Homes for Life

housing partnership

Business Plan

2023/26

'Investment and Growth'

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1. Introduction

Homes for Life Housing Partnership Limited (HfL) is a housing partnership created in July 1998 under the Scottish Government's New Housing Partnerships initiative, by founding members East Lothian Council (ELC) and East Lothian Housing Association Limited (ELHA). Under the initiative, the company secured revenue support funding and capital funding for development projects in the form of grants from East Lothian Council. Up until 2006, 277 of the 500 target properties were built using these funds. When the Right to Buy rules changed and the Council could build its own properties again, there was no need to utilise the Partnership as a delivery vehicle. Following a Communities Scotland inspection in May 2007, (Communities Scotland is the predecessor to the Scottish Housing Regulator) major changes were recommended in HfL's governance structure, and both the Council and ELHA withdrew their representation from the Board.

The Board at HfL now consist of tenant and non-tenant Board Members.

Between 1999 and 2004 a further 27 properties were acquired through "trickle transfer" from East Lothian Council and an additional property purchased in 2022, bringing the total properties in ownership to 305, HfL's current size. In 2005 HfL supplied 12 Shared Equity houses as part of a low cost home ownership incentive scheme. HfL re-acquired one of these properties in 2022 and is the factor for the remaining 11.

1.1 Background Information

In 2022 HfL carried out a Strategic Options Appraisal which resulted in HfL remaining an independent organisation. An experienced Interim Manager took the Board through this process and at the same time assisted the Board in putting in place a strong governance framework, by implementing a rigorous governance improvement plan, which took HfL from submitting a non-compliant Annual Assurance Statement (AAS) to the SHR in October 2021, followed by a fully compliant AAS a year later. The Board then recruited a Chief Executive Officer to build on this strong governance framework.

This Business Plan provides a comprehensive overview of HfL and the environment in which we operate. It has been prepared by the Board, the leadership and staff team and is informed by the views of key stakeholders.

Our Business Plan is a key strategic document, which communicates our vision and objectives, plus how we will achieve those objectives. The plan articulates the strategic direction and ambition of the Board as the governing body of the organisation. It provides a framework for action which communicates to tenants, staff and key stakeholders what the organisation aims to achieve over the period of the Plan. It also provides an overview of where we want to get to and how we will get there via our Delivery Plans.

We have prepared this Plan cognisant of the SHR Recommended Practice for Business Planning of December 2015 and the SHR Regulatory Framework of April 2019 and relevant statutory guidance.

1.2 The Business Planning Process

Historically, HfL's Business Plan was not compiled internally and it was not used as a strategic management tool with which to set the direction and to monitor the performance of the organisation. As part of the Governance Improvement Plan a new Business Plan format was a key outcome. The first plan, which was only for one year, took HfL through the strategic options appraisal and governance improvement process. This plan is for the three-year period 2023/24 to 2025/26 and concentrates on our services, our homes and our people.

Prior to being able to commission the SOA, a full stock condition survey and valuations were required to confirm that the organisation is financially viable and can obtain the future funding requirements to fulfil its strategic objectives. These two pieces of work were completed in November 2021 and have been incorporated into the financial plans appended.

The SOA took on board the views of our tenants, staff and key stakeholders as we explored a range of operating models and decided on the best future for our tenants.

The process the Board has gone through to produce a Business Plan means that it is fully owned by the Board and staff team and reflects the needs and aspirations of our tenants and key stakeholders.

This Business Plan sets out:

- Our strategic ambitions for the term of the Plan i.e., **what we will do**
- The 3-year Summary Delivery Plan to achieve our strategic objectives i.e., **how we will do it**
- The financial position with updated 30-year financial projections to test our long-term financial health and future viability which include the updated stock condition survey and valuations i.e **how we will finance it**

2. Our Purpose

Thanks to the recent changes and fresh insight we have a clear focus on our services, our homes and our people.

We held a strategic business planning day in November 2022 to ensure that the Board set and own the objectives. In the previous year, the Mission and Vision had been replaced by our Elevator Pitch. The Board decided that this should remain.

2.1 Elevator Pitch

"Homes for Life, a small RSL with a mighty passion, committed to providing our tenants with an affordable, tailored, responsive service where we will deliver more than "homes for life". We will achieve this by investing in our people, our properties and communities assisting them to thrive and flourish".

2.2 Values

Our values define how we will operate. At the Strategic Planning day these were refreshed to:

- Compassion
- Collaboration
- Trust, encompassing integrity and openness
- Professionalism, encompassing, respect, knowledge, and learning

3. Executive Summary

This Business Plan aims to ensure that we focus on delivering the best possible future for our tenants.

Following a Board planning session in November 2022 there were 4 clear Objectives identified.

By having these Objectives, we aim to ensure that there is an effective programme of change with an updated set of interlinked strategic objectives underpinned by clear delivery plans.

Our Strategic Objectives for the life of this Plan take us to March 2026. Year one of this Plan we have named HfL@25 as we reach our quarter of a century anniversary.

✓ ***Objective 1 – Invest in our Services***

✓ ***Objective 2 – Invest in our Homes***

✓ ***Objective 3 – Invest in our People***

✓ ***Objective 4 - Invest in our Future***

Section 5 of the Plan sets out the rationale for the 4 Objectives chosen and Section 6 provides the detail of what we will do to take a step closer to realising our Objectives.

All of the above need to be translated by the Chief Executive Officer into practical tasks with timescales and targets with named staff individuals taking ownership of delivery.

A Summary Delivery Plan is set out in Section 7. This will be developed to a more granular level with staff to ensure everyone is clear about who is responsible for what and the contribution each person will make in taking HfL forward.

4. Who We Are and Our Achievements to Date

Homes for Life (HfL) is registered Company Limited by Guarantee (SC199299) and a Scottish Registered Charity (SC028542). We are a Registered Social Landlord (RSL) with the Scottish Housing Regulator (HAC311) and a registered Property factor (PF000219).

Homes for Life has charitable status, and we employ full time 8 staff members.

4.1 Our Roots

This is covered in the introduction.

4.2 Our Board

We are controlled and led by a voluntary and unpaid Board of Directors. This governing body is made up of tenants and other interested individuals.

Our Board make the key decisions about the organisation and provide challenge and oversight over our staff team to ensure that all decisions and activity are in the best interests of our tenants.

Table 1 below contains the details of our current Board membership. We currently have 10 full members. We may appoint a further member during the period of the plan with specialist background to help us deliver our objectives.

Table 1: Board Members (September 2024)

Name	Position	Date of original Appointment	Notes
Jamila Greig		November 2008	Tenant Director
David Rose		August 1998	Other Director
Graeme MacGregor		November 2010	Other Director
Neil MacDonald		December 2021	Other Director
Rob Hughes	Chair	August 2023	Elected
Debby Gillett		August 2023	Other Director
Alistair Kettles		October 2023	Appointed

Name	Position	Date of original Appointment	Notes
David Leishman	Vice Chair	December 2023	Elected
Jav Yaqub		August 2024	Appointed
Shamsu Rahman		August 2024	Appointed
Scott Robertson		September 2024	Elected

The position of Secretary is held by the Chief Executive Officer

4.3 Our Staff

The staff structure has recently been updated to reflect the strategic direction of the organisation and concentrates on service delivery.

We currently employ a team of 10 staff whose job it is to ensure that our tenants and other service users receive a friendly, efficient and responsive service. The team provide housing, maintenance and back-office support services.

Given the size of HfL in addition to our staff team, we engage a number of third parties to deliver specialist elements of our service, e.g. Financial, technical support, IT and GDPR.

The Chief Executive Officer, Gill Binnie, took up post in November 2022. She takes over from the Interim Manager, Wendy McCracken.

A profile of the staff team is shown at Table 2.

Table 2: Employees

Name	Position	Date of appointment	Notes
Gill Binnie	Chief Executive Officer	November 2022	
Lindsay Johnstone	Finance Manager	June 2024	
Shona Maxwell	Maintenance & Asset Manager	February 2024	
Donna Dougal	Housing Manager	July 2020	
Caroline Lavery	Business Support Officer	January 2024	
Graeme Darling	Maintenance Officer	April 2021	
Andro Sneddon	Community Housing Officer	January 2024	Maternity Cover
Caitlin Rodgers	Tenancy Sustainment Officer	August 2024	
Agnieszka Malek	Maintenance Admin Assistant	May 2023	
Jennifer Nisbet	Housing Admin Assistant	March 2003	

The staff team is supplemented by external agents as detailed in Table 3.

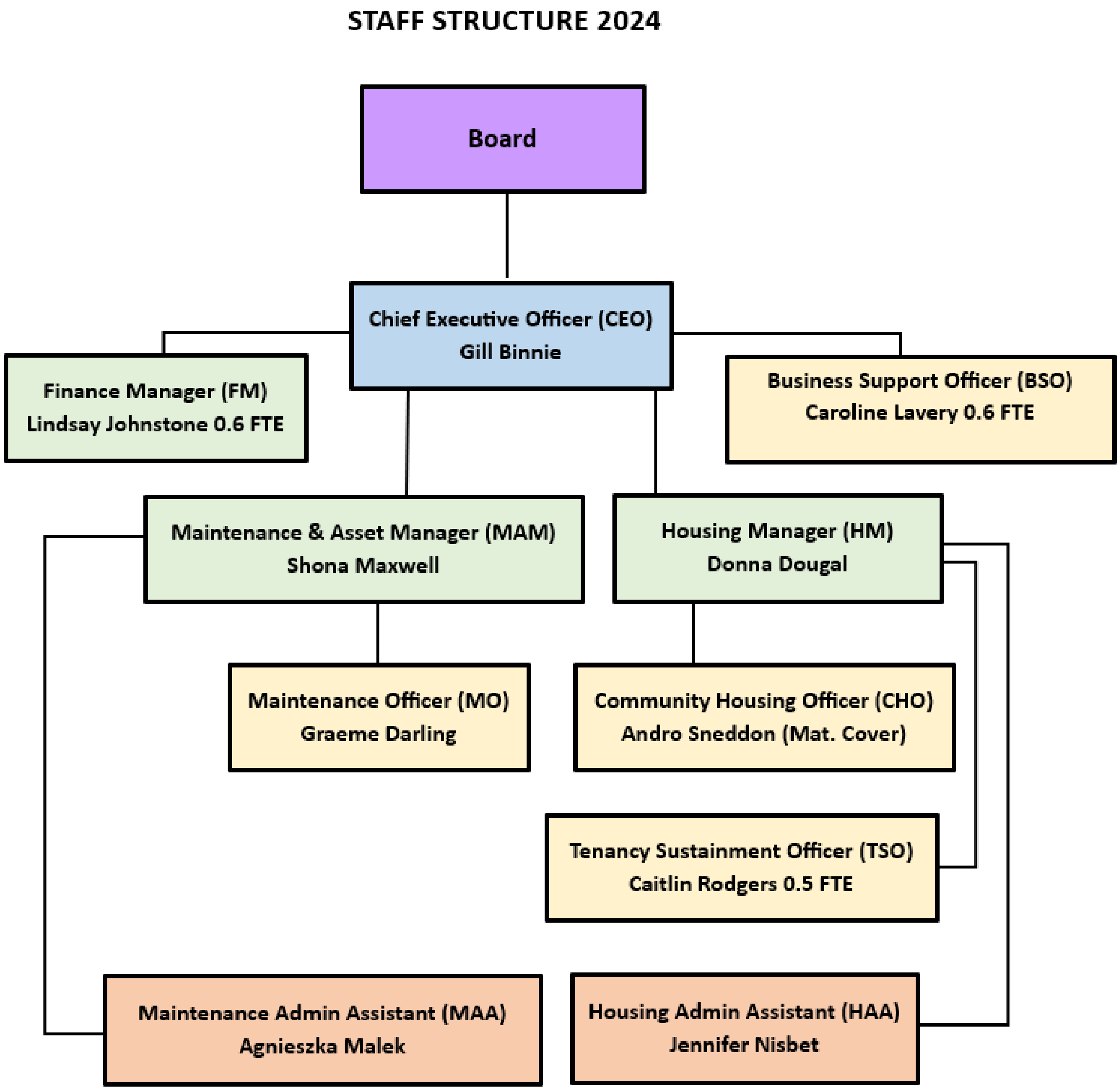
Table 3: Agents and Essential Service Providers

Agent	Organisation	Service
Gail Paterson	Chiene & Tait	Payroll

Agent	Organisation	Service
Thomas Bates	French Duncan	External Auditor
Alex Cameron	Quinn Internal Audit	Internal Auditor
Duncan Cameron	Tycom	IT Services
Trish Knight	RGDP	DPO
Jacqui Baynham	T C Young	Solicitors

Chart 1 below shows our current structure of governance, staffing and financial service providers.

Chart 1: Governance and Staff Structure



4.4 Our Area & Community Profile

All of HfL's housing stock is located in the East Lothian Council area.

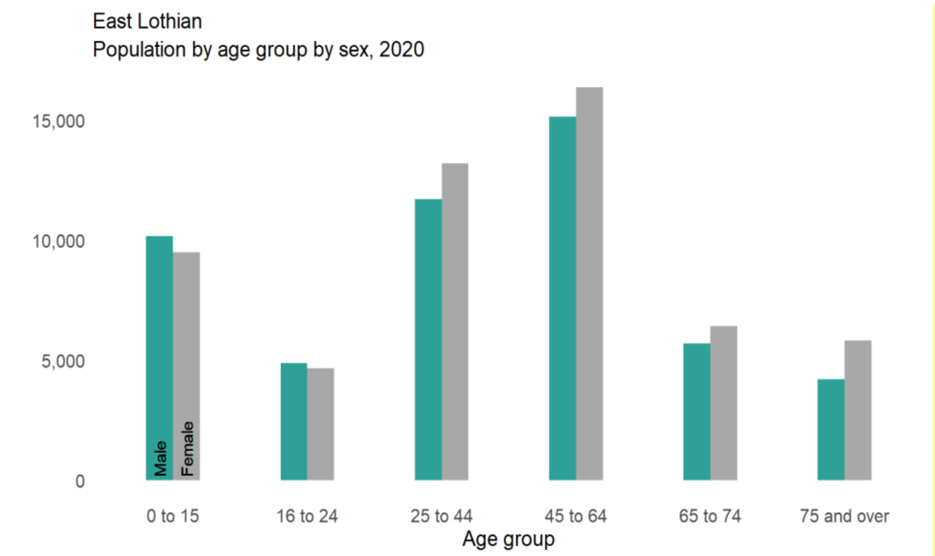
The Scottish Index of Multiple Deprivation (SIMD) 2020 shows levels of deprivation in East Lothian have risen sharply since the last report in 2016, with one part of the county in the top 10 per cent of the most deprived areas in Scotland for the first time, this area being Tranent. Most local authorities have seen their share of Scotland's most deprived areas fall; East Lothian was one of only six areas which saw its share increase.

The East Lothian Poverty Commission established in 2016 stated that almost half of all pensioners were living in fuel poverty and 30 per cent of children were living below the poverty line in the county.

This all means that in looking to the future, we must be mindful of both the housing and wider needs of our demographic profile. We must also be acutely aware of issues of affordability given the deprivation levels now creeping in, in some of our areas of operation.

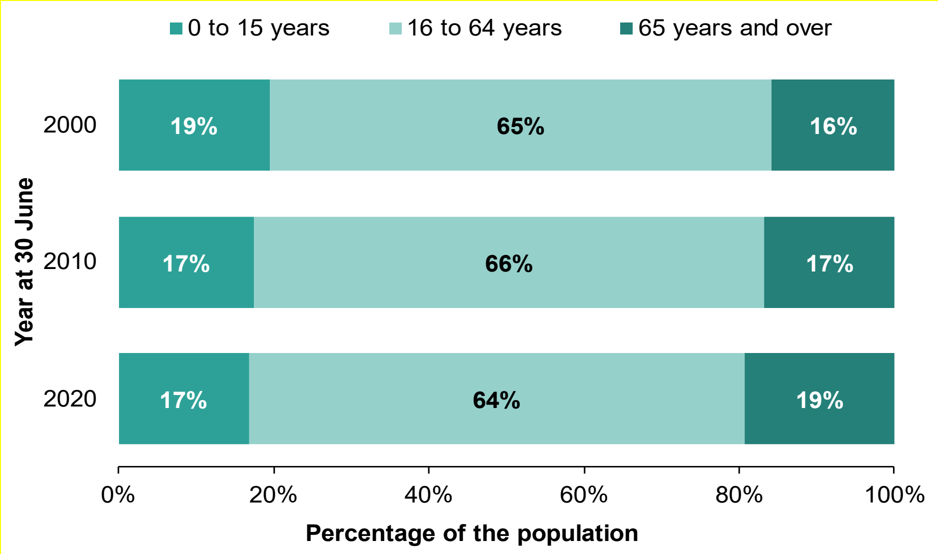
Figure 1 below shows the Scottish Government's population estimates by age group in 2020. This information highlights across Scotland that 19% of the population is over 65, 64% is between 16 and 65 and 17% of the population are under 15. It is clear from the overall population estimates that Scotland has a growing elderly population.

Figure 1: East Lothian Population by age/sex 2020



Source: National Records of Scotland

Figure 2: Mid-Year Population Estimates



Source: National records for Scotland

Table 4 below shows that home ownership is the principal tenure in East Lothian with 65% of households owning their property. The social rented sector comprises some 25% followed by private rented 10%.

Table 4: Tenure Breakdown

Type	%
Owned Outright	**35**
Owned – mortgage/loan	**30**
Social Housing	**25**
Private Rented	**10**
Total	**100**

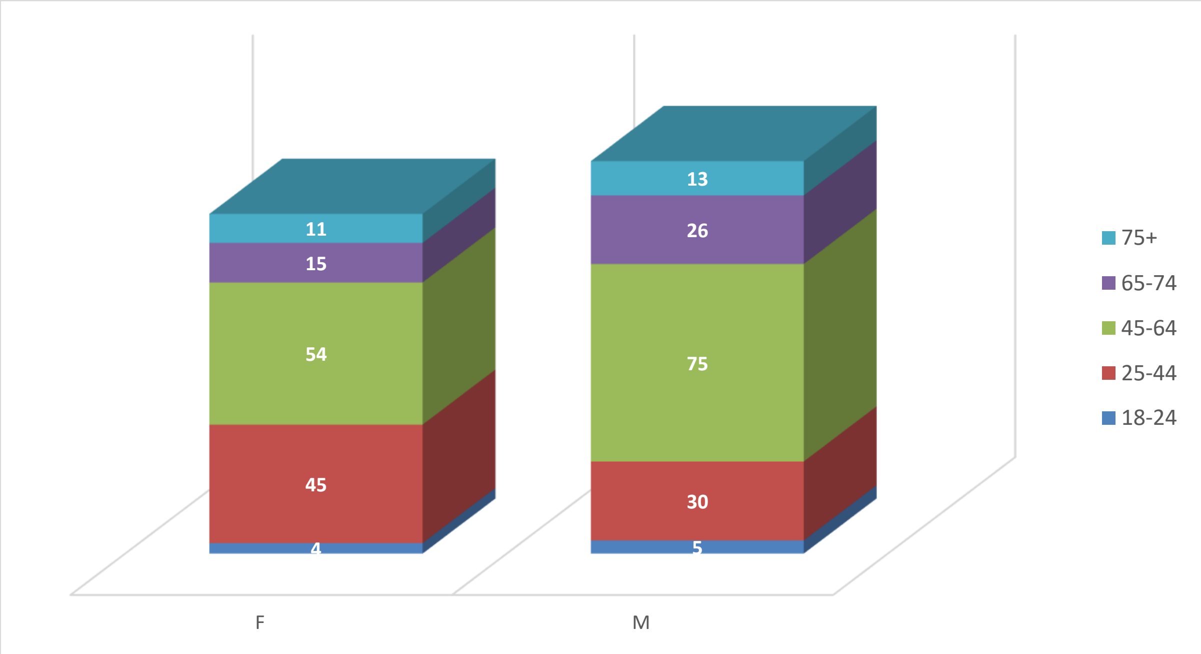
Source: ELC website

As private rents and mortgage arrears increase, this will increase the demand for social housing.

4.5 Our Tenants

To be successful, we need to know and understand our current and future tenant base to be best able to respond to current and future tenant needs.

Chart 2: HfL Tenant Breakdown by Age and Gender



From Chart 2 you can see that HfL age profile is similar to that of the whole of East Lothian with the **majority of our tenants in the 45-64 age group**.

77% of our tenants **are working age** between 16 and 64 compared to the East Lothian average of 64% and 14% of our tenants are 70+ compared to the East Lothian average of 19%.

The female to male split of HfL tenants is **129/149 or 46.4%/53.6%.**

The information on Chart 2 is sourced from our housing database for HfL tenants living in self-contained rented accommodation as of March 2023.

We need to ensure that our services are tailored to the needs of this population.

This data is useful for considering tailoring service development around customer needs, e.g. younger working aged tenants are more used to using information and communication technology and may prefer to access service in a more flexible way and at different times.

With a growing aged tenant profile, a focus of our work will be meeting the increasing need for medical adaptations and considering the role HfL should play in contributing to the agendas of key partners in delivering the additional support required to help customers live independently at home for longer.

4.5.1 Ethnicity of HfL Tenants

HfL do not currently hold up to date ethnicity information on our tenants. An equalities monitoring exercise is currently being carried out to ensure we know the characteristics of our tenants. An equalities monitoring framework and monitoring systems are being developed through our new Tenant Portal to ensure that we have up to date equalities monitoring information including ethnicity for current and future HfL tenants.

The latest Scottish census asked people what ethnic group they belonged to. This information gives us a better understanding of communities in Scotland.

In the last census in 2011 the outcome for Scotland showed that:

- Scotland's population was 96.0% white, a decrease of 2.0% from 2001
- 91.8% of people identified as 'White: Scottish' or 'White: Other British'
- 4.2% of people identified as Polish, Irish, Gypsy/Traveller or 'White: Other'
- the population of Asian, African, Caribbean, or Black, Mixed or Other ethnic groups doubled to 4%

Once known, a table will be inserted which will confirm the populations statistics for HfL, and for East Lothian comparing both to the national figures.

4.5.2 Our Tenants, Welfare Reform and Signposting Agencies

In November 2016, the Scottish Housing Regulator (SHR) published a thematic study into how social landlords consult tenants about rent increases and highlighted a number of areas of good practice. This study also highlighted in 2015/16, social landlords in Scotland reported that they received about £1.2 billion of housing benefit in respect of 402,752 households. This represents on average around 56% of landlords' income for that year and around 69% of households.

Table 5 shows, based on the records that we hold that **48%** of our tenants are **in receipt of full/partial benefit and or Universal credit** to pay their rent and; **52% of our tenants pay their rent in full.** As below HfL operated in a full UC service area.

At present HfL presently hold records for tenants in receipt of UC based on verification of their rent to the DWP at the point of application for UC. To establish the current position on an ongoing basis for all tenants, questions on income source will be included within the HfL equalities monitoring framework being introduced in 2023/24.

Table 5: Benefit Levels

Entitlement	Number of tenancies	% of tenants
Full housing benefit	34	12
Partial housing benefit	8	3
Universal Credit	93	34
No benefit entitlement	143	51
TOTALS	278	100

Source: SDM/IT system and HfL manual records November 2021

Based on the information currently held **46% of HfL** tenants are **in receipt of full housing** benefit or UC, 3% of tenants are in receipt of partial housing benefit and **51%** of **tenants pay their rent in full.**

The SHR thematic study points out that 61% of households in social housing have a net income of £15,000 or less. Rent affordability is extremely important, our tenants and HfL need to continue to focus on clear strategies to support our tenants to pay their rent on time and in full by offering expert in-work and out-of-work signposting to welfare rights advice and by providing responsive customer service support.

As tenants move to Universal Credit (UC) they may have to claim for benefits through a number separate routes. UC from the Department of Work and Pensions (online), grants from the local authority Scottish Welfare Fund and/or Discretionary Housing Payments from East Lothian Council.

In order to minimise risk and protect our income HfL staff have built up a knowledge base of the benefit and income issues which affect our tenants. This knowledge is used to assist HfL tenants' to maximise their income and tenancy rent paid to HfL.

Personal contact with tenants plays a key role in mitigating the impact of UC and any changes in their income. We continue to emphasize the need for tenants to contact us as soon as their circumstances change so that early action can be taken to assist and manage any change in their financial circumstances.

We signpost our tenants to a number of agencies through the Council and connected services.

In 2022 we agreed with **CAB Haddington** to become part of their pilot for their '**Refernet' system.** This online referral system streamlined the referral system we were using. In the future, Homes for Life tenants will be able to refer themselves using our new website, due for launch in May 2023.

We have continued to see an increase in requests for **foodbank referrals** from our tenants and currently work with three local foodbanks in East Lothian; Dunbar Foodshare, East Lothian Council Foodbank and Lammermuir Larder. We also support these agencies by making donations.

Recycling First is a charity based in East Lothian that provides second-hand household furniture, carpets and white goods. Homes for Life make referrals for new and existing tenants who are unable to buy these items themselves.

During 2022 HfL also secured **funding to help support our tenants with increased cost of living and fuel poverty** activities from the SFHA **of £37,560** . We will continue to apply for funding and work with partner agencies to access and maximise cost of living and fuel poverty funding for our tenants.

4.6 Our Satisfaction Levels

Historically, an external satisfaction survey had not been carried out for a number of years. This was commissioned in 2022 with the results being displayed in the table below. As a comparison, the 2022 SHR average ARC figures are included.

Table 6: Tenant Satisfaction Results

Scottish Housing Regulator indicators	2022*	ARC 2022 SHR Aver	Result
Indicator 1: Taking everything into account, how satisfied or dissatisfied are you with the **overall service** provided by Homes for Life?	87.84%	88.8%	✗
Indicator 2: How good or poor do you feel Homes for Life is at **keeping you informed** about their services and decisions?	97.97%	92.3%	✓
Indicator 5: How satisfied or dissatisfied are you with the **opportunities given to you to participate** in Homes for Life's decision making process?	95.95%	88.2%	✓
Indicator 7 :Overall, how satisfied or dissatisfied are you with the **quality of your home**?	70.95%	86.3%	✗
Indicator 12: Thinking about the LAST time you had repairs carried out, how satisfied or dissatisfied were you with the **repairs and maintenance service** provided by Homes for Life? (*Those who have reported a repair in the last 12 months)*	80.50%	88.3%	✗
Indicator 13: Overall, how satisfied or dissatisfied are you with Homes for Life contribution to **the management of the neighbourhood** you live in?	91.89%	85.8%	✓
Indicator 25: Taking into account the accommodation and services Homes for Life provides, to what extent do you think that the rent for this property represents good or poor **value for money?**	79.05%	82.8 %	✗

**% very/ fairly satisfied or very/ fairly good*

Key findings highlighted in the survey were:

- In terms of the **overall service** provided by Homes for Life, just under 9 in 10 respondents expressed satisfaction with the service that they receive (88%).

- 98% of tenants stated that they felt Homes for Life was good at **keeping** them **informed about** their **services and decisions**.
- 96% said they were satisfied with the **opportunities** provided to them **to participate in the Homes for Life's decision-making processes.**
- When asked about the **repairs service**, of those who have had a repair carried out in the last 12 months, 83% of tenants were satisfied**.**
- Over 8 in 10 respondents (84%) said their current home **meets their needs**.
- Tenants rated their home highly with 71% of tenants expressing satisfaction with the **quality of their home**.
- Over 9 in 10 tenants (94%) were either very or fairly satisfied with their **neighbourhood as a place to live**.
- Almost all tenants were very or fairly satisfied with the **management of the neighbourhood** (92%).
- With regards to **value for money** of the rent charge, 79% of tenants said Homes for Life was very or fairly good in this respect.
- Respondents were asked to select their top three **service priorities**. Most important for tenants was delivering an effective repairs service (82%) and improving the overall quality of their home (80%).

These same themes have been recognised as priorities for Homes for Life. The strategic objectives for Plan period have an emphasis on improving our homes and services which in turn should increase satisfaction in the lower than average areas and increase satisfaction rates overall.

4.7 Our Properties

HfL own **305 properties**, situated in settlements across East Lothian, from Innerwick in the east to Musselburgh in the west of the county.

We lease 24 flats to ELC to use as **Temporary Homeless Accommodation** and one bedroom flat, as a **HMO in Haddington** to ELC Social Care and Health to facilitate the provision of supported accommodation with ARK housing to adults with learning disabilities.

We also lease a 4-bedroom bungalow in Prestonpans which HfL built to **Aberlour Children's Charity**, for respite accommodation.

During 2023/24 we will be bringing back four, 1 bedroom and four, 2 bedroom flats leased to ELC above our office to lettable stock for **Social and/or Mid-Market** rent by HfL.

4.8 Our Rents

Affordability of our housing stock is crucial if we are to remain an attractive choice of landlord and to help our tenants deal with the continuing difficult economy and the challenges of welfare reform.

Table 7 sets out our rent levels in comparison with other local RSLs operating in east Lothian along with the Scottish average rents.

Table 7: 2021/22 Average Rent Level Comparisons

Av. Weekly Rent	Homes for Life	ELHA	Castle Rock Edinvar	Scottish Average - SHR
2 apt	**£84.01**	£91.12	£82.44	**£81.32**
3 apt	**£95.04**	£101.66	£98.88	**£84.18**
4 apt	**£102.39**	£112.22	£111.47	**£91.48**

Source: Scottish Housing Regulator ARC Returns 2021/22

From the table you can see than despite HfL rents being higher than the Scottish average in all three apartment sizes we fall into the **lowest in the group for our 3 and 4 apartment rents**.

To assess the affordability of a 4% rent increase in 2023/24, prior to board approval and rent consultation our proposed new rents for each property and the household component data held on HfL tenants were input this year into the **SFHA's Rent Affordability Tool**.

Based on the application of moderate incomes using a 30th percentile for the East Lothian Local Authority Area, only one HfL household would be above the 30th percentile (affordability level) at 31.1%, following application of a 4% rent increase.

4.9 Our Asset Management

Along with our people, our physical assets are our key resource. Maintaining and investing in our properties is what we will spend most on. With this, the key building blocks for effective business planning are:

- Up to date and accurate information on the condition of the housing stock
- Intelligence on how the stock is performing (i.e., current, and future demand, repairs, and maintenance information).
- Future investment needs to help keep the stock attractive and popular and to ensure the component parts are in a good condition.

A physical stock condition survey was carried out in November 2021 with the outcomes being included in our future financial plans. The information was also used in the Strategic Options Appraisal exercise.

As part of this Business Plan, we need to overhaul our approach to asset management. We specifically need to:

- Review our procurement arrangements to ensure they are compliant with legislation and good practice.
- Review all policies relating to asset management.
- Ensure we have the right staff or support resource to deliver our asset management proposals.

4.9.1 Stock Condition Survey

Homes for Life recognises the desirability of ensuring its stock condition survey is updated to inform future investment decisions. A physical stock condition survey was completed in November 2021. Around 90% of properties had a physical survey done and this was spread over all house types. We have also carried out an independent survey of closes and have incorporated the outcome of this into future maintenance programmes.

Compliance with SHQS, EESSH and fire safety standards have been built into planned works.

4.9.2 Planned Maintenance and Component Replacement

The investment plan has been updated and reviewed in accordance with the outcome of the stock condition survey. There is a requirement to spend £2.292m over the next 5 years on component replacement and non-capitalised planned maintenance.

The maintenance expenditure plan (excluding reactive and cyclical repairs) for the next 5 years is summarised in Table 8 and has been extracted from the 30-year cashflow prepared March 2023.

Table 8: Planned Maintenance Investment

Planned Maintenance	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Capitalised	£711,158	£403,870	£308,001	£188,435	£67,839	£1,679,303
Non-Capitalised	£175,200	£150,515	£83,835	£108,517	£94,666	£612,733
Totals	**£886,358**	**£554,385**	**£391,836**	**£296,952**	**£162,505**	**£2,292,036**

4.9.3 Property Valuations

Property valuations were carried out in October 2021. A summary is included in table 9 below.

Table 9: Valuation Summary

Scheme Address	Build/Purchase Year	Units	EUV-SH*
Rented Properties			
Longstone Avenue, East Linton	1999	5	£310,000
Hares Close, Cockenzie	2000	14	£660,000
Kennedy Court, Haddington	2001	14	£730,000
Davidson Terrace, Haddington	2001	8	£360,000
Goldstones Avenue, Dunbar	2002	12	£650,000
Limeylands Court, Ormiston	2002	26	£1,450,000
Smiddy Wynd, East Linton	2002	7	£350,000

Scheme Address	Build/Purchase Year	Units	EUV-SH*
MacFarlane Court, Elphinstone	2003	30	£1,630,000
Roodlands Court, Haddington	2003	11	£610,000
St Andrews House, North Berwick	2004	6	£220,000
Muirfield Drive, Gullane	2005	8	£480,000
Muirfield Gardens, Gullane	2005	38	£1,950,000
Walden Place, Gifford	2005	35	£1,950,000
Forth Street, North Berwick	2005	7	£270,000
Bagra Court, Cockenzie	2006	22	£1,020,000
Prestonkirk House, east Linton	2002	9	£340,000
Trickle Transfer Properties acquired 1999	1999	9	£750,000
Trickle Transfer Properties acquired 2004	2004	18	£750,000
Rented properties included in valuations		**279**	**£14,080,000**
Leased Properties			
Old Course Gate, Musselburgh	2004	**16**	£840,000
Market Street, Haddington Flats	2000	**8**	£460,000
Bankfoot Respite, Prestonpans	2000	**1**	£240,000
Sub-Total		**25**	**£1,540,000**
Total Valuation		**304**	**£15,620,000**
Properties Acquired post valuation			
Muirfield Drive, Gullane	2002	**1**	**n/a**
Total Properties in Ownership		**305**	

Source JLL Surveys October 2021
***EUV-SH – in the valuation based on Existing Use – Social Housing**

This means that HfL can use the properties to secure future loan funding of c£15.6m.

The Valuation does not include the office premises at 57 and 59 Market Street which are owned outright or the property purchased following the valuation.

4.9.4 Procurement and Asset Management Policies

A new Procurement Strategy was put in Place in May 2021. This ensures full compliance with legislation and good practice. We will put in place all business systems required to support the implementation of these processes, including staff training and development.

During the Plan period, we will also review all asset management related policies and establish business systems required for the implementation of these policies.

4.9.5 Reactive Repairs Contract

HfL moved the reactive maintenance contract to a local supplier R3 repairs in December 2021. R3 Repairs is a subsidiary of East Lothian Housing Association meaning we are investing in a local service provider for our reactive maintenance contract. We have in place a contract based on a Schedule of Rates which provides a more value for money service for HfL. Tenants are able to report repairs directly to R3 and schedule an appointment by telephone. It is planned that from May 2023 Tenants will be able to book repairs and appointments directly with R3 through the digital Tenant Portal online.

An LD2 programme was carried out during 2021/22 to ensure that all HfL properties were brought up to LD2 standard by February 2022.

A review all other service contracts including gas servicing, fire protection devices, legionella, asbestos and landscape maintenance will take place during the Plan period.

4.9.6 Consultancy and Staffing Resources, Learning and Development

HfL will continue to commission consultants to assist in procuring and managing its investment programmes and to support delivery of our strategic and operational priorities.

Given the majority of the staff team are recent appointments we will ensure that employees fully understand their roles and implement policies and practices consistent with the Business Plan. We will invest in our staff to support their work through our **learning and development** plans. An **Employee Review Policy** and systems will be introduced from April 2023 to support this.

4.10 Our Partners

4.10.1 Tenants and Other Service Users

We recognise the support of our tenants, especially those who are longstanding residents and those who have or currently do serve on our governing body is the underpinning most important relationship we have.

In 2022 we established a **Tenants Panel** to help us review and shape future HfL tenant services. The Tenant's Panel will help:

- ✓ Establish HfL tenant's priorities
- ✓ Review and identify areas for service improvement
- ✓ Contribute to the well-being of our communities and;
- ✓ Set and conduct Tenant Scrutiny of HfL services

In our 2023/24 Tenant **Rent Consultation** we asked for feedback on our rent levels and our services. Feedback from the rent consultation along with the full **Tenant Satisfaction Survey** completed in February 2022 has been used to help inform future investment programmes and service areas for improvement.

We have compiled a **Tenant Communications Strategy** which includes the issue of Newsletters 3 times a year to tenants which include surveys and opportunities for feedback; the development of a Tenant Portal and new channels of communication with our Tenants and Customers to ensure that tenant priorities are at the centre of our decision making.

Our membership currently stands at **143 Members**. Membership has been reviewed in line with our Rules and a membership policy has been compiled. We will continue to encourage membership going forward.

4.10.2 East Lothian Council (ELC), the Scottish Government, Westminster Government

We are now working closely with our local Council, re-establishing stakeholder relationships which have been lost over recent years.

We are committed to assisting ELC deliver its legal obligation to meet the needs of homeless people by preventative measures to try to ensure existing tenants sustain their tenancies and by making suitable offers of permanent accommodation to Section 5 homeless referrals by the council's case work team.

We receive annual funding from the Scottish Government to support disabled adaptation work.

We will continue to build our relationships with the local authorities and Scottish Government to maximise resources to HfL through grant assistance and also aim to play an active part in delivering national government policy and contributing to effective local strategies.

4.10.3 Lenders

As of 1 April 2023 HfL does not have any loan funding. During the life of the 30 year plan there is the requirement to borrow £6m to maintain cash levels of around £1m. The Plan required borrowing of £1m in year 10, £2m in year 13, £2m in year 16 and £1m in year 19.

We will use our Treasury Management Strategy to get the most effective deal available at the time loan funding is required.

Any funding for development would be considered on a scheme by scheme basis and there is security available for arranging further loan funding.

4.10.4 The Scottish Housing Regulator (SHR)

Our Board of Directors and Chief Executive Officer are fully convinced of the important role that the SHR plays in protecting the interests of tenants by setting regulatory standards for all RSL's to meet in terms of governance and financial management.

We are currently rated as "compliant" with the Regulator and our Annual Assurance Statement, last submitted in October 2022 confirms this.

4.10.5 Meeting the needs of our Stakeholders

HfL has a diverse set of stakeholders who between them influence most areas of our work. We are always looking to strengthen how we engage with existing partners and key stakeholders and to build new relationships. The diagram below gives an overview of who our main stakeholders are, how we categorise their influence over our work, and how we will manage that relationships. The position that we allocate to a stakeholder on the grid shows the actions we need to take with them.

Stakeholder Diagram

High

Intertest

High Power/Less Interested **Group 2: Keep Satisfied**	**High Power/High Interest** **Group 1: Fully Engage**
Board and Staff Others Banks/Lenders Financial Conduct Authority Auditors Legal Advisors	Tenants Scottish Housing Regulator Members Office Scottish Charity Regulator Information Commissioners Office Health & Safety Executive East Lothian Council
Low Power/Low Interest **Group 4: Monitor**	**Low Power/Highly Interested** **Group 3: Keep Informed**
EVH SFHA GWSF SHN TPAS RSL Sector	Politicians Councillors Advisers Government Contractors & Suppliers Insurers

Low **Power** High

Group 1

Our Tenants

- Deliver excellent services
- Listen and respond to all feedback
- Support our Tenants Panel
- Engage at our AGM
- Provide digital, telephone and face to face services
- Provide a regular flow of information through our tenant's Bulletin
- Report on the Annual Charter
- Use our website, Tenant Portal, and social media platforms as a means of keeping tenants informed
- Provide a platform for complaints, comments, and compliments to be logged, acted upon timeously and provide feedback

Scottish Housing Regulator

- Maintain compliance with regulatory standards and requirements
- Provide all returns on a timely basis

- Review information and advisory guidance issued
- Submit notifiable events as the occur
- Use sector information provided to compare our performance

Members

- Engage at our AGM
- Issue Newsletters

East Lothian Council

- Engage in partnership working
- Assist in the delivery of new build homes to meet housing need in East Lothian
- Support the delivery of ELC Rapid Rehousing Transition Plan

Others

- Ensure compliance with regulatory/legislative requirements
- Submit any returns timeously
- Review information and advisory guidance issued
- Maintain a positive relationship
- Actively engage as required

Group 2

Our People: Board and Staff

- Foster excellent and open working relationships
- Provide a positive and supportive environment

Others

- Maintain positive relationships
- Seek relevant advice
- Keep informed

Group 3

Contractors and Suppliers

- Work in a way that ensures contractors operate as our partners and meet our service delivery standards.
- Ensure efficient administration and invoicing systems.
- Resolve any issues that arise quickly.

Others

- Respond to enquires quickly and efficiently.

Group 4

- Monitor sector

4.11 Our Performance

Table 10 compares our performance year against other RSLs in East Lothian area and sector averages. Although much smaller than our comparators, local comparisons are useful.

Table 10: Benchmarked Performance 2021/22

	HfL	East Lothian Council	East Lothian HA	Castle Rock Edinvar	Scottish Borders HA	Scottish Average
No of houses	**275**	**8,988**	**1,333**	**7,311**	**5,561**	
Tenant overall service Satisfaction	87.84	84.28	94.45	81.11	75.07	**87.74**
Repairs Satisfaction (last 12 months) %	82.50	90.39	84.50	78.40	80.57	**88.01**
% Rent Collected	100.24	103.03	100.74	98.75	98.62	**99.28**
Arrears	1.31	4.86	4.77	4.85	6.88	**6.34**
Void Loss (%)	1.30	1.04	0.50	1.55	0.86	**1.43**
Re-let (days)	56.37	66.19	25.68	81.05	34.40	**51.58**
Value for Money – tenant perception	79.05	88.38	70.43	86.11	73.05	**82.51**
Quality of Home	70.95	87.23	92.89	85.00	71.55	**85.44**
Management of Neighbourhood	91.89	84.51	94.59	82.78	63.47	**85.09**

Source: SHR Arc results 2021-22

The results which are better than the Scottish average are shaded green and those results under the average are in orange.

In comparison with the Scottish average, HfL outperforms in the arears of overall satisfaction, and particularly well in the management of neighbourhoods. Rent arrears, void loss and rent collected are all well performing areas.

Repairs satisfaction levels, re-let days, and quality of home are underperforming areas and likely connect to the lower than average value for money tenants perceive is provided by HfL.

These results add weight to the strategic objectives about investing in our homes and our services.

Financial Benchmarking

Table 11 below was compiled from the results of the 2021/22 SHR ratio analysis reports. This information is collated by SHR from the financial statements of all RSLs. It compares HfL's results with similar sized associations and against the Scottish average – similar association types (125 in total).

Table 11 SHR Dataset 2020/21

Association & number of properties	Interest Cover %	Gearing %	Void Loss %	Arrears %	Bad Debts %	Staff costs/ Turn-over %	Current Ratio	Gross Surplus %	Net Surplus %
Homes for Life - 305	642	-39	1.7	0.7	-0.3	27.8	3.1	2	-1
Blochairn – 292	360	139	0.2	0.0	0.1	14.4	1.4	17	10
Faifley - 332	1,834	-1	0.7	1.0	0.5	14.7	2.4	10	9
Gardeen - 253	2,725	-10	0.1	0.4	0.1	22.6	2.2	11	10
Hawthorn - 364	685	5	0.8	3.9	3.3	27.1	6.2	7	2
Trafalgar - 302	3,144	-16	0.3	0.8	-0.2	17.8	2.0	-7	-8
Ave Scotland*	1,678	94	1.0	2.1	0.5	21.0	2.5	21	13
HfL v average	✓	✓	X(1)	✓	✓	X(2)	✓	X(3)	X(3)

Association	EBITDA/Rev %	Debt Burden ratio	Net debt Per unit £	Debt per Unit £	Man/maint admin Pu £	Planned Maint pu £	Reactive Maint Pu £	Total Mgt & Maint pu £
Homes for Life - 309	9	0.2	-6,476	1,298	2,953	677	523	4,153
Blochairn – 292	22	3.2	15,113	17,991	1,774	359	672	2,805
Faifley - 332	10	0.9	-190	5,471	2,021	895	438	3,354
Gardeen - 253	20	0.6	-970	3,260	1,826	468	497	2,972
Hawthorn - 364	12	1.7	1,193	7,873	1,684	913	353	2,950
Trafalgar - 302	-18	0.6	-2462	3,128	1,860	1,578	531	3,969
Ave Scotland*	18	2.2	7,719	12,076	1,498	550	646	2,693
HfL v average	✓	✓	✓	✓	X(4)	X(5)	✓	X(6)

*against 125 similar type RSLs

Source: AFS 2021/22 as published by SHR

(x) Notes below

Financially HfL are in a very strong position, however there are indicators where HfL does not perform better than the Scottish average against the comparison RSLs. These areas are looked at in more detail below:

Weaker Performance Area	Our performance and background/How we will address this
Note 1: **Void Loss**	Our performance is poorer than the Scottish average and poorer than the RSLs of a similar size used as comparisons. i.e. 1.7% v 1.0% average and the other RSLs in the group comparison each performed better than the average. Due to poor monitoring of empty homes repair timescales from the point of tenancy termination to completion by the void works.
	What we intend to do about this: A new Empty Homes Policy will be presented for board approval in Q1 of 2023/24 and a review of existing processes and an updated empty homes procedure put in place. A revised target of 20 working days has been included within the proposed KPI's for 2023/24.
Note 2: **Staff Costs to Turnover**	HfL has the highest % costs in the selection. This was due to the requirement for an Interim Manager to be brought in to assist the Board to address the governance issues in the time period of the comparison. A new staff structure was also put in place to address weaker performance areas. This new structure has now bedded in and it is now anticipated that costs will even out. Due to the size of HfL it is anticipated that this ratio outcome will be higher than average of RSLs due to HfL not being able to take advantage of economies of scale
	What we intend to do about this: The CEO will review and make recommendations around amending the staff structure as required to meet the needs of optimum service delivery.
Note 3: **Gross and Net Surplus**	Performance is well below the group average and the comparison RSLs. This was due to a lack in investment in our people, properties and services over a prolonged period prior to the Interim Manager being appointed. There were also a number of governance issues which had to be addressed in the period which were mainly due to this lack of investment. Unfortunately, a number of costs which would normally have been spent over a period of time, were incurred in one year, hance the impact on the gross and net surplus results.
	What we intend to do about this: Moving forward, a well structured and focused business delivery plan, along with a new CEO driving it forward, will ensure that the correct level of investment is planned and implemented.

Weaker Performance Area	Our performance and background/How we will address this
Note 4: Management & Maintenance Admin Costs per unit	Our costs in the year were almost double that of the RSL average i.e., HfL £2,953 v £1,498 average per unit. Notes 2 and 3 above provide the background this result.
	What we intend to do about this: Moving forward, the correct staff team, processes and budgeting will see HfL reducing this average costs per unit.
Note 5: Planned Maintenance Costs per unit	Our average spend per unit in planned maintenance was £523 versus £646. Again, this was due to historical underinvestment in our properties and the impact of carrying out works in a short timeframe which should have been spent over a number of years.
	What we intend to do about this: Following a comprehensive stock condition survey, we now hold up to date information on what works are required and when to ensure that we are investing in our properties efficiently and effectively. Our new Investing in our Properties delivery plan will allow close monitoring of this. Following full review of stock condition information and EESSH data held investment requirements for the next 2 years have been identified and corresponding budget allocated to enable delivery in yr. 1 and 2 of the Business Plan.
Note 6: Total Management & Maintenance Costs per Unit	Our costs per unit of £4,153 versus the average of £2,693 is a result of the cumulative effect of the previous notes. Notes 2 to 5 provide the background.
	What we intend to do about this: Our focussed 3 year Business Plan and Delivery Plans will result in reduced management and effective maintenance per unit costs.

5. Analysis of our Operating Environment

At our strategy and business planning sessions held in 2022 we looked at the following:

- Our current and future operating environment and aspirations
- Agreeing what is important for the future of HfL
- Considering the strategic options
- Agreeing our priorities for the new Business Plan.

The aim was to align HfL to the changing environment, so that we manage the threats and take advantage of opportunities that further our Strategic Objectives.

5.1 Political, Economic, Social and Technical (PEST) Analysis

Below we set out our assessment of the key external considerations that could impact on our organisation.

5.1.1 Political

The factors identified were:

- SHR Regulatory Framework
- GDPR
- FOISA
- Procurement regulations
- SHQS and EESSH2
- Fire safety changes
- Government targets – 110,00 new houses by 2032
- Removal of gas as a heating source

The Westminster election on 12 December 2019 produced a majority Conservative government. It continues to drive through its wide-ranging welfare reform programme regardless of growing unrest across political parties. Whilst the Scottish Government is committed to mitigating the changes for those most in need in Scotland, welfare reform will continue to impact on the poorest in society who will commonly be social housing tenants. We must therefore ensure that we fully understand our tenant base and their changing needs and help them prepare for the future including how they will pay for their rent. We must also proactively counsel prospective tenants and work to keep rents affordable. This will remain a top priority going forward.

On the 28 October 2022 the Scottish Government's **Cost of Living (Tenant Protection) Bill** received Royal Assent introducing a temporary variable rent cap, across the rented sector and restrictions on eviction actions to the 31 March 2023.

On the 21 December the Scottish Government announced that it had reached a shared commitment on rent levels with social landlords of below inflation rent increases from the 1 April 2023. Taking account of inflationary impact on Tenant household income and the income levels required by social landlords to protect services and deliver their business and investment plans.

The SHR Regulatory Framework has a much stronger **focus on rent affordability**. We have modelled the sensitivity of changes to rent levels carefully in our short, medium and long-term financial cash flows. However, as a small RSL, we have limited ability to reduce our rent levels and still deliver the service we aspire to.

Taking into account the business investment requirements, Tenant feedback from HfL's rent consultation survey and the outcome of the rent affordability assessment, HfL approved a 4% rent increase for all HfL properties from the 1 April 2023. 2% higher than had been considered earlier in 2022 prior to escalating inflation rates, but below the RSL sector average of 6.1%.

In terms of our physical assets, like all RSLs in Scotland, we welcomed the commitment of **Scottish Government** to secure the delivery of 50,000 new homes by 2020, which was achieved and the **new target of reaching 100,000 by 2032**. Our local authority partner, East Lothian Council (ELC) have their own housing strategies and strategic housing investment plan to contribute to this. RSLs across the area are being expected to step up to the mark and play their part to support delivery. With this and in considering our local environment, opportunities have presented for HfL to become involved in new provision through the programme led by ELC as the development lead for the Council. However, new build development brings particular risk considerations as set out in the SHR Development of Affordable Housing in Scotland (March 2017).

HfL are committed to **assisting with delivery of future Strategic Housing Investment Programmes** and have re-engaged with ELC to discuss new build development opportunities and take forward participation by HfL in future supply of affordable housing in East Lothian.

During 2023/24 a **Development Strategy** will be brought forward and structures put in place for HfL to identify and assess development opportunities and be in a position to progress development activity when the financial environment is right. This will include exploring new service models, including Mid-Market Rent.

We have already been working to improve our homes to ensure they meet the Scottish Housing Quality Standard (SHQS) and the Energy Efficiency Standard for Social Housing (EESSH) and EESSH2.

In the wake of the tragic **Grenfell Tower tragedy in 2017**, the Scottish Government's Ministerial Working Group on Building and Fire Safety is overseeing a wider review of building and fire safety regulatory frameworks and will make any recommendations for improvement as required. Whilst the initial focus of the group will be on high rise domestic buildings, we are already seeing what are likely to be a host of changes around fire safety requirements that RSL will need to meet, and importantly fund, that had not been provided for in our financial assumptions.

Following a consultation on fire and smoke alarms, legislation is being amended to extend the existing high standard in private rented housing to all homes. This includes at least one smoke alarm installed in the room most frequently used, at least one smoke alarm in spaces such as hallways and landings and at least one heat alarm in every kitchen. This has been carried out and we are compliant.

In June 2016, the UK voted to leave its membership of the European Union and this took place 31 January 2020. Together with the COVID pandemic this has resulted in both labour and parts shortages which we are still experiencing to date.

The recent **COP26 summit** in Glasgow emphasised the need for climate change. RSLs will have a large part to play in the impact of reducing carbon omissions with regards to building and heating or our homes. This will have spend implications in the future as the government bring in new legislation etc to meet their targets in this area.

Housing to 2040 sets out the Scottish Government's vision for housing in Scotland to 2040 for everyone to have a safe, good quality and affordable home that meets their needs in the place they want to be. This includes:

- ✓ 100,000 additional affordable homes by 2032 with at least 70% for social rent
- ✓ All homes to be **digitally connected** phasing in the requirement from 2021/22 for all new build social rented homes to be digitally connected
- ✓ **Homelessness Prevention legislation** to ensure public bodies across Scotland have responsibilities for preventing homelessness
- ✓ **Pre-action Protocols on a permanent basis in the private rented sector**, making duties on landlords to work with tenants prior to evictions in the private sector a legal requirement
- ✓ A new **Rented Sector Strategy** and **tenure-neutral** standards phased in from 2025 to 2030
- ✓ A **new Scottish Accessible Homes Standard**

5.1.2 Economic

Under the heading of Economic challenges the following were identified:

- Rent affordability
- Rising inflation
- Austerity cuts
- COVID continuing impact on economy
- Unemployment rates
- Inequality and poverty
- Increasing interest rates
- House price inflation impact on demand for social housing
- Access to mortgages and pressure on renting
- Climate change
- Rising energy prices/fuel poverty

We are operating in a very challenging and fast-moving economic backdrop. The UK has faced a sequence of severe and ongoing macroeconomic shocks over the past three years, from Brexit, Covid-19, and price rises resulting from Russia's invasion of Ukraine.

We continue to face an extremely uncertain operating environment. High inflation, a tight labour market, and the residual impact of the pandemic on supply chains have increased costs. We are also facing higher borrowing costs. High inflation is impacting on RSL's operating costs at the same time as increased cost of living pressures on tenants. We are operating under a rent cap below inflation, and in a weakening housing market.

This is against a backdrop of a **requirement for significant investment** in RSL's existing stock to deliver against quality, building safety, and decarbonisation commitments.

To maintain **financial resilience**, we will continually review our strategic priorities to respond to changing economic conditions; robustly plan and; stress test the assumptions that underpin our Business Plan

Current high inflation, skills shortages, and supply chain disruption have also had an impact on and continue to increase costs of development. **We will carefully consider development opportunities** and how best to prioritise and maximise the return on investment.

The impact of the COVID-19 pandemic and spending cuts continues to place pressure on public and voluntary services. This puts HfL and other housing providers under added pressure. However, it also creates opportunities to explore how we might work better with ELC our local RSL partners and local voluntary projects to **create complementary services** that we can share.

Despite a **predicated fall in energy prices** in July 2023, energy bills are set to remain **far higher than before the escalation of gas prices** in late 2021, which was further exacerbated after Russia invaded Ukraine. Typical annual household bills remaining above £2000 a year.

During 2022 Hfl was successful in securing **£38K in grant funding to assist our tenants with inflationary living and energy costs**. We will continue to identify and apply for funding streams to support our tenants with increased living and energy costs and identify opportunities to access funding jointly and work with partner organisations to mitigate the impact of the cost of living on our tenants and reduce fuel poverty.

5.1.3 Social

Under the heading of Social, the following was identified:

- Demographic change
- Growth in the old and very old population

- Need for greater partnership working to cut costs
- Local RSL competition
- Demand for social and affordable housing
- Development opportunities
- Availability of land to build

The big social challenge going forward for HfL in common with the whole of society is the changing demographic landscape. This has a number of implications. Firstly, the tenant base will continue to get older and generate new demands. This is at a time when the NHS and local authorities have changed their models of care with a greater emphasis on keeping people at home but set against diminishing budgets. We will need to consider developing new relationships with health and voluntary agencies and what new services are required to support people to stay in their homes.

We will look at opportunities to assist in the delivery of support services where appropriate. In 2023/24 we will be working with ELHA to establish a Tenancy Support Service for ELHA and HfL Tenants.

5.1.4 Technological

Under the heading of Technological, the following was identified:

- Digital by default
- Digital exclusion
- Hybrid working
- ICT requirements for online services
- Innovations in energy efficiency
- Improved performance management systems
- Increased use of mobile technology and social media

Customer behaviour in engaging with service provision has changed dramatically over the past decade and in particular the past 2 years as a result of the Covid 19 pandemic, increasing the need for our services to be agile and on-line.

We are aware that we need to widen our online offering, but still provide the means to speak to us directly in a cost-effective and accessible way, either on the phone or in person. The technology needed to get our services online will be important to meet tenants needs and as a cost reduction driver. As we develop our services, we will ensure our employees are comfortable and adept at using digital technology to help service users, and to do their work efficiently whether they are in the office, working from home, on site, or visiting customers in their homes.

In 2021 we carried out a survey of how tenants wish **future services** to be provided. From 31% returns received:

- 95% had not been impacted by the closure of the office since March 2020.
- The 5% that were impacted, cited that this was in relation to chasing repairs
- Telephone and email are the preferred contact methods
- 54% never visited the office and 40% do so less than once a year
- 60% would be happy to use an on-line Tenant Portal

Reflecting on the tenant feedback and future models of service delivery in December 2022 HfL Board approved **re-opening** of our office in Haddington following refurbishment to customers and the introduction of **Hybrid Working** for HfL employees.

We are developing a **Tenant Portal**, due for launch this year which will enable our tenants to raise a repair, pay their rent, update their contact and household details and view their account information. Further functionality will be added over time.

More and more public and commercial services are being designed as "**digital by default**" including the Universal Credit system on which so many of our tenants will rely on going forward. There are also the proven benefits of being able to access services online to get cheaper products and service, to learn and to access jobs and training. We will play our part to make it easier for our tenants to get online confidently to engage and carry out business with us and others by **developing a digital engagement plan**.

Our Board have been issued with tablets to allow them to access Board papers on-line. This digital access approach will be rolled out for our Tenant Panel members in 2023/24 to enable them to participate online and access a **Tenant's Panel Portal**.

In 2022 we secured grant funding via the Digital Boost Development Grant of c£10k to replace our outdated server. We are now working towards Cyber Essentials accreditation.

5.2 Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis

Our internal strengths and weaknesses and our key external opportunities and threats were reviewed and agreed by our Board at our business planning sessions.

5.2.1 Strengths

Our strengths as an organisation were summarised as our:

- Size (local knowledge and 1-2-1 services)
- Financial viability and nil loan balance currently
- Stock condition
- Demand for stock location
- Commitment to change and improve
- Dedicated Board of Directors
- New Chief Executive Officer

- Small, dedicated staff team
- New staff structure for delivery of services

In essence, our biggest strength should be that we are small. Our staff know our tenants well and have the ability to build up good, trusted relationships with high levels of customer satisfaction.

Our Board and staff team have been through a lot of change but remain determined to make the right strategic decisions that create the best outcome for tenants now and for the future.

We have re-established a good relationship with ELC and enjoy high levels of customer satisfaction in most performance areas, achieving higher than average levels satisfaction across all ARC indicators except; the percentage of tenants satisfied with the repairs service and the percentage of tenants satisfied with the quality of their home on moving in and the time taken to relet empty homes.

Some of our rent levels are comparatively high and we need to address that whilst maintaining our financial viability. The basic economics of the business are sound. Whilst stock condition in some areas needs to be addressed and investment required our current low levels of borrowing, supported by positive stock valuations mean that we have capability to pursue additional borrowing and generate supporting cash flows that allow us to do what is needed over the 30-year financial projections.

5.2.2 Weaknesses

Our weaknesses as an organisation were summarised as our:

- Size
- Board of Directors numbers and ability to attract new members
- Staff – small team but high management costs
- Small staff team - ability to provide cover etc.
- Repairs satisfaction levels
- Customer Engagement
- Regulatory compliance and assurance

Whilst our size is a strength, it is also a weakness. We are unable to gain the economies of scale that larger organisations have access to. Our management costs are already high. This means that we regularly struggle to deliver the services that our tenants need and pay for. We therefore have pressure to increase costs to pay for more outsourced services which would mean further pressure on management costs and rents.

Whilst we have high satisfaction tenant levels, it is questionable how highly the HfL brand is known or valued.

We need to do much more to improve the quality and particularly the fabric and energy efficiency of our homes and surrounding environment. We need to make our homes futureproof.

We know that our Board, in the past, have not been provided with the training required to allow them to carry out their roles effectively. This has been rectified and a training needs assessment carried out and training plans put in place.

Whilst rents are largely affordable according to our tenants and the SFHA affordability tool, we know that some of our rents are more expensive than local RSLs and national average. Whilst there is pressure to accelerate investment, we know that we must also keep our costs down and rents affordable to our tenants.

Historically, core housing performance has not been given the attention it needed with the result that urgent work is now needed to turn this position around. Early corrective action is required with an emphasis on letting performance and void management.

Although we have restructured our staff team, we also must look to reduce costs through collaboration and partnership working.

5.2.3 Opportunities

The following opportunities were identified:

- Size – our unique selling point
- Outcome of our strategic options appraisal
- Partnership working
- New/additional services
- Development opportunities

Again, our size is our number one opportunity. This is our "unique selling point". We should be able to provide a "1-2-1" tailored service to our tenants.

The Strategic Options Appraisal outlined the best way forward for our tenants which was to remain an independent organisation. We must now lay down roots to ensure that this remains the case despite the current economic climate.

Partnership working is a key opportunity, and we will look at what additional services we can buy in to improve and implement service provision.

We also have a clear opportunity to review our processes to streamline and simplify all that we do to both reduce costs but also improve our tenants experience by removing unnecessary processes and avoiding service requests being passed from person to person.

We also have the ability to deliver new homes through our dormant subsidiary company depending on grant availability and financial viability of the project.

Recruiting the right senior officer was crucial at this stage to take forward the organisation at this point in its journey.

5.2.4 Threats

The threats we identified:

- Size
- Board capacity
- Staff capacity
- Compliance – growing regulatory/compliance requirements
- Business resilience/continuity
- Inflation rate rises
- Rents becoming unaffordable
- Further property legislative requirements such as EESSH2

Once more size is number one on the list. Given our size, our strong Balance Sheet, attractive properties and with virtually no loan financing HfL would be an ideal “partner” to other RSLs. However, we wish to remain independent as confirmed as the outcome of the Strategic Options Appraisal.

The SHR Regulatory Framework that went live on 1 April 2019 brings increased focus on all governing bodies to ensure strong and sustainable strategic governance and rigorous self-assurance arrangements to test and demonstrate full compliance. As a small RSL we recognise that governance will be onerous and the consequences of non-compliance with the Regulatory Framework could bring statutory action. We are working to ensure compliance with the Framework in the current year.

Our Board have worked tirelessly to move HfL forward year on year. We have to be aware of the impact that this has on their capacity to ensure that governance and compliance requirements are met in the future. A new reporting structure has been put in place as a result.

Despite being a small RSL, HfL still has to deliver the same services and meet the same rigorous governance and compliance requirements of larger organisations. This can put pressure on both the Board and the staff team.

Whilst we are forming new investment plans for our homes, we must stay conscious that new government standards are likely over the coming years that will bring unplanned costs that are unlikely to be supported by government grants. We will need to include resilience testing in our financial assumptions for such unforeseen costs.

Although local housing regeneration is a potential opportunity, it is also a clear potential threat. This applies if we are involved in provision or not. As new homes are built without a clear view of who this provision is for, there is a clear threat of displacement of our existing households.

Like every other modern business, we have a huge reliance on IT for effective operations but are at risk of service interruptions/failure. We must carefully manage our planned upgrade of our IT systems this year and ensure that we simplify our processes as we do this.

Cyber hacking is a growing issue and Scottish housing associations have been the subject of such attacks. The General Data Protection Regulation (GDPR) that came into force in May 2018 placed new responsibilities to protect the data we hold and manage in whatever form. We therefore need to ensure overall compliance with GDPR and review arrangements around IT to ensure personal data is managed appropriately and kept safe. This burden has been added to with housing associations now being subject to Freedom of Information requests. The Association has put steps in place to ensure compliance in this area.

5.3 Risk Analysis

Risk is present throughout the organisation - in our buildings, equipment, policies, systems, processes, staff, tenants and visitors. We recognise that the management of risk is vital to our success and resilience. It must be an integral part of all the functions and activities of the organisation.

In April 2021, we updated our Risk Management Strategy to ensure a consistent approach towards risk across the organisation. Our Strategy details the processes for recognising, analysing, and dealing with risks as well as assuring the effectiveness of the identified processes. In addition, risk management will actively support the achievement of our agreed objectives and not simply be to avoid risk.

Our approach to risk management is designed to enable us to minimise the frequency and effect of adverse incidents arising from risks and to identify improvements in procedures and service delivery in order to ensure the efficient and effective use of funds.

Risk management extends to the culture, processes, and organisational structures, which contribute to the effective management of potential opportunities, threats and adverse incidents.

Risk consideration and management is an integral part of our strategic planning and decision-making processes. For new initiatives and projects, risk analysis shall also be used to inform our decision-making process.

Whilst our Risk Register will be overseen regularly by the Board of Directors, we will ensure active consideration of risk management in all that we do. **Appendix 1** shows the Key Risk Analysis capturing the major risks presently facing HfL and the action we have taken or plan to take to mitigate/manage/avoid them. However, this map is updated at each meeting so is a "live" document and may not be the most up to date, depending on the time of reading of the Business Plan.

6. Strategic Objectives

6.1 Strategic Analysis

Having reflected on our elevator pitch and reviewed our tenants, physical assets, performance, and stakeholder expectations and scanned our external/internal environment and the key risks we face, we have brought all these elements together to update our strategic objectives.

This Business Plan aims to ensure the programme of change and improvement is implemented effectively to support sustainable, excellent services to our tenants.

6.2 Strategic Mapping

Our SWOT analysis allowed us to clearly map the key threats, opportunities, weaknesses and strengths and as a result, form 5 interlinked strategic objectives for life of the Plan (shown in **Appendix 2**). These reflect the opportunities and threats in the evolving external environment in which we operate and the current internal strengths, weaknesses of the organisation.

6.3 Our Strategic Objectives

4 strategic objectives have been compiled as objectives for the life of this Plan. These 4 Objectives are listed.

A Summary Delivery Plan is attached at Appendix 4.

Objective 1: Invest in our Services

During the life of the Plan we will:

- ✓ Increase overall tenant satisfaction to above 90%
- ✓ Improve repairs performance above the Scottish average for all indicators
- ✓ Increase first point of contact resolution
- ✓ Introduce a Tenant portal which reduces first point of access phone contact
- ✓ Reduce homelessness through strengthened tenancy support and improved tenancy sustainment, reduced evictions, and abandonments

- ✓ Increase delivery of and access to support services for vulnerable Tenants and their families
- ✓ Increase housing options and support for older people

Objective 2: Invest in our Homes

During the life of the Plan we will:

- ✓ Devise a plan to meet the EESSH 2 standard by 2032 to improve affordable warmth and reduce fuel poverty
- ✓ Increase the numbers of adapted and wheelchair accessible homes
- ✓ Reduce the volume and costs of reactive repairs
- ✓ Improve the external maintenance of homes and communal spaces
- ✓ Improve our empty homes performance to above the Scottish average
- ✓ Increase our Housing Stock Valuation year on year
- ✓ Increase tenants satisfaction with the management of our neighborhoods

Objective 3: Invest in our People

During the life of the Plan we will:

- ✓ Take pride in and promote Homes for Life
- ✓ Increase collaborative and partnership working
- ✓ Improve People Engagement year on year
- ✓ Increase accredited learning commencing with CIH Professional Standards
- ✓ Deliver an inclusive and diverse Team
- ✓ Reduce employee turnover
- ✓ Aim for excellent attendance
- ✓ Have no hard to fill posts

Objective 4: Invest in our Future

During the life of the Plan we will:

- ✓ Ensure our rents remain affordable
- ✓ Increase the supply of new homes and rental income
- ✓ Attract grant and other funding opportunities
- ✓ Increase automation of processes
- ✓ Achieve Cyber Essentials Plus accreditation
- ✓ Increase the use of new energy sources and heating and construction technologies
- ✓ Increase resources for growth

7 Deliver Plan 2022/23 – 2024/25

7.1 Summary Delivery Plan

Our 4 Strategic Objectives all need to be translated into practical tasks with timescales and targets with named individuals taking ownership of delivery. **Appendix 4** sets out the Summary Delivery Plan along with lead officers for each task and timescales for delivery.

Operational Delivery Plans are developed with all staff to ensure everyone is clear about responsibilities and the part each officer will play in taking the organisation forward once the Plan is approved by the Board.

7.2 Monitoring Progress

Progress against the Summary Delivery Plan will be reported to the Board on a quarterly basis.

The annual business planning review will commence in October with the review of the strategic objectives and delivery plan progress along with any amendments to be made. This is followed with the creation of the draft budget for rent consultation purposes in December.

8. Financial Analysis

8.1 Resources

The achievement of our strategic objectives requires the ability to understand and control costs. This is important to maintain an affordable rent structure, invest in the development of the business and have the strength and flexibility to adapt to external challenge. Achieving this is vital if we are to achieve our purpose and make a difference in the community.

At the point of writing this Plan HfL is debt free. However, there will be the requirement to borrow to maintain cash levels throughout the 30 year plan at around £1m.

A key priority at this review is to understand and adapt to the challenge of the changing economy and the impact that has on our costs and what we have to set our rents at to remain affordable. Inflation soared to over 10% during the previous year however, forecasts are now anticipating this reduces to c3% in this year. Planning assumptions are based on economic and financial forecasts as well as the understanding of our cost drivers.

Our long-term financial forecasts include comprehensive scenario planning and stress testing, assessing the impact of different assumptions and identifying alternative strategies.

We will ensure that our financial forecasts have the headroom to meet external challenges and deliver the services to support Tenants and sustain tenancies.

8.2 The Long-Term View

HfL needs a robust business plan underpinned by a 30-year financial model this provides reassurance to the Board, SHR and future lenders that we can meet our long-term maintenance and debt repayment obligations. **Appendix 5** is a summary of the output from the 30-year financial forecasts.

Whilst we cannot expect to be precise over such a period of time, it is sensible to project forward based on realistic assumptions of likely trends and expectations. The bottom-line cash position of HfL provides an indication of the level of comfort available to manage risk and changes in circumstances. In this Plan review, we have to borrow to maintain cash levels at around £1m.

A key element to the foundations of such a model is a set of realistic cost assumptions. The annual budget provides a starting point for this based on current experience of actual costs across the organisation.

A second key element is the assumptions on how costs are likely to increase over the lifetime of the plan. Inflation obviously needs to be taken into account, but also differential real cost increases need to be considered. The following table sets out the key assumptions used in this business plan followed by some commentary on the rationale for their use.

Table 12: Business Plan Assumptions

Year	1	2	3	4	5	6-10	11-30
Assumption	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028-33**	**2034-53**
Inflation	10.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Voids	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Bad Debts	1.0%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%
Rent increase*	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Real increase - repairs	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Real increase – management costs	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Base Rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%

Clearly, any predictions about the future have to be treated with care. However, our belief is the above assumptions are prudently realistic. The figure for inflation will clearly have an impact on the plan but from the analysis undertaken, any significant increase has a positive impact on the business plan.

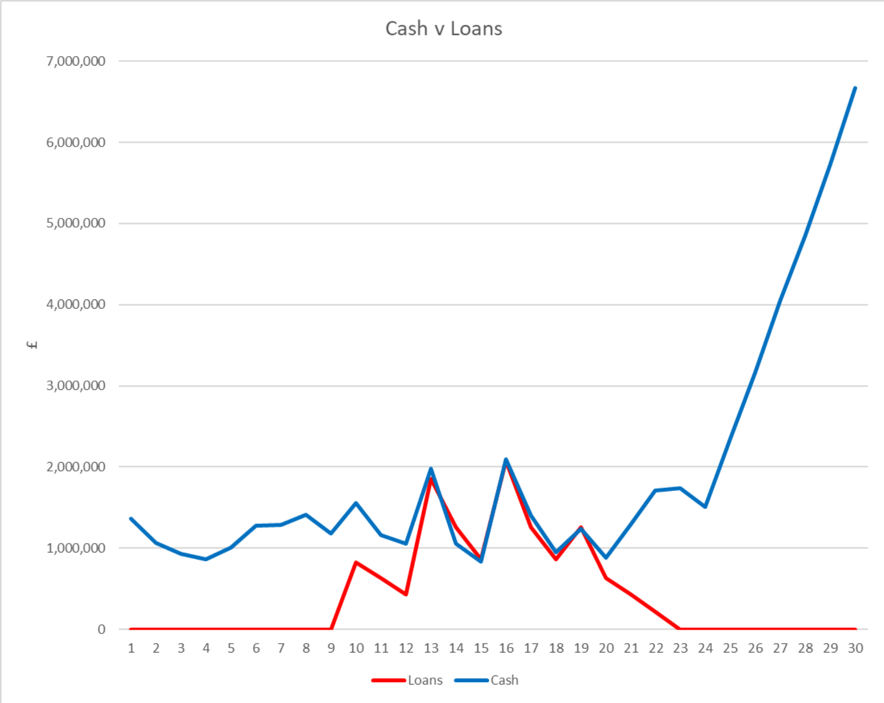
The most significant of the above assumptions have been subject to stress testing to see where the greatest exposure to risk exists. The results of this can be seen in **Appendix 6** on Sensitivity Analysis.

In addition, given the nature of the assets of the business (our housing stock), a long-term investment plan needs to be factored in to take account of the cyclical nature of maintenance costs. The housing stock was surveyed in 2021 and the plans arising from that survey have been reflected in this plan and corresponding budgets.

As HfL do not currently have any loans outstanding, and following the valuation in 2021, based on Social Housing Existing Use valuation (SH-EUV) around £15.6m can be raised through securing properties.

In brief, the 30-year accounts summarised in Appendix 5 would seem to indicate that HfL will have to borrow to maintain levels of cash at c£1m and reserves, after implementing a substantial programme of cyclical and major repairs, including component replacements.

Included in the 30 year plan is borrowing of - £1m in year 10, £2m in year 13, £2m in year 16 and £1m in year 19. There after cash balances are projected to increase as can be seen in the graph below.



However, all of the above assumes that current levels of rent are acceptable and can sustain inflation plus 1% increases over 30 years.

Appendix 1

Risk Assessment & Key 22 February 2023

			Pre control score					Post controls score				
Risk Ref	**Area**	**Risk identified & areas***	**L**	**I**	**S**	**Level**	**Current controls**	**L**	**I**	**S**	**Current Level**	**Work still to do/Notes**
A	**Board membership**	Number appointed correctly Number falls below 7 Notifiable Event LEG/FIN/SER/REP	5	5	25	High	• Currently 8 Full members • Currently 1 co-opted member	2	5	10	Significant	• Can appoint a further 2 specialist members if required
B	**Strategic Direction**	No strategic direction set by Board LEG/FIN/SER/REP	5	5	25	High	• Approved BP Dec 2021 • Delivery Plan in place • BP Session carried out • Clear objectives 2022/23 • Business Planning Strategy Day held in November 22. New Business Objectives set for the next 3 years and full Business Plan to Board in March 23 for approval.	1	5	5	Moderate	
C	**Breach of regulatory standards**	Multiple failures LEG/FIN/SER/REP	5	5	25	High	• Continue with Self-Assessment Assurance Improvement Actions • Completed GIP • AAS Compliant Oct 2022	1	5	5	Moderate	
D	**Pension Scheme**	Local Govt Scheme in operation. Expensive contributions **FIN**	5	5	25	High	• Confirmed a local gov scheme • DC scheme • Least risky • High employer contributions	2	5	10	Significant	
E	**Staff Capacity/Morale**	Service disruption Small team Continuity Cover **SER**	5	5	25	High	• CEO to review • EVH membership • New staff structure • Regular meetings • New Management Team • Role reviews carried out	4	3	12	Significant	
F	**Noncompliance with Rules**	Appointment of Board Members AGM process Shareholder numbers LEG/REP	5	5	25	High	• SGM adopted new rules Sept 2022	2	5	10	Significant	

Risk Ref	Area	Risk identified & areas*	Pre control score				Current controls	Post controls score				Work still to do/Notes
			L	I	S	Level		L	I	S	Current Level	
G	**Decision making process and recording**	Can confirm decisions made within Rules/polices Challenges to decisions cannot be upheld Complaints cannot be investigated correctly FIN/LEG/REP	4	5	20	High	• Standing orders and delegated authorities appr Dec 2021 • Minute action plan implemented	1	5	5	Moderate	
H	**Contracts & Contract Management**	Failure or properly managed contracts, delivery of same and associated costs **SER/FIN**	4	4	16	High	• New Procurement Policy approved • New Management Team • Major contracts awarded via new procedures • Review of contractor performance now implemented	2	4	8	Significant	
I	**Welfare Reform**	Uncertainty around changes and impact on loss of income through direct payments and non-payment of rent Pressure on staff **FIN/SERV**	5	3	15	High	• Know our tenants – update • Promote CAB and other services • Modelling of impact on cash flow • Welfare Advice service • Staff training on changes • Detailed analysis of tenant's circumstances • Information leaflets issue • Impact assessments • Newsletter articles	3	4	12	Significant	
J	**IT systems failure**	Failure leads to disruption of service (part or all). Bad press **SER/FIN/REP**	3	5	15	High	• IT Consultant employed • Backup process – yes • Manual processes to revert to for key service provision • Updated security and to latest requirements • New server • Grant funded • Server security • Now have an ICT Recovery plan	1	4	4	Moderate	• Working towards Cyber Essentials accreditation

Risk Ref	Area	Risk identified & areas*	Pre control score				Current controls	Post controls score				Work still to do/Notes
			L	I	S	Level		L	I	S	Current Level	
K	**IT security breach**	Data accessed by 3rd parties **SER/FIN/REP**	3	5	15	High	• GDPR policy • IT Consultant employed • Review FOI/GDPR processes	2	5	10	Significant	• Resilience testing to be carried out • ICT Strategy to be put in place
L	**Board Capacity**	Overloading of work Operational instead of strategic priorities Number of meetings **FIN/SER/REP**	5	3	15	high	• Recruitment of new additional Board Members • New reporting systems • Induction process for new members • AGM board nominations issued • BP & strategic objectives set • Strategic objectives – prioritising of workload	4	3	12	Significant	• Proposal to introduce a new meeting schedule
M	**Economic changes**	Interest rates Inflation Government policies Reduced funding **FIN/LEG**	3	5	15	High	• Implement informed budgeting systems – updated budget set • SCS will better inform financial projections • High cash reserves • Low loans • Fuel prices impact • Carefully model costs • Fuel cost impact still to filter through • Will impact on ability to pay rent • New PM focus • Interest rate rise • Inflation >10% • Rent below inflation increases • Evictions moratorium • Independence Ref 2 • Government Policy • Post pandemic impact	5	5	25	High	

			Pre control score					Post controls score				
Risk Ref	**Area**	**Risk identified & areas***	**L**	**I**	**S**	**Level**	**Current controls**	**L**	**I**	**S**	**Current Level**	**Work still to do/Notes**
N	**Health & Safety**	Landlord and employer risks Reputational risk Notifiable event SHR involvement **SER/FIN/LEG/REP**	5	5	25	High	• EVH H&S procedures • Work has commenced to ensure all works relating to H&S brought up to date – currently in progress • Asset and Maintenance Manager – responsible for all H&S matters • High risk area assessments underway • Review of all H&S practices • ACS Audit to be carried out urgently • Implementation plan being put in place • Review Gas/Legionella/Asbestos safety policies • H&S Audit Action reviewed January 2023.. Progress report will be presented to the May 2023 Board Plan to be fully implemented	3	5	15	High	•
O	**Failure to recognise a key event such as Whistleblowing or notifiable event**	SHR intervention SHR increased risk assessment **REP/LEG**	5	5	25	High	• IM now monitoring • Governance Improvement Plan • Notifiable events policy • Whistleblowing policy review and training • Meetings with SHR	1	5	5	Moderate	
P	**Rent levels**	Affordability **SER/FIN//REP**	5	3	15	High	• Arrears monitoring • Early intervention • Low level arrears • Policies and procedures being reviewed • Internal audit • Comparability exercise • Affordability exercise presented to Board January 2023 • Rent Consultation completed January 2023	5	5	25	High	

			Pre control score					Post controls score				
Risk Ref	**Area**	**Risk identified & areas***	**L**	**I**	**S**	**Level**	**Current controls**	**L**	**I**	**S**	**Current Level**	**Work still to do/Notes**
Q	**Staff T & Cs & policies**	No contracts No staffing policies in place C of C not signed No training No staff appraisals	5	3	15	High	• EVH membership • Staff policies to be compiled for approval • Code of Conduct • Declarations of Interest to be reviewed • Team values/behaviours set • MT in place to manage teams • Training plans to be implemented • Staff policies to be compiled for approval • 1-2-1 process implemented • Agile Working Policy approved January 2023 • Employee T & C to be updated to reflect introduction of Hybrid Working from the 1 April 2023.	2	3	6	Moderate	• Appraisal system to be implemented •
R	**Tenant consultation, participation or issue information**	No consultation has taken place No tenant group set up No information provided to tenants	5	3	15	High	• Regular information to be issued – plan in place • Introductory info issued • Tenants Panel set up • SDM improvements added • Survey issued • TSS results • Tenant Participation Strategy approved at the January 2023 Board.	4	3	12	Significant	• Tenant Scrutiny Programme will be established February 2023.
S	**Policies**	Policies out of date/poor quality/do not conform to current legislation **LEG/SER/FIN/REP**	4	3	12	Significant	• Key policies approved • Policy timetable in place being worked to • All key governance policies now updated	2	3	6	Moderate	• Operational policies to be reviewed • Procedures to be put in place

			Pre control score					Post controls score				
Risk Ref	Area	Risk identified & areas*	L	I	S	Level	Current controls	L	I	S	Current Level	Work still to do/Notes
T	**Asset Management**	No strategy in place Unknown future costs Changes in legislation i.e., SHQS2, fire safety etc Impact on cash flow **LEG/SER/FIN/REP**	5	5	25	High	• Full stock condition survey carried out externally • Investment in SDM planned • Stock valuations completed • 30-year programme of works - HUB • SCS no major issues • Asset Management Strategy compiled • Attainment of EESSH and L2D	2	5	10	Significsant	• Health Check of SDM capability and usage – March 2023 • .
U	**Internal Controls – lack of**	No external validation of statutory returns **FIN/REP/SER**	3	4	12	Significant	• Action all IA recommendations – included in recommendations report • Financial regulation approved • External audit out to tender • Finance Agent • Internal validation • Outcome of Tendering of internal and external audit services reported to Board January 23.	1	5	5	Moderate	• Appointment of internal and external audit services
V	**Staff authorisation processes**	No delegated authorities in place – risk of unauthorised payments, orders, work etc **FIN/REP/SER**	4	3	12	Significant	• Standing orders approved • Robust systems in place	1	3	3	Low	• New system for paying suppliers being set up via Bankline
W	**Loan Covenant Breach**	Non-compliance Results in call in of loans Regulatory intervention **FIN/REP/SER**	2	5	10	Significant	• Monitored by Finance Agent • Less than 1 years left of loan repayments • Stock condition survey • Valuations • Cash to pay off loan pre breach if required	1	5	5	Moderate	• Loan to be paid off pre-year end on 27 March 2023
X	**Performance against peers**	If poor can lead to reputational issues and bad press Tenant dissatisfaction **REP/SER**	2	5	10	Significant	• KPIs and performance monitoring to be set • MT will monitor and report on performance	1	5	5	Moderate	• 2023/24 KPI's to be presented to March 2023 Board for approval.

			Pre control score					Post controls score				
Risk Ref	**Area**	**Risk identified & areas***	**L**	**I**	**S**	**Level**	**Current controls**	**L**	**I**	**S**	**Current Level**	**Work still to do/Notes**
Y	**Failure to meet Strategic Objectives**	Tenant dissatisfaction Poor press – reputation SHR involvement **REP/FIN/SER**	2	5	10	Significant	• Objectives established • Quarterly reporting against ARC • Delivery Plan targets set • Clear targets and BP objectives in place and monitored	1	5	5	Moderate	• Revised Objectives to be set reflecting the 2023/24v KPI's and 2023/26 BP.
Z	**Poor cost analysis**	No proactive budget monitoring Cost drivers not know **FIN/SER**	3	5	15	Significant	• Value for money policy put in place • Departmental monitoring by MT	1	5	5	Moderate	
AA	**Financial viability**	Future borrowing requirements **REP/FIN/SER**	5	5	25	High	• Stock condition survey • Budget setting process improved • High cash reserves • Property valuations • Strategic options appraisal – demonstrated financial viability • Rent increase below inflation • Evictions moratorium • Government Policy • Interest rates • Procurement costs	4	5	20	High	
AB	**Property**	State of repair and H&S requirements **LEG/SER/FIN/REP**	5	5	25	High	• H & S works completed • Maintenance contracts to be reviewed • Stock condition survey completed H&S practices and risk assessments to be carried out. • H&S action plan in place • Asset management Strategy agreed	3	5	10	Significant	
AC	**COVID-19 or further pandemic/epidemic**	Impact **LEG/SER/FIN/REP**	5	5	25	High	• Business Continuity Plan approved • Awareness of impact	1	5	5	Moderate	

			Pre control score					Post controls score				
Risk Ref	**Area**	**Risk identified & areas***	**L**	**I**	**S**	**Level**	**Current controls**	**L**	**I**	**S**	**Current Level**	**Work still to do/Notes**
AE	**Failure to recruit and/or recruit the right CEO candidate**		5	5	25		• Clear JD & person specification • SOA highlighted that this role is critical • CEO in post	1	5	5	**Moderate**	

Note: AD staff recruitment – historical – risk removed January 2022

Table 1: Score Matrix

Impact	Score Matrix					
	5	5	10	15	20	25
	4	4	8	12	16	20
	3	3	6	9	12	15
	2	2	4	6	8	10
	1	1	2	3	4	5
		1	**2**	**3**	**4**	**5**
	Likelihood					

Table 2: Score Assessment

Result	Risk Score = Business impact x Likelihood	
	15 or more	Risk score is HIGH
	8-14	Risk score is SIGNIFICANT
	4-7	Risk score is MODERTE
	1-3	Risk score is LOW

Table 3: Risk Key & scoring*

Score	Result	Area of impact	Impact
5	Extreme	Reputational	Sustained poor PR media coverage. SHR statutory intervention – potential transfer of assets
		Financial	Loss in excess of £1m
		Service Delivery	Significant disruption to the whole Organisation
		Legislative	Legislation has significant impact on whole of the Organisation
4	Major	Reputational	Prolonged poor media exposure. SHR statutory intervention
		Financial	Loss £250k - £1m
		Service Delivery	Significant disruption to large parts of the Organisation
		Legislative	Legislation has significant impact on one part of the Organisation
3	Moderate	Reputational	One-off national media exposure. SHR engagement – regulation plan
		Financial	Financial loss of between £50k and £250k
		Service Delivery	Significant disruption to one part of the Organisation
		Legislative	Legislation has moderate impact on one part of the Organisation
2	Minor	Reputational	Prolonged local media exposure SHR engagement
		Financial	Financial loss of less than £50k
		Service Delivery	Minimal disruption of the whole Organisation
		Legislative	Impact on small number of procedures
1	In-significant	Reputational	One-off local media exposure
		Financial	Loss – negligible financial impact
		Service Delivery	Minimal disruption to one part of the Organisation
		Legislative	Minimal legislative impact

APPENDIX 2: SWOT MATRIX (2023/24)

<table>
<tr><td></td><td>Threats</td><td>Strengths</td></tr>
<tr><td>PURPOSE to map main SWOT - Strengths, Weaknesses, Opportunities and Threats analysis findings and develop appropriate strategies to best respond to same</td><td>1. Size
2. Board capacity
3. Staff capacity
4. Compliance - growing regulatory/ compliance requirements
5. Business resilience/ continuity
6. Welfare reform
7. Inflation rate
8. Rents become unaffordable/uncompetitive
9. Further legislative/ regulatory changes</td><td>1. Size
2. Financial viability
3. Stock condition
4. Demand & stock location
5. Size (local knowledge, should be nimble)
6. Commitment to change
7. Dedicated Board of Directors
8. Debt free
9. Small dedicated staff team
10. New Staff structure</td></tr>
<tr><td>WEAKNESSES</td><td colspan="2">STRATEGIC RESPONSES</td></tr>
<tr><td>1. Size
2. Board of Director - numbers
3. Staff – small team/ high management costs
4. Size (staff numbers and cover)
5. Office location
6. Repairs satisfaction levels
7. Existing contracts
8. Customer Engagement
9. Operating policies and procedures</td><td colspan="2" rowspan="3">✓ Objective 1 – Invest in our Services

✓ Objective 2 – Invest in our Homes

✓ Objective 3 – Invest in our People

✓ Objective 4 - Invest in our Future</td></tr>
<tr><td>OPPORTUNITIES</td></tr>
<tr><td>1. Size - unique selling point
2. Partnership working
3. New/additional services
4. Development opportunities
5. New ways of working
6. Service improvements</td></tr>
</table>

Appendix 3: Key Performance Targets 2023-24

ARC Ref	ARC Indicator	Previous Year Actual	SHR Scottish Average	Latest Actual	Target
	Rental Income & Arrears Control				
27	Gross rent arrears (current + former + write offs in year) £	19,661	-	11,322	23,313
27	Gross rent arrears % annual rental income	1.31	6.34	1.13	1.50
26	Rent collected as a % of total rental income	100.24	99.27	102.60	100
22.2	Percentage of court actions initiated which resulted in eviction because rent had not been paid	100	14.94	0	14
	Void Management, Allocations & Sustainability				
14	% of offers refused	0	32.93	6.66	10
30.1	Number of properties re-let in period	19	264	14	-
30.2	Average calendar days to re-let	56.37	51.6	41	20
18	Void loss £	16,408	-	7,525	15,542
18	Void loss %	1.3	1.42	1.32	1
16	% of new tenancies sustain > 1 year	100	90.21	93.75	95
17	% of tenants satisfied with new home when moving in	70.95	85.43	75	85
-	Number of abandoned properties	1	-	1	-
	Reactive Maintenance & Gas Safety				
8	Average time taken to complete emergency repairs hrs	3.71	4.15	2.6	3
9	Average time taken to complete non-emergency repairs days	6.38	8.86	7.17	10
11	No of times gas safety check not met	0	-	0	0
12	% tenants satisfied with repairs service	82.5	88.01	89	90
10	% re-active repairs completed carried out right first time	82.65	88.26	87.6	90
19	% approved medical adaptions carried out	50	78.21	100	80
21	Average days taken to complete medical adaptations days	205	54.35	198	75
	Complaints				
3	% 1st stage complaints responded to in full	100	96.74	96	100
3	% 2nd stage complaints responded to in full	100	93.78	100	100
4	The average time in working days for a full response at Stage 1	3	5.8	7	5
4	The average time in working days for a full response at Stage 2	-	19.4	12	20

Appendix 4
Summary Delivery Plan 2024/25

Activity	Lead Officer	Timescale for completion
Objective 1 – Invest in our Services		
Embed new Staff Structure	**CEO**	**Q2**
Explore opportunities for new service models including MMR	**CEO**	**Yr3**
Move to an integrated CRM and Asset Management cloud based housing system	**CEO**	**Yr2**
Expand functionality within Tenant Portal	**HM/MAM**	**Q4**
Increase digital channels of communication	**HM/MAM**	**Yr2/3**
Objective 2 – Invest in our Homes		
Audit and Review compliance information and monitoring systems	**MAM**	**Q1**
Complete all remaining actions from the Health and Safety Action Plan	**MAM**	**Q1**
Establish a PMP delivery plans which set out service standards	**MAM**	**Q3**
Establish a combined Asset Management Policy	**MAM**	**Q2**
Programme cyclical and planned maintenance investment requirements for the remainder of the business plan	**CEO/MAM**	**Q3**
Deliver PMP as budgeted and planned	**MAM**	**Q2**
Objective 3 – Invest in our People		
Establish a Learning and Development Programme	**CEO/BSO**	**Q2**
Introduce an Annual People Survey	**CEO/BSO**	**Q3**
Complete CIH Professional Standards	**All**	**Q4**
Introduce an HR platform	**CEO/BSO**	**Q2**
Consider Investors in People accreditation	**CEO**	**Yr3/4**
Objective 4 - Invest in our Future		
Achieve cyber essentials plus security	**CEO**	**Q1/2**
Move to quarterly board meetings	**CEO**	**Q1**
Identify opportunities for partnership working to support delivery of BP	**CEO/HM/MAM**	**Q1-Q4**
Review lending options to support development activity	**CEO**	**Q1**
Participate in delivery of ELC Strategic Housing Investment Programme	**CEO**	**Q1-Q4**
Attract developers funding packages and S75's for tenure neutral developments	**CEO**	**Yr2-5**
Commence new build development activity	**CEO**	**Yr2**
Use commissioning power to support a move towards net zero	**CEO/MAM**	**Yr2-5**
Become partners in community regeneration	**CEO/HM/MAM**	**Yr2-5**

Key:

BD	Board of Directors
CEO	Chief Executive Officer
Mgt Team	Management Team
MAM	Maintenance & Asset Manager
HM	Housing Manager
BSO	Business Support Officer

Appendix 5
30 Year Financial Plans

The financial reports included in the Appendix 5 are:

- Statement of Comprehensive Income years 1 to 30
- Statement of Financial Position years 1 to 30
- 30 Year assumptions

Summary Statement of Comprehensive Income Years 1 to 30

SUMMARY - Year 1 - 4% Rent Increase

	Year 1	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**	**Year 7**	**Year 8**	**Year 9**	**Year 10**
	2023/24 Forecast	**2024/25** Forecast	**2025/26** Forecast	**2026/27** Forecast	**2027/28** Forecast	**2028/29** Forecast	**2029/30** Forecast	**2030/31** Forecast	**2031/32** Forecast	**2032/33** Forecast
Turnover	1,823,385	1,880,817	1,929,556	1,979,756	2,031,463	2,084,720	2,139,575	2,196,076	2,254,270	2,314,212
	-	-	-	-	-	-	-	-	-	-
Operating costs	1,979,260	1,975,396	1,967,835	2,035,481	2,043,907	1,995,954	2,243,169	2,137,343	2,351,301	2,558,834
Operating surplus/(deficit)	-155,875	-94,579	-38,279	-55,725	-12,444	88,766	-103,594	58,733	-97,031	-244,622
Net interest charges	14,900	10,000	5,000	2,000	2,000	1,000	500	0	0	-46,648
Net surplus/(deficit)	**-140,975**	**-84,579**	**-33,279**	**-53,725**	**-10,444**	**89,766**	**-103,094**	**58,733**	**-97,031**	**-291,270**

	Year 11	**Year 12**	**Year 13**	**Year 14**	**Year 15**	**Year 16**	**Year 17**	**Year 18**	**Year 19**	**Year 20**
	2033/34 Forecast	**2034/35** Forecast	**2035/36** Forecast	**2036/37** Forecast	**2037/38** Forecast	**2038/39** Forecast	**2039/40** Forecast	**2040/41** Forecast	**2041/42** Forecast	**2042/43** Forecast
Turnover	2,375,952	2,439,545	2,505,044	2,572,509	2,641,997	2,713,570	2,787,291	2,863,222	2,941,434	3,021,991
Operating costs	-2,512,953	-2,395,317	-2,718,422	-2,685,246	-2,473,826	-2,506,262	-2,632,113	-2,843,236	-2,929,011	-2,988,190
Operating surplus/(deficit)	-137,001	44,228	-213,378	-112,737	168,171	207,308	155,178	19,986	12,423	33,801
Net interest charges	-37,446	-27,775	-110,907	-81,820	-55,549	-128,517	-88,749	-55,549	-81,869	-51,303
Net surplus/(deficit)	**-174,446**	**16,453**	**-324,285**	**-194,558**	**112,622**	**78,791**	**66,429**	**-35,563**	**-69,446**	**-17,503**

	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
	2043/44 Forecast	**2044/45** Forecast	**2045/46** Forecast	**2046/47** Forecast	**2047/48** Forecast	**2048/49** Forecast	**2049/50** Forecast	**2050/51** Forecast	**2051/52** Forecast	**2052/53** Forecast
Turnover	3,104,964	3,190,427	3,278,453	3,369,120	3,462,506	3,558,695	3,657,770	3,759,816	3,864,923	3,973,184
Operating costs	-2,729,894	-2,796,671	-3,288,559	-3,678,610	-2,855,534	-2,914,911	-3,017,182	-3,075,918	-3,137,574	-3,165,895
Operating surplus/(deficit)	375,070	393,756	-10,106	-309,490	606,972	643,784	640,588	683,898	727,349	807,289
Net interest charges	-27,775	-17,611	-6,929	0	0	0	0	0	0	0
Net surplus/(deficit)	**347,295**	**376,145**	**-17,035**	**-309,490**	**606,972**	**643,784**	**640,588**	**683,898**	**727,349**	**807,289**

Summary Statement of Financial Position years 1 to 30

Balance sheet	Year 1 2023/24 Forecast	Year 2 2024/25 Forecast	Year 3 2025/26 Forecast	Year 4 2026/27 Forecast	Year 5 2027/28 Forecast	Year 6 2028/29 Forecast	Year 7 2029/30 Forecast	Year 8 2030/31 Forecast	Year 9 2031/32 Forecast	Year 10 2032/33 Forecast
Property	10,868,557	10,811,248	10,647,539	10,361,702	9,960,746	9,531,044	9,151,587	8,833,362	8,719,636	8,586,941
Other assets	336,713	345,512	352,965	401,588	390,163	378,864	397,696	387,039	381,769	406,642
Cash	1,358,406	1,066,114	932,872	860,141	1,005,857	1,280,404	1,281,716	1,413,111	1,178,855	1,558,554
Loans	0	0	0	0	0	0	0	0	0	-819,367
Grant	-7,297,822	-7,041,602	-6,785,382	-6,529,162	-6,272,942	-6,016,722	-5,760,502	-5,504,282	-5,248,062	-4,991,842
Other creditors	-76,534	-76,534	-76,534	-76,534	-76,534	-76,532	-76,532	-76,532	-76,532	-76,532
Reserves	**5,189,320**	**5,104,738**	**5,071,459**	**5,017,734**	**5,007,290**	**5,097,058**	**4,993,964**	**5,052,697**	**4,955,666**	**4,664,396**

	Year 11 2033/34 Forecast	Year 12 2034/35 Forecast	Year 13 2035/36 Forecast	Year 14 2036/37 Forecast	Year 15 2037/38 Forecast	Year 16 2038/39 Forecast	Year 17 2039/40 Forecast	Year 18 2040/41 Forecast	Year 19 2041/42 Forecast	Year 20 2042/43 Forecast
Property	8,367,490	8,044,835	7,943,643	7,816,873	7,499,414	7,250,558	6,944,991	6,711,612	6,470,189	5,920,973
Other assets	401,661	396,830	422,155	417,639	413,288	439,106	435,099	431,272	457,629	454,178
Cash	1,162,483	1,050,695	1,975,120	1,055,603	834,802	2,099,802	1,399,207	945,617	1,235,041	883,444
Loans	-629,531	-430,024	-1,859,086	-1,259,062	-860,048	-2,079,439	-1,259,062	-860,048	-1,260,072	-629,531
Grant	-4,735,622	-4,479,402	-4,223,182	-3,966,962	-3,710,742	-3,454,522	-3,198,302	-2,942,082	-2,685,862	-2,429,642
Other creditors	-76,532	-76,532	-76,532	-76,532	-76,532	-76,532	-76,532	-76,532	-76,532	-76,532
Reserves	**4,489,950**	**4,506,403**	**4,182,117**	**3,987,560**	**4,100,182**	**4,178,973**	**4,245,402**	**4,209,839**	**4,140,393**	**4,122,890**

	Year 21	Year 22	Year 23	Year 24	Year 25	Year 26	Year 27	Year 28	Year 29	Year 30
	2043/44 Forecast	2044/45 Forecast	2045/46 Forecast	2046/47 Forecast	2047/48 Forecast	2048/49 Forecast	2049/50 Forecast	2050/51 Forecast	2051/52 Forecast	2052/53 Forecast
Property	5,406,216	4,874,876	4,357,191	4,018,157	3,502,806	3,073,877	2,579,109	2,177,002	1,676,193	1,185,384
Other assets	450,923	477,870	475,026	472,396	499,988	497,807	495,861	524,157	522,701	521,501
Cash	1,293,024	1,707,671	1,734,592	1,510,545	2,349,057	3,167,731	4,048,813	4,850,302	5,723,696	6,666,773
Loans	-430,024	-220,353	0	0	0	0	0	0	0	0
Grant	-2,173,422	-1,917,202	-1,660,982	-1,404,762	-1,148,542	-892,322	-636,102	-379,882	-123,662	132,558
Other creditors	-76,532	-76,532	-76,532	-76,532	-76,532	-76,532	-76,532	-76,532	-76,532	-76,531
Reserves	**4,470,185**	**4,846,331**	**4,829,296**	**4,519,805**	**5,126,777**	**5,770,561**	**6,411,149**	**7,095,047**	**7,822,396**	**8,629,685**

Financial Planning Assumptions

Year(s)	1	2	3	4	5	6-10	11-30
Assumption	**2023/24**	**2024/25**	**2025/26**	**2026/27**	**2027/28**	**2028-33**	**2034-53**
Inflation	10.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Voids	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Bad Debts	1.0%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%
Rent increase*	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Real increase - repairs	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Real increase – management costs	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Base Rate	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%