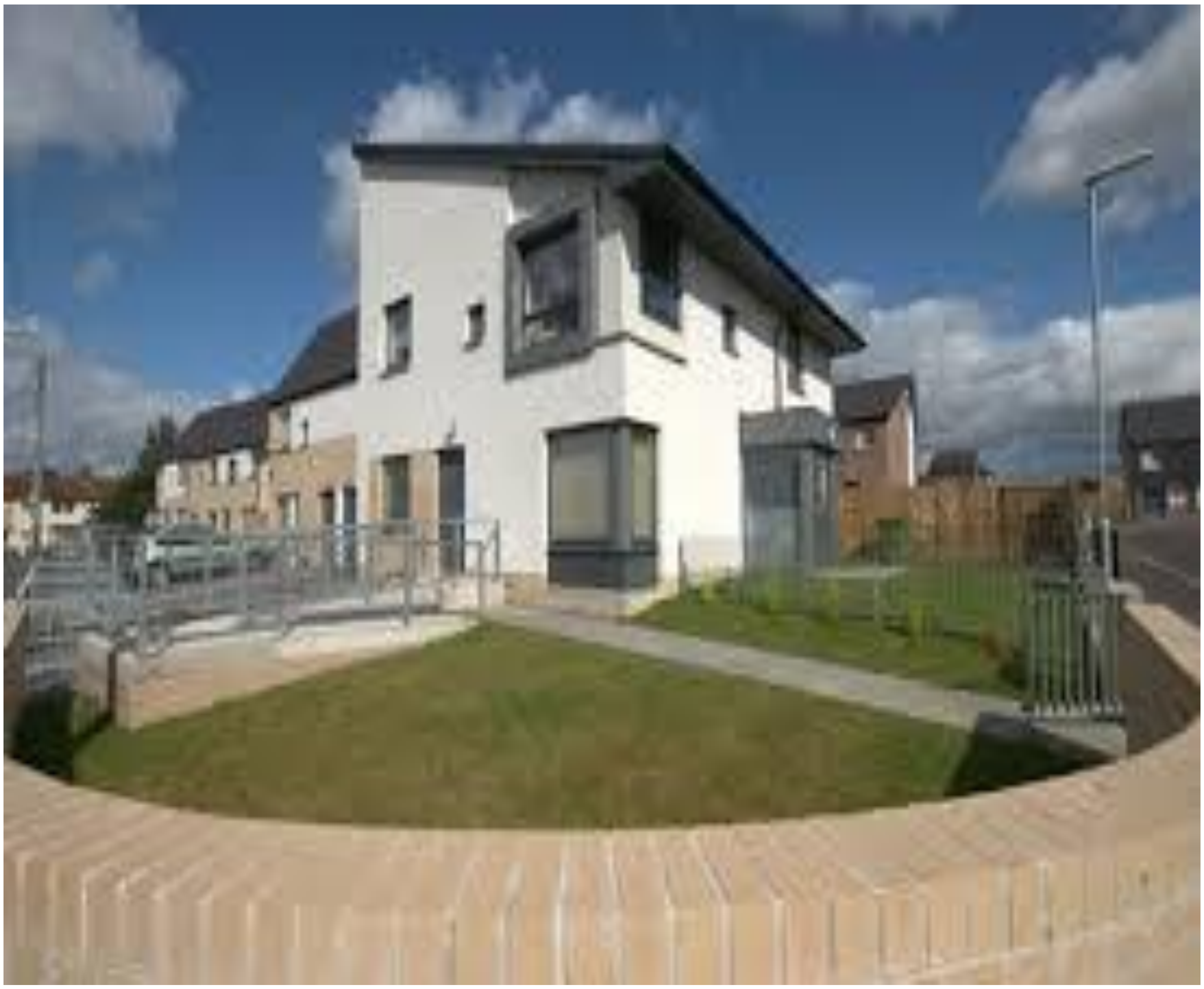
Ruchazie

HOUSING ASSOCIATION



Business Plan
2020-2025

Section 1: Introduction

This business plan is our core strategic document and sets out our strategic priorities for the next 5 years. We review and update our plan annually and this version was approved by our management committee in March 2020.

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Purpose of the Business Plan

The plan is primarily an internal document, serving several functions:

- helping us to understand the opportunities and threats inherent in our operating environment as well as our own internal strengths and weaknesses;
- clarifying and communicating our strategic objectives and priorities and setting out the key actions we will take to achieve these objectives;
- demonstrating that we have the resources necessary to carry out these actions and helping us to identify and mitigate any risks we face in delivering these actions;
- providing a strategic overview for our other strategies and plans; and
- providing a framework with which we can monitor our progress and measure our success.

In developing this business plan, we have taken account of business planning guidance published by the Scottish Housing Regulator (December 2015) and the findings of:

- a review of the published plans of our key stakeholders;
- telephone interviews with several local stakeholders;
- a focus group of tenants;
- a focus group of staff;
- our most recent tenant satisfaction survey;
- a recent strategic option appraisal; and
- business planning workshops with management committee members and staff.

Section 2: About Us

Ruchazie Housing Association (RHA) is a high-performing, community-controlled housing association operating in Glasgow. We currently own 225 homes, have an annual turnover of around £1.2m, and employ 5 staff.

Our History

We are a small, community-based housing association operating in the north-east of Glasgow. Established in 1993 to acquire and improve former council homes, we operate in what is known as the "Low End" of the Ruchazie district.

Having completed our first improvement programme in 1997, we have continued to work hard to transform the local area and build new homes. To date, we have completed the development and improvement of 230 properties, mainly new build, of which 225 are let to social housing tenants; one is our office; one is a commercial unit currently let as a local shop; and three are owner-occupied to which we provide factoring services.

Our Structure

As a registered social landlord (RSL), we are regulated by the Scottish Housing Regulator to ensure we deliver good performance for our tenants and fulfill our legal and regulatory duties. We are also a registered charity, regulated by the Office of the Scottish Charity Regulator to ensure we deliver on our charitable purposes and deliver public benefit.

Our management committee sets our strategic direction, oversees how we deliver and resource our business strategy, and ensures high standards in our operational performance. We currently have 12 management committee members; all of whom are volunteers. Currently we have 6 tenant members, 2 tenants of other social landlords, 1 owner and 3 others who have been appointed by the Scottish Housing Regulator to provide additional support until June 2020. We have a small staff team of 5, currently led by our Interim Director.

Our Track Record

We operate in one of the most deprived areas in Glasgow; an area that has consistently appeared in the top 5% of the Social Index of Multiple Deprivation since its introduction in 2004. Nonetheless, the successful regeneration of the area, and the drive and ambition of our tenants and committee members, have played a significant role in improving our neighbourhood and making it an attractive place for our tenants and others to live. Tenant satisfaction with our homes and services is high – generally well over 90% – and turnover of tenancies is low. People now want to stay in the area.

Part of our success has been our long-standing commitment to working with others. For example, we previously partnered with Cube Housing Association to build homes and with

Thenue Housing Association to commission development services. We joined the Easterhouse Housing and Regeneration Alliance (EHRA) to ensure a joined-up approach across the wider area, and more recently we have supported the work of Cranhill Development Trust, Ruchazie Parish Church and the newly established Ruchazie Community Council.

We recognise that playing a major role in new build development is probably now over for us; although we have not ruled out the possibility of adding to our housing stock via some small-scale developments in the future. We therefore adapted our strategy to focus on maintaining and improving our services to our tenants and the local community and this is already proving successful. A recent benchmarking review of our performance by the Scottish Housing Network placed us as the best performing social landlord amongst all SHN's 132 RSL members when comparing both service performance and value for money performance (based on performance reported via the Annual Return on the Charter (ARC) as at 31 March 2019).

Recent Consolidation

In late 2017, following the departure of our long-standing Director, we embarked on a major review of our governance and financial management arrangements which ultimately led to the appointment of a Manager by the Scottish Housing Regulator. Our management committee subsequently adopted a comprehensive governance improvement plan designed to strengthen a number of critical business areas. Since then, we have significantly improved our policies and processes, have enhanced our management reporting systems and have delivered an intensive programme of training. We have strengthened our audit arrangements and are currently introducing a more robust framework for identifying and managing risk. We have also reviewed our asset management plans and associated budgets and are currently consolidating these into a comprehensive asset management strategy.

As part of this review, we undertook an option appraisal exercise in 2019 to consider how we should operate in the future and whether the interests of our current and future tenants were best served by us remaining independent, entering into a constitutional partnership with another housing association, or transferring all our assets to merge with another association. After considerable discussion over several months, our management committee reached the conclusion that the best way forward for our tenants was for Ruchazie Housing Association to remain independent and seek opportunities to collaborate with others in an effort to achieve our vision, maximize our impact and reduce our risks.

Our committee recognise that we must resource this option with a strong and effective governing body and following a recent skills review, we are currently recruiting new committee members. We are on track to fully restore compliance with the regulatory standards in governance and financial management by June 2020. This business plan therefore includes arrangements in Year 1 which will continue to strengthen the committee, maintain our high service performance and enter into collaborative arrangements with others.

Where We Are Strong

We review our operational performance on a quarterly basis and report annually on how well we have met our business plan objectives. In addition, we have recently reviewed our current organisational strengths and have identified the following:

- **Our People:** Our staff and committee members have demonstrated tremendous skill, resilience and focus over the past few years as we have worked together to strengthen our governance while maintaining high levels of service performance. This has only been achieved because of our unwavering commitment to the local community and our determination to continue to build a strong, sustainable, community-controlled housing association.

- **Scale & Location:** We are one of the smallest RSLs in Scotland and we recognise this as a strength. It means that we know our customers well, understanding their needs and aspirations at an individual level, and are therefore able to offer a very personal service to our tenants. Given that we are located in the heart of our community also means that much of our interaction with our tenants is face to face which also helps to foster a more personal relationship. 80% of our tenants agree that we have a good reputation in the local community.

- **Operational Performance:** We already deliver services to a high standard with overall tenant satisfaction currently sitting at 96%. Our operational performance compares well to our peers. Nonetheless, we are not complacent and know the challenge for us will be how best to maintain high performance over the longer term, especially as more of our tenants move to Universal Credit.

- **Quality of our homes:** All our homes meet the Scottish Housing Quality Standard (SHQS) and we are on track to meet the Energy Efficiency Standard for Social Housing (EESSH) by the end of 2020. Over 90% of our homes are newbuild and as such they continue to meet the current profile of housing demand (in terms of house size and type). Again, we are not complacent and recognise that the needs of our current tenants will change as they get older.

- **High levels of demand and low turnover:** Many people want to live in this area and once here, they want to stay. We have a waiting list of around 120 households, have very high levels of tenancy sustainment and re-let fewer than 6 properties each year. Although we see this as a strength (providing further evidence of our good reputation and high level of tenant satisfaction), we appreciate that for those people waiting for a home, their perspective on this situation will be quite different.

Where We Know We Can Improve

We have also identified some areas where we consider we still have some weaknesses to address. These include:

- **Tenant engagement:** Despite the fact that 100% of our tenants report that they are very satisfied with the opportunities we offer them to participate in our decision-making processes, we feel that we should be able to do more. Over recent years we have increasingly found it difficult to systematically engage with our tenants and suspect that this is largely due to the high tenant satisfaction levels we experience. Nonetheless, as a community-controlled housing association we are keen to see our tenants actively and genuinely participate in shaping the organisation and our services.

- **Governance:** Whist we have undoubtedly made significant progress in strengthening our governance, we know there are some areas which will require our ongoing attention. These include steps to build the capacity and sustainability of our management committee (a challenge for many RSLs), enhance our assurance reporting process, embed our new approach to risk management, and strengthen how we demonstrate that we give proper consideration to equality and human rights issues.

- **Capacity & capability:** As an RSL with a staff team of only five, we have limited capacity to take on additional activities and limited capability if new skills are required. Nonetheless, with the ever-increasing demands on RSLs, the pressure to keep costs down and rents affordable, as well as our own ambitions to increase our impact, we cannot afford to stand still. All of this requires us to be focused, creative and collaborative.

- **Ability to meet demand:** As a housing association with only 225 homes and generally no more than 6 properties available for re-let each year, we have very few opportunities to meet the current and future demand for housing. We have a waiting list of approximately 120 households which equates to around 25 households waiting for each property available for re-let each year. We also operate within a city which is experiencing increasing housing demand from an aging population with increasingly complex health and social care needs.

- **Networking:** No doubt due to our internal focus on improving our governance, we have probably become rather insular of late and recognise the need for us to be more outward-looking and engaged with the wider housing sector and our local partners. Doing so would help us to reconnect with previous partners, spot opportunities for new collaborative relationships, learn from others and raise our profile.

Section 3: Context

In developing this business plan, we assessed our operating environment to ensure we remain responsive to the needs of all our stakeholders and the ever-changing context. We have identified the key external influences which have helped to shape this strategy and have mapped these below.

Significant & attractive local greenspace e.g. Seven Lochs Wetland Park.

Lack of clarity over future funding for building new homes and few suitable sites in local area.

New ambitious housing to 2040 vision in Scotland.

Work on the National Planning Framework 4 is underway with a strong focus on spatial planning.

Ruchazie does not feature strongly in Easterhouse Thriving Places.

A relatively stable neighbourhood with a strong sense of community.

Impact of Universal Credit & Welfare Reform on households.

UK now leaving European Union & potential of another independence referendum in Scotland.

Ruchazie Housing Association

Deep-rooted multiple deprivation in surrounding area.

An aging population with increasingly complex health needs.

Increasing regulation & legislation (e.g. as the full legacy of Grenfell becomes clear).

Few local services & poor public transport links.

Increasing interest in using digital technologies to deliver services.

Continued economic uncertainty compounded by increasing costs and coronavirus.

A growing sense of a global climate change emergency with increasing expectations that we all take action.

Renewed appetite for effective collaboration from key local partners.

Potential Opportunities

When we look at our operating environment, these external influences reveal some potential opportunities for us. These include:

- **Local partners:** We have a track record of working with others and recognise the benefits offered by collaboration. Many of our local partners share our vision for the area and we have observed an increased willingness to explore different models of partnership. We have identified opportunities to build on existing relationships as well as forming new mutually beneficial relationships.

- **Reducing deprivation:** Although we do not underestimate the challenge here, we feel that there must be opportunities for us to make a positive contribution to reducing the high level of multiple deprivation in the surrounding area. We certainly cannot do this alone, but by working with and supporting our local partners, we recognise the potential to better align our efforts.

- **Specific needs:** Like in any community, households will have a range of different and specific needs. We are keen to better understand these needs and to work with our tenants, our partners and the wider community to identify appropriate solutions. Some of these needs may require us to make changes to our homes (e.g. adapting these for health reasons) or changes to the local environment (e.g. providing play facilities for young children). There is also likely to be opportunities to think more creatively about how we meet households' wider welfare needs e.g. social isolation, access to services, take-up of support services.

- **Gap sites:** While we accept that our days of being a significant developer of new homes are probably over, we do think that there are opportunities for one or two small developments in the remaining gap sites. This would not only provide much needed additional social housing and allow us to enhance the type of housing we can offer (in terms of house type, size and layout) but it would also allow us to tackle the remaining, unsightly wasteland.

- **Green spaces:** Our homes are located on the edge of the Seven Lochs Wetland Park and are linked to a number of green spaces through a network of specially designed green corridors. We feel that this offers us a unique opportunity to promote the attractiveness of the area to prospective tenants and staff, but also to more creatively harness the social and health benefits of this wonderful community resource.

Known Challenges

We recognise that there are also a number of known challenges, or external threats, that we will need to prepare for:

- **Economic uncertainty:** Following the UK's recent departure from the European Union and move into the transition period, and as the coronavirus pandemic begins to affect global money markets, it is hard to remember a time of more economic uncertainty. Although Scottish Government's most recent State of the Economy report (Feb 2020) revealed some signs of a relatively more positive outlook for Scotland's economy in terms of consumer spending, employment levels, and future trading relationships, this was published before the scale of the potential impact of the coronavirus had been assessed.

- **Rising costs:** While the current economic uncertainty continues and the UK and Scottish governments take steps in an attempt to mitigate its impact, the challenge for us will be to keep a tight control on our costs in an effort to keep rents affordable. This is an ongoing challenge for all RSLs, but in the current climate, it is especially challenging.

- **Increasing regulation:** RSLs are subjected to a raft of regulation and legislation and this continues to increase. In the past year the Scottish Housing Regulator updated their regulatory standards which introduced several changes for RSLs including the new requirement for annual assurance reporting. In 2019, RSLs also came under the Freedom of Information Act. This year will see the new fire safety regulations come into effect and the publication of the Government's housing to 2040 vision and route map. Next year we expect to see enhanced building regulations obligations (which potentially could include responsibility for validating component effectiveness).

- **Climate change:** As we all begin to appreciate the urgency of addressing climate change, we are also becoming aware of the scale of the challenge facing us. Scottish Government has committed to ambitious carbon reduction targets which for example, will mean that all new homes built in Scotland from 2024 will only use renewable or low-carbon heating. We already know that trying to meet all the new EESSH2 standards will, for many RSLs including ourselves, be either technically impossible or economically unviable.

- **Universal Credit:** To date, the impact of universal credit on our organisation has not been significant. However, this is because we are only now starting to see our tenants move across to the new system. As more tenants move to Universal Credit, we will undoubtedly start to see an impact. The challenge here will be twofold; how best we can support our tenants as they migrate to the new system and also how best we can mitigate any detrimental impact on our own business.

Section 4: Strategy

Our business strategy provides an over-arching framework for our work. It helps us to steer our course, maintain our pace and ensure that we deliver the performance standards set by our management committee. It also helps us to articulate our ambitions in a clear and consistent way.

OUR VALUES

Respect
- For each other and the area in which we operate

Understanding
- The needs, wants and aspirations of our service users
- Our community
- Our operating environment

Community
- Community based
- Led by the community for the community

Helpful
- Working as a team that listens, provides answers, gives guidance
- Keeping promises and honouring commitments made to others

Approachable
- Working proactively
- Breaking down barriers
- Building relationships
- Creating trust and gaining trust

Zero Tolerance
- Discrimination
- Abuse
- Violence
- Crime

Integrity
- Making sure we always do the right thing

Equality
- Neither consciously nor unconsciously discriminating

Our vision is of

"A flourishing space for all"

This encapsulates the importance we give to:
- **place**, including our high-quality natural environment;
- a **thriving** and **sustainable** local community; and
- a **welcoming** and **inclusive** community.

Strategic Direction

Like any organisation, we have gone through many different phases in our 25+ years' journey, where each phase is influenced by various internal and external factors. Our previous phase was one of governance improvement and consolidation.

We continue to be acutely aware of the challenges faced every day in our communities, no more so in the current economic climate, and remain committed to serving our community to the best of our ability.

We recognise that we need to change and are therefore embarking on a new phase designed to strengthen the organisation with a strong focus on performance, resilience, engagement and collaboration. We will apply our renewed sense of purpose, energy and professionalism to drive this through. We see these next 5 years as a phase of ***strengthening*** and ***collaborating***.

Strategic Objectives

We have reviewed our strategic objectives to ensure that we stay focused on working towards our vision over the next 5 years. All our activities will be aligned to delivering these specific objectives with agreed outcomes and targets to help us measure our performance. They are:

1. To deliver excellent customer services

We already deliver high performance across our core housing services. However, we are motivated to continue to improve and so have set ourselves the goal of "excellence". We know that this will be challenging in the current environment, but we also know that challenge brings out the best in us.

2. To provide high quality homes

Although our homes already meet SHQS and are on track to meet EESSH, we are aware of Scottish Government's ambitions to raise standards further. Our tenants are very satisfied with the quality of their home, but we know their needs and aspirations are changing. Our challenge is to ensure we continue to meet the aspirations of both Government and our tenants as these change.

3. To offer a welcoming environment

We understand that for our tenants the quality of the local environment and the strong sense of community and neighbourliness matter. We believe we have a key role to play in this which includes not just our estate management and wider role activities but also how we ensure our policies remain inclusive and how we enact our organisational values.

4. To demonstrate sound governance & financial management

We recognise our responsibilities as caretakers of the RSL's assets and are committed to achieving, maintaining and demonstrating our full compliance with the regulatory standards of governance and financial management.

5. To value our people

Our people include the members of our management committee and staff. We are fully committed to building a strong and effective team of people who all feel well-equipped, supported and motivated to carry out their role.

Section 5: Priorities

We have identified our top strategic priorities for the next 5 years, understanding that each one will contribute to more than one of our strategic objectives. We have set out how we will deliver on these priorities (see below) and how we will assess our progress (see appendix for our 5-year strategic delivery plan). These priorities will flow down into operational work plans and personal targets.

Aligned with strategic objectives:

1. Service Quality

Although our tenants already report high levels of satisfaction with our services, we are ambitious to maintain these high levels over the next five years as well as improve our performance where we can. We are committed to continuing to meet the standards set out in the Scottish Social Housing Charter and to address any service areas which would benefit from improvement. For example, in our most recent tenant satisfaction survey (2018), despite very high levels of satisfaction, we unexpectedly saw a drop in the number of tenants who reported that their rent offered value for money. Whilst we believe this was probably a consequence of unfortunate timing (we had just issued our rent consultation) we are keen to explore this further and learn any lessons to help us to improve our performance here too.

Over the next few years, we plan to work with our tenants to identify and agree a set of customer service standards customized for the Ruchazie community. These will be designed to complement the standards set out in the Scottish Social Housing Charter and will no doubt be informed by our new set of organisational values and our desire to offer a welcoming and inclusive environment. We will then work to ensure these standards are embedded in our processes and behaviours. Our goal is then to have our performance against these standards externally validated and accredited and to this end, we will work towards achieving Customer Service Excellence accreditation within the next 4 years.

As a small community-based housing association, we feel that we already know many of our tenants well. With around a third of our tenants preferring to report repairs in person at our local office, we perhaps have more opportunities than most to meet with tenants. Nonetheless, it is important that we regularly and systematically take steps to better understand the changing needs and aspirations of our tenants. We will continue to do this through our formal and regular tenant satisfaction survey as well as more informal and ad hoc tenant focus groups. We will also seek opportunities to update our customer profile which includes our duty to collect anonymised equalities data relating to the protected characteristics of current and prospective tenants.

Just as important is our understanding of the needs and aspirations of future tenants which will help us to ensure that our homes and services will meet their requirements. We will continue to work with Glasgow City Council as the strategic housing authority to understand the pressures on the current housing system and how RSLs as small as ours can still play a meaningful contribution to resolving the city's housing needs.

Finally, we welcome the increased focus within the sector on tenant safety and recognise the different dimensions of this which cut across not just how well we look after our homes and the surrounding physical environment, but also how we ensure our services help our tenants to feel safe and secure in their homes. We have identified tenant safety as a key strategic risk for us and are currently working to put in place key measures to mitigate the associated risks.

Aligned with strategic objectives:

2. Governance

For the past two years or so we have worked hard to deliver our comprehensive governance improvement plan. Although this will be complete in the next few months, allowing us to demonstrate full compliance with the regulatory standards of governance and financial management, we know that governance will continue to be a strategic priority for at least the next 5 years.

Good governance is essential for all businesses and although we have made significant improvements, we cannot afford to be complacent as we move forward. Governance remains a key strategic risk for us as we now move to embed our newly adopted policies and processes, address one or two areas where we know we can still improve, and ensure we continue to monitor our performance and respond to any early warning signs that we may be slipping back.

We realise that with such a small staff team which by necessity is closely involved in operational matters, we may find it especially difficult to spot any early warning signs. We will therefore continue to explore how best to ensure effective and objective governance oversight. We have already introduced quarterly compliance reporting, have both internal and external auditors in place and completed an ARC validation exercise in Jan 2020. Over the next five years we will continue with our programme of internal audits and to strengthen our annual assurance process and supporting evidence base.

One of the key governance challenges for us is the ongoing sustainability of our management committee. We know that we are not alone in this as many third sector organisations (and not just RSLs) struggle to recruit and retain effective committee members. We have strengthened our approach to succession planning and are currently recruiting new committee members, essentially to fill the skills and experience gaps created when the members appointed by the Scottish Housing Regulator step down later this year.

We also plan to adopt a longer-term approach to succession planning and will be working to develop the membership of the RSL and our new tenant service improvement panel so that we can continue to recruit from a strong pool of people locally. We are also keen to explore opportunities with neighbouring RSLs which offer mutual support to new committee members whether this be through jointly delivered training, informal peer support and networking or through encouraging experienced and skilled committee members to serve on the committees of more than one RSL.

Another area we are keen to strengthen is in relation to equal opportunities and human rights issues. Currently we do not routinely conduct equality impact assessments. We know that this can be a challenge for very small RSLs in terms of maintaining objectively and anonymity and so will explore how best to achieve this.

Aligned with strategic objectives:

3. Value for Money

Achieving value for money is a strategic priority for us and is one which cuts across all parts of our business. It is imperative that we invest our resources wisely, have a robust approach to deciding how to use our resources, maximise the return on our investments, understand the full cost of delivering services and safeguard the financial sustainability of the organisation.

We recognise the links between affordability and value for money and how important it is for us to keep tight control of our costs in order to keep our rents affordable. While our rents compare well to our peers and the SFHA affordability test overall, and our most recent tenant satisfaction survey reveals that 91% of the respondents who do not receive housing benefit said their rent was fairly easy to afford, we have also seen a drop in the number of tenants who feel that their rent represents value for money (from 85% to 78%). Whilst this recent drop may well have been due to the unfortunate timing of the survey coinciding with our rent consultation, this serves to remind us just how important this link between affordability and value for money is for our customers.

We also recognise that assessing value for money is not always straightforward when the benefit is not immediate or can easily be measured in financial terms. For much of our work the benefits are realised over the longer term (e.g. making our homes more energy efficient) or can be rather more intangible (e.g. investing in staff training). A recent survey by the Scottish Federation of Housing Associations which found that only 37% of their members currently try to evaluate their impact demonstrates the challenge we all face here. Nonetheless, we will continue to strengthen our approach to ensuring value for money and embed good practice throughout the organisation and across our activities.

Aligned with strategic objectives:

4. Strategic Asset Management

In tandem with this business plan, we are developing our first comprehensive asset management strategy which is due to be finalized later this year. This represents a shift towards a more strategic approach to managing and maintaining our homes (and our other non-residential buildings and grounds) over the short, medium and longer term. We are also keen to use this new approach to re-engage with our partners to develop a more strategic and joined-up approach to local estate management.

To inform our new asset management strategy, we have undertaken work to update our life cycle costs and have embarked on a programme of stock condition surveys which will see us moving from our current position where 40% of our homes have been surveyed to the position where we will have 100% surveyed by Year 3. We have also purchased an online tool to allow us to better record property details as maintenance works are completed. Having more comprehensive and accurate stock condition information will allow us to sharpen our investment programmes and associated budgets.

Although around 90% of our homes are new build, these properties are now approaching the stage where they require some major component replacement. This is reinforced by the results from our most recent tenant's satisfaction survey which reported that although 94% of tenants said they were satisfied with the quality of their home, when asked further, tenants said that windows, kitchens and bathrooms were their top priority for replacement. We have taken this into account in our investment programmes with boiler and kitchen replacement programmes already underway.

Tenant safety is a priority issue and strategic risk for us. The new fire regulations come into force in Year 1 of this plan and will have a significant cost implication for us. We already have plans in place to ensure the necessary work will be completed on time and that we meet our legal duties and responsibilities.

The affordability of our homes is also a priority for us. We already take steps to ensure our rent remains affordable to our tenants and we monitor this through our tenants' satisfaction survey and use of the SFHA affordability tool. Currently, 91% of respondents who do not receive housing benefit said their rent was fairly easy to afford. As we develop our new strategic approach to asset management, we are keen to look more broadly at the affordability and sustainability of our homes as set out in the Housing to 2040 Vision for high quality sustainable homes. This means not only taking into account the cost to rent the property, but also to heat it and to travel to and from key essential services.

Improving the sustainability of our homes is also dependent on our ability to adapt these to suit the changing needs of our tenants. We have experienced an increase in the number of requests for adaptations and will take care to ensure that we use our budget allocation effectively and that any adaptation does not hinder the future allocation of the property.

We are already on track to meet EESSH standards later this year but know that much of EESSH2 would be technically very difficult and/or uneconomical to achieve. In addition to working to improve the energy efficiency of our homes, we are fully supportive of the move to low and zero carbon homes and will be exploring how we can play a meaningful part in tackling the global climate emergency.

Finally, we have not closed the door to developing more homes. Whilst we appreciate there is limited funding and limited suitable land available, we are keen to explore all opportunities to increase the number of our homes, offer a wider choice of house type, and develop the remaining gap sites in the local area. As with all our previous housebuilding programmes, we would expect to deliver any new homes in partnership with others.

Aligned with strategic objectives:

5. Tenant Engagement

The results from our most recent tenant satisfaction survey tell us that 100% of our tenants are satisfied with the opportunities they have to engage with us. Nonetheless, we feel tenant engagement is an area where we can make improvements, especially since only 8% of tenants are "very" satisfied with the opportunities we offer.

We updated our tenant engagement policy in 2019, renewing our commitment to being more proactive. Since then we have launched a new service improvement panel which is externally supported by TPAS. The panel currently has 6 tenant members and has already embarked on a review of our letting standards. It is hoped that the panel will conduct one review per year, reporting its findings directly to our management committee.

We are also keen to attract input from our tenants to help inform and improve our policies and plan to establish a tenant's policy review register where those tenants who indicate an interest will receive a draft copy of the policy and an invitation to feed back their comments. These will then be taken into consideration when the final policy is drafted and approved.

These more formal approaches will not prevent us from holding the occasional customer focus group to test out new ideas or to seek informal feedback on particular initiatives. We have had some recent success with tenant focus groups, and they have the advantage of being a quick and inexpensive way of getting insight into the customer perspective.

We are also keen to continue to explore the opportunities to engage with our tenants digitally. We recently introduced the "MyTenancy" app for our tenants and the take up to date has been strong. We know that many RSLs struggle to achieve high levels of tenant engagement and that this is reflected across many communities. However, we also know that some RSLs have been particularly creative in their approach, some using digital channels and some not. We are keen to learn from their experience and to test out a range of different approaches to assess what works best for Ruchazie's residents.

Aligned with strategic objectives:

6. Wider Role

We are committed to playing a full part in the community and recognise that this means being more than just a landlord. However, as a small organisation with only five staff we must be careful that we do not spread ourselves too thinly. Our main contribution will therefore be to support other organisations to maximise their local impact rather than lead projects ourselves. We currently engage with several organisations based within the community already providing valuable local services and campaigning for change and plan to build on this over the next five years. These organisations include Ruchazie Parish Church, Cranhill Development Trust and the newly established Ruchazie Community Council.

In seeking to deliver our vision for the area " *a flourishing space for all*" and our new strategic objectives, we intend to review and enhance the focus of our wider role supporting activities to ensure we maximise our impact (especially for our own tenants) and achieve value for money. We will prioritise our support to projects which are inclusive, take account of equalities and diversity issues, and are genuinely community-led. We will also continue to work with organisations which support effective partnership working and joined-up thinking both within Ruchazie and also across the wider area.

We will continue to support wider role activities which challenge poverty and we recognise the contribution the local job clubs and the new Ruchazie Food Pantry make here. We will also continue to support activities which offer an effective welfare benefits advice service to our tenants supporting them as they move to Universal Credit.

Our support will not necessarily always be financial. We will also offer non-financial support where we can, which may take the form of offering advice, sharing good practice or helping to promote projects and local events.

Aligned with strategic objectives:

7. Business Development

We are committed to developing an agile, efficient, and modern housing association which serves the interests of our tenants well. Many of our other strategic priorities listed above will help us to do this – e.g. good governance, ensuring value for money, fostering effective tenant engagement – but we recognise that we also need to invest in our organisation, its people and its infrastructure.

Over the past year or so we have reviewed our policies and procedures and have updated many of these. We will continue to ensure these remain up to date and compliant and have a clear policy review schedule in place.

We already have effective IT systems in place and will continue to invest in these and any new systems as appropriate. We manage our website locally and update it on a regular basis. As we move to more web-enabled tools, our tenants now have access to MyTenancy through our website which allows them to pay rent, report repairs, and other essential functions. We also have a portal for our committee members where they can access key reports and are currently exploring how we can enhance this.

We have also recently reviewed the effectiveness of our committee meetings and have made changes to how we structure the agenda and encourage constructive challenge. We have also reviewed our committee structure and have introduced an Audit & Risk sub-committee.
We are committed to maintaining our lean staffing structure. We have been operating with one or two temporary posts for some time and will be addressing this over the coming months. Our priority for the next 5 years is to continue to invest in staff development and to draw in specialist skills as we require them. We have strengthened our staff appraisal process and have adopted a more comprehensive approach to staff training and development. We believe that well-trained, supported and motivated staff deliver the best outcomes for our customers.

We are also taking steps to ensure our staff and committee members strengthen their networks within the sector. This will help us to raise the association's profile as well as share ideas, learning and good practice. Just as important, this increased exposure to external influences will also develop our confidence in our ability to build a strong, successful and sustainable organisation.

Aligned with strategic objectives:

8. Collaboration & Partnership

Our final strategic priority, like value for money, cuts across all parts of our business and will contribute to all five strategic objectives. Moreover, we recognise effective collaboration and partnership as a critical factor in our decision to remain an independent housing association. We therefore see the next five years as a period of building important strategic alliances, collaborative relationships and joint ventures.

We have already started to build new supportive relationships and are currently exploring several opportunities to procure specific services from new partners. However, we are keen to take a strategic and thoughtful approach to collaboration and with this in mind, plan to develop a collaboration and partnership plan over the next few months which will be designed around the following five principles:

- **Effective models** – appreciating that different forms of collaboration and partnership may be required in different situations and for different purposes.
- **Organisational alignment** – ensuring we work with like-minded organisations which share our vision and values.
- **Value for money** - seeking savings, efficiencies and clear cost benefits, recognising that managing partnerships can be a time-consuming activity.
- **Specific terms**– ensuring clarity in terms of scope, remit, timescales and, where appropriate, performance.
- **Mutuality** – setting out the benefits that we can offer to partners in exchange for their support.

This new collaboration and partnership plan will provide a framework for all partnership working whether formal or informal and will help us to assess collaborative opportunities as they arise. We will also ensure we embed the lessons from our considerable track record of effective partnership working and will continue to review the learning as we enter this new collaborative phase.

Section 6: Resources

We are fully committed to making the best use of all our resources to ensure we remain a strong, successful and sustainable organisation. We have reviewed our financial health, updated our 5yr and 30yr financial projections and strengthened our assurance and reporting processes.

Financial Health

In overall terms, the association is in a satisfactory financial position at the start of the plan period and all banking covenants are expected to be comfortably met in the year. At the end of March 2020, we expect to have generated a surplus for the period of around £115k with the net worth of the business at £1.7m. This reflects the extraordinary cost of statutory intervention which suppressed our financial performance during 2019/20. Cash resources of just under £862k are expected at March 2020, giving rise to a drop in liquidity compared to the 2018/19 position. The component replacement programme planned at a cost of £83k, will see our housing properties stated at £13.1m on the Statement of Financial Position.

Financial Planning

Our long-term 30-year financial projections prepared on an annual basis, along with 5-year plans and an annual budget, are aimed at demonstrating our ability to meet all of our financial commitments, compliance with loan covenant obligations and support delivery of our strategic objectives and delivery plans in the short, medium and longer-term. Projections include a statement of comprehensive income, a statement of financial position and a statement of cash flows. The financial projections are consistent with the requirements of the Scottish Housing Regulator under the regulatory standards of governance and financial management.

Financial Assumptions

The key financial assumptions throughout our financial plan are:

Inflation	Year 1 - November 2019 CPI rate of 1.5% is used in the 2020/21 budget. Thereafter based on the Bank of England target rate of 2.00%.
Component Replacement; planned; cyclical and reactive maintenance	Year 1 - November 2019 CPI rate of 1.5% + 0.5%. Year 2 onwards, inflation of 2% +0.5%
Management Overheads	Year 1 -November 2019 CPI rate of 1.5%. Year 2 onwards -2.00%.
Rental Income	Year 1 - 2.5% increase (CPI 1.5% +1%). Years 2-4, 3% increases (2.00% + 1%). Year 5 onwards- inflation only increases 2%.
Void Rental	Void rent levels are assumed at 0.02% in years 1-5
Rent Arrears	Years 1 – 4 assumed at 3%, 3.5% in year 5

Bad Debt	Provision for bad debt is assumed at 45% of rent arrears and bad debt write off is assumed at 10% across all years
Loan Interest	Year 1 LIBOR is assumed at 0.75%, rising to 2.75% by year 5 Year 1 Base rate is assumed at 0.5%, rising to 2.5% by year 5

Overhead Costs

Staff, other overheads and regulatory intervention costs all form the total management cost of the association. These average at a per unit cost of £1588 (current value) across the plan period.

Our projections are based on a staffing structure of 4.4 FTE (full time equivalent) to support delivery against our new strategic objectives. The association is currently tied into EVH terms and conditions and there are no plans for this to change during the next five years. The staff costs / turnover ratio averages out at 16.3% across the plan and compares favourably to the sector average of 23% for 2018/19. The plan assumes employer pension contributions of 16.25% (12.6% in 2019/20) for each member of staff.

Our financial plan also includes provision to more fully develop and support our wider role and tenant engagement activities. Provision is also made for costs aimed at supporting our new strategic direction of "strengthening and collaborating" with regulatory intervention costs expected to drop off part way through Year 1.

Component Replacement

In meeting our strategic objective 'to provide high quality homes', appropriate levels of investment are required to ensure compliance with both government housing standards (SHQS) and energy efficiency standards (EESSH) and in doing so, protect the long-term viability of our housing stock. Our financial plan reflects years 1 to 5 of our 30-year investment programme for our properties which is based on current stock condition survey data. The plan includes provision for component replacement of just under £470k and this is funded from surpluses and cash reserves.

Treasury Management

Our treasury management policy provides that we should ensure that an appropriate mix of fixed and variable rate finance is in place, where between 25% and 50% at fixed rate is considered reasonable. All of our loans are currently on a variable rate basis. The plan assumes that a fixed rate arrangement for the Royal Bank of Scotland Phase 4 loan, representing 33% of total loan balances, will be in place towards the start of year 1, at fixed interest rate of 0.75%. The Co-op loan will mature during 2021/22 with a final bullet repayment of £193k due in August 2021.

Financial Viability

Across Years 1 to 5, cumulative surpluses of £1.3m are achieved and the cash balance increases to just over £1m by Year 5. Cumulative component replacement at £467k is comfortably funded from surpluses and cash reserves and housing properties on the Statement of Financial Position are stated at £12.8m. A dip in the Year 1 liquidity ratio, triggered by the Co-op loan balance becoming due for repayment within the year, is followed by a steady recovery through to Year 5. Loan debt will decrease by around £850k over the 5-year period. The association's net worth is expected to increase to just over £3m by the end of year 5. Banking covenants are comfortably maintained throughout the 5-year period and in summary, the association continues to maintain a satisfactory financial position throughout the plan period.

Statement of Comprehensive Income (Extract)

SOCI	Year 0 2019/20 £'000	Year 1 2020/21 £'000	Year 2 2021/22 £'000	Year 3 2022/23 £'000	Year 4 2023/24 £'000	Year 5 2025/26 £'000
Turnover	1,225	1,237	1,243	1,271	1,299	1,319
Operating Costs	1,058	1,010	938	904	962	980
Operating Surplus	167	228	305	367	337	339
Interest Charges	(52)	(54)	(49)	(48)	(47)	(45)
Net Surplus	115	174	256	319	290	294
Gross Profit Ratio %	13.6%	18.4%	24.5%	28.9%	26.0%	25.7%
Net Profit Ratio %	9.4%	14.0%	20.6%	25.1%	22.3%	22.3%
Staff cost /Turnover %	14.0%	16.1%	16.4%	16.4%	16.4%	16.5%
Management costs / Turnover %	38.4%	32.5%	28.3%	28.2%	28.1%	29.2%
Management cost per unit £	2,080	1,781	1,555	1,583	1,618	1,707

Annual rents increases are the main driver for the movement in turnover across the plan. Operating costs are reflective of inflationary increases and vary annually, depending on the planned maintenance profile. Net surpluses are generated, with gross and net profit ratios showing improvements against Year 0 and demonstrate a level of consistency from Year 2 onwards.

Statement of Financial Position (Extract)

SOFA	Year 0 2019/20 £'000	Year 1 2020/21 £'000	Year 2 2021/22 £'000	Year 3 2022/23 £'000	Year 4 2023/24 £'000	Year 5 2025/26 £'000
Housing Properties	13,094	12,827	12,508	12,254	11,999	11,727
Housing Grant	9,416	9,107	8,798	8,489	8,180	7,871
Cash	862	784	669	755	869	1,004
Loans	2,567	2,408	2,082	1,958	1,834	1,711
Net Worth	1,692	1,866	2,122	2,441	2,731	3,025
Current Ratio	2.56	1.58	2.22	3.02	3.46	3.98
Debt per unit £	11,357	10,657	9,211	8,664	8,117	7,569

With no plans for new build development, our Statement of Financial Position shows a net decrease in the carrying value of housing properties, as the value added though component replacement spend is offset by the annual depreciation charge. Cash drops in Year 2 with the repayment of the Co-op loan balance, but sees a steady recovery thereafter. Similarly, liquidity (current ratio) shows improvement from Year 2 onwards. With no new loans added during the plan period, loan debt per unit, drops by almost 30% across the period.

Statement of Cashflows (Extract)

Cashflow	Year 0 2019/20 £'000	Year 1 2020/21 £'000	Year 2 2021/22 £'000	Year 3 2022/23 £'000	Year 4 2023/24 £'000	Year 5 2025/26 £'000
Adjusted Net Cash from Operating Activities	235	291	364	423	396	400
Component Replacement	84	103	49	108	111	96
SHAPS Pension Deficit	50	53	55	57	0	0
Loan Repayment	158	158	327	124	124	124

In Years 1 and 2, cash reserves are required to support component replacement, pension deficit and loan repayments. Thereafter, adequate cash is generated in each year to meet these commitments.

Loan Covenants

Royal Bank of Scotland	Year 0 2019/20	Year 1 2020/21	Year 2 2021/22	Year 3 2022/23	Year 4 2023/24	Year 5 2025/26
Gearing	24%	23%	20%	18%	17%	16%
Maximum < 30%	30%	30%	30%	30%	30%	30%
Interest Cover	181%	246%	534%	531%	597%	672%
Minimum > 110%	110%	110%	110%	110%	110%	110%

Stress Testing

In order to ensure our financial planning is robust and can respond to any future uncertainties or changes, we carry out sensitivity analysis to stress test our key assumptions. The following financial scenarios have been assessed against the base case plan:

- Inflation only rises on rents
- Increase voids, arrears & bad debts by 1%
- 20% increase in reactive maintenance costs in year 2 only (cumulative impact)
- 10% increase in major repairs costs year 2 only (cumulative impact)
- Reduction in net income £50k per annum
- Combine all adverse scenarios

The results demonstrate that the association has facility to cope with scenarios arising on an individual basis in the medium term. Over the longer term and in years of particularly high planned maintenance and component replacement spend, there are instances of covenant breach. The results show that over the medium term covering the plan period, we are able to cope with the impact of multiple adverse scenarios with covenants being maintained. However, the position becomes more challenging in the longer term and should all of the scenarios detailed happen at the same time, we would not be able to meet our financial commitments.

Our people

Our people are our voluntary committee members and our paid staff, who together have shown resilience and dedication throughout our recent period of governance improvement and consolidation. While we considered the options about our future and developed this business plan, we have been led by an interim Director. We have now reviewed our organisational structure and are moving forward to embed a staffing structure as follows:

- Director
- Senior Housing Officer
- Finance officer
- Property Services Officer
- Customer Services Assistant

Over the next 5 years we will continue to develop a strong team of talented and committed people. This will include annual committee reviews and updates of our committee training and development plan, our newly strengthened staff appraisal process and embedding our new organisational values. We will continue to encourage and support our people to network with other organisations to share learning, explore new ideas and maintain an objective perspective.

We recognise that as a small team working in an ever-changing context there will be times when we will need to supplement our capability with effective collaboration arrangements and have accordingly made appropriate provision in our financial projections. We have already begun this process with outsourced senior finance and property management expertise.

Our Systems

We are committed to continuing to invest in our systems to improve our productivity, efficiency, services and communication. Our focus over the next five years will be to continue to make improvements, including any necessary upgrades and making better use of our existing systems.

Our current systems include:

- Pyramid/Omni – our housing management system.
- MyTenancy – our tenants' portal.

We are already exploring possible improvements which include upgrading our housing management system to a web-based system, upgrading the functionality of the My Tenancy portal, and purchasing an integrated finance and housing management system.

Section 7: Risk

Effective risk management is a core ingredient in any successful business. At a time when resources are limited, it is especially important to reduce the number of unwanted surprises. We understand the importance and value of managing risk and see our risk management policy and framework as an essential element of good governance, improving our decision-making and enhancing our outcomes and accountability.

Approach

We have adopted a comprehensive approach to risk management to ensure that we:

- are more flexible and responsive to new internal and external demands;
- are able to make informed decisions;
- can provide assurance to our Management Committee;
- reduce incidents and control failures; and
- are able to achieve our key targets and priorities.

Risk Management Framework

We have recently strengthened our risk management framework and introduced a process in which risks are identified, assessed, controlled, monitored and reviewed. The framework is designed to:

- integrate risk management into our culture;
- raise awareness of the need for risk management;
- encourage a positive approach to risk management;
- support improved decision-making, innovation and performance through a good understanding of risks and their likely impact; and
- manage risk in accordance with good practice.

Recent Progress

We are making good progress, which has included:

- quarterly compliance reporting in place;
- ARC validation exercise completed;
- internal and external auditors appointed;
- audits on repairs (Dec 2019) and risk and data security (Feb 2020); and
- Annual Assurance statement completed (Oct 2019).

Strategic Risk Themes

We have identified our key strategic risk themes as:

1. Governance
2. Financial sustainability
3. Recruitment and retention of key people
4. Collaboration
5. Business continuity
6. Safety and security

Audit & Risk Sub-Committee

Our Management Committee is responsible for overseeing risk management in our organisation. It is assisted by our newly established Audit & Risk Sub-Committee, charged with monitoring the management of high-level risks, reviewing the risk appetite, ensuring proper controls are in place and annually reviewing our approach to risk management.

Section 8: Monitoring & Review

This business plan signals our intention to move towards a more outcome-based approach to business planning where we are able to measure our strategic performance as well as our operational performance.

Performance Management

As our core strategic document, this business plan lies at the heart of our performance management framework and allows our strategic objectives and priorities to be cascaded down through the strategic delivery plan into work plans and individual responsibilities. We have strengthened our performance reporting processes and will report our performance against our business plan strategic objectives to our committee on a quarterly basis and have set out our intended outcomes together with our key performance indicators and targets in the strategic delivery plan attached as an appendix to this plan.

An Outcome Approach

For the first time, our strategic delivery plan includes outcomes. These short concise statements reflect the impact or result we want to achieve. We know that there can be other factors which will affect our ability to achieve these outcomes, some of which may be out with our control. Nonetheless, we are keen to have a performance framework in place that helps our committee to assess how well we are delivering on our strategic objectives and priorities. This is only the start of an outcome-based approach and we will develop and refine it over time.

Evidence Base

As part of our process to support the production of an annual assurance statement, we have already strengthened our evidence base and assurance levels. Over the next year or so, we will be commissioning our next comprehensive tenant survey, updating the information we hold on the condition of our homes, embedding our new risk management framework and continuing to benchmark our performance against our peers. The learning from all of this will be used to underpin future updates of this business plan.

Appendix A: Our Strategic Delivery Plan

Desired Outcomes		Key Actions	Performance Indicators	Annual Targets				
				20/21	21/22	22/23	23/24	24/25
Strategic Objective 1: To deliver excellent customer services								
1	Tenants are highly satisfied with our services.	Introduce and monitor new customer service standards.	Tenant satisfaction	96%	96%	98%	98%	98%
2	Service performance is externally validated & accredited.	Work towards achieving the Customer Service Excellence standard.	Accreditation is awarded.	Project Plan	Self assessment	Action plan	Accreditation	Monitor
Strategic Objective 2: To provide high quality homes								
4	Homes meet current energy standards.	Ensure asset management strategy addresses energy targets.	% homes meet EESSH (or equivalent)	95%	100%	100%	100%	100%
5	Tenants are satisfied with the quality of their home.	Deliver investment programmes on time and within budget.	% investment programme delivered on time and in budget	100%	100%	100%	100%	100%
6	Homes are affordable	Ensure affordability remains key consideration in rent setting policy.	% tenants agree homes are affordable	95%	95%	98%	98%	100%
Strategic Objective 3: To offer a welcoming environment								
7	Residents feel pride in the local area.	Adopt & deliver estate management strategy.	% tenants satisfied with our management of the neighbourhood.	94%	95%	96%	97%	98%
8	The local community is stable & vibrant.	Introduce and monitor new customer service standards.	% stock turnover	0.3%	0.3%	0.3%	0.3%	0.3%
9	Our office is accessible & welcoming.	Reconfigure our office.	% visitors satisfied with office.	90%	90%	100%	100%	100%
Strategic Objective 4: To demonstrate sound governance & financial management								

10	Regulatory standards are met.	Complete governance improvement plan & embed changes.	% compliance with standards.	100%	100%	100%	100%	100%
11	Our management committee is strong & sustainable.	Embed committee training, annual reviews and succession planning.	% attendance at management committee meetings and increased attendance at training, and participation in annual review.	85%	90%	90%	90%	90%
12	We are financially sound.	Embed new approach to financial and risk reporting and management.	% 1yr, 5yr and 30yr forecasts approved & budgets delivered.	100%	100%	100%	100%	100%
Strategic Objective 5: To value our people.								
13	Our people feel valued.	Embed a new culture that reflects the new values.	% people who feel valued by the organisation.	100%	100%	100%	100%	100%
14	Our people have the skills and support to carry out their role.	Work towards achieving appropriate validation (e.g. IIP)	Accreditation is awarded.	Project plan	Self assessment	Accreditation	Monitor	Monitor
15	We have sufficient capacity to deliver our business plan.	Adopt a collaborative approach to fill any gaps in capacity.	% business plan delivered.	100%	100%	100%	100%	100%

Appendix B: Our Projected Cash Flow

5 YEAR CASH FLOW PROJECTIONS	(April2020) Dec Forecast					
	YR 0	YR 1	YR 2	YR 3	YR 4	YR 5
	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
CASH FLOW	£'000	£'000	£'000	£'000	£'000	£'000
Net Cash from Operating Activities						
Operating Surplus/Deficit	167	236	304	367	338	340
Add Depreciation	373	373	373	366	369	374
Less Amortised Grant	-309	-309	-309	-309	-309	-309
Increase/(Decrease) in Creditors	0	0	0	0	0	0
(Increase)/Decrease in Debtors	4	-3	-3	0	0	-3
Net Cash from Operating Activities	235	296	365	424	398	401
Interest Received	2	2	4	5	9	13
Interest (Paid)	-54	-50	-53	-53	-56	-58
Net Interest (Paid)	-52	-48	-49	-48	-47	-45
Capital Expenditure						
Housing Improvements	-84	-103	-49	-108	-111	-96
Other Fixed Assets	0	-11	0	0	0	0
Grants (Repaid)/Received	0	0	0	0	0	0
CAPITAL EXPENDITURE	-84	-114	-49	-108	-111	-96
Net Cash Before Financing	99	134	267	268	239	260
Financing						
Debt drawdown	0	0	0	0	0	0
Debt Repaid	-158	-158	-327	-124	-124	-124
SHAPS Deficit	-50	-53	-55	-57	0	0
Net Cash from Financing	-208	-211	-382	-181	-124	-124
INCREASE/(DECREASE) IN NET CASH	-109	-77	-115	87	115	137
Cash Balance						
Bal B/Fwd	971	862	785	670	757	872
Increase/(Decrease) in Net Cash	-109	-77	-115	87	115	137
CLOSING BALANCE	862	785	670	757	872	1009
Current account	556	350	331	319	339	346
Funds on Deposit	306	435	339	438	533	663
CASH AT BANK	**862**	**785**	**670**	**757**	**872**	**1,009**