

ng homes Business Plan

2020 – 2023



John Thorburn
ng homes Chair

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Introduction

The last 12 months have been very busy for the Association and this updated Business Plan provides us with the opportunity to review our past performance, to take stock of the progress we have made and identify the challenges and opportunities that lie ahead, including a successful application for £4.5m grant from the Scottish Government towards a district heating projects for the MSFs in Springburn.

At ng homes the importance of people and community remains as strong as ever. Our first priority is the health, safety and wellbeing of our tenants, customers and staff. We operate in line with current legislation and good practice and are fully committed to ensuring that we have a strong and sustainable health and safety culture in place across the ng group. In last year's Business Plan, we emphasised the importance of listening to and involving our tenants in achieving this and we remain committed to this consultative approach.

Good governance is at the heart of the organisation. We have a comprehensive governance framework in place with an emphasis on robust financial and risk management and rigorous processes including self-assessment and internal audit. This approach will support us in maintaining our high standards to ensure compliance with the Scottish Housing Regulator's new Regulatory Standards of Governance and Financial Management. Our commitment to delivering strong governance was reinforced by the development of an Annual Assurance Statement during 2019.

At this time our financial position is much stronger than we projected in our Business Plan 2011/12 and we will continue to ensure that robust financial planning underpins all of our decision-making, especially with regard to new build proposals and investments.

The comparison is shown below for projected 2018/19 and Actual 2018/19

	2011/12 PLAN for 2018/19	Positive Indicator	2018/19 Actual
Debt	£35.99m	✓	£26.4m
Cash in Bank	£10.64m	✓	£17.9m
Debt per Unit	£6,788	✓	£4,863
Net Debt per Unit	£4,972	✓	£1,556
Rental Income	£21.79m	✓	£23.11m
Employee Costs	£5.41m	✓	£5.146m
Net Surplus	£1.26m	✓	£1.371m
Reserves	£16.04m	✓	£78.2m

As we indicated last year, these are positive results however we will maintain our focus and ensure that there is no room for complacency regarding our financial performance.

We are committed to ensuring that we deliver customer service excellence in all that we do this includes providing a wide range of services to individuals and groups within North Glasgow. Our housing and regeneration teams continue to find innovative ways to make a real difference for people within North Glasgow.

The Association will continue to champion equality and value diversity to ensure that North Glasgow is recognised as a place where people are treated fairly and given an equal chance in life. We aim to provide good quality, comfortable homes within a safe integrated community where people are proud to live and can realise their aspirations and we will be working in partnership with others to achieve this.

The Association's Asset Management Strategy has been reshaped for the future using information from a comprehensive stock condition survey. The final phase of the survey was completed in March 2019 and that together with demand analysis will inform our short, medium- and long-term investment plans. Investing in the quality of our homes is a key priority for the Association to ensure we meet all statutory and regulatory standards and requirements and provide our tenants with good quality houses that they are proud to call home.

Following the Grenfell Tower disaster, ng homes commissioned specialist consultants to prepare reports for the project for a district heating system and fire safety improvements for the six 25/26 storey MSF's at Balgrayhill Road and Wellfield.

The issues identified were:

- New cold-water systems within four of the blocks
- New soil pipes within the six blocks
- New fire safety measures within the buildings
- A new, more efficient heating system

The planned works will also compartmentalise fire and smoke and install an efficient heating system which will be better for the health of the tenants. This will be the most complicated and challenging project in the Association's history.

The work will be divided into 7 different packages as described below.

Work Package 1 will include the enabling works which will run through the building and communal areas. 2 pipes carrying water will run from the top to the bottom of the building. Pipes will run horizontally through the communal areas and will be encased in RAL colour. Firestopping will be used throughout the stairways and fire escapes.

Sprinkler pipework will be installed through the blocks without installing the sprinklers. There is no current legislation for a sprinkler system however should that change we can implement it without more disruptive major works. Dual use water pipes will tackle the risk of legionella.

CAT6 cabling will be used to allow for multiple things to run through one cable avoiding lots of unsightly cables. This also allows the option for low cost broadband in the future. There will be a new video door entry system installed which concierge will be able to access.

Work Package 2 covers fire safety within the home and includes the installation of the highest grade of fire detection systems. The fire service will be able to communicate with each floor to manage a situation should they need to evacuate the building. Water will be available in the dry risers and controls will be put in place to open/close vents and remove smoke from communal areas.

Fire collars will be installed which close automatically if a fire is detected but still allows space to run more cables through should they be needed.

Work Package 3 is the installation of the source heat pumps which are manufactured offsite and then brought in on a large frame. Only 8 are required however 10 will be going onto these blocks which allows the duty to be shared between them thus extending the life span. Another advantage is that there are additional pumps there should one fail.

The pumps will be craned onto the roof which will require a temporary road closure which will require contact with the Council.

Work Package 4 includes the removal of the existing property doors and the installation of fire rated doors; the installation of bespoke transom panel for pipework entry into property; and the installation of lateral pipework into the property.

Work Package 5 will be the installation of the new heating system which will include a new interface unit for the boiler and water tank. Pipework will be run under the floorboards up to the new radiators.

Work Package 6+7 will be the most intense part for tenants as it will likely result in decant. Tenant support services will be put in place. This part of the works includes the bathroom works. Any holes will be fire stopped, the bathroom will be connected to the new heating system, and will include a new bath and shower, and a new soil pipe will also be connected.

Other areas

Our social enterprise subsidiary ng2 Ltd has had another successful year, working closely in partnership with the Association. The organisation has enjoyed continued growth and now delivers a wider range of services across our community. It is particularly pleasing that the ng2 continues to provide employment and training opportunities whilst contributing to the overall success of the ng group.

Last but not least I want to recognise the hard work and commitment of our people. Our Board, staff and volunteers are central to the success of the organisation. We value their contribution and we appreciate how fortunate we are to have skilled knowledgeable people who care about North Glasgow and are dedicated to serving our community. Our Investors in People Gold status and our reconfirmed CSE accreditation are testimony to our ongoing focus on supporting and developing our people to ensure they have the right skills and attributes to deliver for our tenants and other customers.

In closing I would like to add that even with the great amount of work, care and attention to detail that goes into developing the Business Plan, it is impossible to definitively predict what lies ahead for the organisation. There will most certainly be challenges along the way whilst we work tirelessly to improve and develop North Glasgow, however what is absolutely sure is that the Association remains committed to giving our tenants a voice in creating the future. We continue to champion North Glasgow as a vibrant place with talented people and we look forward to working together with you to create a community where people can flourish and prosper.

The business plan was drawn up prior to the coronavirus. It is too early to gauge what the long term effects will be on our income and expenditure. This will be commented on in future reports.

John Thorburn
ng homes Chair

Context

ng homes was established in 1976 as a community controlled housing association, originally formed to protect and improve sub-standard Victorian sandstone tenements in Springburn. The Association has built a strong reputation for serving people and its communities for over 40 years. **During this time it has grown and developed into a well respected organisation that makes a positive difference to the lives of people in North Glasgow and now provides 5,389 homes for rent and 41 shared ownership properties across the area.**

Today ng homes is a registered social landlord (RSL), a community benefit society and a registered charity. The Association is regulated by the Scottish Housing Regulator, OSCR, and the Financial Conduct Authority. ng homes is an award winning organisation, recent external accreditations include: Customer Service Excellence Standard (held since 2002), Investors in People Gold Award, Investors in People Health and Wellbeing Good Practice Award and Investors in Young People Award, Scottish Care Awards – Housing Support Provider of the Year 2016 (Sheltered Housing), National Award for Environmental Excellence - Keep Scotland Beautiful – 2016 (related to work at 14 Multi-Storey Flats) Concierge Service, Herald and GenAnalytics - Diversity Awards – 2016 (for work with Chinese and African Communities), Police Scotland Youth Volunteer Award – ‘Outstanding Support to PSYV Volunteer programme’ (2017), Local Environmental Quality Award – ‘Outstanding Team’ in Local Environmental Quality (2017) and TPAS Award Best Practice for Involving All 2017. In 2018/19 the awards included Alarm UK Alarm Risk Award 2018, Climate Challenge Fund Award; Youth Engagement Category 2018 and Scottish National Standard for Information and Advice Providers, TPAS Scotland National Good Practice Award; Best Practice in Reporting Performance - ng homes Area Committee.

Our vision, mission and values

Our vision:

A community where people can flourish and prosper

Our mission:

To provide quality homes and on-going community regeneration and empowerment

Our values:

- We are a quality organisation delivering excellence
- We act with integrity
- We are friendly and treat people with respect
- We are customer focused and put the customer first
- We are trusted and trusting
- We are accountable

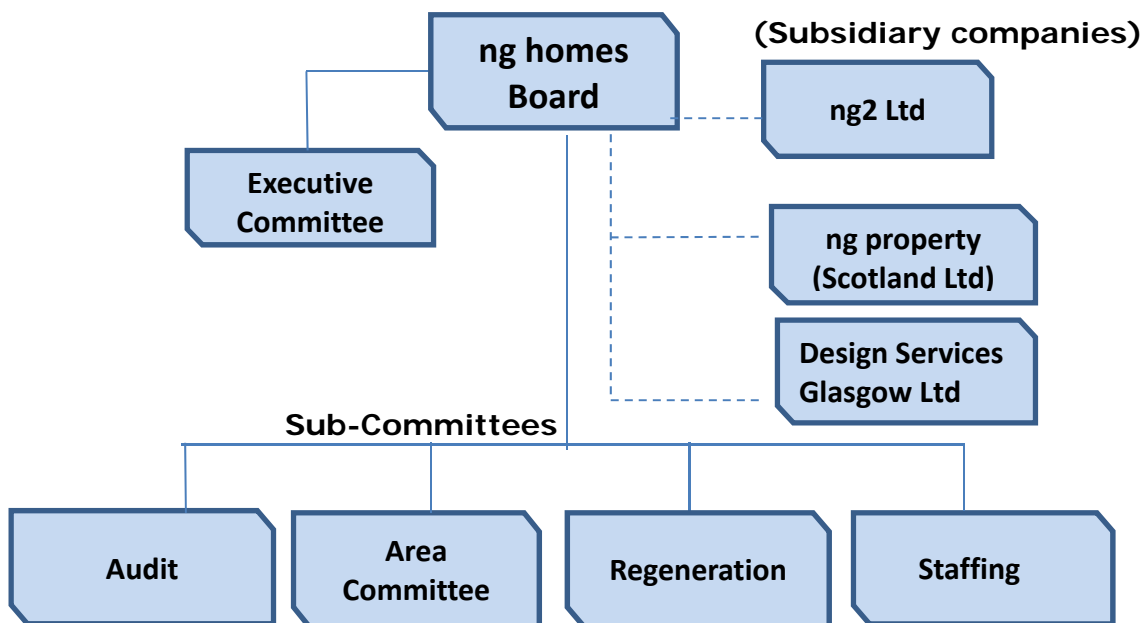
Organisational structure

The business has grown dramatically in scale and complexity with over 4,000 units, mainly through stock transfer, added since 2001. This, together with a continually changing external environment means that effective governance and stewardship of the organisation is increasingly important.

Board and Committee Structure

The Board is the governing body that controls ng homes. The Board is responsible for the strategic direction, setting standards, monitoring performance and the effective running and financial management of ng homes and is the employer body, with senior staff accountable to the Board.

Some business areas with a more operational focus are delegated to Sub-Committees, and activities of a more commercial nature are delivered via wholly-owned subsidiary companies within ng homes' group structure:



ng2

A 100% owned subsidiary company, ng2 is a social enterprise delivering services direct to the community. Since its establishment in 2010, ng2 has grown and diversified to provide a wide range of environmental and facilities management services.

ng2 has grown to employ 90 people and has an annual turnover of approx. £4 million; ng2 has three registered Directors; 2 senior ng homes managers (DCEO - Finance and DCEO Regeneration) and one ng homes Board member. A further 4 ng homes Board members are represented on the ng2 Board.

ng2 is an important part of ng homes strategic delivery plans; we anticipate continued growth for ng2 aligned to ng homes planned investment programme. ng2 has a significant role to play in helping ng homes to sustain tenancies, deliver value for money and ultimately reduce the pressure on rents through cost/VAT savings for the Association.

ng property (Scotland) Ltd

ng property provides property factoring services to owners. This factoring role increased dramatically with the GHA stock transfer in 2011 and the subsidiary now provides services to 1,200 owners. There is no direct employment in this subsidiary; rather ng homes provide staff support services. Turnover to 31 March 2019 was just over £500k and in surplus.

ng property (Scotland) Ltd has two registered Directors; the ng homes DCEO - Finance and the Director of Housing Services. A further 4 ng homes Board members, 2 x Area Committee members and 1 x other owner are represented on the ng property Board.

Design Services Glasgow Ltd

This subsidiary company acts as agent for new design and build housing, enabling VAT reclaim on consultants fees. The company is kept in existence to fulfil this purpose.

Executive Committee - comprises office bearers of ng homes' Board plus Sub Committee and subsidiary Chairs with the remit to plan agendas, co-ordinate across the Group and deal with emergency business.

Audit Sub-Committee - reviews the financial affairs of the organisation, effectiveness of risk management and internal and external audit.

Regeneration Sub-Committee - oversees the implementation of the regeneration strategy and programme, approving and monitoring individual projects and reviewing progress against target outcomes.

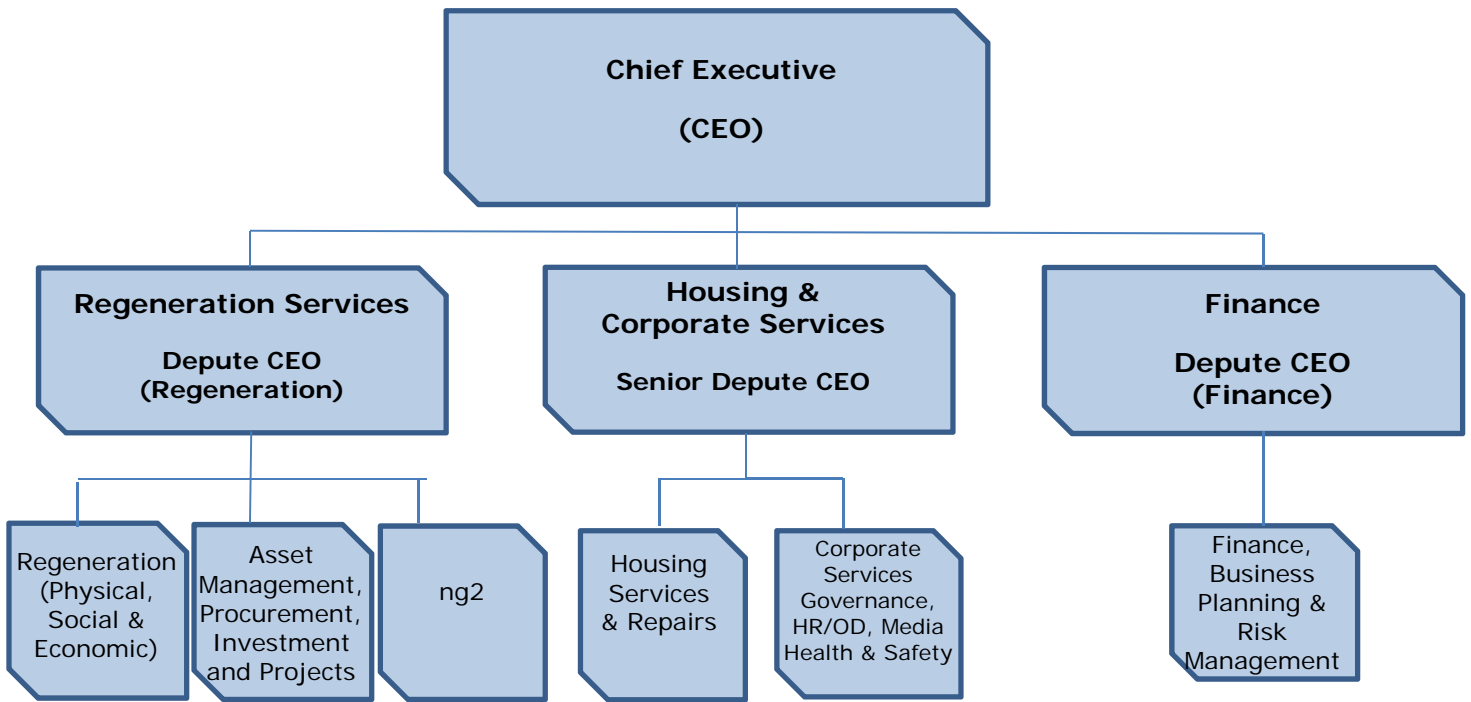
Staffing Sub-Committee - considers staffing and organisational development, training, and health & safety matters.

Area Committee - comprises a mix of Board members and tenant/residents, monitoring local performance for housing service delivery, estate management, repairs and maintenance.

Staffing Structure

ng homes has three directorates, with the Senior Depute CEO and two fellow directors the Depute CEO (Finance) and Depute CEO (Regeneration) reporting directly to the CEO. The three Depute CEO's are supported by senior managers who have day-to-day responsibility for Finance, Regeneration, Procurement and Investment, Housing Services and Corporate Services.

At March 2019 ng homes had 106.5 (full time equivalent) staff in post, this includes 8.5 staff whose posts are fully funded via external grant support. The ng homes staff are supplemented by 18.1 ng2 (full time equivalent) staff who provide direct services to ng homes.



Governance

ng homes is run by a voluntary Board. It has a maximum of 15 places; 11 designated for local community members, up to 3 places for independent members and 1 place for a nominated Glasgow City Council elected member.

Board and Sub-Committee Members have the requisite skills, knowledge and awareness to carry out their role in a confident and effective manner. Any skills gaps identified are addressed through a combination of training and development of individuals plus review of the Board and Sub-Committee composition, with scope via our Rules to co-opt up to three independent members.

Good governance is a cornerstone of our approach to business and all of our Board and staff members are responsible for maintaining our performance. We have an effective governance framework in place with high standards on audit, risk, probity, governance and health and safety. Governance self-assessment is a key feature in this respect. During 2018/19 the Board, executive team and managers continued on the comprehensive self-assessment of our governance framework which was supported by experienced, independent consultants. This was a very productive exercise, it identified a lot of good practice whilst highlighting medium to long term opportunities for continuous improvement. The self-assessment exercise will be revisited during 2020 to take account of the changes incorporated within SHR's Regulatory Framework. Governance self-assessment will be reviewed annually.

Board Appraisal

The annual Board appraisal exercise is led by ng homes' Chairperson and supported by an independent consultant. The appraisal exercise covers assessment of individual board members contribution, plus evaluation of how the Board functions collectively. An overall report is produced which informs the individual and collective Board training and

development priorities for the year ahead. **We intend to extend the appraisal process to all Sub-Committee members during the lifetime of this business plan.**

Board Training and Development

Good governance is at the heart of our approach to Board training and development, ensuring that Board members are equipped with the skills and knowledge to ensure they are able to perform their role effectively. All Board and Sub-Committee members receive thorough and detailed training on governance and other related matters on a regular basis and they sign-up to the ng homes Board members Code of Conduct annually. Board training carried out during 2018 – 2019 included; governance self-assessment, roles and responsibilities of governing body members, health & safety and equality & diversity.

The Association complies with the SHR'S regulatory standards of governance and financial management. In addition to governance training, the Board has also benefitted from specialised training and development sessions on other priority issues identified from training needs assessments, Board appraisal and business priorities. Training sessions are held out with Board meetings and frequently involve external expert facilitators. Annual core training includes sessions on health and safety and equality and diversity and the plan for 2020/21 will include other priorities identified from the 2019 Board appraisal process.

In addition to ng homes training and awareness sessions, Board members participate in relevant external training and attend external conferences and seminars e.g. events organised by Scottish Federation of Housing Associations (SFHA), Glasgow and West of Scotland Forum (GWSF) , Employers in Voluntary Housing (EVH) and SHARE.

Strategic Priorities 2020/23

Robust Governance

- Governance Framework and Governance Self-Assessment annually
- Risk Strategy
- Succession Planning for Board and staff
- Options Appraisal for the business
- Know our tenants and other customers needs

Prudent Financial Management

- New loan finance to support investment programme
- Rents and Affordability (including exploring rent restructure)

Creating a Positive Culture

- Invest in the community – building capacity
- Health, safety and wellbeing of staff

Continuous Improvement

- Options Appraisal for low demand stock
- Tenants Health and Safety
- EESSH 2020 and 2032
- Masterplan for Springburn and Possilpark
- Demolition of Balgrayhill Road decks and Hawthorn Street tenements
- Bringing repairs reporting into ng homes
- Central Heating Replacement Strategy
- Employability Strategy

Growing our Business

- Older peoples services
- Explore growth potential of ng2
- New grant funding for regeneration projects
- Opportunities for selling services

- Regeneration –Physical, Social and Economic
- Tenure diversification
- Opportunities for acquisitions, mergers and partnerships
- Business Improvement District

These strategic priorities along with operational priorities have been developed in a consultative manner across the organisation, engaging the Board, executive team, our managers and staff whilst also taking account of tenant and customer views from earlier consultation. Each staff team is directly engaged in shaping and defining specific action and work plans to ensure we deliver on our priorities for the benefit of our customers and the community as a whole. We will monitor departmental work plans and will ensure these are reviewed and updated half yearly and reported to the Board.

Managing finance and scenario planning

Financial Headroom

To survive in the economic environment, we must have appropriate and sustainable headroom in its financial projections. This should demonstrate that loans are repaid timeously and that we have the ability to handle any risks that arise. The Board will ensure that it is able to detect any serious risk to the financial sustainability of the Association in a timely manner and take quick and appropriate corrective action. We need to be candid about our finances and realistic about the implications of among other issues welfare reform, pension deficits, increases in inflation, covenant compliance, tenant safety and the effects of Brexit.

The Board will consider all of the risks in the business plan, model the financial effects of changes to key assumptions and have contingency plans in place as appropriate. It is anticipated that the operating environment will remain challenging for the foreseeable future.

5 year and 30 year financial plans

Our 5-year financial projections show ng homes generating the following projected net surplus/(deficit) for years 1-5 (2020/21 to 2024/25). The planned deficits in 2021 and 2022 are a direct result of our plans to address issues relating to tenant safety and fuel poverty in our msf blocks. The projections show that ng homes is covenant compliant and viable, whilst it delivers a major investment programme of £57.8m over the first 5 years.

Year	2021	2022	2023	2024	2025
Net surplus(deficit)	£(2.4)m	£(1.7)m	£0.95m	£1.6m	£1.6m
Cash balances	£22.1m	£13.4m	£11.9m	£12.7m	£10.9m
Loan Balances	£41.6m	£39.2m	£36.8m	£34.3m	£31.8m
Investment	£23.5m	£13.6m	£7.0m	£5.6m	£8.3m

Based on the current covenant definitions and during the loan terms covenants would be met. However, we have assumed that a new loan of £12.5m would be based on the current covenant structure currently in place. Additional funding of £4.5m is assumed from the Energy Savings Trust (EST) (15 year term, @3.5%). There will be no covenants in place or security pledged for the EST loan

The full key financial assumptions are set out in Appendix 1.

Summary of financial assumptions for Business Plan

Opening rental income of £24m is projected to rise with a base line inflation rate of 2%. The effects of rent harmonisation with + 1% for years 2 to 6 and + 0.5% from year 7 to 10 have been built in and then at inflation only for years eleven to thirty. Libor is projected to rise to 4.5% by year six. Opening cash balance is at £18.6m and loans at £26.9m. We have built in contingencies such as rises above inflation for all maintenance and salary costs. We recognise the importance of financial headroom to meet challenges associated with an uncertain economic environment including low inflation and welfare reform. The void and bad debts are assumed to be 4% (2% for each), despite this assumption the baseline plan is sustainable in the short, medium and long term. The baseline projections are compliant with our current covenants.

Our current cost of loan interest is just below 3.4% so our 4.5% long term assumption (variable lending) plus margin provides additional headroom. In addition, rental income rose last year due to rent harmonisation and this should generate additional income in future years (albeit diminishing) as re-lets occur for the first time since April 2011. The average cash at Bank projected over the next 5 years is £14m. At this point we have assumed that the new build properties on the Springburn Halls site will be financed from cash reserves. Future investment plans will address issues that have come to light since

the Grenfell tragedy, improve energy efficiency within the multi- storey blocks and generally upgrade them. Improvement works include: -

- New cold water systems within four of the blocks
- New soil pipes within six MSF blocks
- New fire safety measures within the buildings
- A new, more efficient heating system

The planned works will compartmentalise fire and smoke, install an alternative more efficient heat system which will be better for the health of the tenants and also for the block itself.

We will continue to seek operational efficiencies and review our operating costs to ensure we deliver best value for our customers. It is appreciated that we must have a strong focus on cost control in a low inflationary environment. Assumptions have been made about some reductions in cyclical, reactive and staff costs which we believe can be achieved. Our rent policy of 2% inflation only for years 2 to 30 will be reviewed annually to ensure rents remain affordable and adequate resources are available. The effects of rent harmonisation with + 1% for years 2 to 6 and + 0.5% from year 7 to 10 have been built in.

We have undertaken sensitivity analysis on our plan, the outcome of this is highlighted in the table below. The Brixx model has been set up to ensure a minimum working capital balance of £3m. This demonstrates the impact of different assumptions on annual surplus/deficit and borrowing. Risks modelled include increased voids/arrears; rent increases below inflation +1%; increased management and maintenance costs; LIBOR 6% and decreased inflation:

Sensitivity	Year 30 Cash	Peak Debt	Year	Year 30 Debt
Base	£69.3m	£42.8m	9	£2.8m
Base Voids 5% Bad debts 5%	£3m	£50m	21	£25.9m
Major Repairs + 10%	£30.6m	£42.8m	9	£2.8m
LIBOR 6%	£68.1m	£42.8m	9	£3.1m
Inflation 1% and inflation only rent increase	£3m	£37m	9	£22.7m
Major repairs + 10% and inflation only rent	£3m	£83m	25	£76.4m
Staff costs + 10%	£46.7m	£42.8m	9	£2.8m

Some of the scenarios above would cause significant stress to the Association. No lender would accept continuing outflow of funds without remedial action being taken. At the time of preparing the Business Plan, few of these scenarios are anticipated. However, the situation will be continually monitored closely and in the event of one or more changes in the assumptions made, appropriate action will be taken to ensure the Association remains viable and fully compliant with lenders' covenants.

Loan portfolio covenant structures

We have current loan facilities with two mainstream lenders to the RSL sector, Nationwide Building Society (NBS) and The Housing Finance Corporation (THFC). Each lender sets covenants over their lending and we have to satisfy these conditions of lending on an ongoing basis. Lenders apply their own definitions and covenants. We have fully considered the implications of their different covenant structures over the lifetime of these loans. Full compliance is evidenced throughout.

Financial accounts and treasury management

Our financial position going into 2020/21 continues to be healthy. The table below provides a comparison of the position over the next five years. The Association is planning to run a deficit in 2020/21 and 2021/22, thereafter is profitable for the next 15 years. The Association is viable, profitable and of greater importance has sufficient cash resources to deliver for their customers. As highlighted in the tables below

Period: 01 April 2020 - 31 March 2025	2021	2022	2023	2024	2025
Statement of Comprehensive Income	£000's	£000's	£000's	£000's	£000's
Total Turnover	24,878.70	25,579.30	26,194.20	27,026.10	27,740.60
Operating Expenditure	-26,034.60	-25,904.30	-23,922.30	-24,173.00	-24,971.70
Operating Surplus/(deficit)	-1,155.90	-325	2,272.00	2,853.10	2,768.90
Interest and financing costs	-1,243.40	-1,402.50	-1,321.80	-1,239.70	-1,156.40
Surplus before tax	-2,399.30	-1,727.50	950.2	1,613.30	1,612.50
Surplus after tax	-2,399.30	-1,727.50	950.2	1,613.30	1,612.50
Comprehensive Income for the year	-2,399.30	-1,727.50	950.2	1,613.30	1,612.50

Period: 01 April 2020 - 31 March 2025	2021	2022	2023	2024	2025
Statement of Financial Position	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Fixed Assets					
Intangible assets and goodwill					
Tangible fixed assets	118,039.70	121,461.20	120,317.70	117,998.20	118,344.70
Investments FA	0.3	0.3	0.3	0.3	0.3
Fixed Assets Total	118,040.00	121,461.50	120,318.00	117,998.50	118,345.00
Current Assets					
Trade and other debtors	1,706.60	1,747.00	1,788.30	1,830.30	1,873.10
Cash and cash equivalents	22,139.10	13,453.40	11,946.30	12,773.20	10,897.10
Current Assets Total	23,845.80	15,200.50	13,734.50	14,603.50	12,770.30
Less - Creditors - amounts due within 1 year	-7,904.80	-7,988.20	-8,073.60	-8,161.20	-8,251.00
Net current assets/liabilities	15,941.00	7,212.30	5,660.90	6,442.30	4,519.30
Assets less current liabilities Total	133,981.00	128,673.80	125,978.90	124,440.80	122,864.30
Creditors - amounts due after more than 1 year	-54,765.40	-51,185.80	-47,540.60	-44,389.20	-41,200.20
Pension provisions	-2,766.90	-2,766.90	-2,766.90	-2,766.90	-2,766.90
Net assets Total	76,448.70	74,721.20	75,671.40	77,284.70	78,897.20
Reserves					
Income and Expenditure Reserve	76,448.60	74,721.00	75,671.30	77,284.60	78,897.10
Restricted [and/or Endowment] Reserve	0.1	0.1	0.1	0.1	0.1
Total reserves	76,448.70	74,721.20	75,671.40	77,284.70	78,897.20

Treasury Management Plan (TMP)

The banking and financial crisis (2007/08) resulted in some unusual financial situations, not least a dramatic fall in base rates and changes in lending institutions, underlining the requirement for RSLs to pay particular attention to this important area. The continuing uncertainty in global financial markets emphasises the importance of effective treasury management to our business.

We recognise the importance of cash management and compliance with the terms set out in its loans with current lenders, the Nationwide Building Society, the Housing Finance Corporation and the Energy Savings Trust. The underlying principle that shapes the Treasury Management Policy is that the Board is risk aware.

Stakeholders

Customers

Our customers are at the heart of our business. They are our most important stakeholder group and include tenants, residents and other service users. We are committed to achieving customer service excellence in all that we do. In December 2019 the Association achieved another successful review against the Customer Service Excellence Standard and the accreditation will be in place until December 2021. The Assessor was extremely positive about the Association in general, he stated “ng homes were found to have a deep understanding of, and commitment to, Customer Service Excellence.

The Assessor was impressed by the commitment to customer service excellence displayed by staff at all levels within the organisation and commented on the high level of service being delivered. It was a very positive review with an increase in the number of areas being assessed as Compliance Plus. The review process focuses on the customer journey and the Assessor commented “You demonstrated that you operate in a culture of continuous improvement and learning” and noted that the Association had made several changes to services as a result of analysing customer journeys and improving these.

The Assessor also highlighted the value of ng homes’ approach to partnership working, acknowledging the Association’s work with other organisations to strengthen and broaden partnerships in ways that benefit our customers and the wider community and he stated “You have become a role model and catalyst for change, you are well known for your community involvement and development work in addition to housing services.”

We always strive to treat our customers with respect and be responsive to their needs.

We value the views of our customers and actively seek ways in which to engage with and

listen to our customers, involving them and working with them to develop and deliver the services that they want.

We redesigned our website for the ng group during 2019 and we will be developing our social media channels further to maximise the potential for effective two-way communication with our customers.

Value: We are customer focused and put the customer first

Staff

At ng homes we understand that our people are our greatest resource. Our staff are committed to delivering an excellent level of service to our communities and we value and support all of our people and encourage them to achieve their maximum potential. Our staff are motivated, supported and developed to ensure that the organisation provides excellent services to tenants and other customers and achieves our ambitious objectives. The Association is recognised with the Investors in People Gold Award and the Investors in People Health and Wellbeing Award. A renewed focus on staff engagement has led to number of innovative initiatives being underway and has contributed to the creation of a positive work environment where everyone can contribute to achieving high performance. We work together to make the organisation the best it can be. We aim to create a workplace where everyone is personally involved and understands how their role contributes to the success of the organisation. **Succession planning at all levels is a priority**, so we identify clear development routes for staff and recognise the importance of informal types of development, such as mentoring and coaching as well as more formal methods of training and development and we continue to provide opportunities for staff to grow and develop with the organisation.

In February 2020, the Association achieved the continued award of Investors in People (IIP) Gold accreditation and the IIP Health and Wellbeing Award which will be in place until 2023. In addition to this, we were awarded Investors in Young People (IIYP) Gold

status in March 2019 and this recognition will remain in place until March 2022. The IIYP review assessed how ng homes attract, recruit, support, guide, develop and retain young people and the Assessor was very impressed by the organisation and spoke very highly of all the people that she met, stating: "The young people that I met with are great ambassadors who spoke positively about their experiences with you. The overall feedback I received was very encouraging and insightful which is further testimony of your commitment and desire to support young people."

We are committed to ensuring that the housing sector is seen as a place where young people can have a fulfilling job and build a rewarding and meaningful career. To this end we have supported a number of modern apprentices many of whom have gone on to permanent positions in ng homes and beyond. Our trainees are provided with comprehensive training which includes studying towards a recognised qualification from the Chartered Institute of Housing and guidance and support to ensure that they are equipped with the skills and ability to work in a wide range of important roles within the housing sector.

We are passionate about playing our part in ensuring that there is a constant supply of talent coming into the housing sector in Scotland including supporting the SFHA's Housing Apprentice Action Plan for Scotland which aims to increase the amount and range of Modern Apprenticeships that are available. We fully support the Action Plan's focus on equality and diversity, addressing issues around gender, additional support and complex needs, and minority group participation including BME young people. We will continue to work with PATH Scotland in this respect and we have had several Trainees who have come through this route. We have also worked in partnership with PATH and SHARE to develop and deliver an innovative one year programme during 2019/20 and we will be working with our partners to further develop this programme during 2020/2021.

Volunteers

Volunteers play an increasingly important role in ng homes. We are very fortunate to have dedicated, skilled and enthusiastic volunteers who support and complement our staff teams. We value the contribution and role of volunteers and we work in partnership with a range of organisations to support them with training and development opportunities to ensure that they are able to get the most from their volunteering, including accreditation where appropriate.

Our Volunteer Strategy forms the basis of this aspect of our work and we intend to build on the current framework for volunteering opportunities to consolidate and expand our regeneration activities and services in order to improve the lives of our tenants, residents and local people across all ages and cultures.

Volunteering opportunities are achieved through a variety of initiatives and activities, from helping develop the landlord report, to focus groups, and community based projects. These include "Activate" a community development training course delivered in partnership with Glasgow University and "Song/Shimmy" which is a regular social event for older residents.

Value: We are friendly and treat people with respect

Regulators

ng homes is registered with and regulated by the Scottish Housing Regulator (SHR). The SHR has updated its Regulatory Framework and the Association is committed to ensuring that we are compliant with all of the seven Standards contained within the Framework. We have been classified by the SHR as "systemically important". The SHR will be reviewing our business plan and financial projections as part of this engagement.

The Association provided the Regulator with an Annual Assurance Statement by 31 October 2019 and we will work closely with the Regulator to ensure that we continue to meet the regulatory standards of governance and financial management. Governance self assessment will continue to be a key feature of our approach.

We are also a registered charity regulated by OSCR and as a community benefit society we are overseen by the Financial Conduct Authority.

Value: We are accountable

Scottish Government

The Scottish Government has supported a number of our key programmes and initiatives with funding and this has enabled us to deliver innovative programmes within our communities. We take account of the Scottish Government's national policy priorities when developing and delivering our services. We are committed to excellent customer service and meeting customer expectations in line with the Scottish Social Housing Charter ensuring quality and standards of service and supporting the Scottish Government's long-term vision for a safer, stronger Scotland. Where appropriate, we will work with others to influence government policy on housing, community, and health and social care for the benefit of our customers. This was reflected in funding support direct from the Scottish Government and from other public grant programmes including Climate Challenge Fund, People and Communities Fund, BIG Lottery Fund and others. The level of funding support over the last 5 years shows a high degree of confidence in us by various national funders. The award in February 2020 of £4.57m from the Low Carbon Infrastructure Transition Project for the Air Source Heat Pump project continues to show the degree of confidence that the Scottish Government has in the Association.

Value: We act with integrity

Partners

ng homes is an established 'community anchor' and we work with local partners to deliver community events and develop community assets, build capacity, develop local people and improve access to support and services. Our aim is to work with a range of partners to deliver lasting benefits to local communities and to have a positive influence on the housing sector in general. Our partners may be small local organisations or groups or they can be large national organisations. Key partners include SFHA, CIH, SHARE, Employers in Voluntary Housing, Glasgow and West of Scotland Forum, Glasgow City Council and the Scottish Government as well as local community based voluntary groups and local businesses / organisations. We are the host organisation for Thriving Places in Possilpark and Ruchill. We also have a strong partnership with SFRS (Scottish Fire Rescue Services) where we hosted a seconded post for over three years.

Value: We are trusted and trusting

Lenders

We understand the importance of loans and treasury management to our business and maintain a strong professional relationship with our lenders. Finance is important to allow us to build new homes and refurbish our existing stock.

We recognise the necessity of compliance with the terms set out in its loans with current lenders, the Nationwide Building Society (NBS) and The Housing Finance Corporation (THFC). We communicate with our lenders in an open, professional and timely manner to ensure that our lenders are aware of our plans and that we are meeting all of our obligations within the terms of our loan agreements and covenants.

Value: We are accountable

Suppliers / Contractors

We have strong working relationships with a variety of suppliers and contractors. Our relationships are built on mutual respect and integrity. We engage with professional, ethical companies that deliver value for money products and services. We will ensure that we continue to develop and maintain sound positive relationships in line with good practice in procurement, contract management and professional services.

Value: We are a quality organisation delivering excellence

Housing provision

Stock in Ownership

ng homes owns a total of 5,389 self-contained properties for social rent as shown in the table below:

Stock Type	1 apt	2 apt	3 apt	4 apt	5 apt+	Total	% of total
Multi-storey flats	0	358	579	0	0	937	17.4%
Deck access/ Other flats	51	149	95	82	17	394	7.3%
Tenement flats	28	760	1,247	316	8	2,359	43.8%
4-in-a block cottages	0	57	742	160	1	960	17.8%
Houses	0	6	3,338	327	68	739	13.7%
Total	79	1,330	3,001	885	94	5,389	
% of total	1.5%	24.7%	55.7%	16.4%	1.7%		

From the stock figure of 5,389, 36 houses are excluded from the letting pool, pending option appraisal on future use. This figure also includes 3 offices inherited from the GHA stock transfer in 2011. Therefore, the actual lettable rented stock is 5,350. In addition to this, there are 41 sharing owner properties.

The business plan has assumed that following an options appraisal 120 properties will be demolished and a provision has been made for demolition, decant and home loss and disturbance payments within the projections.

Our housing is geographically concentrated in 4 adjoining neighbourhoods across North Glasgow, approximately 2 miles from Glasgow city centre. The Springburn area has the largest share of stock (40%), most of which are flats including multi storey and deck access properties. This contrasts with Parkhouse, our smallest neighbourhood (9% of stock), has mostly houses and 4-in-a-blocks. Balornock accounts for 25% of the stock with an even split between flats, houses and 4-in-a blocks. Possilpark accounts for 26% of stock, with a majority of flats but with a sizeable proportion of houses.

General Needs

The majority of our housing stock is general needs which is let to single people, couples and families. These properties are let in line with our Allocations Policy, which is currently under review to incorporate the changes to the Housing Scotland Act.

Housing for Older People

We have housing for older people at:

- Hawthorn Street
- Carron Crescent
- Kemp Street
- Gourlay Street
- Barloch Street

In 2017, supporting people funding was removed completely and we moved from Sheltered Housing to Retirement Housing. Our Retirement Housing is available to applicants over 50 years of age and allows tenants to live independently, while having staff on site and social activities. Retirement Housing Officers now work from a hub at Hawthorn Street and provide surgeries as specified times to each of these complexes. In addition to this, staff will be on site when activities are taking place. Concierge carry out security patrols of all complexes out of hours and at weekends.

Particular Needs

We have 44 elderly amenity flats and 18 wheelchair houses spread across our areas. A significant proportion of our stock has been physically adapted to meet medical needs, supporting tenants to remain in their own homes. During 2018/19, we completed 144 medical adaptations which were part funded by a Glasgow City Council grant of £133k.

Supported Housing / Special Lets

We provide housing which is leased to a variety of agencies to allow tenants with a range of different needs to live in our communities. These agencies include but are not limited to:

Agency	Springburn	Possilpark
Glasgow City Council	66	22
Serco/Mears	57	35
Phoenix Futures	_____	9 Flats & 1 Office
Key Housing	3	_____
Penumbra	_____	1 x 8 bedroom unit
Mungo Foundation	_____	1 close with 10 flats
SAMH	_____	1
Quarriers	1	_____

Housing Initiatives

We support the Government's mortgage-to-rent scheme and other initiatives to prevent people losing their home, and will continue to pursue Mortgage to Rent purchase and shared ownership buy-backs where these make business sense. Over the past few years, we have undertaken a modest programme of one-off existing market purchases, where this meets our financial and other criteria (e.g. to help consolidate common factoring and houses suitable for tenants with medical support requirements).

Services

Housing Advice

Our staff provide housing advice to applicants and tenants. For applicants, they will provide advice using the Housing Options model to ensure all possible options for housing are discussed and in 2018/19, 998 applicants were given advice on their Housing Options. For tenants, staff will provide general advice and assistance on Housing and for more complex cases we will signpost to GCC, Citizens Advice, Shelter and others for specialist advice.

Factoring Service

We provide a factoring service to over 1,200 owners, managing properties and supporting owners. We consult owners in terms of future investment and have a quarterly owner's forum to discuss topics of interest. We benchmark our management fees against other local HA's and our fees are very competitive within the sector and less than Private Factors. Our subsidiary – ng property is currently carrying out a review and considering changes to this service.

Repairs Service

We are currently in the process of reviewing our day to day repairs service to look at our processes and procedures, this is to ensure Value for Money as well as a more positive experience for our customers. We have recently carried out a customer satisfaction survey for the tenants who have been involved in the new process of repairs reporting and 93.75% were happy with the service they received.

Concierge Service

We currently have a 24 hour Concierge service that covers our multi-storey flat areas 365 days per year.

- Cleaning the multi-storey flat and deck access communal areas
- Clearing out empty houses in the multi storey flat area
- Assisting tenants
- Maintaining and preparing the bin area for cleansing uplift
- Safety patrols around our areas and offices
- Monitoring our CCTV
- Assistance at weekends for our elderly tenants

Our concierge provide emergency support out with office hours and tenants and staff provide very positive feedback on this service. The quality of the service has been recognised by Keep Scotland Beautiful who have awarded so far 5 Gold and 9 Silver National Awards for Environmental Excellence to our multi-storey blocks, which was a first for a Housing Association.

Handyperson Service

We provide a handyperson service to all tenants who are over 60 or disabled. This is a free service that can be utilised to assist with small repairs such as putting up curtain rails, changing a light bulb or fitting a shelf. The tenant provides the materials and labour is provided by ng homes. The handyperson service assisted over 500 tenants during 2018/19.

Welfare Benefits and Budgeting Advice Service

We want to ensure that our tenants receive advice and assistance about benefits. We use Greater Easterhouse Money Advice Project (GEMAP) to provide a welfare benefits service to our tenants. This service is available in both our Springburn and Possilpark offices. The service is available to all of our tenants and referrals can be made from the tenants themselves or a third party. In 2018/19, GEMAP secured over £2.2m in additional income for over 1,300 of our tenants. Over £491k of the £2.2m was backdated Housing Benefit.

GEMAP also secured over £8,000 in Universal Credit for our tenants and we expect this to increase as more tenants are claiming Universal Credit since full service was introduced in October 2018. This was money which would otherwise have been unclaimed. We will continue to monitor this service, to ensure the services provided by GEMAP have a direct impact on our rent arrears. This is an excellent service for our tenants, particularly when we are operating in areas of deprivation.

Operating environment

Our tenant profile encompasses a wide range of ages and ethnic origins as detailed in the tables below:

Age	Percentage of Stock
Under 25	4%
25 – 54	49%
55 – 74	34%
75 and Over	13%
Total	100%

Gender	Percentage of Stock
Male	46%
Female	54%
Total	100%

	Percentage of Stock
White	74%
Black	6%
Chinese / Indian / Asian	3%
Other	17%
Total	100%

Our operating environment is challenging, with 78% of our tenants are either in receipt of Housing Benefit or Universal Credit and the North Glasgow area includes areas of multiple deprivation. It is important to us that we use this information to shape our services to tenants and to deliver services that encourage tenancy sustainment and community cohesion.

Tenant Engagement

Engaging with our tenants is very important for us. Housing Officers are responsible for tenant participation and work closely with our regeneration team to engage our tenants in local activities. In line with the Scottish Social Housing Charter's significant emphasis on tenant participation, we are working with the Tenant Participation Advisory Service (TPAS) Scotland to develop a more comprehensive tenant participation strategy to ensure Tenant Participation is at the heart of what we do. During 2019/20 we have successfully consulted our tenants on changes to the Housing Scotland Act, Our Rent Collection policy and Universal Credit implementation. As we review policies this year, we will hold more consultation events using the same format. We also have a group of tenants who work on our annual landlord report and they play an active role in designing the report that is delivered to our tenants. We are keen to support any group of tenants, particularly in the initial stages and will use TPAS or Tenants Information Service (TIS) to set up new groups.

Health & Safety

The health, safety and wellbeing of our tenants, customers and staff is the No.1 priority at the Association. We view this as critically important in regards to our responsibilities as both an employer and a landlord and we have full access to both the Employers in Voluntary Housing/ACS Employer and Landlord Control Manuals to support us in this vital area of our work.

In April 2017, we carried out an internal audit on Health and Safety and after the Grenfell tower tragedy in June 2017, we carried out Risk Assessments in all of our multi-storey flats. From that, we carried out investment works to ensure our multi-storey flats are safe. We contracted with experienced health and safety consultants ACS Physical Risk Control Ltd to carry out updated fire risk assessments across 2019. For a number of years, we have worked closely with the Scottish Fire and Rescue Service (SFRS) and had a Fire and Home Safety Officer seconded from the SFRS to work with our community for 3 years to ensure that we maintained a high level of focus on fire safety for all our residents. This is not typical for a Housing Association however it is viewed as extremely important and we will continue to have an ongoing relationship with SFRS over the coming year at both a strategic and community level. In addition to this, we are working with a tenant's focus group along with TPAS to review health and safety issues in our multi-storey flats.

We are committed to continuing to operate in line with health and safety legislation and good practice across the whole of North Glasgow and during 2019-20 we started to develop and implement a comprehensive Occupational Health, Safety and Welfare Management System covering the entire ng group. This approach will ensure that we maintain a robust, effective and sustainable health and safety culture into the future. This includes all Board and staff members understanding the role they have to play and the system will be designed to ensure the ng group reaches the highest possible health and safety standards and will also provide the opportunity to seek external accreditation as a mark of achievement through the ISO45001:2018 standard which was recently introduced.

Demand

Maintaining demand for our stock is essential for the financial viability of the organisation. Consequently, we will closely monitor other Housing Association's new build plans to minimise risk of any displacement and to ensure this does not adversely affect demand on our stock. Much of our stock is located in the Springburn ward where the population has reduced significantly in recent years due to extensive demolition carried out by GHA and the population is projected to fall further therefore we need to monitor this closely.

The findings of an independent demand analysis that was carried out by Northstar Consulting Services reinforced what we know already, that despite the fall in population there is currently demand for the majority of our homes with our highest demand areas being Parkhouse and Balornock. We know that that we have a healthy waiting list of just over 2,000 applicants, this has increased from just less than 2,000 at end of 2018/19 and our waiting list is significantly higher than other neighbouring Housing Associations. This demonstrates that we do have a demand for our stock. Some of our accommodation however including Possilpark tenements and the Balgrayhill Road and Lenzie Terrace deck access homes are in low demand. The plan assumes that 120 of these low demand properties will be demolished over the next three years.

In general, turnover in the last 5 years has ranged between 5% and 20% with an overall average of around 10% per annum. The turnover in tenements and deck access houses has been higher than the turnover for main door houses and multi-storey flats and turnover is at its highest in Possilpark. We will drill down into these high turnover areas, to determine which specific patches, streets or closes are low demand and this will, in accordance with our Asset Management Strategy, allow our Board to make informed investment decisions in future with regard to these areas.

SWOT Demand Analysis

Strengths *	Weaknesses **
<ul style="list-style-type: none"> • High demand Areas • Low Turnover • Low Maintenance Costs • Healthy Waiting List • High Acceptance Rate 	<ul style="list-style-type: none"> • Low Demand Areas • High Turnover • High Maintenance Costs • High Refusals • Poor retail facilities
Opportunities	Threats
<ul style="list-style-type: none"> • Private sector investment in housing and retail • Increase existing low levels of owner occupation including alternative use for low demand stock • Drill down to Patches, Streets and Closes to fully understand reasons for low demand • Achieve informed investment based on information from SCS and Asset Management Strategy • Extend Retirement Housing into MSF • (see section on Health and Social Care Integration) 	<ul style="list-style-type: none"> • Complacency /Do Nothing • New Build by other Housing Associations • Invest in low demand housing

* Applies to High Demand Areas, such as Parkhouse and Balornock

** Applies to Low Demand Areas, such as Balgrayhill Deck Access and Possilpark Tenements

We have noted our areas below using a traffic light system on where we have high, medium and low demand.

ng homes Areas	
High Demand	Parkhouse, Balornock, Main Doors Possilpark, Broomfield New Build, Central Springburn, Cowlares, Tenements Auchinloch St & Auchentoshan Terrace, Carron Tenements, Elmvale New Build, Balgrayhill 4 in a block, Viewpoint Gate
Medium Demand	South Balornock, All of our Multi Storey Flats, Sandstone Tenements Hawthorn Street, Tenements Springburn (ex GHA), Springburn Tenements Petershill Road/Laverockhall Street/Midton Street
Low Demand	Balgrayhill/Lenzie Terrace Deck Access, Interwar and Victorian Tenements in Possilpark, Galloway Street Tenements

Homelessness

We took part in the Scottish Housing Regulator review of how effectively Glasgow City Council and Registered Social Landlords (RSLs) house people who find themselves homeless. A report of the findings was published in March 2018 and there were a number of areas of good practice highlighted, as well as some recommendations. We have implemented the recommendations and we will continue to work closely with Glasgow City Council to ensure we develop good practice in dealing with homelessness. At an individual level the Association supports tenants to access the Keys to Learn programme through the Glasgow Homeless Network. This programme supports development of tenancy sustainment skills for people affected by homelessness or housing crisis. During 2018/19, we let 124 houses to homeless applicants. This is almost double the applicants that we rehoused last year in this category, which is due to close working with GCC and an increase in homeless referrals.

We are also taking part in a pilot with Glasgow City Council and other landlords to look at homeless applicants coming from temporary accommodation and how we can make their journey to permanent accommodation easier and to reduce the number of tenancies starting in arrears. This pilot started during 19/20 and we will update on the progress in this area in future reports.

Health and Social Care Integration

We recognise that health and social care integration and related proposals to switch care from acute hospital services to support in the community presents a challenge. 47% of our tenants are over the age of 55 and we can make a positive contribution to delivering the Government's integration aims in Glasgow e.g. in our multi-storey flats where we have a 24/7 Concierge service.

Welfare Reform

We monitor the UK and Scottish Governments policy on this key issue. We will take action to mitigate impacts on tenants and our business. We are already experiencing complexities of Universal Credit and the direct payments to tenants. At 31st March 2019, we had 483 tenants in receipt of Universal Credit and this had increased to 1,029 by December 2019. The Board agreed in 2018 to restructure our Housing Services Team to have Housing Officers specifically dealing with arrears. We had anticipated that our arrears would increase through the introduction of Universal Credit and although our total arrears have increased our current tenant arrears have reduced in spite of Universal Credit. This is due to intense management of the Universal Credit cases and we will continue to monitor current cases closely and will take all necessary steps to keep any arrears increases to a minimum and to maximise income for our tenants as they migrate onto Universal Credit.

Performance

The Association is a member of an established benchmarking group – Scottish Housing Network (SHN) which looks at Housing Management performance information and value for money. This, along with the information provided by each landlord to the Scottish Housing Regulator in the annual return, allows us to compare our performance against our peer group. We pride ourselves on our performance, without being complacent, and we reported the following for 2018/19:

- Re-Let Timescales – Houses were let within an average of 23 days compared to 16 days for 2017/18
- Void Rent Loss was 0.6% compared with 0.4% the previous year
- Arrears - Total gross arrears performance (current and former tenant arrears combined) is 6.0%. Compared to 5.8% reported last year
- Tenancy Sustainment was 85%, compared with 84% last year
- Emergency Repairs - The average length of time taken to complete emergency repairs is 3.95 hours compared to 3.98 hours in the previous year
- Non Emergency Repairs - Average length of time taken to complete non emergency repairs was 3.20 days compared to 3.94 days in the previous year
- Medical Adaptions - a total of 144 adaptations were completed during the year in an average timescale of 29 days from referral date compared with 26 days for the previous year
- Gas – 99.9% of our properties have had a gas certificate renewed within 12 months. This was due to a manual administration error and was rectified within 24 hours of us being aware.
- Anti Social Cases – 89% of our cases were resolved within timescale compared to 89% for the previous year
- Customer Satisfaction - 93% of our tenants were satisfied with the overall service provided by the landlord and 95% of our tenants were satisfied with the opportunities given to them to participate in the landlords decision making process

We will continue to work with the Scottish Housing Network this year and will use the SHR's data to benchmark our performance against similar size landlords to determine how we are performing in relation to others within the sector.

Regeneration

Key Themes

Our Regeneration Strategy is aligned with National, and Local Government Housing and Regeneration objectives , these will be reviewed in line with Business Plan priorities. Our 3 Strategic themes of Physical, Economic and Social regeneration is designed to improve housing quality and tenure, social isolation, community cohesion and capacity building, fuel poverty, recycling, employability, health, education and sporting participation. Our strategy is rooted in and will be developed upon the success of existing regeneration initiatives designed to improve the lives of our tenants, residents, local people and help to support the most vulnerable and marginalised members of our community.

Physical

ng homes is committed to providing high quality, sustainable, energy efficient homes for all our tenants, this is being enhanced through our new build housing programme. We are presently constructing a 49 unit flatted development at Keppochhill Road, Springburn, comprising 28 units for Social Rent and 21 units for Mid Market rent. A greater choice of tenure, beyond purely social rent will attract a more diverse range of households into the area. This will also assist with Glasgow City Council's Affordable Housing Supply Programme. Within our area of operation, levels of social rented tenancies are above the Scottish average, and owner-occupation is well below the Scottish average, illustrated below: -

	ng homes Area %	Scottish Average %
Social Rented	65%	24%
Private Rented	7%	11%
Owner Occupation	27%	62%

Our scope for reconfiguring tenure lies more with alternative use for existing stock and the Board recognises there is an opportunity to achieve a more balanced community and is particularly interested in exploring alternate use in our low demand stock.

We will continue to appraise new build opportunities with a view to further diversifying our stock type and tenure. We will encourage private sector investment in housing and retail and are developing a masterplan for the Possilpark area in partnership with Glasgow City Council and local private sector partners during 2020/21. (page 45 – Business Improvement District). The lack of choice for local people to access one of the big 4 supermarkets means they must travel outside of the area incurring additional costs and travel time. The master planning process will also complement the existing plans for Hamiltonhill and Sighthill areas, within North Glasgow.

Economic

Our economic regeneration is channelled through our social enterprise company ng2 , which supports the delivery and outcomes of our employability and personal development initiatives. ng2 also provides a significant financial and value for money benefit for ng homes residents , as no vat is payable on the labour costs. This equates to a vat saving of 20% on an average salary bill of £1.7 million per annum.

As a social enterprise ng2 is committed to delivering a social as well as financial return. We continue to engage with a range of third sector organisations including Scottish Council for Voluntary Services (SCVO) , Help for Heroes charity focusing on re-engaging ex British Army veterans back in to employment and Scottish Government Community Jobs Scotland (CJS) programme for young people, which also prioritises those from vulnerable groups.

Private Sector – Business Improvement District Possilpark

The concept of a Business Improvement District (BID) is for local business leaders to form a group to discuss how establishing a BID could help revitalise the Possilpark area. Thereafter, a steering group is established to formulate budget proposals and agreeing on a % increase on non domestic rates to fund the programme. The Council will agree a baseline service agreement to ensure the BID doesn't replace statutory council services as it is for additional activity.

Meetings held during 2018/19 included facilitated discussions for attendees to highlight main priorities including; environmental, lighting and lighting features, CCTV, community spaces, shop front and derelict building improvements. In January 2019, a steering group was formed together with office bearers to progress the BID. An initial £30,000 seed corn grant was received from Scottish Government to help engage businesses, establish the local steering group, engage Council and create a business plan. The BID is vital to support and development of the masterplan for the Possilpark area and necessary to establish Possilpark as a Town Centre and Business Improvement District (BID).

During 2019/20 a consultant was appointed to move forward the Business Improvement District programme. The steering group is working alongside Scotland's Towns Partnership (STP) to develop this work within Saracen Street. Funding of circa £350,000 has been granted from Glasgow Town Centre Action Plan fund for a shop front improvement programme. A further £4,800 has been granted for environmental improvements in the form of planters and hanging baskets. Phil Prentice, CEO of STP and National Programme Director for Scotland's Improvement District said;

"Developing the BID in North Glasgow is a really exciting initiative involving local businesses, the local community, ng homes and other partners. There ae wider regeneration plans for the area so a strong and attractive neighbourhood centre will help improve Possilpark at all levels"

Social

Our social regeneration focuses on community development, capacity building and community cohesion. These themes are supported by a range of community charities, local volunteers, schools, colleges and universities vital to the delivery of local projects and initiatives.

We will continue to involve and further develop our relationships with young people and provide them with a platform to have a 'voice' in North Glasgow, particularly around shaping and influencing our strategies and services for young people. This will include the development of a 'Youth Strategy' which will give young people a more prominent role within the community and help with the establishment of a Youth Board. The Board strongly support this approach.

Cultural Integration

We continue to maintain and develop our cultural integration programmes. There has been a strong element of cross cultural integration through our engagement with Chinese, African and Afghan communities and their associated organisations. Activities include weekly, monthly and larger multicultural community events. Our engagement in this area of work has been recognised by the presentation of prestigious awards, including an award from the Ambassador of Afghanistan for work in promoting cultural integration.

Cultural Integration has a strategic fit with New Scots Refugee Integration Strategy 2018/2022. Our activities meet and complement strategic outcomes such as; Refugees and Asylum Seekers living in safe, welcoming and cohesive communities and able to build diverse relationships and connections. The associated objective is that refugees have the opportunity to share their language and culture with local communities.

Climate Challenge

As a socially responsible and ethical RSL, we are committed to undertake our business activities in a sustainable and ethical manner.

Throughout our partnership with Keep Scotland Beautiful Climate Challenge programme we have increased opportunities and access for residents to recycle and reduce waste going to landfill. We have established a local distribution unit where we operate our textile and furniture re-use and recycling project.

A key priority within our Climate Challenge actions was to address issues around energy efficiency and energy awareness. We addressed this through the employment of an energy efficiency officer to carry out home energy checks and provide advice and assistance to residents. This fits well within our Challenging Poverty Charter to address issues of fuel poverty.

Our future investment programme aims to deliver significant reductions in greenhouse gas emissions and energy consumption. We will reduce greenhouse gas emissions and energy consumption by addressing how people live in their homes. Using the latest technology and working closely with tenants, we will support them in adopting energy-saving behaviours and educate them on how best to use their new systems.

The project in the multi's will generate social and economic benefits through the reduction of fuel poverty in a deprived area of Glasgow. Our upgrades will do this by:

- Saving households up to £6.8 million in fuel bills;
- Supporting vulnerable tenants to manage fuel poverty;
- Improve the tenants health & wellbeing;
- Have a national benefit of £23m on the economy;
- Have a local benefit of £22m on the economy;
- Create employment for 6 people from unemployment;
- Create 240 weeks of training, experience, and placements; and
- Providing £150k to support the community.

Asset Management Strategy

A major objective for ng homes in 2018/19 was to complete a comprehensive Asset Management Strategy for all our stock. This resulted in carrying out a stock condition and of over 80% of our stock which included a voluntary social survey. This has allowed us to make an informed assessment of the future maintenance requirements over the next 30 years, for business planning and investment purposes. The survey has taken full account of the Energy Efficiency Standard for Social Housing (EESH) and the Scottish Housing Quality Standard (SHQS)

Investment

The Investment Programme for 2019/20 was £8.5m. The types of works programmes undertaken were wide-ranging and included:

- Environmental works including and backcourt / binstore upgrades and landscaping.
- Kitchen and bathroom replacements
- Rewiring
- Fire Safety Works
- Electrical Testing
- Door entry systems
- Close Painting
- Digital Aerial Upgrades

The Investment Programme for 2020/21 is projected to be circa £23m with a major works project covering almost 600 properties in the Balgrayhill and Wellfield multis forming the main part of the programme. All future investment priorities will be determined by the following key strategic drivers:

- Legislative Requirements
- Regulatory Requirements
- Stock Condition
- Fire Safety

EESSH

In order to help tackle fuel poverty and meet carbon reduction targets, the Scottish Government has set a minimum energy efficiency rating that all RSLs must meet by 31 December 2020. In order to ensure that this is met, ng homes carried out a full energy compliance assessment to highlight any EESSH failures, produce a programme of works and identify potential funding sources to meet the EESSH standard. At March 2019 94.34% (5,092) of our properties met the EESSH indicator. By December 2020 this will be close to 100% subject to properties for which we have temporary exemptions.

The Scottish Government has released its requirements for EESSH 2032. This has provided new targets for all social housing to be EPC Band B by 2032 (within the limits of cost, technology, and consent). As a result of this, and due to the large leap required for some properties to move from their current EPC rating to band B the most likely solution is the installation of a heat network in some form. It is also clear that the benefits to tenants from this will likely be significant.

The business case for doing this is dependent upon the savings made by the tenants to ensure that the investment required is not disproportionate to the benefits for the tenants. To achieve this, we needed more data on the positive effects the heat networks would have on fuel poverty and the health and wellbeing of our tenants. We also identified, based on the budgets which had been set within our 30-year business plan (prior to EESSH 2032 announcement), that we would need to access financing/grant funding to achieve our aspirations, even if the investment vs impact was positive. We have progressed on data through reviewing other projects and also implementing a large scale heat survey within our own multi's. We have progressed on funding through approval for a £4.57m grant from the LCITP fund for works in the six multi's.

On carbon reduction this will be a long and challenging project and the Association recognises the difficulties in this. It is a journey that everyone needs to contribute to.

Risk Management

The operational and strategic risks are monitored on an ongoing basis and the Strategic risk register was approved by the Board in July 2019

Our Audit Sub-Committee has specific responsibility for overseeing the work of external and internal auditors, conducting reviews and implementing procedures necessary to maintain internal control. This is done to ensure that the internal control arrangements are systematically reviewed and that any weaknesses in control are identified, reported and corrected. As part of this the Audit Committee produces annual reports for the Board, commenting on the internal control system, the external auditor's Audit Findings Report, and the internal audit annual report.

The role of the auditors is only part of the internal control process and management of risk. The Board, staff and external consultants contribute to the process of risk management through a variety of different reports and reviews that are presented to the Board. When significant decisions are being made these are always accompanied by appropriate reports outlining the options relating to that decision and what effect this will have on ng homes.

We proactively work to contain and limit the risks to which our organisation is exposed. Each activity we undertake will bring its own particular area of risk. We will regularly identify and appraise risks, taking a prudent approach to managing them.

In our management of risk we:

- Recognise that ultimate responsibility rests with the Board, with high quality advice and support from the management team and auditors
- Recognise that everyone in the organisation has a role to play in identifying, managing and mitigating risk

- Comply with all statutory, regulatory and good practice requirements
- Adopt structures which delegates authority to the appropriate level for risk management of various activities
- Adopt, implement and regularly review key policies
- Support Board members and staff with risk and business continuity training
- Employ a programme of internal audit to assist in risk identification
- Obtain verification from external auditors of the statements of internal control

To enable risk management reporting, identified risks need to be assessed and evaluated in terms of the likelihood or probability of the risk occurring and the impact that such an occurrence would have.

We have developed a High Level Strategic Risk Register that identifies the risks to our business plan and the achievement of our strategic goals. This includes the actions that we undertake to mitigate these risks. The operational risk registers are reviewed on a regular basis by all Boards and Sub Committees to assess whether any new risks should be added, evaluate existing risks and agree on any action required.

STEP/SWOT analysis

As part of the strategic planning process we have used two recognised frameworks to provide an assessment / analysis of the business environment.

STEP

Sociological

- Demographic change
- Digital inclusion
- Immigration / migration
- Homelessness
- Health and social care demand
- Community development

Technological

- Digital inclusion
- Energy efficiency
- Renewable energy
- Data Protection following the introduction of the General Data Protection Regulations (GDPR)
- The introduction of Freedom of Information (FOI) in November 2019
- Website redesign
- Communication channels / social media

Economic, environmental, ethical

- SHQS
- EESSH
- Inflation / rising costs
- Economic uncertainty
- Stigma / reputation of local area
- Sustainability

Political/Legal

- Potential 2nd Scottish independence referendum
- Political uncertainty
- Welfare changes following Universal Credit full service
- Changes to housing legislation/regulation
- EESSH
- Procurement legislation
- Community Empowerment Act
- Pension reform

SWOT

Strengths

- Community based
- Size/Scale
- Geographical spread
- Strong reputation for making a difference
- Anchor organisation
- High profile
- Regeneration
- Leadership
- Skilled, knowledgeable and experienced staff
- Ability to adapt to change
- Financial stability/Prudent financial management
- Robust financial and risk management
- Good staff terms and conditions of employment – employer of choice
- High standards set/high values
- Customer focussed
- Investment in staff training and development
- Investment in Board training and development
- Tenant involvement
- Experienced Board members
- Robust governance framework/structure
- ng2 services
- Ability to develop and sustain effective partnership working
- 24hour concierge service
- Managing risk
- Diverse ethnic groups in North Glasgow
- Strong performance compared with other RSLs (HQN and SHR benchmarking data)
- Benchmark with other housing associations to improve services
- Brand and track record of success
- Excellent relationships with local people
- Governance self-assessment
- Internal audit process

Weaknesses

- External perception of area
- Poverty/Poor health statistics for North Glasgow
- Neighbourhood in top 10 Scottish Index of Multiple Deprivation (SIMD)
- Community profile
- Lack of investment by others
- Reduction in services by others
- Lack of amenities/no access to Big 4 shops
- Variability in demand for stock/areas
- Limited/reduced funding opportunities
- Lack of owner occupation
- Over reliance on one tenure

Opportunities

- Bring repairs in-house – more control
- Consider demo / New build
- MMR – diversity tenure
- Brexit – deregulation
- Low risk for borrowing
- Access to funding that other organisations might not have

- Revise rent structure – more income (fairer)
- Bring economically active people into the community
- Increase factoring
- Ageing staff succession planning
- New staff bringing fresh ideas
- Better use of IT systems/technology to full potential
- Reshaping services for an ageing population
- New Build targets and increased funding availability for social housing
- Increased diversity of Association membership
- Increased diversity profile of the Board
- Proximity to city centre
- New partnerships
- Selling services to other HAs
- Working closely in partnership with other HAs in the area
- More effective communications / Increased use of social media
- High level of health and safety compliance for MSFs
- Growing ng2
- New, improved website for the ng group

Threats

- Political uncertainty e.g. Indy Ref2
- Ageing stock – additional spend
- New Onerous regulation SHQS, EESSH, EESSH2 including fire regulations
- Welfare dependency and welfare reform including Universal Credit Full Service
- Fuel poverty
- Bring repairs in-house – cost/staff/resource/train
- Other housing associations building in the area causing potential displacement
- Owner occupation – gaps in investment
- Tenant in block – asset rich/cash poor owners, factored by other factors – lack of investment
- Ageing staff – knowledge and skills lost
- IT – knowledge restrictions
- High cost of land/transport links
- Low demand in some locations/stock type
- Local unemployment levels

Progress monitoring and reporting

The ongoing monitoring, review and reporting of performance against the business plan are considered to be key components of the business planning process at ng homes.

We will assess our performance in a variety of ways with a comprehensive rolling programme implemented to ensure that progress is measured and evaluated as follows:

- Managers will work with and support teams and individuals to achieve their objectives – this will be achieved through regular team and departmental progress review meetings, individual one to one discussions and via the performance review process
- Performance will be reviewed with staff at the operational level on a monthly basis
- An internal review will be undertaken by the Executive Team on a quarterly basis reviewing progress/status reports and financial information
- A six-monthly update report will be provided to the Board on performance and progress against the business plan
- A business plan review and update session will be held with the Board and staff every 6 months to report and examine performance against the business objectives, review achievements, discuss any issues that have impacted on the plan and explore any new opportunities that have emerged.

The approach outlined above reinforces the importance of the business plan as a strategic planning tool and will ensure that we respond quickly to any changes in the internal and external environment and are able to take the appropriate action in line with our strategic plan.

Appendix 1

Detailed financial management and scenario planning

1 Operating Environment

Tenants have faced a long period of austerity with their living standards squeezed by the economic policy followed by Governments over the last decade. Many tenants in employment will have seen earnings rise at rates below inflation or not rise at all. Tenants on benefits have had to manage freezes on the uplift in benefit rates and the introduction of benefit caps.

The economic outlook is unlikely to change in the foreseeable future and the financial challenges for households in the North of Glasgow will inevitably have an effect on our trading. The scale of the challenges, many of which are out with the control of the Association will require careful monitoring by the Board.

Our rent policy of 2% inflation only for years 2 to 30 will be reviewed annually to ensure rents remain affordable and adequate resources are available. The effects of rent harmonisation with + 1% for years 2 to 6 and + 0.5% from year 7 to 10 have been built in. We must ensure that rents do not become unaffordable. The business must focus on cost control, operational efficiency and asset management.

Some of the other challenges we face are noted below:

2.1 Inflation

Inflation is currently below the Bank of England 2% target and it is predicted to stay below the 2% target this year.

Inflation has fallen over the past year largely because of lower oil and gas prices. That has reduced utility bills and petrol prices. Slower growth in the UK economy has also probably reduced inflation. Uncertainty about the outcome of Brexit helps explain why UK growth has slowed.

If growth stays weak, then the Bank may need to lower interest rates to support the UK economy and ensure that they return inflation to their 2% target sustainably. If the UK economy recovers and upward pressure on prices builds, they think a modest rise in interest rates may be needed to keep inflation at the 2% target.

In the business plan inflation has assumed to be 2% and cost uplifts above inflation have increased maintenance and management costs each year by an additional 0.5% above inflation. The LIBOR rate is assumed to rise to 4.5% by 2026. Future loans are assumed to be fixed rate bond finance which will offer the Association greater protection of cash flow and ease future covenant compliance.

2.2 Pension Fund Deficits

We participate in the Scottish Housing Association and Strathclyde Pension Scheme which are multi-employer defined benefit schemes.

The last formal valuation of the SFHA Scheme was performed as at 30 September 2018. The market value of the Scheme's assets at the valuation date was £877m and the Scheme liabilities were £998m. The valuation revealed a shortfall of assets compared with the value of liabilities of £121m, equivalent to a past service funding level of 88%. Deficit contributions may continue up to 31 March 2023 if required.

The business plan assumes there will be deficit payments made for the next three years totalling £1.455m.

The latest information for the Strathclyde Pension Fund indicated that the deficit had increased from £1.5m to £2.5m at March 2019. The Association is projected to contribute approximately £320k each year to the scheme based on current membership.

The Board continues to receive independent guidance on the performance of the schemes.

2.3 Universal Credit

Universal Credit is a benefit which includes an allowance for housing, which replaces Housing Benefit. Universal Credit will eventually replace 6 existing benefits:

- Housing Benefit;
- Income-based Jobseekers Allowance;
- Income-related Employment and support Allowance;
- Income Support;
- Child Tax Credits;
- Working Tax Credits

Universal Credit is paid in arrears. Every payment received is based on the circumstances in the previous month. When a claim is made for Universal Credit the first payment will

not be received until one month after the date of the claim. Some benefits are currently paid weekly or fortnightly to claimants. However Universal Credit will be paid to claimants in one monthly payment.

Our customers must have a bank account to receive Universal Credit. One of the biggest changes for many people will be managing the household income and budget on a monthly basis. From current experience the introduction of full service has resulted in higher levels of arrears and bad debt write offs. The business plan assumes a bad debt write off of 2% each year.

2.4 Asset Management

We must ensure that we always have robust asset management strategies and plans. We need to ensure that there is good quality information in place to inform planned investment costs, liabilities and projected spend. Detailed stock condition information has been completed which has provided us with comprehensive information about future investment requirements which have been reflected in the current projections.

Tenant safety is also at the forefront of people's minds, now more than ever. Provision has been made within the plan for replacement of fire doors, heat and smoke detectors, legionella testing of water tanks and rewiring. If upgraded safety standards are introduced in the future then provision for such will be built into the plan.

There is a commitment from the Scottish Government to secure the delivery of 50,000 new affordable homes by 2020. Housing associations are being expected play their part to support delivery. The business plan includes the cost of 59 new houses that are being built on the site of the former Springburn halls which would be financed from our own cash reserves and HAG.

We understand the need for effective monitoring, financial controls and procedures to ensure that any developments do not affect viability or covenant compliance.

2.5 Financial Headroom

To survive in the economic environment, it is important that we provide appropriate and sustainable headroom in the financial projections. This should demonstrate that loans are repaid timeously and has the ability to handle any risks that arise.

The Board must ensure that it is able to detect timeously any serious risk to the financial sustainability of the Association and take quick and appropriate corrective action. We need to be candid about our finances and realistic about the implications of: -

- Welfare Reform
- Pension deficits
- Auto enrolment
- Increase in Inflation
- Building Cost inflation
- Increases in interest rates
- Covenant compliance
- Effects of Brexit

The Board must consider all of the risks in the business plan, model the financial effects of changes to key assumptions and have contingency plans in place as appropriate. The operating environment will remain challenging for the foreseeable future. We understand that we must continue to adopt a prudent approach to financial management and provide an efficient service. These include: -

- Voids and Bad debts assumed to be 2% for each. The void rate for the Association for the year to March 2019 was 0.96% and the bad debts write off was 1.64% of the rental income.
- Cost uplifts above inflation of 0.5% for all maintenance and salary costs
- LIBOR rising to 4.5%

3. 5 year and 30-year financial plans

Our 5-year financial projections show us generating the following results for years 1-5 (2021 - 2025). Even with the planned deficits in earlier years. The projections show that we are covenant compliant and viable. The impact on projected operating spending and cash is noted below:

Year	2021	2022	2023	2024	2025
Net surplus(deficit)	£(2.4m)	£(1.7m)	£0.95m	£1.6m	£1.6m
Cash balances	£22.1m	£13.4m	£11.9m	£12.7m	£10.9m

Our 30-year projections indicate that we are viable in the long term and fully compliant with current lending covenants and loans repaid within the required term. The business assumes a new lending of £22.5m which we assume will be bond finance with taps of £18m (bond redemption of £12.5m) in year 1 and a loan of £4.5m from the Energy Savings Trust in the same year.

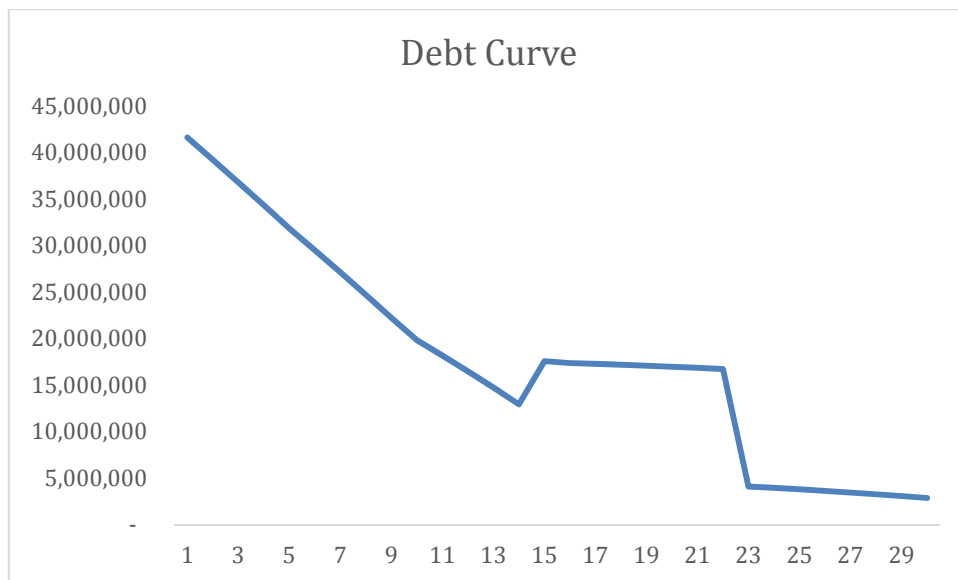
A summary of our key financial assumptions is set out below:

Summary of financial assumptions for Business Plan

Key Assumption	Business Plan 2019/20
Opening stock (lettable)	5,389
New-build units social rent	38
New build MMR	21
Commercial Unit	1
Cost per NB	£158,000
Grant per NB	£86,000 (54%)
Opening rental income	£24m (inclusive of service charges)
Annual rent increase	2% + 1% years 2-6, 2% + 0.5% years 7-10, inflation only years 11-30
Void loss/ bad debt/	2% Voids; 2% bad debts
staff costs	£5.060m yr. 1 - £4.860m yr 3+ with 0.5% annual cost growth
Pension deficit provision	£471k per annum (3 Years)

Average planned maintenance	Average spend per year £7.4m 0.5% cost growth
Average cyclical maintenance	£1.4m yr.1 -£1.250m yr. 3+ 0.5% cost growth
Average reactive repairs per unit	£2.8m yr.1 - £2.650m yr. 3 + + 0.5% cost growth
Opening loan balance	£26.9m
Opening cash at bank	£18.6m
Private finance drawdown	£22.5m year 1 New lender £18m (22 year @5.2% on £12.5m) EST £4.5m (15 year @ 3.5%)
LIBOR	Rising to 4.5% by year 6
Annual inflation rate	2% Year 2 to 30

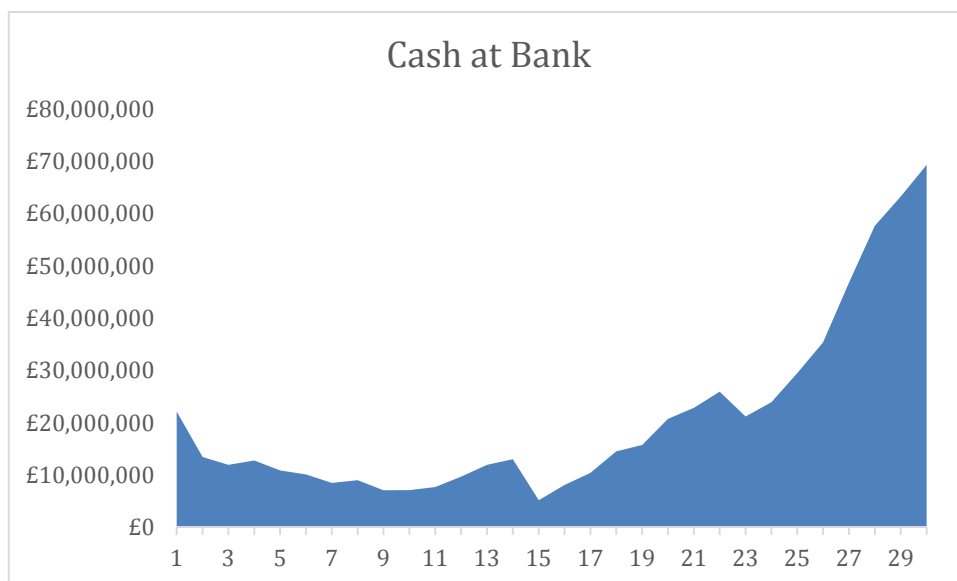
The baseline plan is sustainable in the short, medium and long term.



The current loans with THFC will be repaid by year 10 and NBS by year 14. The plan assumes that an additional loan of £22m will be required to support the planned investment in new and existing homes. The debt curve above illustrates the new loan (bond finance) being repaid by year 22 of the plan. A loan balance of £2.8m remains outstanding in 2050 which represents the balance of a £5m loan secured to pay off the new bond in 2043.

We are in a strong position to deal with potential financial pressures. The average cash at Bank projected over the next 5 years is £14.2m. The lowest cash balance is £7.1m in 2029

We have assumed that the 49 new build properties will be financed from our own cash reserves



We continue to seek operational efficiencies and we will continue to review our operating costs to ensure we deliver best value for our customers. We appreciate that we must have a strong focus on cost control in a low inflationary environment. Our rent policy of inflation only will be continually reviewed to ensure our rents are affordable.

Sensitivity analysis

We have undertaken sensitivity analysis on our plan, the outcome of this is highlighted in the table below. The Brixx model has been set up to ensure a minimum working capital balance of £3m. This demonstrates the impact of different assumptions on annual surplus/deficit and borrowing. Risks modelled include increased voids/arrears; rent increases below inflation +1%; increased management and maintenance costs; LIBOR 6% and decreased inflation: -

Sensitivity	Year 30 Cash	Peak Debt	Year	Year 30 Debt
Base	£69.3m	£42.8m	9	£2.8m
Base Voids 5% Bad debts 5%	£3m	£50m	21	£25.9m
Major Repairs + 10%	£30.6m	£42.8m	9	£2.8m
LIBOR 6%	£68.1m	£42.8m	9	£3.1m
Inflation 1% and inflation only rent increase	£3m	£37m	9	£22.7m
Major repairs + 10% and inflation only rent	£3m	£83m	25	£76.4m
Staff costs +10%	£46.7m	£42.8m	9	£2.8m

Some of the scenarios above would cause significant stress to the Association. No lender would accept continuing outflow of funds without remedial action being taken. At the time of preparing the Business Plan, few of these scenarios are anticipated. However, the situation will be continually monitored closely and in the event of one or more changes in the assumptions made, appropriate action will be taken to ensure the Association remains viable and fully compliant with lenders' covenants.

Loan portfolio covenant structures

We have current loan facilities with two mainstream lenders to the RSL sector, Nationwide Building Society (NBS), The Housing Finance Corporation (THFC). Each lender sets covenants over their lending and we have to satisfy these conditions of lending ongoing. Lenders apply their own definitions and covenants. NBS sets an interest cover and asset cover testing.

We monitor these covenants against the set definitions on a quarterly basis within our management accounts. Interest cover tests the ability to repay interest back to the lender and asset cover tests the level of security (property) to be given to the lender to support their facility.

THFC have no specific accounting covenants but simply require their loan security to be met and net income from their rented properties to be greater than their interest payable. Therefore, Business Plan movements do not impact on these covenants.

We have fully considered the implications of the different covenant structures over the 30 year plan. Full compliance is evidenced throughout. The Income and Expenditure worksheet in the business plan model contains all covenant calculations for gearing, interest cover and debt per unit. We continue to monitor these covenants on a quarterly basis and we will be tested and reported to the Board and lenders annually.

Lenders' Information Requirements

We have and will continue to comply with lenders' information requirements as set out below:

Nationwide	Annual Accounts 180 days after year end Quarterly accounts within 60 days Business plan within 90 days of year end	Annual Accounts certified by 2 authorised officers that there is no default Quarterly accounts accompanied by covenant calculations
THFC	Annual Accounts 180 days after year end	Annual Accounts certified by authorised officer that there is no default

Appendix 2


30 Year financial projections







Appendix 3

Key Performance Indicators

The table below provides a detailed breakdown of our performance for 2018/19:

Key Performance Indicators (KPIs):																												
Indicator	Out turn 17/18	Target 18/19	Year to Date April 2018 – Mar 2019	Risk																								
Voids																												
Vacancies in lettable stock	551 10%	10%	529 (9.9%)																									
Section 5 Homeless Lets	13%	35%	23%																									
Average re-let timescale	16 days	20 days	23 Days																									
New Applications Received	889	No Target	1,147																									
Days to Process an application	1 day	1 day	1 day																									
Offers Refused	28%	25%	30%																									
Rent & Arrears																												
Void rent loss	0.4%	1.0%	0.6%																									
Gross rent arrears (Current, Former & W/Off)	5.8%	5%	6.0%																									
Non Technical Arrears	4.4%	4%	4.1%																									
% of tenants with arrangements.	44% £703,817	No Target	55% £603,537																									
Tenancy Sustainment																												
Tenancies Sustained for more than 12 months	Lets 16/17 TL 91% HL 78% WL 82% Total 84%	85%	<table border="1"> <thead> <tr> <th></th> <th>Term</th> <th>Let</th> <th>%</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td>Apr-Mar 17/18</td> <td></td> </tr> <tr> <td>TRA</td> <td>6</td> <td>108</td> <td>95%</td> </tr> <tr> <td>HOM</td> <td>6</td> <td>58</td> <td>91%</td> </tr> <tr> <td>GEN</td> <td>65</td> <td>255</td> <td>80%</td> </tr> <tr> <td>Total</td> <td>77</td> <td>421</td> <td>85%</td> </tr> </tbody> </table>		Term	Let	%			Apr-Mar 17/18		TRA	6	108	95%	HOM	6	58	91%	GEN	65	255	80%	Total	77	421	85%	
	Term	Let	%																									
		Apr-Mar 17/18																										
TRA	6	108	95%																									
HOM	6	58	91%																									
GEN	65	255	80%																									
Total	77	421	85%																									

Indicator	Out turn 17/18	Target 18/19	Year to Date April 2018 – Mar 2019	Risk
Anti Social Behaviour				
No of Anti Social Cases received in the year	71	No Target	134	
No of Anti Social Cases resolved in the year	54	No Target	123	
No of Anti Social Cases resolved within timescale in the year	76%	80%	89%	
Court Action & Evictions				
New Court Actions	46	No Target	52	
Court Actions that resulted in Evictions	21	No target	14	
Reason for Eviction	Rent Arrears	No target	Rent Arrears	
Repairs				
Number of emergency repairs	6,583	No Target	6210	
Average timescale to complete emergency repairs	3.9 hrs	24 hrs	3.95hrs	
Number of non emergency repairs	14,056	No Target	15641	
Average timescale to complete non emergency repairs	3.9 days	5 days	3.20 days	
Reactive Repairs completed right first time.	85%	90%	78.64%	
Repairs appointments kept	91%	95%	90.77%	
Gas Safety Certificate Compliance				
Number of gas properties	4,253	4,253	4,254 (This does not include 7 offices)	
% with current gas safety certificate	100%	100%	100%	
Properties with gas cert' renewed within 12 months	100%	100%	99.98%	
No of properties with no certificate by anniversary date	0	0	1	

Indicator	Out turn 17/18	Target 18/19	Year to Date April 2018 – Mar 2019	Risk
Adaptations				
Approved applications c/f from 17/18	14	No Target	21	
Applications approved YTD	140	No Target	141	
Average days taken to complete approved applications	25 days	25 days	29 days	
Number of medical adaptations completed	118	No Target	144	
Customer Satisfaction				
Overall Service Level	94%	90%	93%	
Landlord good at keeping you informed about services and decisions	89%	90%	93%	
Given opportunity to participate in decision making processes	95%	90%	95%	
Satisfied with overall quality of home	80%	90%	79%	
Satisfied with repairs service	90%	90%	83.4%	
Satisfied with management of neighbourhood	80%	90%	83.5%	
Satisfied that rent represents value for money	81%	90%	93.5%	
Satisfied with standard of home and moving in	97%	90%	97.5%	