grounds maintenance. Additional services will be delivered during 2019/20 include, flat block close and office cleaning and responsive repairs.

This Business Plan is divided into seven sections:

1. Executive Summary
2. Company Overview
3. Business Description
4. Market Analysis
5. Operating Plan
6. Marketing and Sales Plan
7. Financial Plan

1. EXECUTIVE SUMMARY

Home Fix Scotland Limited, being a wholly owned subsidiary of River Clyde Homes has an already established client base and a planned income value over the life of this business plan. Growth has been identified within the parameters of River Clyde Homes with a number of services currently delivered by third parties or internally to River Clyde Homes being awarded to Home Fix Scotland.

This provides a secure set of works to Home Fix Scotland Limited and provides a foundation for growth in the external markets in and around Inverclyde. As a separate company, Home Fix Scotland Limited is not restricted by the controls of being a charity, nor regulated in the same way as River Clyde Homes.

During 2019/20 work will commence on the delivery of Repairs and Maintenance contract, directly awarded to Home Fix Scotland by River Clyde Homes. This contract is expected to result in additional income to the value of £4.6m, however this is subject to Home Fix Scotland Limited delivering significant improvements to service and cost reduction.

Home Fix Scotland Limited will work closely with River Clyde Homes to establish and deliver strategic partnerships to support the overall growth of the River Clyde Homes Group. We will also actively develop strategic partnerships with Inverclyde Council and explore opportunities for shared services within their maintenance divisions.

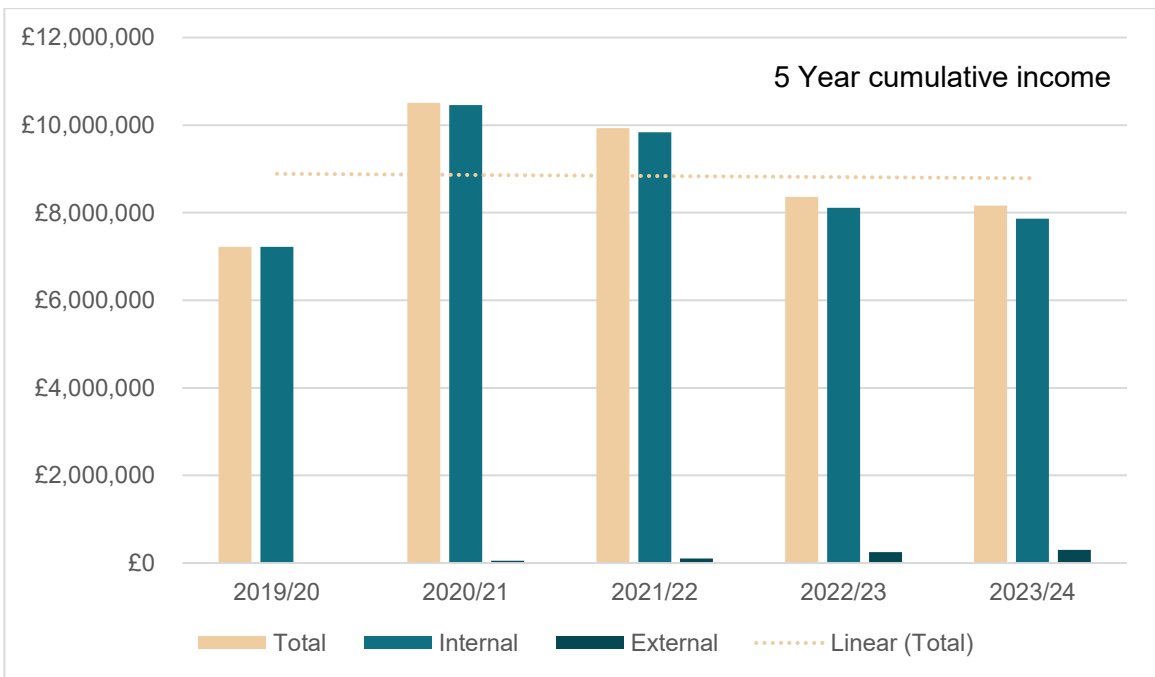
We will implement a new structure during 2019/20 to support our growth plan, ensuring that this provides value for money and sufficiently flexible to allow for Home Fix Scotland Limited to continue to react to new markets and opportunities. We will also increase in our activity in relation to external tendering opportunities where we have identified grounds maintenance, kitchen replacements and medical adaptations as the primary target areas.

Following on from the successful CHAS (The Contractors Health and Safety Assessment Scheme) accreditation in early 2019, Home Fix Scotland Limited will continue to secure

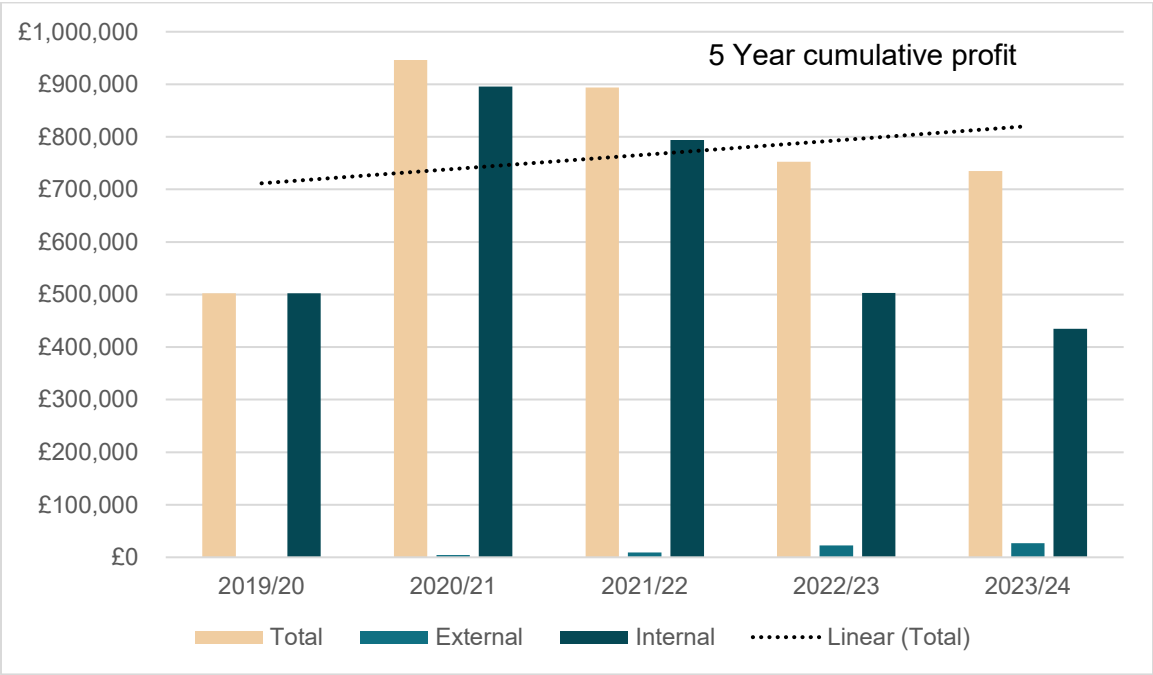


accreditations, including BALI (British Association of Landscape Industries), ConstructionLine, Considerate Constructor and SafeContractor.

- **Opportunity:** A number of market opportunities have been identified, these include other Social Landlord, Private Landlord, Local Authority, NHS and private/commercial works.
- **Mission:** To always operate using a Commercial Mind with a Social Heart
- **Solution:** Provide a service that is flexible, offers value for money and is customer focused.
- **Competitive advantage:** Home Fix Scotland Limited has a unique advantage within the social housing sector in that we are well placed to understand the need of both social landlords and their tenants.
- **Ownership:** Home Fix Scotland Limited is wholly owned by River Clyde Homes.
- **Expected income:** Our cumulative anticipated five-year turnover will be £44m (of which £700k will be for work outside the River Clyde Homes Group).



- **Expected returns:** The cumulative anticipated profit over five years will be £3.8m (of this £63k is planned for work outside of the River Clyde Homes Group).



2. COMPANY OVERVIEW

Vision, Values and Strategy

Supported by our mission of having 'a Commercial Mind with a Social Heart' Home Fix Scotland Limited's Vision and Values are fully aligned to those of River Clyde Homes:

Vision:

Improving lives and places.

Values: (the key principles we live by)

1. Every customer happy
2. Every home loved
3. Every opportunity taken
4. Every penny counts
5. Every person positive

Aims: (what outcomes we want to achieve over the next five years)

1. Excellent Service
2. Thriving Communities
3. More and Better Homes
4. Engaged Colleagues

We aim to reach our full potential as an organisation, building upon the services we currently provide whilst looking to deliver new services both within and beyond the Inverclyde area. For us, this is not just about bricks and mortar, or the physical assets that we own; it's about providing excellent services, it's about keeping customers at the heart of our business, it's about making a difference, it's about our people, it's about being the best we can be.

3. BUSINESS DESCRIPTION

Home Fix Scotland Limited is an experienced building and maintenance contractor based in the West Central Lowlands of Scotland. Our mission is to exceed the expectations of our customers across a diverse range of sectors including Housing, Education and Retail.

We were established in 2016 as a wholly owned subsidiary of River Clyde Homes. Our original brief was to undertake an environmental improvement programme which led to being awarded planned and cyclical programmes across River Clyde Homes' entire property and land portfolio.

Unlike other more traditional contractors, Home Fix Scotland Limited identify ourselves as a Customer Service company delivering excellent Refurbishment, Mechanical, Electrical and Facilities Maintenance activities. We will also be introducing new business streams during 2019/20 in relation to repairs and maintenance and cleaning services.



100% of our profits are reinvested into employment initiatives and meaningful social projects through gift aid back to our parent company. This positive approach is what makes us different and has ultimately enabled us to establish strong and lasting partnerships, whilst positively contributing to our communities' more than traditional contractors.

We are a commercially minded commercial organisation with a social heart that puts our customers at the heart of everything we do.

Existing Business Streams

We have already been awarded a number of contracts from River Clyde Homes, and are a key partner in the delivery of the services that matter to their customers. It is important to our growth strategy that we continue to deliver excellent value for money in these services.

Our existing contracted projects are:

Projects
Kitchens, Bathrooms, Rewires
Aids and Adaptations
Roof Replacements
Catch up roof repairs and statutory notices
Doors and Windows Replacements
Individual heating systems
Grounds Maintenance
Catch Up SHQS
External Environmental Works
Catch up environmental works
Internal common areas
Electrical Testing
Electrical Work
Smoke and CO2 alarm programme
Structural related
Fire Risk Assessments
EWI
EESSE - Gas

EESSH – Electric
Cavity walls and dampness
Woodhall Gardens
Close Cleaning (new)
Office Cleaning (new)
Bulk Uplift (new)
Major Voids
Voids
Responsive Repairs

Table 1

The business plan projects a profit of £500,000 for the financial year 2019/20, this assumes no profit will be realised from the responsive repairs and voids works within the first year due to timing of the integration of the DLO. Therefore, a conservative assumption based on this being achieved in September 2019 has been factored into the business stream potential value.

The projections of anticipated income and profits realised during this business plan are as follows;

Projects
Kitchens, Bathrooms, Rewires
Aids and Adaptations
Roof Replacements
Catch up roof repairs and statutory notices
Doors and Windows Replacements
Individual heating systems
Grounds Maintenance
External Environmental Works
Internal common areas
Electrical Testing
Electrical Work
Smoke and CO2 alarm programme
Gas Servicing
Structural related
Fire Risk Assessments
EWI
EESSE - Gas
EESSE – Electric
Cavity walls and dampness
Close Cleaning (new)
Office Cleaning (new)

Bulk Uplift (new)
Major Voids
Voids
Responsive Repairs
External Works

Table 2

4. MARKET ANALYSIS



In the period of this Business Plan, HFS will further strengthen its service offer to River Clyde Homes, through the direct award of the repairs and maintenance contract from and through gas servicing and maintenance from July 2020. There will also be a clear strategic focus on external business growth. We will develop our marketing strategy in relation to our targeted market segments undertake targeted marketing campaigns to highlight the capability of the business in the local area.

Our focus during 2019/20 will be on building a brand, testing ourselves through external tendering and strategic partnerships to assist with market penetration. We will initially target smaller potential customers in order to reduce the amount of risk that HFS is exposed to.

The key markets that we will focus on are:

Local building maintenance market – we will actively promote building maintenance services to existing RCH factored owners, offering a bespoke and flexible service directly to them. Further potential customers in this market segment will be privately owned single end-users, looking to have work done on their property. The idea would be to offer a single-point-of-contact for all types of repair work.

Local Registered Social Landlords (RSLs) – we will offer a range of services, including planned, cyclical and responsive response. We will offer this as a one off tendered project or through a full turn-key facilities management solution to RSLs in the area. Developed from our experience in delivering the same service to RCH.

Local Private Landlords –
Private landlords have the same governance and legal thresholds challenges as RSLs. Home Fix Scotland will be uniquely positioned to deliver similar turn-key solutions to private landlords. Individual consultation with private landlords will help tailor these maintenance packages to ensure affordability, whilst ensuring property let standards are maintained or improved.



Ground Maintenance Services – The extension to the grounds maintenance service will allow us to offer this service to Factored and RCH tenants as part of a clear business growth plan. We have also commenced active tendering for external contracts.

Competitor Research:

It is essential for us to identify and understand our potential competitors should that we can establish strategies to exploit their weakness and maximize our strengths.

Marketing Strategy

Effective sales and marketing lies at the heart of successful business growth. Promotional and advertising campaigns – and deciding on the most appropriate media and creative execution – can build awareness, generate leads, acquire new customers and make a business stand out. Market research can help identify and create new markets. Customer relationship management strategies can help build business from an existing client base.

An effective marketing strategy combines the 4 Ps (product, price, place and promotion) of the marketing mix. It is designed to meet Home Fix Scotland marketing objectives by providing our customers with value. The 4 Ps (see below) of the marketing mix are related, and combine to establish the product's position within its target markets.

Customer Profile

Growth will only be possible where we understand the markets, our competitors and our potential customers.

Route to Market



Assess

Whilst considering a variety of new business and market opportunities, HFS will need to ensure that they are worth pursuing. It's important to narrow down our options and make sure we focus on the ones that have the highest potential for success with the least risk. In order to effectively assess each opportunity we will use a five staged approach;

1. Research our customers and competition

HFS will analyse our customers and competitors to evaluate whether the demand for a service is real, and whether, through expanding into a potential new market it will be profitable. Through knowing who our key competitors are and assessing their strengths and weaknesses HFS will be able to identify suitable growth strategies and ways to differentiate our services.

2. High-level view of the market

Assessing HFS potential customers and competitors is not enough, we also need to obtain a broader understanding of the market as a whole and what the potential of success is in the market.

Through analysing markets, these high-level questions be used;

- What is the market size?
- How quickly is the market expanding or contracting?
- How many buyers are there?
- What are the barriers to entry?
- What is the bargaining power of suppliers?
- What is the intensity of the competition?
- Is there a threat of new entrants or substitute services?

3. Explore adjacent opportunities

Pursuing adjacent opportunities will also form part of HFS strategy. To create a sustained and profitable growth, a systematic and disciplined approach to expand the boundaries of our core business into other geographical areas will be used. Some companies expanded from one geographic market to another, while others applied an existing business model to adjacent segments.

4. Understand the business environment factors

HFS will explore the overall business environment, which can have a profound impact on company performance and the ways industries operate.

The business environment includes factors such as:

- Technological developments
- Government regulations
- Geopolitical shifts
- Economic indicators
- Trade policies
- Social and cultural norms

5. Independent market research

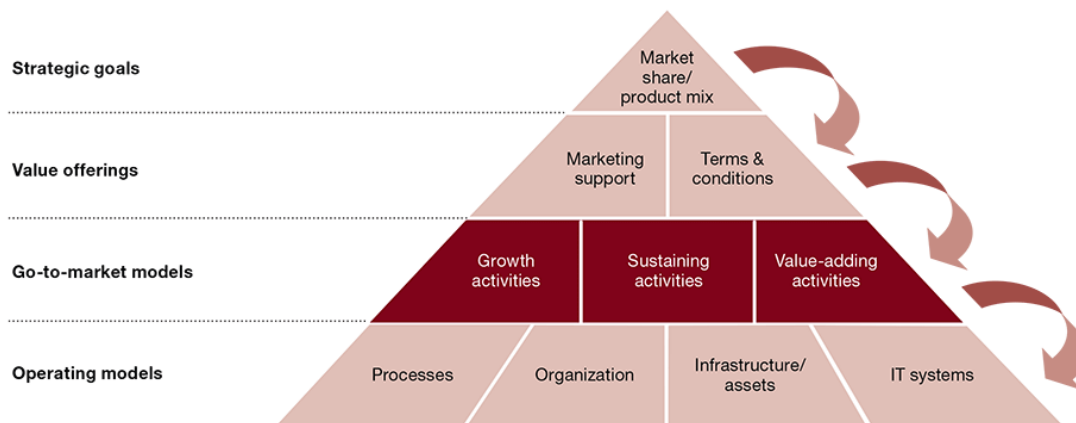
Gathering and collating information covering all of the above categories can take significant time, effort, and expertise.

HFS will identify a suitable service supplier to provide the information needed for a comprehensive understanding of our customer, competition, industry, and business environment. These reports, will provide information on market size, market share, market forecasts, information on regulations, consumer demographics, and much more. In addition, many reports explicitly share analysis on key opportunities for future growth, next-generation innovation, and emerging marketing strategies.

Strategy and Design

The HFS strategy will follow four basic principles of;

- Operating model
- Market model
- Value offering
- Strategic goal

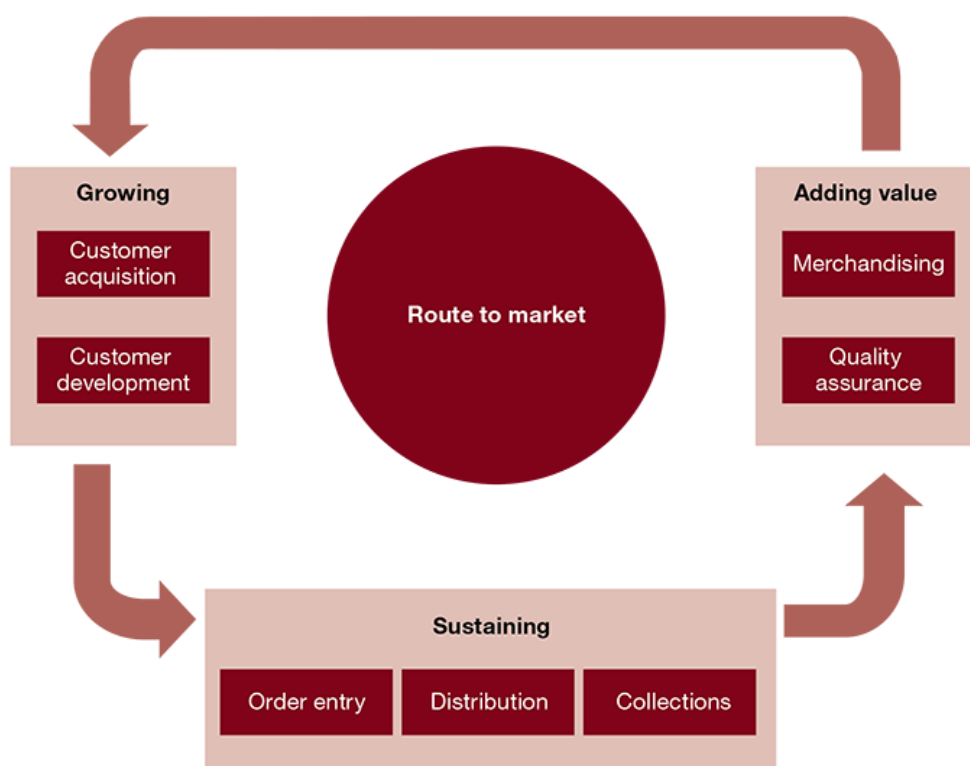


Operating model – clear and concise process, with the right infrastructure and support services including IT.

Market model – clear vision on our activities that will both grow and sustain HFS whilst clearing identifying where we add value to current and future customers.

Value offering – having clear and structured marketing objectives and robust and ethical business targets supported by all appropriate accreditations and insurance to demonstrate the quality and reliability of HFS.

Strategic goal – a vision of the anticipated share of the market and the specialisms and unique selling point



Implementation and Marketing

The marketing mix is the set of controllable, tactical marketing tools that Home Fix Scotland can use to produce a desired response from our target market. It consists of everything that we can do to influence demand for our services. It is also a tool to help marketing planning and execution.

The four Ps of marketing: product, price, place and promotion

The marketing mix can be divided into four groups of variables commonly known as the four Ps:

- Product: The goods and/or services offered by Home Fix Scotland to our customers.
- Price: The amount of money paid by customers to purchase our product.
- Place (or distribution): The activities that make the product available to consumers.
- Promotion: The activities that communicate the product's features and benefits and persuade customers to purchase the product.

Marketing tools

Each of the four Ps has its own tools to contribute to the marketing mix:

Product: variety, quality, design, features, brand name, packaging, services

Price: list price, discounts, allowance, payment period, credit terms

Place: channels, coverage, assortments, locations, inventory, transportation, logistics

Promotion: advertising, personal selling, sales promotion, public relations

Weaknesses of the marketing mix

The four Ps of the marketing mix have a number of weaknesses in that they omit or underemphasise some important marketing activities. For example, services are not explicitly mentioned, although they can be categorised as products (that is, service products). As well, other important marketing activities (such as packaging) are not specifically addressed but are placed within one of the four P groups.

The four Ps as the four Cs

The four Ps of the marketing mix can be reinterpreted as the four Cs. They put the customer's interests (the buyer) ahead of the marketer's interests (the seller).

- Customer solutions, not products: Customers want to buy value or a solution to their problems.
- Customer cost, not price: Customers want to know the total cost of acquiring, using and disposing of a product.
- Convenience, not place: Customers want products and services to be as convenient to purchase as possible.
- Communication, not promotion: Customers want two-way communication with the companies that make the product.



Promoting our business, whether through generating leads or traffic to our website, is one of the most important functions of any business. We plan to become active in all potential opportunities and during 2019/20 we intend to create a role of QS/Estimator to focus on tender submissions and to ensure our costings and invoicing process are robust and maximise potential income for HFS.

Our marketing strategy will include:

- **Key messages:** setting out key messages through our website, social media and potential networking opportunities.
- **Marketing activities:** we will deploy a range of marketing activities through using the most cost effective medias for each market segment, these will include:
 - Media advertising (newspaper, radio) and Social media
 - Direct mail (post and email)

- Attending seminars, business conferences and networking events
- Joint advertising with strategic partners
- Use of fleet
- Fixed signage

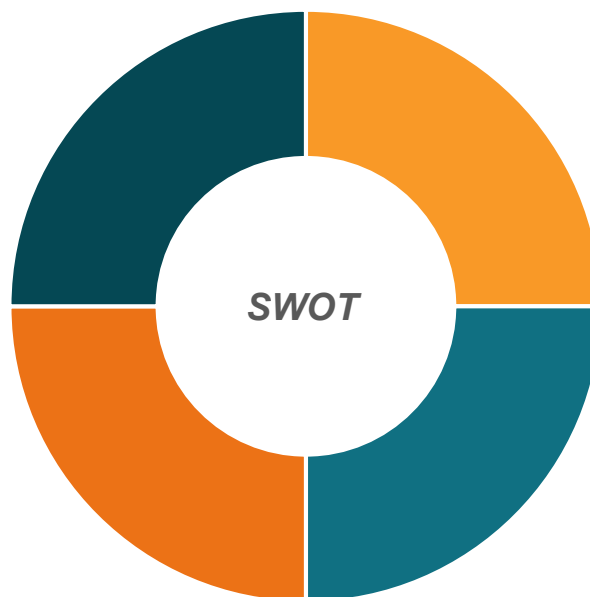
SWOT analysis:

STRENGTHS

- Existing relationship with RCH – and would remain wholly owned
- Established and known workforce
- Single operating agreement
- Focused service delivery
- 100% responsibility for workforce would rest with the subsidiary
- Commercial risk would sit with the subsidiary
- Established, successful model
- Locally based with local knowledge
- Single point of contact
- Service Provider incentivised to drive improvements
- Job safety for employees
- Less duplication

OPPORTUNITIES

- Opportunity to contract out to third parties
- 'Fresh start' for the service and workforce plus improved workforce development
- Engagement with other RSL's, local authorities and health care organisations
- Improved delivery of capital programmes
- Potential for significant savings
- Potential for business growth and new income streams
- Cultural change – resulting in increased productivity
- Establishment of recognised/trusted brand and reputation
- Potential for shared services



WEAKNESSES

- Complexities at outset for delivering services to others
- Lack of existing infrastructure for performance and financial management
- Poor systems for managing data
- Ineffective current use of DLO
- Reliance on sub-contractors
- No communications plan or brand guidelines
- Lack of established company reputation
- Lack of resource
- Safety of employment will take time to implement and become embedded

THREATS

- Failure to deliver savings/surpluses –
- Competition in the marketplace
- Failure to embed cultural change and address performance issues
- Failure to align objectives and integrate teams and working practices
- Skills shortages due to external market factors
- Management capacity to make changes and deliver new work
- Implications of unreliable RCH Budgets
- Impact of any further changes to budget, housing policy and/or legislation
- Need for robust auditing arrangements
- Robustness of SLAs

5. OPERATING PLAN

Premises

Home Fix Scotland will be based at the existing River Clyde Homes depot on Springkell Street, Greenock. The site comprises of two buildings containing a mixture of office space, storage and joiners shop. There is a sizeable external area, however, this also provides a challenge due to restrictions on site, such as available parking and suitable locations for the storage of skips and ground work machinery.

The buildings, in particular the office and entrance areas will require an element of improvement to help support an environment of modern ways of working and to create a reception area suitable for the public facing element of the company.

The site is leased, with a new lease being established early in 2019 for up to 15 years.

Key Suppliers

A H Mackie & Co	Dallas Carpets	McLean Toolbox Ltd
Accident Repair Centre Ltd	Electric Center	MGM Timber (Scotland) Ltd
Adaptocare Ltd	Falcon Scaffolding Scotland Ltd	MKM Building Supplies Ltd
Agora Business Publications LLP	First Aid Matters	ORD Industrial & Commercial Supplies Ltd
AKW Medicare Ltd	Grafton Merchanting GB Ltd	PDC Copyprint (Greenock)
Approved Heating Com	Graham Group Plc	PPG Architectural Coatings UK Ltd
Arco Irvine	Graham Roofing (Scotland) Ltd	Richmonds Plumbing & Heating Merchants Ltd
Arnold Clark Car & Van Rental	GTG Training Ltd	Rixonway Kitchens Ltd
Arval UK Ltd	Hamilton Bros (ENG) Ltd	Roof tiles Refund
Bemco	Howdens Joinery	Scot Hoist Ltd
BEP Signs	Inverclyde Council	Scottish Water
Brandon Hire	Environmental Services (Pottery	Sealco (Scotland) Ltd
Bunzl UK Ltd t/a A & E Russell	Inverclyde Windows Manufacturing Ltd	SELECT
Chubb Systems Ltd	Inverweld Welding & Fabrication	SIG Trading Ltd
City Electrical Factors	J & M Murdoch & Son Ltd	Sovereign Chemicals
City Plumbing Supplies	Jewson Ltd	Stax Trade Centres PLC
Clow Group	Kelvin Power Tools Ltd	Steven Dallas
Clyde Metal Recycling Refund	Loo King Limited	Travis Perkins Trading Company Ltd
Clyde Tool Hire	Lyreco	Unico Ltd
Container Sales (UK) Ltd	Magnet Trade	White Oak UK Ltd
D McNair (Builders Merchants) Ltd	McLaren's Nurseries Ltd	White, Milne & Co

7. MARKETING AND SALES PLAN

Business Growth Strategy

Home Fix Scotland Limited, was established to provide a trading opportunity to River Clyde Homes that, as a charity, it was unable to do for itself. The initial strategy was to grow the business with internal resources to start with, before venturing out into the competitive external markets. However, financial challenges for RCH, have resulted in the level of expected growth reducing and in some cases being delayed. Therefore, Home Fix Scotland Limited will create new opportunities earlier, enabling attracting new customers and generating positive revenue streams.

Challenges that RCH are facing include;

- Year on year stock decline
- Low, even no demand for some of their homes
- Significant competition from other providers
- A declining population / lowest level of household formation in Scotland
- An aging population
- Significantly higher than average number of empty homes, homes becoming vacant and turnover rates

To address these issues, the RCH Board has developed a business plan with 4 key actions, these being;

- build more homes within and outside of Inverclyde
- explore strategic partnerships, working with others to pool resources or achieve better economies of scale
- attract new sources of revenue through different operating models
- to perform better and achieve better value for money with greater efficiencies

One area of internal growth, which is key to the continued success of Home Fix Scotland and RCH, is the integration of the RCH DLO into Home Fix Scotland. This is critical to enabling Home Fix Scotland to take advantage of immediate and guaranteed growth through the direct award of the R&M Contract on a three year basis. However, expanding, especially in an external environment isn't without risks.

Advantages of growth

Possibly the greatest competitive advantage of business growth is the ability to capitalise on the economies of scale. As we increase our output, you should be able to reduce our costs, increase our economies of scale and achieve savings across:

- purchasing - by getting discounts for buying in bulk
- marketing - by spreading the cost of promotion over a number of customers
- overheads - by spreading the staff or administrative costs across a greater output

Business growth can also enable Home Fix Scotland to;

- increase resources and stock
- generate more sales and profits
- reach new customers or markets
- put more money back into the business and RCH
- influence market price
- reduce external risks (e.g. from competition, market or technology changes)

In addition, business growth will create greater financial viability ensuring that Home Fix Scotland Limited is seen as a more credible and stable operator compared to smaller competitors.

Diversifying into new markets and services means that Home Fix Scotland can generate new income streams and increase the turnover and profit, allowing an increased Gift Aid contribution back to RCH, ultimately benefiting their tenants and customers.

Disadvantages of business growth

Larger businesses tend to be more complex, some of the common disadvantages of business growth are;

- shortage of cash - may need to borrow money to meet growth costs, e.g. buy new premises or equipment
- compromised quality - increasing output may lead to a decline in quality, which can lead to loss of customers
- loss of control - as Home Fix Scotland grows, you may need to delegate management duties or divide the workloads between different locations
- increased capital requirements - a larger business may mean a larger workforce, more facilities or equipment, and more investment
- increased staff turnover - for example, if staff are given extra work, their morale could drop, their productivity could decrease or they could leave

It's important to understand that growth can be a disruptive force. It can affect every single aspect of Home Fix Scotland and RCH, and put pressure on staff, resources and finances.

Four Year Growth Strategy

2019/20	2020/21	2021/22	2022/23
Gas Installation Gas Void Work Close Cleaning Bulk Uplift Office Cleaning R&M and Voids	Gas Servicing Gas Repair External Grounds Maintenance Compliance Work	Internal New Build Commercial Gas External Electrical	External Planned Works External R&M External Gas Works

8. RISK MITIGATION

Understanding our risks and how we intended to manage them are fundamental to setting and monitoring our business plan. We have an effective framework for identifying, monitoring and managing the risks faced by Home Fix Scotland as well as the RCH Group, which enables us to consider the sustainability of the company.



In addition to the risks identified below, we have identified the Principal Risks which are likely to have an affect our business and our future performance:

- UK's exit from the EU
- Government policy
- National and regional economic conditions
- Reductions in the RCH Group spend plans
- Health and safety
- Regulatory compliance
- Materials – supply chain function
- Labour availability and skills

These risks, as well as those identified in our strategic risks are controlled and managed by our board.

9. FINANCIAL PLAN

Financial planning and management for essential to the success of Home Fix Scotland and is the most important measure when looking at overall performance. Within the life of this business plan consideration for financial performance and liability will be based on three main areas;

- Income and Profit and Loss
- Balance Sheet
- Cash Flow

Performance against this element will be presented to the management team on a monthly basis and quarterly to the board. The Home Fix Scotland financial plan will be reviewed and forecasted on a quarterly basis to ensure any emerging situation is identified early and corrective action can be considered.

Income/Profit and Loss Statement

We will create a summary of Home Fix Scotland's expected revenue and expenses and will report on the actual performance against target. Revenue income is set out in table 1. Expenses are managed through monthly senior management meetings and report to board each quarter, these will include payroll for employees, materials, fleet, audit, insurance and intercompany charges.

Balance Sheet

This will be set out in Home Fix Scotland's annual accounts publication.

Cash Flow

The Cash Flow of Home Fix Scotland will be reported and monitored by management on a monthly basis and reported to our board as part of a financial performance report on a quarterly basis