

ng homes

Business Plan

2021 – 2024



Contents

| | |
|--|----|
| Introduction | 1 |
| Context | 3 |
| Strategic Direction 2021 - 2024 | 4 |
| Organisational structure..... | 14 |
| Governance | 16 |
| Business Priorities 2021/24 | 18 |
| Managing finance and scenario planning..... | 19 |
| Financial Accounts and Treasury Management..... | 23 |
| Stakeholders..... | 25 |
| Housing Provision | 30 |
| Services | 32 |
| Operating environment..... | 34 |
| Performance..... | 38 |
| Regeneration | 39 |
| Asset Management Strategy | 44 |
| Risk Management | 46 |
| Progress Monitoring and Reporting..... | 47 |
| Appendix 1..... | 48 |
| Detailed financial management and scenario planning | 48 |
| Appendix 2..... | 59 |
| 30 Year financial projections..... | 59 |
| Appendix 3..... | 60 |
| Key Performance Indicators | 60 |
| Appendix 4..... | 63 |
| Submission to Glasgow North Strategic Development Framework..... | 63 |

Introduction

At ng homes the importance of people and community remains as strong as ever. The last 12 months have been a difficult period for everyone, and we know that the future will be challenging with ongoing concerns about Covid-19. However, the success of the vaccine roll-out and improved health statistics provides good cause for optimism looking ahead. This updated Business Plan provides us with the opportunity to review our performance, to take stock of the progress we have made during the past year and identify the challenges and opportunities that lie ahead.

People's wellbeing and a focus on the environment will be at the heart of everything we do over the next five years. We are committed to ensuring that we deliver customer service excellence in all that we do. Improving the lives of those who live in North Glasgow is of prime importance, central to this is the continued development of our services whether that is more carbon neutral activities, money and benefits advice, or support to get a job or to help residents live at home independently for longer.

Our main 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.

Maintaining good governance will continue to be priority. 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 upholding our high standards to ensure compliance with the Scottish Housing Regulator's Regulatory Standards of Governance and Financial Management and this will inform the development of the Association's Annual Assurance Statement.

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 will be reshaped for the future using information from a comprehensive stock condition survey 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 provide our tenants with good quality houses and flats that they are proud to call home.

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. I want to particularly comment on the efforts of our staff, both front-line and back-room support, who have kept the Association fully functioning throughout the Covid-19 crisis and continue to provide essential services to our tenants, residents and other customers.

We know that there will be challenges along the way whilst we work tirelessly to improve and develop North Glasgow. Even with the care and attention to detail that goes into developing the Business Plan it is impossible to definitively predict what lies ahead for the organisation. What is certain, however, is that the Association remains committed to giving our tenants a voice in creating the future. Please be assured that we will continue to champion North Glasgow as a vibrant place with talented people and work together with you to achieve our vision of a community where people can flourish and prosper.

John Thorburn
ng homes Chair

Context

ng homes were 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 5,394 homes for rent and 37 shared ownership properties across the area. The Association also provides factoring services to over 1200 homes.**

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 Award and Investors in Young People Gold Award, 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) and Local Environmental Quality Award – ‘Outstanding Team’ in Local Environmental Quality (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.

Strategic Direction 2021 - 2024

The strategic direction for ng homes across the next three years is:

- Consolidation and continued improvement of our role as a provider of rented housing
- Continued development of our role as a community anchor organisation, and as a provider and enabler of services that address wider needs in our community
- Safeguarding our financial viability, organisational wellbeing, and the community-controlled values and traditions that underpin our organisational ethos and governance

We do not anticipate any significant growth through the development of new housing in the next three years. It is likely that the need for community support services will increase during and in the aftermath of the Covid-19 pandemic.

The rapid and devastating impact of the pandemic has already presented significant challenges for the community and the Association. Further challenges lie ahead, as the process of relaxing lockdown restrictions moves forward, and as the longer-term social and economic impacts of Covid-19 become clearer.

The Business Plan sets out actions for service delivery, community support, and safeguarding ng homes' financial resilience. However, the many uncertainties attached to Covid-19 will require us to be flexible and adaptable in how we take our proposals forward, and with a continuing need to develop further plans when present uncertainties are resolved.

Objectives

These are as follows:

1. To do what matters most for our tenants, other customers, and the community
2. To provide housing and property management services that are of a high standard, affordable, and good value for money for tenants and other customers
3. To manage our assets and resources well, and invest in tenants' homes
4. To be a strong community anchor, bringing positive changes that benefit our community
5. To protect and future-proof the organisation, ensuring that is well-governed, well-managed and continues to be fit for purpose
6. To maximise the contribution that ng homes and our subsidiaries make to the well-being of our community.

Strategic Analysis

The Wider Operating Environment

ng homes Operating Environment: External Issues

This chapter provides a **PESTLE analysis** that reviews *Political, Economic, Social, Technological, Legislative/Regulatory and Environmental* factors that are relevant to ng homes' business and future plans.

The analysis describes factors that could represent a significant risk to ng homes or the achievement of our objectives, with the key risks then feeding through to the Business Plan chapter on Risk Management.

At ng homes we view these issues in the following way: will they help or hinder us in achieving our purpose of serving and achieving positive changes for our local community? We will comply with essential external requirements while ensuring we augment our activities to meet ng homes' own objectives and priorities.

PESTLE Analysis 2021

Social and Technological Factors

Covid-19 Coronavirus Pandemic

- The outbreak of the virus and the resulting UK/Scottish Government (SG) measures to prevent its spread have had an immediate and profound impact on ng homes' residents, employees, services, and business management. This looks set to continue for a prolonged period, with the prospect of longer-term social and economic damage after the pandemic has ceased to be a public health threat.
- At the time of writing, ng homes has put in place a range of measures to protect both tenants and staff, while ensuring that we continue to provide a service in essential areas such as emergency repairs, and provide advice and information to tenants by telephone and email.
- This is an unprecedented emergency, and the steps ng homes take will be informed by government and other public health guidance.

Deprivation

- Scottish Index of Multiple Deprivation
- The Scottish Government and Glasgow City Council (GCC) both aim to promote policies of "inclusive growth". The purpose of these policies is to help poorer citizens

and communities to share more equally in prosperity. This is not being achieved in the Association's communities.

- The Scottish Government and other funders have channelled funds to combat Covid-19 through community anchor organisations, including ng homes. This has raised hopes that a continuing approach to empowering and supporting communities may emerge as part of post Covid-19 policy.
- Opportunities for co-production has been evident through the Pandemic by strengthening of partnerships and new partnerships being formed.

Technology

- Opportunities: could include supporting smarter working and delivering customer services differently.
- Risks: cybercrime

Political Factors

Scottish Government (SG) Policy and Priorities

- Devolved functions include housing, regeneration, local government, the Scottish budget, and some aspects of taxation and welfare policy.
- SNP remain a minority government following the recent Scottish parliamentary elections in May 2021. A further independence referendum may happen which could produce political and economic uncertainty.
- The SG's main housing priorities at present are housing investment and climate change standards. Funding and subsidy for new development post-2021 could both reduce.
- SG has mitigated the impact of the Bedroom Tax (BT) in Scotland over a long period, but its plans to abolish the BT in Scotland have not been agreed by Westminster.

UK Government Policy and Priorities

- Elected with a majority in December 2019, and responsible for many major areas of policy that have a high impact on ng homes, including welfare, macro-economic policy, public spending through the Barnett Formula, and Brexit.
- Policy on reducing housing benefit spending in England. No immediate prospect of this being applied in Scotland – but should remain on the risk radar.

Economic and Financial Factors

Covid-19

- There will be financial impacts for landlords. These include loss of income (with rent arrears increased and void properties not let); a slowing down of spending, (e.g. non-emergency reactive repairs spending reduced, and major repairs contracts suspended or delayed); and employment-related costs due to redundancies and furloughing.
- The UK economy entered recession because of Covid-19. This is likely to be harmful for ng homes residents (e.g. unemployment increased sharply) and could also result in higher tender prices and receiverships in the building and construction sector.
- The Bank of England produced its initial report on Covid-19's economic and financial impacts in May 2020. Its conclusions were that Covid-19 dramatically reduced jobs and incomes in the UK; that there has been a large fall in output in the economy, but that the disruption will be temporary and the economy will recover as social distancing measures are lifted. Other sources (such as the Scottish Government's Chief Economist) predicted that recession could last for up to three years.

Universal Credit (UC)

- Presents increasing challenges for maintaining rent collection and managing arrears and bad debts. UC is also causing significant hardship for claimants.
- Impacts are likely to increase rather than reduce, as more ng homes tenants move to UC to get help with housing costs. Full rollout of UC is now planned for completion by September 2024.
- ng homes have taken a comprehensive approach to mitigating UC risks, but the actions needed are resource intensive.

Other Welfare Changes and In Work Poverty

- Both factors affect ng homes tenants' ability to pay rent. The Association's welfare rights service has been extremely successful in maximising tenants' incomes and must be sustained.
- In 2020, we were successful in securing funding for our "Joining the Dots" programme, which will provide additional welfare rights and budgeting for our tenants and residents who need it most.

Inflation

- Bank of England `s forecasts are that CPI inflation will remain lower than the target level of 2% for the next 3 years. This could change, due to global economic factors.

Interest Rates

- Base rates were cut to 0.1% in March 2020, due to the Covid-19 emergency. While this is likely to be temporary, inflation forecasts should support the continuation of a lower rate. Higher inflation/global economic factors could each create pressure for higher rates.

Availability of External Funding

- Policy on Housing Benefit/Universal Credit will have the greatest impact on ng homes. ng homes have no plans for new development.
- ng homes refinanced and secured funding for its future needs in 2020. The facility agreed with GB Social Housing provided £19m to meet the costs of planned investment in the stock.
- Substantial funding has been sourced, £380,000, for community support throughout the pandemic.

Legislative and Regulatory Factors

Freedom of Information and General Data Protection Regulation (GDPR)

- ng homes have taken the necessary actions to meet its obligations for both FOI and GDPR. GDPR may be the higher risk with potential for reputational damage and fines for non-compliance.
- Building Standards
- The Scottish Government published a new Building Standards Technical Handbook in 2019.
- Following the fire at Grenfell Tower, social landlords in Scotland must meet new standards for smoke and heat detection by February 2022.
- Social landlords must maintain their properties in a way that ensures continued compliance with the Scottish Housing Quality Standard (SHQS).
- Other than where external funding has been obtained (as is sometimes the case for energy efficiency works), the costs of compliance fall to social landlords to meet.

Scottish Housing Regulator (SHR)

- ng homes must comply with the SHR Regulatory Framework published in 2019, which emphasises the need for self-assurance about compliance with regulatory requirements.
- SHR is also requiring social landlords to greatly expand their monitoring systems, to align with the nine “protected characteristics” in the Equality Act 2010.
- SHR has expectations (sometimes presented as formal requirements) on a range of topics. These include business planning, asset management, governance, financial performance, and risk management, rent affordability and rent increases, and value for money.

Environmental Factors

Scottish Government (SG) targets to support climate change objectives, and mandatory raising of standards for social housing

- In addition to the continuing requirement to comply with SHQS, social landlords had to comply with the Energy Efficiency for Scottish Social Housing (ESSH) by the end of 2020.
- SG has set a further target that homes in the social housing sector should meet EPC band B+ (81-91 SAP Rating) with exemptions on grounds of cost and technical reasons, with a further goal for all social housing in Scotland “as far as reasonably practical” to be carbon neutral by 2040/45”.
- The Standard appears to offer flexibility, e.g. if it cannot be met for satisfactory technical or financial reasons. But it is not clear to most practitioners what this would mean in practice.
- The availability of finance for landlords and whether the market can provide the technological solutions needed are both matters of considerable uncertainty at the present time. These questions are particularly important for organisations like ng homes that have a high proportion of older sandstone tenements.

Stakeholder Relationships

The final part of the Strategic Analysis describes ng homes’ key stakeholders, who are shown in the following table.

| Specific to ng homes | Strategic & Regulatory |
|--|--|
| <ul style="list-style-type: none"> • ng homes tenants • Residents and factored owners • Housing applicants • Local groups and volunteers • ng homes' employees • Local businesses • Local partners with whom we work to benefit our tenants and the local area • Our lenders, auditors, and insurers | <ul style="list-style-type: none"> • Glasgow City Council (GCC) • The Scottish and UK Governments • Department of Work & Pensions (DWP) • The Scottish Housing Regulator (SHR) • The Office of the Scottish Charity Regulator (OSCR) • The Financial Conduct Authority (FCA) |

Tenants and Residents

This is the Association's most important stakeholder group, since our core purpose is to provide tenants with quality homes and services and serve our community.

ng homes encourage tenants and residents to be involved in our decision-making, most commonly through area-based resident's groups and groups that have been formed to address specific aspects of ng homes' work.

We gather feedback about tenants' views through a quarterly comprehensive programme of surveys. The results of the surveys confirm that ng homes are maintaining very high levels of satisfaction.

The Wider Community

Consistent with our purpose, ng homes have a high level of engagement and productive relationships with many community organisations and volunteers. This is seen in:

- Our in house team's role in property management and estate management, and the support it gives to many groups in the area
- The work of our Social Regeneration team
- The community services that are delivered through our subsidiary ng2.

These include income maximisation support, support for vulnerable residents, sports activities, community events and community furniture recycling. In addition, local people volunteer to facilitate clubs and activities.

As a result, ng homes have a higher profile and a more active role in the community than is commonly the case among housing providers. Key to our approach is staying close to our community by involving local people. The results of the recent Tenant Satisfaction Survey confirm high levels of satisfaction with ng homes' role and services in the community.

Housing Benefit/Department of Work and Pensions (DWP)

ng homes must maintain good working relationships with both GCC (Housing Benefit) and the Department of Work and Pensions (Universal Credit). As more tenants switch to UC, we are encouraging tenants to have their housing costs payments made directly to us.

Funders

The Association's total borrowing is £43.2million and our principal funders are now Nationwide, THFC, Energy Savings Trust and GB Social Housing. We only have financial covenants with the Nationwide.

Glasgow City Council

GCC is the strategic housing authority. Its Local Housing Strategy has six objectives, which ng homes must address when seeking financial or other support from the Council.

GCC plays the lead role in the city on homelessness and the funding of revenue costs for supported accommodation.

GCC Local Housing Strategy Objectives

- 1) Promote area regeneration and enable investment in new build housing
- 2) Manage, maintain, and improve the existing housing stock
- 3) Raise standards in the private rented sector
- 4) Tackle fuel poverty, energy inefficiency and climate change
- 5) Improve access to housing across all tenures
- 6) Promote health and wellbeing.

Scottish Government/Parliament and UK Government/Parliament

See PESTLE Analysis at the start of this chapter. The UK Government's Welfare Reform legislation has affected ng homes and our residents significantly. The range of matters reserved to Westminster means we must be mindful of events and pipeline changes from both Westminster and Holyrood.

Regulatory Bodies

The Association's regulators are:

- The Scottish Housing Regulator
- The Office of the Scottish Charity Regulator
- The Financial Conduct Authority

The SHR has the greatest impact on what we do. Its most significant powers include:

- Assessing compliance with the Scottish Social Housing Charter
- Setting and then assessing compliance with Regulatory Standards
- Intervening in the governance or management of RSLs, where it considers this is necessary to secure improvement and protect the interests of tenants and others.

We submit our annual return and accounts to OSCR, but otherwise we have few direct dealings with them or the FCA. We are aware of the importance of their roles, and the effect of breaching their regulations.

ng homes' Staff

We aim to create a positive, supportive working environment for our staff team. We want all staff members to be clear about ng homes' purpose and priorities, and how they contribute to achieving these.

Our Response to the Climate Emergency

A key business objective for all organisations must be a response to the Climate Emergency. A Green Strategy must be developed which will aim to reduce our impact on climate change through embedding a green impact assessment approach to every aspect of our business.

The Green Strategy will:

- Promote sustainable ways to deliver services to reduce the environmental impact and carbon footprint of the organisation's activity
- Invest in green infrastructure and green technology to help tackle the Climate Emergency and in turn, achieve efficiencies for the organisation and better services and homes for ng homes communities
- Become more adaptable with the way we deliver services and the homes we provide which will increase our resilience to the potential impacts of climate change

The purpose of this Strategy will be to set out our aims and objectives in respect of investment in future green infrastructure, services and technology so we are innovative

and well placed to take advantage of new opportunities and to be clear about our direction and priorities. This can be achieved by:

- Reducing waste, energy consumption and harmful emissions by improving the efficiency of service delivery and office management
- Improving/enhancing the environment of our communities through investment in green infrastructure
- Reducing our carbon footprint and ensure that our properties are resilient to the potential impact of climate change, through our approach to the improvement of existing homes
- Improving the health and wellbeing of our staff and communities by raising awareness and changing behaviours in respect of the climate emergency, and by offering opportunities to positively contribute to the environment
- Working with partners who are environmentally aligned with us and are committed to delivering 'green' benefits to our assets, customers, and communities

2040 Vision for Housing

The Scottish Government has produced a new 2040 vision for housing. We recognise that the challenges identified in the 2040 vision are relevant to our homes and the people who live here which over the next coming years mean we need to:

- Provide affordable housing and reduce their running costs
- Play our part in reducing homelessness in the city
- Address the needs of an ageing population and higher life expectancy
- Respond to the growing number of households and the increase in people living alone
- Seek to mitigate the impact of climate change and reduce our carbon footprint

We are also part of a wider network of local and city partners and work closely with them to try through collaboration to meet the challenges above.

Partnership Working

We work closely with our tenants to create vibrant, diverse neighbourhoods. Places where people choose to live and want to raise their families.

Our communities offer activities for young people, and support for older generations and people with poor health – and a welcome to the new citizens of Glasgow. We want North Glasgow to be a place where everyone feels at home.

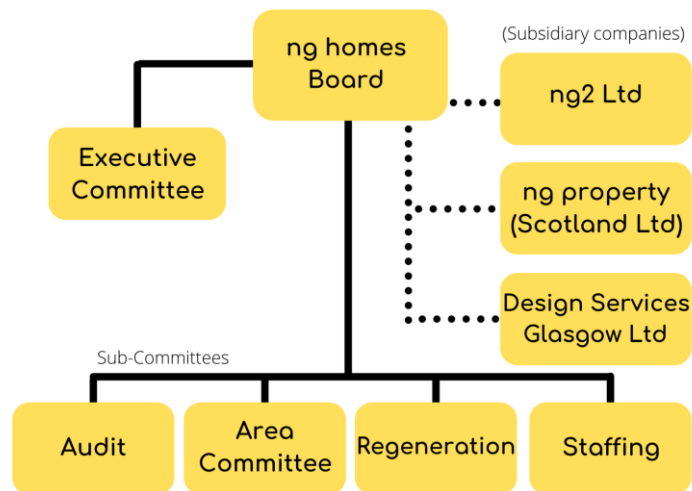
Underpinning our delivery is a commitment to partnership working. Over future years we will build on the good relationships we already have, continuing to work closely with the Scottish Government, Glasgow City Council, NHS Scotland, Glasgow’s Health and Social Care Partnership, and our fellow housing associations.

Organisational structure

Board and Committee Structure

The Board is the governing body that controls ng homes. It 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 80 people and has an annual turnover of approx. £3.5 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.

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, 1 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.

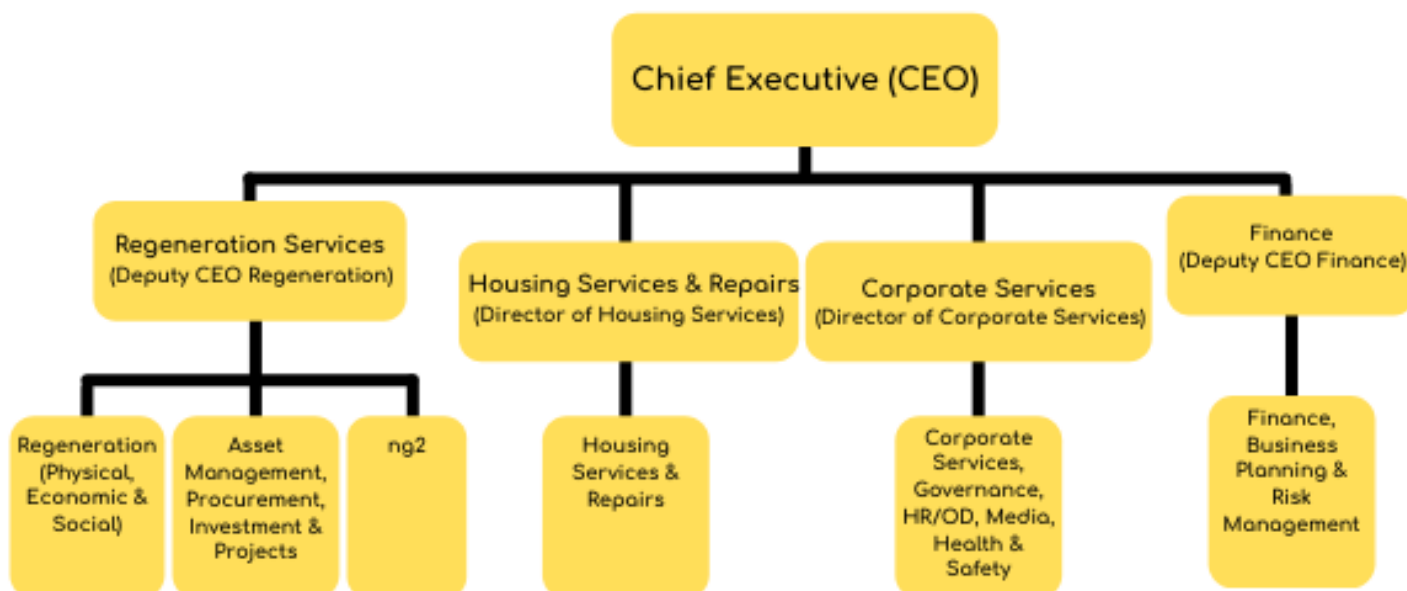
Staffing Sub-Committee - considers staffing and organisational development, training, and health and safety matters.

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 two Deputy CEOs, with the Deputy CEO (Finance) and Deputy CEO (Regeneration) reporting directly to the CEO. They are supported by senior directors and managers who have day-to-day responsibility for Finance, Regeneration, Investment and Procurement, Housing Services and Corporate Services.

At March 2021 ng homes had 99.81 (full time equivalent) staff in post, this includes 4.0 staff whose posts are fully funded via external grant support. The ng homes staff are supplemented by 18.2 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 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 2020 the Board, executive team, and managers continued 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 2021 as governance self-assessment will be reviewed annually as part of the process of producing the Association's Annual Assurance Statement for the SHR.

Board Appraisal and Board Member Reviews

The annual Board appraisal and individual Board member review exercise is led by ng homes' Chairperson and supported by an independent consultant. This process covers assessment of individual board members contribution, plus evaluation of how the Board functions collectively. An overall report is produced as part of this exercise which informs the individual and collective Board training and development priorities for the year ahead.

We aim 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 can 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 2020 – 2021 included Data Protection, GDPR and cyber security in addition individual Board members also attended training webinars and virtual conferences covering a wide range of related subjects including corporate governance, finance, IT, health and wellbeing and social housing.

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 2021/22 will include other priorities identified from the 2020 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.

Whilst the lockdown and ongoing Covid-19 related restrictions have made training and conferences particularly challenging the importance of having access to ongoing up-to-date training and awareness sessions for Association’s Board and staff members remains undiminished. There is a raft of virtual training, webinars, conferences and seminars now on offer. SHARE, SFHA, EVH, CIH and other organisations continue to offer training remotely by utilising technology and ng homes Board members are embracing the new opportunities for remote training and development.

Business Priorities 2021/24

These business 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. We will monitor departmental work plans and will ensure these are reviewed and updated half yearly and reported to the Board.

| | 2021/22 | 2022/23 | 2023/24 |
|---|---------|---------|---------|
| Robust Governance | | | |
| Governance Framework and Governance Self-Assessment | X | X | X |
| Risk Strategy | X | | X |
| Succession Planning for Board and staff | X | | |
| Options Appraisal for the business | x | | |
| Know our tenants and other customers’ needs | x | X | X |

| | | | |
|--|---|---|---|
| Prudent Financial Management | | | |
| Loan finance to support investment programme | x | | |
| Rents and Affordability | x | X | X |
| Creating a Positive Culture | | | |
| Invest in the community – building capacity | x | X | X |
| Health, safety, and wellbeing of staff | x | X | X |
| Continuous Improvement | | | |
| Options Appraisal for low demand stock | x | X | |
| Tenants Health and Safety | x | X | X |
| EESH 2032 and fuel poverty | | X | X |
| Masterplan for Springburn and Possilpark | | X | X |
| Demolition of low demand stock | | X | |
| Growing our Business | | | |
| Explore growth potential of ng2 | x | x | X |
| New grant funding for regeneration projects | x | x | X |
| Regeneration – Physical, Social and Economic | x | x | X |
| Tenure Diversification | | x | |
| Business Improvement District | x | x | |

Managing finance and scenario planning

Financial Headroom

To survive in the economic environment, we must have appropriate and sustainable headroom in our financial projections. This should demonstrate that loans are repaid timeously and that we can 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, the effects of Brexit and the pandemic

The Board will consider the risks in the Business Plan, model the 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.

For many families, the coronavirus pandemic has brought greater instability and insecurity, disrupting work and education, and destabilising incomes. Many of our customers have less money coming in, and some have lost their jobs. Stretched family finances mean there is little headroom for cutbacks to spending. Our tenants are unable to fall back on savings, Unfortunately, they are more likely to fall behind on bills

The full impact of the pandemic on the Association, our tenants and other service users will emerge later. However, we believe that the scale and the nature of the disruption will be significant and could lead to disproportionate social impacts across poorer communities such as ours, which are already affected by substantial social, economic and health inequalities.

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 (2021/22 to 2025/26). The planned deficits in 2022 and 2023 are a direct result of our plans to address issues relating to tenant safety and fuel poverty in our multi-storey blocks. The projections show that ng homes are covenant compliant and viable, whilst it delivers a major investment programme of £54.3m over the first 5 years.

| Year | 2022 | 2023 | 2024 | 2025 | 2026 |
|----------------------|---------|---------|--------|--------|--------|
| Net surplus(deficit) | £(3.1)m | £(0.9)m | £2.3m | £2.9m | £1.5m |
| Cash balances | £23.9m | £14.6m | £12.7m | £11.7m | £10.9m |
| Loan Balances | £41.9m | £39.2m | £36.6m | £33.9m | £31.4m |
| Investment | £20.8m | £13.4m | £6.5m | £6.7m | £6.9m |

Based on the current covenant definitions and during the loan terms covenants are met.

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 have been built in and we are planning a rent policy review in 2021/22 and look to introduce a new rent structure at the start of April 2022. The objective of this new policy will be to ensure the rent restructure is consistent, easy to understand and fair. Tenants will be consulted with the assistance of TPAS.

Libor is projected to rise to 3.5% by year six. Opening cash balance is projected to be £36.7m and loans at £47.4m, with a new loan of £13.9m having been received in 2020 from GBSH. 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 the uncertain economic environment brought about by Covid-19. The void and bad debts are assumed to be 5% (3% for Bad Debts and 2% Voids), in the first 3 years then 4% (2% Voids and 2% Bad Debts) thereafter. The additional bad debt provision to reflect the possible outturn from the pandemic.

Despite this assumption the baseline plan is sustainable in the short, medium, and long term. The average cash at Bank projected over the next 5 years is £15m.

Our current cost of loan interest is just below 3.11% so our 3.5% long term assumption (variable lending) plus margin provides additional headroom.

Our focus in the next 2 years is to improve energy efficiency within the multi- storey blocks and generally upgrade them. Improvement works include: -

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

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 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 overhead and staff costs which we believe can be achieved. We understand that we cannot look to our tenants to continually face above inflation rent increases and we must ensure that value for money, spending well, spending wisely.

We have undertaken sensitivity analysis on our plan, the outcome of this is highlighted in the table below. This demonstrates the impact of different assumptions on annual surplus/deficit and borrowing. Risks modelled include increased bad debts; rent increases

below inflation +0.5%; increased management and maintenance costs; LIBOR 5% and decreased inflation:

| Sensitivity | Year 30 Cash | Peak Debt | Year | Year 30 Debt | Min Cash |
|--|-------------------------|----------------------|-------------|-------------------------|-----------------|
| Base | £42.0m | £41.9m | 1 | £2.5m | £3.5m 2035 |
| Base Voids 5% Bad debts 5% (5 Years) | £37.9m | £41.9m | 1 | £2.5m | £-0.4m 2035 |
| Major Repairs + 10% | £10.1m | £41.9m | 1 | £2.5m | £-11.6m 2039 |
| LIBOR 5% Yr 5 | £40.5m | £41.9m | 1 | £2.5m | £2.7m 2035 |
| Inflation 1% and inflation only rent increase | £1.5m | £41.9m | 1 | £2.5m | £-11.7m 2039 |
| Major repairs + 10% and inflation only rent | £-27.5m | £41.9m | 1 | £2.5m | £-28.7m 2039 |
| Staff costs +10% | £19.0m | £41.9m | 1 | £2.5m | £-5.2m 2039 |

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 three mainstream lenders to the RSL sector, Nationwide Building Society (NBS), The Housing Finance Corporation (THFC) and GB Social Housing (GBSH). Each lender sets covenants over their lending and we must 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.

Other loans secured from the Scottish Government and the Energy Savings Trust do not include corporate covenants.

Financial Accounts and Treasury Management

Our financial position going into 2021/22 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 2021/22 and 2022/23, thereafter is profitable for the next 12 years, when it is assumed a provision of £14m has been provided to replace some of the cladding on the multi-storey blocks. 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 2021 - 31 | | | | | |
|--|------------------|---------------|-----------------|-----------------|-----------------|
| March 2026 | 2022 | 2023 | 2024 | 2025 | 2026 |
| | £000's | £000's | £000's | £000's | £000's |
| Total Turnover | 26,448.90 | 27,094.30 | 27,671.40 | 28,336.50 | 29,017.90 |
| | - | - | - | - | - |
| Operating Expenditure | 28,128.50 | 26,820.50 | 24,040.00 | 24,262.70 | -26,334.20 |
| Other income | | | | | |
| Operating Surplus/(deficit) | -1,679.60 | 273.8 | 3,631.40 | 4,073.80 | 2,683.70 |
| Interest Receivable | 31.6 | 39.2 | 27.4 | 24.4 | 22.6 |
| Interest and financing costs | -1,490.80 | -1,285.00 | -1,267.50 | -1,240.40 | -1,245.60 |
| Surplus before tax | -3,138.80 | -971.9 | 2,391.30 | 2,857.80 | 1,460.80 |
| Comprehensive Income for the year | -3,138.80 | -971.9 | 2,391.30 | 2,857.80 | 1,460.80 |

Consolidated Statement of Financial Position | ng homes

| Period: 01 April 2021 - 31 March 2026 | | | | | |
|---------------------------------------|---------|---------|---------|---------|---------|
| 2026 | 2022 | 2023 | 2024 | 2025 | 2026 |
| | £ 000's | £ 000's | £ 000's | £ 000's | £ 000's |

Fixed Assets

| | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Intangible assets and goodwill | | | | | |
| Tangible fixed assets | 113,049.40 | 117,178.20 | 117,225.10 | 117,390.80 | 116,121.40 |
| Investments FA | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Fixed Assets Total | 113,049.70 | 117,178.50 | 117,225.40 | 117,391.10 | 116,121.70 |
| Current Assets | | | | | |
| Trade and other debtors | 1,511.20 | 1,511.20 | 1,511.20 | 1,511.20 | 1,511.20 |
| Investments CA | | | | | |
| Cash and cash equivalents | 23,909.30 | 14,611.50 | 12,743.00 | 11,733.00 | 10,961.40 |
| Current Assets Total | 25,420.50 | 16,122.70 | 14,254.20 | 13,244.20 | 12,472.70 |
| Less - Creditors - amounts due within 1 year | -4,684.80 | -4,684.80 | -4,684.80 | -4,684.80 | -4,684.80 |
| Net current assets/liabilities | 20,735.70 | 11,437.90 | 9,569.40 | 8,559.50 | 7,787.90 |
| Assets less current liabilities Total | 133,785.40 | 128,616.40 | 126,794.90 | 125,950.50 | 123,909.60 |
| Creditors - amounts due after more than 1 year | -62,838.40 | -59,141.00 | -55,442.60 | -51,740.50 | -48,238.80 |
| Provisions for liabilities | | | | | |
| Pension provisions | 485 | 984.6 | 1,499.10 | 1,499.10 | 1,499.10 |
| Other provisions | | | | | |
| Net assets Total | 71,431.90 | 70,460.00 | 72,851.30 | 75,709.10 | 77,169.90 |
| Reserves | | | | | |
| Income and Expenditure Reserve | 71,431.80 | 70,459.90 | 72,851.20 | 75,709.00 | 77,169.80 |

Restricted [and/or

Endowment]

Reserve 0.1 0.1 0.1 0.1 0.1

Total reserves 71,431.90 70,460.00 72,851.30 75,709.10 77,169.90

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 January 2021 the Association achieved another successful review against the Customer Service Excellence Standard and the accreditation is valid 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 commitment was displayed from senior management levels through to operations and front-line staff.”

The Assessor commented on the high level of service being delivered and 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. He stated “Of note, is the developing breadth and strength of partnerships that the Association has entered into and often leads. You have a significant involvement in the social, physical and economic life of the communities served. The activities in which you are involved impact on the lives of local people in an increasing number of ways.”

The review was very positive with 18 areas of good practice identified together with 9 areas of compliance plus. The period covered by the review included the impact of the Covid-19 pandemic which has significantly disrupted all aspects of society from March 2020. The Assessor highlighted the positive changes the Association had implemented and how this had supported our customers stating “During this period, you had to reconfigure the ways in which you provided service delivery when Scottish Government guidance restricted all but home working and measures such as social distancing impacted on service delivery. Throughout this period, stakeholders confirmed that you delivered your service effectively given the difficult operating environment.”

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 acknowledge that our customers have different communication preferences and we ensure that we adopt a blended approach to meet their varying needs. During 2020 we introduced the ng homes App and we have continued to develop the ng group website during the last year. In addition, we also focused on more traditional forms of communication and produced summer and winter editions of our North News tenants newsletter together with a printed Route-map out of Covid-19 in summer 2020 which included a range of information from safety messages to detail on accessing essential services. We will continue to develop a variety of communication channels including social media to 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 our people and encourage them to achieve their maximum potential. We are committed to ensuring that we are a good, fair and supportive employer and strive to create an organisation where people are proud to work. 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 we can harness the skills and talents of all our people, 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 March 2021 the Association successfully completed an interim review of our 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 had a successful annual review of the Investors in Young People (IIYP) gold status in October 2020 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 spoke highly of the Association's approach stating "This was a very positive and enjoyable assessment, speaking to young people, influencers, and leaders who are rightly proud of the organisation they work for. There is clear evidence of good practice in the attraction, selection, induction, development, progression, and retention of 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. We are passionate about playing our part in ensuring that there is a constant supply of talent coming into the housing sector in Scotland. 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 fully embrace the principles of equality and diversity, the Association is a Disability Confident Employer and have played a key role in supporting under-represented groups to obtain work experience and employment opportunities, including those from the BAME community. We continue to support PATH (Scotland) by providing training opportunities within the Association and have also worked with local groups such as African Challenge Scotland to achieve this.

Value: We are a quality organisation delivering excellence

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 can 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 are registered with and regulated by the Scottish Housing Regulator.

The SHR has updated its Regulatory Framework and the Association is committed to ensuring that we are compliant with all 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 2020 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 several 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 previous 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 nine years shows a high degree of confidence in us by various national funders.

Value: We act with integrity

Partners

ng homes are 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 include 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 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 own a total of 5,394 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 | 578 | 0 | 0 | 936 | 17.35% |
| Deck access/ Other flats | 51 | 150 | 96 | 83 | 17 | 397 | 7.36% |
| Tenement flats | 28 | 753 | 1,229 | 314 | 5 | 2,329 | 43.18% |
| 4-in-a block cottages | 0 | 57 | 743 | 160 | 1 | 961 | 17.82% |
| Houses | 0 | 12 | 361 | 329 | 69 | 771 | 14.29% |
| Total | 79 | 1,330 | 3,007 | 886 | 92 | 5,394 | |
| % of total | 1.5% | 24.7% | 55.7% | 16.4% | 1.7% | | |

From the stock figure of 5,394, 79 houses are excluded from the letting pool – these are pending options appraisal on future use, decant properties and properties being held for structural work. This figure does not include 3 offices. In addition to this, there are 37 sharing owner properties.

The Business Plan has assumed that 122 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.

Housing for Older People

We have housing for older people at:

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

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 work from a hub at Hawthorn Street and provide surgeries at 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 2020/2021, we completed 105 medical adaptations which were part funded by a Glasgow City Council grant of £150k.

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 | 89 | 28 |
| Mears | 65 | 39 |
| Phoenix Futures | _____ | 11 |
| Key Housing | 3 | _____ |
| Penumbra | _____ | 1 x 8 bedroom unit |
| Mungo Foundation | _____ | 1 close with 10 flats |
| Richmond Fellowship | _____ | 3 |
| 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 open 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 2020/21, 902 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 1,274 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 housing associations and our fees are very competitive within the sector and less than Private Factors. Our first Mid-Market rent development at Keppochhill Road will be run

through our subsidiary company – ng property services and it expected that this may be an area that we expand within our stock over the coming years.

Repairs Service

We carry out emergency, routine and complex repairs and are constantly reviewing how we deliver our service in order to ensure Value for Money, as well as a more positive experience for our customers.

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
- Electrostatic sprayer in high traffic areas
- Regular cleaning of common touch points

Our concierge provide emergency support out with office hours and tenants and staff provide very positive feedback on this service.

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 our tenants and referrals can be made from the tenants themselves or a third party. In 2020/21, GEMAP secured over £3.4m in additional income for over 1,300 of our tenants. £926K was Housing Benefit/Discretionary Housing Payment. GEMAP also secured over £750K in Universal Credit for our tenants. 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. In addition to this service, we were also successful in securing funding from GCC for our

“Joining the Dots” programme until 2023, which allows us to have another welfare benefits advisor and also a financial capability officer to assist with budgeting, fuel poverty and opening bank accounts.

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 | 3% |
| 25 – 54 | 49% |
| 55 – 74 | 36% |
| 75 and Over | 12% |
| Total | 100% |

| Gender | Percentage of Stock |
|--------------|---------------------|
| Male | 49% |
| Female | 51% |
| Total | 100% |

| | Percentage of Stock |
|--------------------------|---------------------|
| White | 70% |
| Black | 5% |
| Chinese / Indian / Asian | 3% |
| Other | 22 |
| Total | 100% |

Our operating environment is challenging, with 67% 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. We are working closely with TPAS to strengthen our tenant's scrutiny group and focus groups. 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 regard 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, there was an internal audit on Health and Safety and after the Grenfell tower tragedy in June 2017 Risk Assessments were done in all 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 conduct updated fire risk assessments throughout 2019 and 2020. In addition to this, we are working with a tenants' 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 in 2020 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 due to extensive demolition carried out by GHA in previous years and the population is projected to fall further.

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 3,000 applicants, which is an increase of 1,000 from the 2019/20 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 deck access homes are in low demand. The plan assumes that 122 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 and Lenzie Terrace Deck Access Properties, Possilpark Tenements and Galloway Street 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, Cowlairs, Tenements Auchinloch St & Auchentoshan Terrace, Carron Tenements, Elmvale New Build, Balgrayhill 4 in a block, Viewpoint Gate |
| Medium Demand | South Balornock, All 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 are continuing to work closely with Glasgow City Council to house homeless households. In 20/21, we let 111 houses to homeless applicants, which is 26% of our total lets.

We recently took part in a two-year pilot with Glasgow City Council and 3 other Registered Social Landlords to assist homeless applicants with the transition from temporary to permanent accommodation. This came to an end in April 2021. The aim was to reduce new tenant arrears by providing a 2-week rent free period to homeless applicants. The applicant's welfare fund, housing benefit and discretionary housing benefit were also fast-tracked by Glasgow City Council. We are currently in the formal review process and this is being conducted by the Glasgow Centre for Public Health. Once this is finalised, we will update on their findings and recommendations.

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. 48% 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. At 31st March 2021, we had 1,297 tenants in receipt of Universal Credit. Our Housing Services Team have Housing Officers specifically dealing with arrears to ensure intense management of rent accounts. They 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 2020/21:

- Re-Let Timescales – Houses were let within an average of 36.4 days (27.2 if we discount days where we could not let due to covid) compared to 25 days for 2019/20.
- Void Rent Loss was 0.9% compared to 0.5% for 19/20. Due to Covid 19 and a period where letting was suspended – Properties took longer to let.
- Arrears - Total gross arrears performance (current and former tenant arrears combined) is 6.1% compared to 6.0% for 19/20.
- Tenancy Sustainment was 89%, compared to 85% for 19/20.
- Emergency Repairs - The average length of time taken to complete emergency repairs is 2.38 hours compared to 3.05 hours in 19/20.
- Non-Emergency Repairs - Average length of time taken to complete non-emergency repairs were 4.68 days compared to 4.07 days in 19/20.
- Medical Adaptions - a total of 105 adaptations were completed during the year in an average timescale of 16.8 days from referral date compared with 25.7 days in 19/20.
- Gas – 9 of our properties did not have a gas certificate renewed within 12 months, this was due to tenants shielding or self-isolating. These services were carried out as soon as it was safe to do so and 100% of our properties now have a current gas safety certificate.
- Anti-Social Cases – 93% of our cases were resolved within timescale compared to 96% for the previous year
- Customer Satisfaction - 90% of our tenants were satisfied with the overall service provided by the landlord and 90% of our tenants were satisfied with the opportunities given to them to participate in the landlord’s 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 are 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 will be developed upon the success of existing regeneration initiatives and emerging themes designed to improve the lives of our tenants, residents, local people and help to support the most vulnerable and marginalised members of our community.

Glasgow North Strategic Development Framework

Glasgow City Council released their Glasgow North Strategic Development Framework (GNSDF) consultation document in October 2020.

The document identifies 4 main outcomes; **Working North** which would include digital infrastructure and inclusive economic growth; **Liveable North** with housing as a key element; **Connected North** which would include issues related to local travel and town centre shopping; **Green North** to consider access to good quality open spaces and development proposals for vacant and derelict land.

ng homes will continue to develop discussions with partners in Glasgow City Council to play a lead role in the transformation of Glasgow North. We look forward to working for residents and businesses, both existing and new, on creating a thriving, inclusive, prosperous, green, and healthy Glasgow North.

Physical

ng homes are 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, due to come off site late September 2021. 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% | 27% |
| Private Rented | 8% | 11% |
| Owner Occupation | 27% | 62% |

Our scope for diversifying 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 an alternative use for our low demand stock.

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 2021/22. 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. Positive discussions are ongoing with GCC officers.

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. We will re-engage post pandemic with a range of third sector organisations to explore employment opportunities for young people and vulnerable groups.

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. The Council will agree a baseline service agreement to ensure the BID doesn't replace statutory council services as it is for additional activity. An initial £30,000 seedcorn grant was received from Scottish Government to help work with businesses, establish the local steering group, engage with the Council, and create a business plan.

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 was 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 are 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 can share their language and culture with local communities.

Climate Challenge

As a socially responsible and ethical Registered Social Landlord, 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, energy awareness and 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 projects in the multi storey flats 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
- Improving tenants' health & wellbeing
- Having a national benefit of £23m on the economy
- Having a local benefit of £22m on the economy
- Creating employment for 6 people from unemployment
- Creating 240 weeks of training, experience, and placements
- Providing £150k to support the community.

Support During Covid-19

External grant funding is extremely important to our regeneration efforts; aligned with ng homes' own regeneration budget. We continue to source funding opportunities harnessing a powerful combination of internal and external funding for the benefit of the community. The range of ongoing external funding and additional Covid supported activities allowed an increase in ng homes direct role in providing community support services during the Covid-19 pandemic. External funded activities during 2020/21 and application for future years included:

- IGF funding for Thriving Places was granted for year 2020/21 and 2021/22
- Inspiring Scotland, Link Up, funding has been granted to financial end 2023 (Glasgow Communities Fund)
- Scottish Government Funding (round 1) of £30,000 for Covid 19 project
- National Lottery Fund to the amount of £81,198 for Covid 19 project

- Scottish Government Funding Wellbeing Fund (round 2) of £17,900 for Covid 19 project
- Scottish Government Supporting Communities Fund - £39,100 for Covid 19 project
- Scottish Government Supporting Communities Fund (2) - £16,750 for Covid 19 project
- GCC Children's Holiday Food Programme to the amount of £17,720
- Scotland's Towns Partnership Resilience and Recovery Fund - £10,000 to support shopper service, business, and community directory to support local towns.
- Social Housing Fund to increase opportunity for cycling in North Glasgow to the amount of £18,500
- Big Bike Revival Award from Cycling UK for amount of £800 to engage with community and increase bike usage across community.
- Cashback for Communities Youth Work Fund grant for amount of £5,000 to build capacity of Young People at risk of crime, to develop and deliver a physical activity-based intervention in Springburn community
- Glasgow Life - Digital Connectivity funding to the amount of £1,750 to support rollout of digital devices and connectivity for vulnerable tenants
- Glasgow Communities Fund to the amount of £237,000 for financial inclusion posts across Housing and Regeneration to financial year end 2023
- GCC Area Committee funds on behalf of Possilpark events planning group Festive Celebrations 2020 to the amount of £10,718
- Application was made to Barclays 100 x 100 for an amount of £100,000 for community support through Covid 19 was successful.
- Application to SG Communities Recovery Fund was successful to the amount of £39,500
- Application to Social Housing Fuel Support Fund to the amount of £17,645. Successful – purchase of white goods, energy saving light bulbs and fuel top ups.
- Application to the amount of £5,600 was successfully submitted to Youthlink Scotland
- Application to the amount of £110k was secured from Glasgow City Council's Active Travel Infrastructure Fund.

Asset Management Strategy

A major objective for ng homes in 2019/20 was to complete a comprehensive Asset Management Strategy for all our stock. This resulted in carrying out a full stock condition survey 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 (ESSH) and the Scottish Housing Quality Standard (SHQS)

Investment

The Investment spend for 2020/21 was £15m. The types of works programmes undertaken were wide-ranging and included:

- Air Source Heat Pump heating systems in the multi-storey flats
- Kitchen and bathroom replacements
- Rewiring
- Fire Safety Works
- Electrical Testing
- Digital Aerial Upgrades

The Investment Programme for 2021/22 is projected to be circa £22m with major works projects covering properties in the multi-storey stock 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

ESSH

The Scottish Government requirements for ESSH 2032 has provided targets for 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 of the properties to move from their current EPC rating to band B significant investment has been undertaken and planned for future years. 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 need more data on the positive effects that this will 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, 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 implementing a large-scale heat survey within our own multi-storey flats.

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 2020

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 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.

Progress Monitoring and Reporting

The ongoing monitoring, review and reporting of performance against the business plan are 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 discussions and via the performance review process
- Performance will be reviewed with staff at the operational level monthly
- 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

For many families, the coronavirus pandemic has brought greater instability and insecurity, disrupting work and education, and destabilising incomes. Many of our customers have less money coming in, and some have lost their jobs. Stretched family finances mean there is little headroom for cutbacks to spending. Our tenants are unable to fall back on savings, Unfortunately, they are more likely to fall behind on bills.

The full impact of the pandemic on the Association, our tenants and other service users will emerge later. However, we believe that the scale and the nature of the disruption will be significant and could lead to disproportionate social impacts across poorer communities such as ours, which are already affected by substantial social, economic and health inequalities.

Slower growth in the UK economy has also probably reduced inflation, because when people are not spending as much, firms tend to increase their prices by less. Inflation should return to around our 2% target later this year, as these effects fade.

As part of their response to the Covid-19 pandemic, the Bank of England have taken cut the bank base rate to 0.1% but unfortunately this has not made any real difference to the life of our customers but has helped reduced our interest charges for the year to 3.1%.

Our focus going forward is to ensure the financial well-being of the Association. How financially healthy we are and how well we use our money with a focus on best value, viability, and our ability to remain resilient against the challenges of the Covid-19 pandemic. It is important for our tenants that rents remain affordable, investment is delivered, and ng homes continues to look after their health and safety.

To maximise the benefits for our tenants, going forward ng homes must also develop a strategy that delivers efficiencies and focuses on budgetary control. This is key to the future success of the Association.

2. Economic Outlook

it was unsurprising that the MPC kept its policy settings unchanged at its March policy meeting. This included leaving Bank Rate forecast at 0.1% and the target size of the Bank's

Asset Purchase Facility at £895bn - decisions that were supported by all nine members of the Bank's Monetary Policy Committee (MPC).

The current mood music points to a more upbeat outlook for the economy than had previously been assumed. Virus cases have fallen, the vaccination rollout has continued apace, and the government has published its roadmap out of lockdown. Alongside that the additional support provided by the Chancellor in his March Budget – including the extension of the various support schemes – and likely spill over effects from the new US fiscal stimulus package, all contributed to a more positive opinion about the near-term outlook for the economy.

Despite an improved assessment of near-term trends, the MPC reiterated its commitment not to tighten monetary policy until there is "clear evidence" that the recovery is eliminating much of the spare capacity in the economy. However, with the next quarter-point move in UK Bank Rate not fully priced in by financial markets until mid-2023, general expectations for UK interest rates remained well contained. Not that this will bring any comfort to the life of our tenants.

As things stand though, for many public services, the first half of the 2020s could feel quite a lot like the first half of the 2010s.

3. Asset Management

We are a property business that owns approximately 5,300 homes and we understand that an effective Asset Management Strategy is key to the delivery of our business objectives and ensure continued financial viability, compliance with obligations to lenders and safeguarding the interests of all our stakeholders.

Simply put it is essential that the performance of existing assets continues to be effectively monitored and managed. We will be updating our asset management strategy in 2021/22 with the aim of us in our assessment of whether the current or future homes are fit for purpose.

3.1 Asset Management Strategy Objectives and Responsibilities

The current Asset Management Strategy will be revised and will have several key objectives which will include:

1. Ensuring that ng homes have accurate information that enables structured and rigorous planning and analysis to support good decision making.

2. Ensuring that our homes are fit for purpose, compliant and supports the business objectives.
3. Making the right decisions about homes that are either underperforming or failing to reach their full potential in line with the our homes objectives; and
4. Protecting and enhancing income streams by ensuring properties continue to meet customer expectations.

The revised strategy will assist us in: -

1. Complying with the Energy Efficiency Standard for Social Housing and where financially sensible EESSH2 guidance.
2. Continued compliance with Scottish Housing Quality Standards (SHQS) and
3. Compliance with relevant regulatory inspection and servicing regimes (including gas, water hygiene, fire, asbestos and electrical testing).

The asset management objectives will be monitored, and compliance reported to the management committee throughout the year. All future investment decisions should be taken based on the principles Best Value, Financial Viability and Customer Satisfaction and evidenced to the Board.

The plan will:

1. Give greater certainty for planned investment.
2. Provide a clear understanding of the financial implications of investment
3. Increase consultation and satisfaction with tenants and other stakeholders

3.2 Financial Appraisals

There are several reasons why a property may cease to meet strategic requirements and become worthy of appraisal. This can include issues relating to

1. Tenant satisfaction
2. Costs of regulatory compliance
3. Long term sustainability

We will develop an appraisal model that will scrutinise the performance of our homes considering a set of inputs effectively a measure of property performance, or, cost benefit analysis. This would consider a range of inputs, such as income, demand, management, and projected maintenance costs (including health and safety).

Financial Appraisals will be undertaken by the calculation of a positive Net Present Value (NPV), indicating long-term financial sustainability. NPV will be calculated for all properties, with updated NPVs calculated for all properties in identified clusters, or which have been identified by operational or maintenance teams and posing an "asset issue with an uncertain future.

Assessment of the necessary course of action can always be completed on a house-by-house basis, if required or by identified groups of homes. When assessment suggests that property assets performance is not sustainable, ng homes will consider:

1. additional reinvestment, as determined by stock condition data.
2. use for an alternative customer or client group to improve financial viability.
3. Partnerships with developers for mixed tenure developments/regenerated blocks
4. Disposal to other affordable housing providers; or
5. Disposal on the open market.

Any disposals will need to take account of loan security issues or HAG conditions relating to the properties in question.

4. Rent Restructure

We recognise that our rent policy is difficult for tenants to understand. Most of our homes have been acquired through stock transfers in 2001 (Scottish homes) and 2011 (GHA). Which has led to inconsistencies across our homes.

Simplicity and ease of understanding is critical in ensuring that tenants fully understand the rent setting process. We will address this issue in 2021/22.

Working in partnership with our tenants we will, with the assistance of TPAS, consult with our customers. Sharing a joint understanding of the issues and agreeing a way forward that is guided by the principle of affordability.

The commonest criteria for determining rental charges are: -

- Property type (House, flat, bungalow)
- Size of property (Number of bedrooms / person size)
- Condition (unimproved, refurbished, new build)
- Amenities and the cost of heating in a property are important factors
- Factors like driveways, garages, gardens can also be built into considerations, but this may complicate matters.

Objectives of our Rent Restructure

The specific objectives of the rent restructure will be to: -

- Evidence that rents charged reflect the amenities provided by the property.
- Provide a method of calculating rent, which is consistent for all properties.
- Ensure that rent charged reflect the attributes of the property and take account of heating costs.
- Ensure that the method of calculation is transparent and easily understood.
- Ensure that the Association sets rents at a level that is sufficient to cover costs, ensure viability and provide quality services that offer value for money.

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 we can 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:

- Pandemic
- Effects of Brexit
- Affordable rents
- Demand for properties
- Welfare Reform
- Pension deficits
- Increase in Inflation
- Building Cost inflation
- Increases in interest rates
- Covenant compliance

The Board must consider all 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:

- Bad debts assumed to be 3% for Yrs. 1 to 5 and then 2%. Voids 2%. The void rate for the Association for the year to March 2020 was 1.3% and the bad debts write off was 1.3% of the rental income.
- Cost uplifts above inflation of 0.5% for all maintenance and salary costs
- Interest rates rising to 3.5%

6. 5 year and 30-year financial plans

Our 5-year financial projections show us generating the following results for years 1-5 (2022 - 2026). 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 | 2022 | 2023 | 2024 | 2025 | 2026 |
|----------------------|-----------|-----------|--------|--------|--------|
| Net surplus(deficit) | £ (3.1) m | £ (0.9) m | £2.3m | £2.9m | £1.5m |
| Cash balances | £23.9m | £14.6m | £12.7m | £11.7m | £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 in 2021/22 of £2.2 from the Energy Savings Trust in support of the new heating systems in the multi-storey blocks.

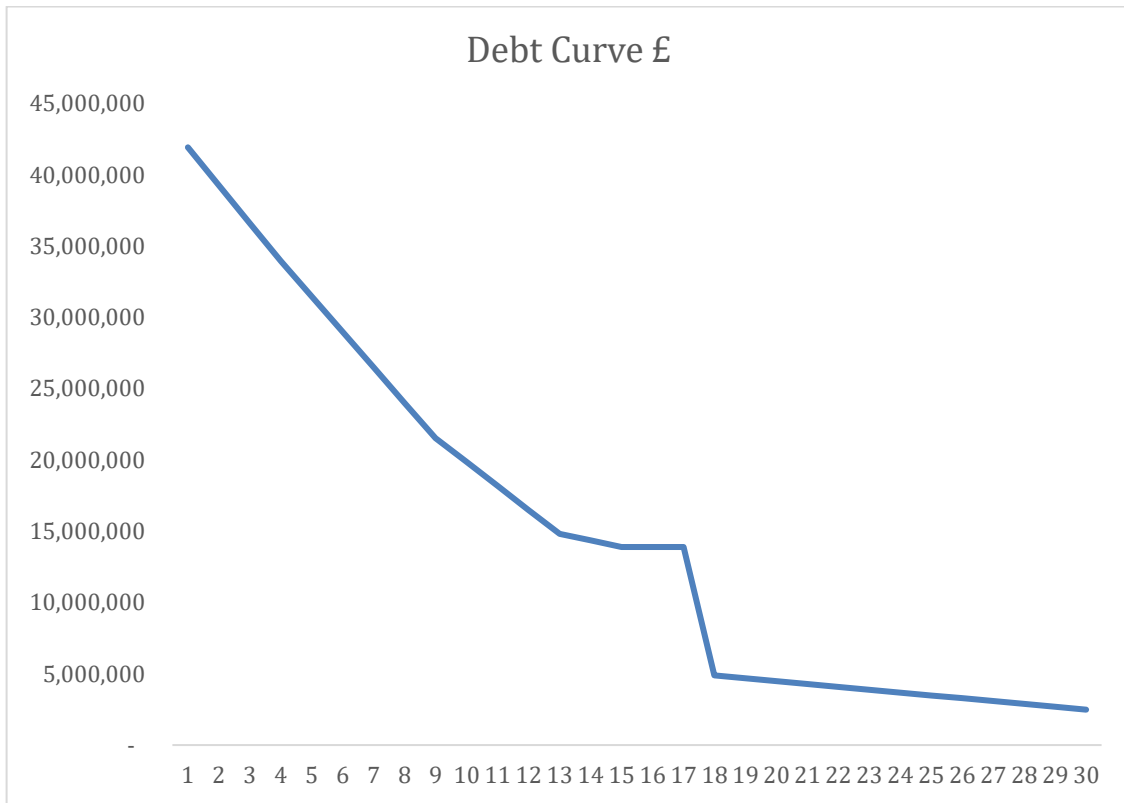
A summary of our key financial assumptions is set out below:

Summary of financial assumptions for Business Plan

| Key Assumption | Business Plan 2021/22 |
|------------------------------------|--|
| Opening stock | 5,394 |
| New-build units social rent | 28 |
| Demolitions 2021-2023 | 122 |
| New build MMR | 21 |
| Commercial Unit | 1 |
| Average rent | £4,664 per unit |
| Annual rent increase | 2% + 1% years 2 to 5, 0.5% years 6-10, inflation only (2%) years 11-30 |

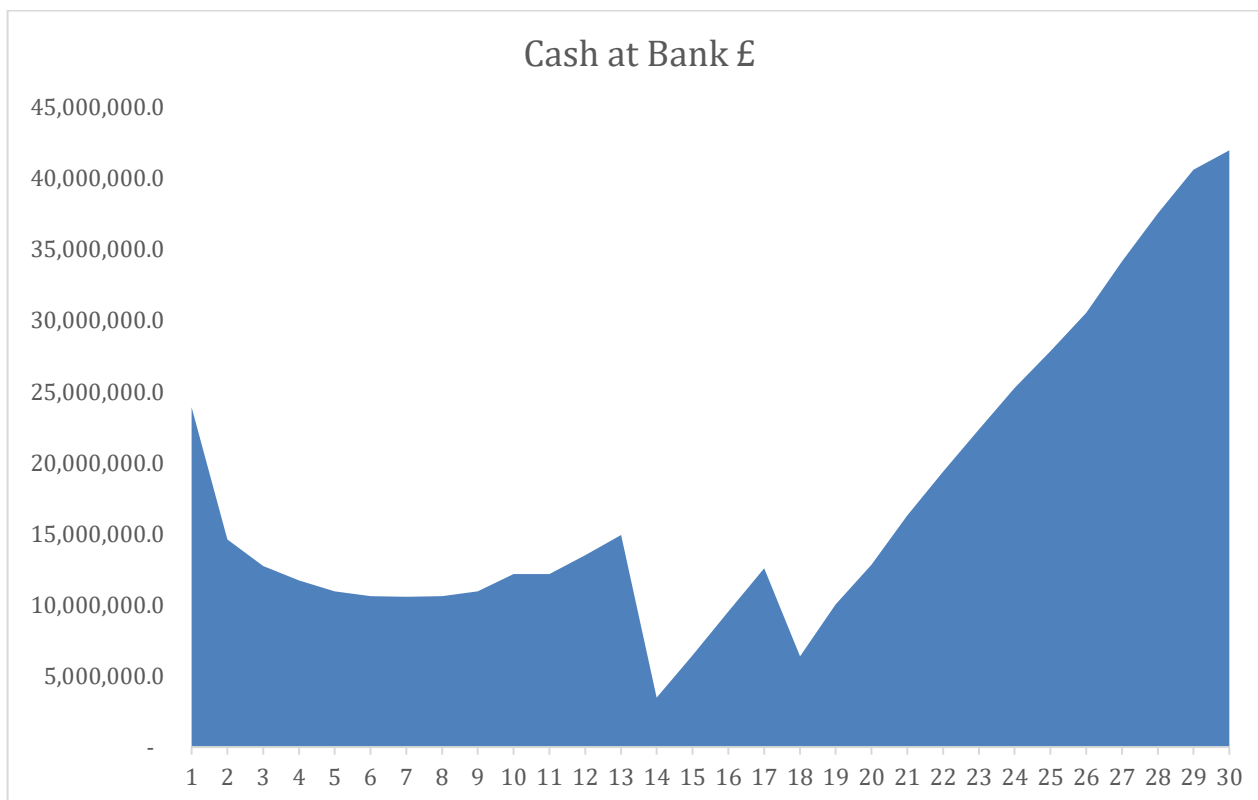
| | |
|---|---|
| Void loss/ bad debt/ | 3% Voids; 2% bad debts Yrs. 1 to 5 2% Voids; 2% bad debts Yrs. 6 to 30 |
| staff costs | £5.318m yr. 1 - £5.183m yr 3+ with 0.5% annual cost growth |
| Pension deficit provision | £485k per annum (3 Years) |
| Average planned maintenance | Average spends per year £7.4m 0.5% cost growth |
| Average cyclical maintenance | £2.845m yr.1 -5 + 0.5% cost growth |
| Average reactive repairs | £2.560m yrs 1-30 + 0.5% cost growth |
| Opening loan balance | £42.3m |
| Opening cash at bank | £36.7m |
| Private finance drawdown | £2.2m year 1 Refinance GBSH £5m (2039) |
| SG Grant Energy Efficiency 2021/22 | £3.7m |
| LIBOR | Rising to 3.5% by year 6 |
| Annual inflation rate | 2% Year 2 to 30 |

The baseline plan is viable 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 £2.2m will be required to support the planned investment in new and existing homes. The debt curve above illustrates the bond finance secured last year being repaid by year 22 of the plan. A loan balance of £2.5m remains outstanding in 2051 which represents the balance of a £5m loan secured to pay off the bond in 2039.

We are in a strong position to deal with potential financial pressures. The average cash at Bank projected over the next 5 years is £14.8m. The lowest cash balance is £3.5m in 2035. There is a provision that year of £14.7m to cover any costs in renewing cladding on some of the multi-storey blocks.



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.

7. Sensitivity analysis

We have undertaken sensitivity analysis on our plan, the outcome of this is highlighted in the table below.

| Sensitivity | Year 30 Cash | Peak Debt | Year | Year 30 Debt | Min Cash |
|--|---------------------|------------------|-------------|---------------------|-----------------|
| Base | £42.0m | £41.9m | 1 | £2.5m | £3.5m 2035 |
| Base Voids 5% Bad debts 5% (5 Years) | £37.9m | £41.9m | 1 | £2.5m | £-0.4m 2035 |
| Major Repairs + 10% | £10.1m | £41.9m | 1 | £2.5m | £-11.6m 2039 |
| LIBOR 5% Yr. 5 | £40.5m | £41.9m | 1 | £2.5m | £2.7m 2035 |
| Inflation 1% and inflation only rent increase | £1.5m | £41.9m | 1 | £2.5m | £-11.7m 2039 |

| | | | | | |
|--|---------|--------|---|-------|-----------------|
| Major repairs + 10% and inflation only rent | £-27.5m | £41.9m | 1 | £2.5m | £-28.7m 2039 |
| Staff costs +10% | £19.0m | £41.9m | 1 | £2.5m | £-5.2m 2039 |

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.

8. Loan portfolio covenant structures

Our main loan facilities are with three mainstream lenders to the RSL sector, Nationwide Building Society (NBS), The Housing Finance Corporation (THFC) and GBSH. Each lender sets covenants over their lending and we must 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.

GBSH 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.

9. 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 |
| GBSH | Annual Accounts 180 days after year end Quarterly Accounts within 45 days Quarterly Report on MSF refurbishment BP sent to SHR (5YP) | Certified by Principal Executive Officer Including commentary on variances to budgets Details of any changes in the SMT or Governing Body |









Appendix 2






30 Year financial projections



Appendix 3

Key Performance Indicators

The table below provides a detailed breakdown of our performance for 2020/21:

| 1. Key Performance Indicators (KPIs): | | | | |
|--|---------------------------|-------------------------|--|---|
| Indicator | Out turn 19/20 | Target 20/21 | Year to Date April 20 - March 21 | Risk |
| Voids | | | | |
| Vacancies in lettable stock | 10% | 10% | 437 (8%) |  |
| Section 5 Homeless Lets | 30% | 35% | 26% |  |
| Average re-let timescale | 25 days | 23 days | 36.4 days (27 days if discount covid) |  |
| Offers Refused | 27% | 25% | 44% |  |
| Rent & Arrears | | | | |
| Void rent loss | 0.5% | 0.5% | 0.9% |  |
| Gross rent arrears (Current, Former & W/Off) | 6.0% | 5% | 6.1% |  |
| Non-Technical Arrears | 4.1% | 4% | 4.2% |  |
| % of tenants with arrangements. | 44% £779,977 | No Target | 65% £588,966 | |
| Tenancy Sustainment | | | | |
| Tenancies Sustained for more than 12 months | 85% | 85% | 89% |  |

| Indicator | Out Turn 19/20 | Target 20/21 | Year to Date April 20 - March 21 | Risk |
|---|---------------------------|-------------------------|---|---|
| Anti-Social Behaviour | | | | |
| No of Anti-Social Cases received in the year | 128 | No Target | 99 | |
| No of Anti-Social Cases resolved in the year | 123 | No Target | 96 (93%) | |
| Court Action & Evictions | | | | |
| New Court Actions | 39 | No Target | 19 | |
| Court Actions that resulted in Evictions | 15 | No target | 1 (Anti-Social) | |
| Repairs | | | | |
| Average timescale to complete emergency repairs | 3.05 hrs (7242) | 24 hrs | 2.38 hr (8804) |  |
| Average timescale to complete non-emergency repairs | 4.07 days (12,952) | 5 days | 4.68 days (5715) |  |
| Reactive Repairs completed right first time. | 94.02% | 90% | 94.29% |  |
| Gas Safety Certificate Compliance | | | | |
| % with current gas safety certificate | 100% | 100% | 100% |  |
| Properties with gas cert' renewed within 12 months | 100% | 100% | 99.8% |  |

| Adaptations | | | | |
|--|---------|---------|--------------------------|---|
| Applications approved YTD | 9 B/F + | No | 5 B/F + 95 New (4 | |
| Average days taken to complete approved applications | 29 days | 25 days | 16.8 days |  |
| Number of medical | 160 | No | 105 | |
| | | | | |
| Overall Service Level | 91% | 90% | 90% |  |

Appendix 4

Submission to Glasgow North Strategic Development Framework