



# Finance, Governance and Risk Strategy

2024 - 2027



Incorporating our  
8 STAR Strategies

[starhousing.org.uk](http://starhousing.org.uk)

 [Shropshire Towns and Rural Housing](https://www.facebook.com/Shropshire-Towns-and-Rural-Housing)

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# Welcome to our Finance, Governance and Risk Strategy

## Introduction

**Shropshire Towns and Rural Housing known as STAR Housing, recognises the importance of a robust strategy built around finance, governance and risk management.**

This holistic approach ensures the financial sustainability of our operations. It helps us identify and manage potential risks effectively, while making sure we maintain the highest standards of governance.

On behalf of Shropshire Council, STAR Housing manages the Housing Revenue Account (HRA).

It currently:

- ▶ Holds assets of approximately £230 million
- ▶ Receives around £20 million a year in rent
- ▶ Invests £20 million to £30 million annually into the homes we manage

With these funds we manage and maintain homes, deliver services, and build new properties. Since the HRA borrowing cap was removed in 2018, councils can borrow more finances to invest. To date, the Shropshire Council has secured £123 million to improve existing homes and build new ones.

STAR Housing is an Arm's Length Management Organisation (ALMO); a company set up by Shropshire Council to manage its social housing stock on their behalf. We manage these homes under a 10-year management agreement and have our own board and sub-committee made up of customers, council members and independent board members.

As a sector, we're experiencing significant change, with new regulations being introduced through the social housing white paper. Oversight, the customer voice and accountability are primary legislative changes and key reasons why we're in the process of strengthening the role of our board and sub-committees.

Effective risk management in social housing is essential. Several high-profile incidents within the social housing sector and the wider challenges affecting the economy have highlighted this vital area of governance. While not all risks can be mitigated, through a risk-based approach to decision making STAR Housing will be better prepared to respond to a challenging local and national landscape.

This Finance, Governance and Risk Strategy has three aims which will help to support STAR Housing in delivering the objectives identified within the Corporate Plan and the Shropshire Plan.



"With these funds we manage and maintain homes, deliver services, and build new properties."

## Aims

# Delivering value for money and sustainable finances



### Our aim

At the heart of our Finance, Governance and Risk Strategy lies our commitment to long-term financial sustainability. Not only for STAR but also for the Housing Revenue Account (HRA) held by Shropshire Council, the landlord we act on behalf of. This dual commitment makes sure we support our customers with a sustainable service.

### How we'll achieve this:

- ▶ We'll carry out regular financial assessments, stress testing and forecasts on the financial health of STAR Housing and the HRA
- ▶ Maximising income streams through developing strategic partnerships and securing grants and investments
- ▶ Optimising operational costs while maintaining service quality and a balanced budget
- ▶ Deliver best value and social value through efficient contract procurement and regular contract monitoring
- ▶ Regular internal and external audits to meet financial regulations and approved policies

### How we'll measure success:

- ▶ Carry out regular external reviews of the HRA 30 Year Business Plan every three years to ensure the HRA remains sustainable
- ▶ Review and update the financial framework for STAR Housing and the HRA by summer 2024
- ▶ Introduce a renewed Service Charge model by March 2025
- ▶ Deliver operational balance budgets across key direct delivery service areas by spring 2026
- ▶ Secure grants of over £10 million during the lifetime of the Strategy to deliver new homes, provide sustainability measures, offer tenancy support and support for front line services by spring 2027
- ▶ Record a high level of assurance from internal and external auditors

## Aims

# Maintaining the highest standard of governance



### Our aim

STAR Housing and Shropshire Council will work in partnership to continue to maintain the highest standards of governance, to make sure we remain an organisation that values transparency, accountability, and ethical conduct.

### How we'll achieve this:

- ▶ We'll comply with relevant regulations and codes of practice
- ▶ By choosing board members and leadership positions based on the level of expertise and how accurately they represent our local communities
- ▶ We'll support board members with training and development, followed by regular reviews
- ▶ By carrying out regular governance reviews we'll assess the effectiveness of our governance practices and identify areas for improvement
- ▶ With frequent reviews of STAR Housing policies to ensure they meet the latest regulations

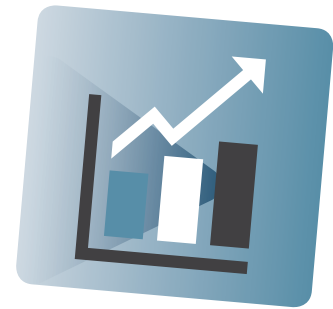
- ▶ By managing corporate files and data in the most effective way

### How we'll measure success:

- ▶ Review the Board and STAR Housing subcommittee membership through an external skills review by summer 2024
- ▶ Review the terms of reference for the Board and Sub-Committee by autumn 2024
- ▶ Introduce a Board Member information hub by autumn 2024
- ▶ Introduce the key recommendation from the Anthony Collins Solicitor council and STAR Housing Governance review by March 2025
- ▶ Launch a new Corporate Information Documentation system by March 2025

## Aims

# Risk management strategy



### Our aim

STAR Housing recognises how the risk profile of the sector has changed since 2020. Changes have been introduced in response to customer service failures which have sadly led to tragedies. The pandemic, new housing legislation and the cost-of-living crisis have also initiated change.

Our approach to risk will be considered, evidence based and proactive. We understand risk management will never mitigate all risks, but it helps us to look ahead, anticipate what's next and plan for changes in the sector.

### How we'll achieve this:

- ▶ We'll regularly assess strategic and operational risks to develop better practices
- ▶ By monitoring external factors which may influence the Social Housing sector we'll anticipate the potential impact on our customers, staff and stakeholders

- ▶ We'll develop an effective communication plan for different risk scenarios, providing transparent and timely updates to stakeholders about our risk management processes
- ▶ Ensuring we take a risk-based approach to Health and Safety for the organisation
- ▶ With regular training sessions for the board and staff on risk and mitigation
- ▶ By independently testing our risk assumptions
- ▶ We'll research best practices within the sector and update our risk management framework to reflect them
- ▶ By linking performance and cost data to the risk framework

### How we'll measure success:

- ▶ Carry out annual risk management audits on our approach to strategic and operational risk
- ▶ Introduce a new Health and Safety Framework by autumn 2024
- ▶ Undertake a review of our risk framework by winter 2024
- ▶ Appoint risk champions across all parts of the organisation to promote best practice and identify areas of improvement by spring 2025

## STAR Strategies

Our STAR Strategies that specifically outline our objectives in key areas of our organisation, can be found and downloaded from the website at [starhousing.org.uk](http://starhousing.org.uk)

-  Homes and Asset Management
-  Customer Engagement
-  Development and Investment
-  IT and Business Transformation
-  People
-  Finance, Governance and Risk
-  Neighbourhood and Community
-  Customer

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Delivering vibrant communities in a changing world



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