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**Business Plan**

**2020-2025**

Approved January 2020

**Reviewed January 2021**

**Foreword**

**BUSINESS PLAN REVIEW JANUARY 2021**

This business plan sets out our strategic direction for a five year period. It was approved by our Management Committee in January 2020, pre- COVId. During the last 12 months the association has met many of the challenges we faced, in some cases going above and beyond to ensure that our tenants are safe and our stakeholders are informed. This business plan has been reviewed to ensure that our strategy is still sound and that our priorities are aligned to those strategies taking into account the current economic and financial environments.

The Management Committee and staff team reviewed the strategy in December 2020, taking into consideration the Scottish Housing Regulator’s guidance published in 2015. This update also considers supplementary advice provided in January 2021, which focused on five key areas: rent affordability, risk management and mitigation, asset management, financial planning and treasury management.

It was agreed that our strategic priorities had not changed, and acknowledged that progress has been made across a number of our priorities, e.g. settled staff structure with staff recruited in key positions, completed the Fire Safety installations to meet legislative requirements, carried out a successful tenant survey and introduced treasury strategy. However we should take this opportunity to sharpen our focus especially where we can make a positive impact in our community.

We have reviewed our targets and timescales in our delivery plan to reflect the impact that COVID has had on our plans.

This business plan will be reviewed again in a years’ time when the pandemic is behind us and we are clearer about its impact.

Hugh Holland

Chairperson

**2020 Success**

**COVID RESPONSE**

Despite the restrictions of Covid throughout this last year, we adapted quickly to ensure no break in service from late March.

Early in the summer when restrictions were lifted we completed the installations of fire safety equipment in our tenants homes, cleaned the gutters, carried out gas safety inspections in all our tenants homes and have sustained service delivery with staff working from home.

Throughout the year RHA have been successful in receiving grant funding to support tenants throughout the pandemic, achieving 2 of our strategic priorities in Wider Role and collaboration. . This included effective collaboration with The Ruchazie Pantry, Glasgow West of Scotland Forum, Cash for Kids and DTAS.

**DELIVERY PLAN**

Our 5 year delivery plan sets out our main objectives for the duration of this Business Plan. The table below outlines a number of objectives achieved in this year, and the review will consider further if those outstanding remain as priorities post Covid.

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| --- | --- | --- | --- | --- | --- |
| **Strategic Objective** | | **Actions** | **Completed** | | **Updated comments** |
| **Priority : Service Quality** | | | | | | |
|  | | Carry out a comprehensive survey to collate information on customer needs, priorities and aspirations. |  | | Tenant Satisfaction Survey completed September 2020 |
|  | | Review of Estate Management Services |  | | Introduction of new service, at no additional costs to tenants |
| **Priority : Strategic Asset Management** | | | | | | |
| **3.** | | Carry out stock condition survey (20% of stock) |  | | Completed October 2020 |
| **4.** | | Review planned and cyclical maintenance programme ensuring compliance with SHQS /EESSH (SC) |  | | Continuous review and completions of ARC |
| **Priority: Value for Money** | | | | | |
| **5.** | | Introduce a value for money strategy  (JS/MS) |  | | VFM Statement approved February 2021 |
| **Priority: Wider Role** | | | | | |
| **6.** | Identify suitable partners for initiatives and projects (ALL) | |  | Successful partnership with the Ruchazie Pantry. | |
| **7.** | Explore opportunities to work in partnership with other community anchors (ALL) | |  | Throughout 2020 RHA have delivered support to tenants in partnership with a wide range of organisations across the community. | |
| **Priority : Collaboration** | | | | | |
| **8.** | Explore opportunities for service sharing and/or bulk tendering arrangements (ALL) | |  | Collaboration with WHA to tender for day to day repairs service. Consultant appointed to develop framework. Joining Scotland Excel to benefit from large scale tenders/cost. | |

**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 updated in January 2021 following a review by staff and Management Committee.***

**Purpose of the Business Plan**

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

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| --- |
| *Contents*  *Page*  *Introduction 1*  *About Us 2*  *Context 6*  *Strategy 9*  *Priorities 11*  *Resources 18*  *Risk 23*  *Monitoring 25*  *Appendices 26* |
|  | |
|  | |

* 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.

**Informing our Plan**

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 11 management committee members; all of whom are volunteers. Currently we have 3 tenant members, 2 tenants of other social landlords, 1 owner and 5 others from the housing sector and business community appointed at our AGM in September 2020. We have a small staff team of 5, currently led by our 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, Ruchazie Community Council and the newly established Ruchazie Pantry.

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 have in place an Audit & Risk Management Committee who meet quarterly. 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 recruited 5 new committee members in 2020 with the required skills and experience to strengthen our governing body. We continue to work with the Scottish Housing Regulator to fully restore compliance and we are on track to achieve this by March 2021. This business plan reviewed in 2021 includes arrangements in Year 2 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. We are supported by our tenants who work with us to improve our services, and act as our critical friend.
* **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. In our 2020 tenant survey 96% of our tenants agree that they are satisfied with our contribution to the management of their neighbourhood.
* **Operational Performance:** We already deliver services to a high standard with overall tenant satisfaction currently sitting at 90%, a slight decrease from our 2018 reported performance. 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 175 households, have very high levels of tenancy sustainment and re-let fewer than 10 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:** Despitethe fact that91% 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, and with this in mind explore opportunities to increase participation through digital channels.
* **Governance:** Whist we have undoubtedly made significant progress in strengthening our governance, we know there will always be areas that require our ongoing attention. These include steps to build the capacity and sustainability of our management committee (a challenge for many RSLs), continue with our programme of assurance reporting 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 10 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 175 households which equates to around 20 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, there was limited resources to improve our networking but now our staff and Committee engage with sector partners across a number of forums, Easterhouse Regeneration and Alliance, (EHRA), Glasgow West of Scotland Forum ( GWSF), Scottish Federation of Housing Associations (SFHA) and Scottish Housing Networks (SHN) Attending and taking part in forums, meetings and conferences helps us to to connect with partners, , spot opportunities for new collaborative relationships, share best practice, support each other 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.*

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|  |  |  | | |  | |  |  | *New ambitious housing to 2040 vision in Scotland.* | |  |  |
| *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.* | | |  |  |  |  |  |
|  |  |  | | |  |  | *Ruchazie does not feature strongly in Easterhouse Thriving Places.* | |  |
| *Work on the National Planning Framework 4 is underway with a strong focus on spatial planning.* | | |  | |  | |  |  |  |  |
|  | | *A relatively stable neighbourhood with a strong sense of community.* | |  |  |  |  |
|  |  |  | | |  | |  |  | *Impact of Universal Credit & Welfare Reform on households.* | |
|  | *UK leaving the 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.* | | | | |  | |  |
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**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 know there are 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 fromthe 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. New Fire Safety Regulations are now in place 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:** 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 vision is of

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| ***OUR VALUES***  **R**espect   * For each other and the area in which we operate   **U**nderstanding   * The needs, wants and aspirations of our service users * Our community * Our operating environment   **C**ommunity   * Community based * Led by the community for the community   **H**elpful   * Working as a team that listens, provides answers, gives guidance * Keeping promises and honouring commitments made to others   **A**pproachable   * Working proactively * Breaking down barriers * Building relationships * Creating trust and gaining trust   **Z**ero Tolerance   * Discrimination * Abuse * Violence * Crime   **I**ntegrity   * Making sure we always do the right thing   **E**quality   * Neither consciously nor unconsciously discriminating  1. ***Community engagement –*** *embedding participation and customer engagement in our culture.* 2. ***Collaboration & partnership –*** *seeking opportunities to build relationships and work with others.* 3. ***Social inclusion –*** *tackling inequality and harnessing diversity.* 4. ***Value for money –*** *maximising and demonstrating excellent value.* |
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**“****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:

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| Upward trend | 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. |
| House | 1. **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. |
| Forest scene | 1. **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. |
| Coins | 1. **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. |
| Group of people | 1. **To value our people**   Our people include the members of our management committee, staff and our tenants. 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, and to |

**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.***

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|  | *Aligned with strategic objectives:* |
| **1. Service Quality** | Forest scene |

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 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, however in 2020 survey this has now improved. It is important that we maintain or improve these levels of satisfaction. New service standards will be introduced and 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.

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|  | *Aligned with strategic objectives:* |
| **2. Governance** |  |

Since 2019 we have been working towards full compliance, staff and committee continue to work hard to complete and sustain 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 introduced quarterly compliance reporting, have both internal and external auditors in place and complete an ARC validation exercise annually. 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 successfully recruited new members, to fill the gaps created when appointed members stood down. We will continue with an annual review of skills and experience to ensure that the committee have the relevant skills and experience needed to be effective.

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.

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|  | *Aligned with strategic objectives:* |
| **3. Value for Money** | Forest scene |

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. Post-Covid this will likely place increasing pressure on value for money and impose greater challenge on RSL’s to deliver. 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 slight increase in the number of tenants who feel that their rent represents value for money (from 78% to 81%). Although an improvement on previous survey it still reminds us 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.

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|  | *Aligned with strategic objectives:* |
| **4. Strategic Asset Management** | Forest scene |

Our Asset Management Strategy was approved in January 2021. 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 programme 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 programme 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. This programme of work has now been completed, meeting the legal requirements and responsibilities, with replacement cycles included in our future plans.

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. Amid the Covid pandemic 44% of respondents who do not receive housing benefit said their rent was fairly easy to afford, however 78% of tenants said that they had not been financially impacted by the Covid 19 crisis. As we manage 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** | Forest scene |

The results from our most recent tenant satisfaction survey (sept 2020) tell us that 91% of our tenants are satisfied with the opportunities they have to engage with us. (-9% 2018). Still a high % of satisfaction, 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. Linking our tenant panel to our wider role commitments will strengthen our collaborative links in the wider community.

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.

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|  | *Aligned with strategic objectives:* |
| **6. Wider Role** | Forest scene |

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 and Ruchazie Pantry, proving to be a much welcomed project in the community

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. This has been a successful approach during the current pandemic.

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.

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|  | *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. A settled staff structure with relevant skills and attributes is now in place. 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** | Forest scene |

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 which can be formal and informal 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 put in place a framework which supports our plans for collaboration and partnership working and 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.

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.

2021 Update

The association is in a satisfactory financial position at the end of year 1(current financial year) of the plan period with all banking covenants expected to be comfortably met in the year. At the end of March 2021, we expect to have generated an operating surplus for the period of around £289k with the net worth of the business at £1.8m. Delays to delivery of component replacement and planned maintenance programmes, caused by Covid 19 restrictions across year 1, contribute to healthier cash resources of around £956k. The bullet loan repayment due in year 2, against the maturing Co-op loan, triggers a drop in liquidity compared to the 2019/20 position. Ad hoc component replacement activity at a cost of £13k, will see our housing properties stated at £12.4m on the Statement of Financial Position.

The key assumptions underpinning our financial projections have been revised to take account of the potential impact of Covid 19. Our financial projections have been updated to reflect these changes and are inclusive of the 2021/22 (year 2) budget assumptions.

Of note:

* Following a review of staff pension arrangements during year 1 and a subsequent move to a defined contribution scheme, the plan now assumes employer pension contributions of 12% (12.6% in 2019/20) for each member of staff.
* The plan includes a £142k uplift in spend to realign the timing of boiler and kitchen replacement programmes.
* A fixed rate interest arrangement for the Royal Bank of Scotland Phase 4 loan, representing 33% of total loan balances, was put in place during year 1.
* Cash balances under the updated projections are expected to be just under £900k at the end of Year 5.
* The Co-op loan will mature during 2021/22 with a final bullet repayment of £189k due in August 2021. Loan debt will decrease by around £708k over the 5-year period and equates to a 30% drop in loan debt per unit across the period.
* Financial scenarios have been assessed against the updated projections. The results demonstrate that the association has capacity within the business plan period to cope with scenarios arising on an individual basis, however over the longer term, in years of particularly high planned maintenance and component replacement spend, the scenarios tested would result in covenant breaches. Over the medium term, there is less capacity to cope with the impact of multiple adverse scenarios with covenants being breached in year 2 and beyond.

**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:

|  |  |
| --- | --- |
| 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.

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 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 |

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.

**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 |

**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. We reviewed our organisational structure and have embedded a new 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.

**Other Risk Management activity**

We have other activities that support our approach to risk management and these include:

* quarterly compliance reporting in place;
* ARC validation;
* internal and external auditors appointed;
* Annual Audit Plan agreed and approved by Audit & Risk Committee; and
* Annual Assurance statement completed.

**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:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Strategic objective 1 – To deliver excellent Customer services** | | | |
| 1.Tenants are highly satisfied with our services | Introduce new Customer Service Standards | Seek ways to improve the experience of our customers | Improved performance against charter outcomes  Improved Customer Satisfaction levels |
| 2. Service performance is externally validated | Achieve Customer Service Excellence accreditation | Work towards achieving CSE standard by 2024 |  |
|  | | | |
| **Strategic Objective 2: To provide high quality homes** | | | |
| 3. Our homes meet current energy standards | Assure Asset management Strategy addresses energy target | Invest in our properties to meet quality standards | 100% of our homes meet EESSH &SHQS by the regulatory deadlines  !00% of our homes meet all safety requirements on time |
| 4.Investment programme delivered | Consult with tenants on delivery programme | By investing in our properties to meet tenants needs and aspirations | Improved tenant satisfaction levels |
| 5. Our homes are affordable | Continue to consult with tenants on rent setting policy and rent increase proposals | Ensuring our policies and procedures are reviewed and relevant | Improved tenant recognition that our properties represent Value for Money |

|  |  |  |  |
| --- | --- | --- | --- |
| Desired Outcomes | Key actions | What we will do | Performance measures |

|  |  |  |  |
| --- | --- | --- | --- |
| **Strategic Objective 3- To offer a welcoming environment** | | | |
| 6. Residents feel pride in the local area | Adopt and deliver estate management strategy,  Introduce new services, refocus and provide value for money | Work with partners to achieve successful outcomes.  Explore opportunities for collaborative work with other RSL’s and community enterprise. | Improved tenant satisfaction levels  Reduce anti-social behaviour |
| 7. The local community is stable and vibrant | Develop a new customer service standard  Consider opportunities for wider role activity | Working with our partners to develop and implement solutions | Sustained and improved levels of stock turnover  Increased satisfaction with neighbourhood year on year |
| 8. Our office is accessible and welcoming | Make the office space available fit for purpose and include opportunities d=for digital access | Secure budget provision for office reconfiguration | Increased satisfaction levels in visiting the office and receiving services |
| **Strategic Objective 4 – To demonstrate sound governance and financial management** | | | |
| 10.Regulatory Standards are met | Embed our governance and financial management improvements | Comply with Regulatory Standards of Governance and Financial Management | Assurance Statement submitted with 100% compliance. |
| 11. Our Management Committee is strong and sustainable | Comply with Regulatory Standard 6 | Continue committee training, annual reviews and succession planning processes. | High level of attendance at committee meetings |
| 12. We are financially sound | Review our Treasury Management Strategy  Undertake regular audits and implement recommendations | By demonstrating value for money across the business  Seeking external advice when required | Improved regulator and funder confidence |

|  |  |  |  |
| --- | --- | --- | --- |
| Desired Outcomes | Key actions | What we will do | Performance measures |
| **Strategic Objective 5 – to value our people** | | | |
| 13. Our people feel valued and have the skills and support to carry out their role | Provide a development programme for staff and committee  By encouraging and facilitating learning  Working towards achieving relevant accreditation | Embed the framework for appraisals and development introduced in 2020 | High levels of staff satisfaction  Increased opportunity for promotion/staff development |
| 14. We have sufficient capacity to deliver our business plan | To deliver a positive outcome over the five year period of the plan | Work with other partners, organisations to achieve outcomes.  Adopt a collaborative approach to fill any gaps in capacity | Outcomes of Business Plan achieved |

**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** |  |
|  |  |  |  |  |  |  |  |