



ng homes

Business Plan

2022 – 2025

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Introduction

At ng homes the importance of people and community remains as strong as ever. The last two years have been a difficult period for everyone, and we know that the future will be unpredictable with ongoing concerns about the Covid-19 pandemic, the rising cost of living, the impact of Brexit and global conflicts.

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. Our former Chief Executive, Robert Tamburrini retired last year after 28 years of service to the North Glasgow community, and I would like to thank him for all his hard work. I am confident that our new CEO, John Devine, will continue to successfully lead the organisation in ensuring that we deliver customer service excellence in all that we do.

The health, safety and wellbeing of our tenants, residents and staff will be at the heart of the Association over the next three years. We continue to 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. Environmental sustainability is also a top priority, 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, additional money and benefits advice, helping residents to live at home independently for longer or providing people with support to get a job.

We will maintain our focus on achieving good governance. 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.

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. The increase in material and construction costs being experienced has been mitigated up to now by adopting a prudent approach to contract management. It is recognised that this will have an effect going forward and costs are continually monitored to alleviate the impact of any increases and to achieve value for money.

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.

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 shaping the future of North Glasgow. 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 was established in 1976 as a community-controlled housing association, originally formed to protect and improve sub-standard Victorian sandstone tenements in Springburn. The Association has built a strong reputation for serving people and its communities for over 40 years. During this time, it has grown and developed into a well-respected organisation that makes a positive difference to the lives of people in North Glasgow and now provides 5,424 units for social rent, 21 units for mid-market rent and 35 shared-ownership properties. The Association also provides factoring services to 1,275 owner-occupied 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, Office of the Scottish Charity Regulator (OSCR) and the Financial Conduct Authority (FCA). ng homes is an award winning organisation and 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), 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 and Best Practice in Reporting Performance - ng homes Area Committee.

Strategic Direction 2022 - 2025

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 ethos and governance

It is likely that the need for community support services will increase in the aftermath of the Covid-19 pandemic and as the longer-term social and economic impacts become clearer. The effects of Brexit and global conflicts will put further strain on our communities with the costs of living increases not being matched by increases in wages or benefits.

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

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

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 2022

Political Factors

Scottish Government 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 Scottish parliamentary elections in May 2021 though strengthened by their alliance with the Green Party. A further independence referendum may happen which could produce political and economic uncertainty.
- The Scottish Government's main housing priorities at present are affordable housing investment and climate change standards. Funding and subsidy for new development post-2021 has been reduced.
- SG has mitigated the impact of the Bedroom Tax in Scotland over a long period, but its plans to abolish this tax in Scotland have not yet 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

- The UK economy entered recession because of Covid-19. This was harmful for ng homes residents (e.g. unemployment increased sharply) and has resulted in higher tender prices and receiverships in the 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 had been a large fall in output in the economy, but that the disruption would be temporary, and the economy would recover once social distancing measures were

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 three-year 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 higher than the target level of 2% for the next two years. This could change, due to global economic factors and conflict which could push the inflation rates even higher and for longer.

Interest Rates

- Base rates were cut to 0.1% in March 2020, due to the Covid-19 pandemic. Higher inflation together with forecasts that this may continue for a period of years have brought about a reversal with interest rates increased to 0.5% with more increases anticipated. Higher inflation/global economic factors will create pressure for higher rates to become a permanent feature. Some analysts are predicting rates will increase to 2% by the end of 2023. The decade of very low rates appears to be at an end, and we have assumed that rates will rise to 4% by 2028.

Availability of External Funding

- Policy on Housing Benefit/Universal Credit will have the greatest impact on ng homes.
- ng homes refinanced and secured funding for its future needs in 2020. The facility agreed with GB Social Housing PLC (GBSH) provided £19m to meet the costs of planned investment in the stock.

Social and Technological Factors

Covid-19 Pandemic

- The outbreak of Covid-19 and the resulting UK/Scottish Government measures to prevent its spread had an immediate and profound impact on ng homes' residents, employees, services and business management. The impact was minimised by the move towards to remote and hybrid working practices.
- ng homes put in place a range of measures to protect both tenants and staff, while ensuring that we continued to provide as comprehensive a service as possible.
- Steps are being taken to re-open the offices and provide a more normal service augmented by the changes in digital meetings, electronic signing of documents and putting in place video communication channels to allow service users greater flexibility.

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.
- The Scottish Government and other funders channelled funds to combat Covid-19 through community anchor organisations, including ng homes. This raised hopes that a continuing approach to empowering and supporting communities may emerge as part of post Covid-19 policy.
- Opportunities for co-operation was evident throughout the pandemic by the strengthening of existing partnerships and formation of new partnerships.

Technology

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

Legislative and Regulatory Factors

Freedom of Information and General Data Protection Regulation (GDPR)

- ng homes has taken the necessary actions to meet its obligations for both FOI and GDPR.

Building Standards

- The Scottish Government published a new Building Standards Technical Handbook in 2019.
- Following the Grenfell Tower fire, social landlords in Scotland were required to meet the 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 standards.
- 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 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 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 Standard for Social Housing (EESH) by the end of 2020.
- Scottish Government 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 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 Victorian sandstone tenements.

Stakeholder Relationships

The final part of the Strategic Analysis describes ng homes' key stakeholders, 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 • Funders 	<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 residents' groups and specific working groups.

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

The Wider Community

Consistent with our purpose, ng homes has a high level of engagement and maintains productive relationships with many community organisations and volunteers, as follows:

- 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 has a higher profile and a more active role in the community. Key to our approach is staying close to our community by involving local people.

Housing Benefit/Department of Work and Pensions (DWP)

ng homes 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 £42.0million and our principal funders are now Nationwide, THFC, Energy Savings Trust and GB Social Housing. We only have financial covenants with the Nationwide that are tested through our audited accounts.

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.

Scottish Government/Parliament and UK Government/Parliament

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.

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.

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 Sustainability 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 Sustainability 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 ensuring 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 2040 vision for housing. In order to meet the challenges identified in the 2040 vision we will undertake the following:

- 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.

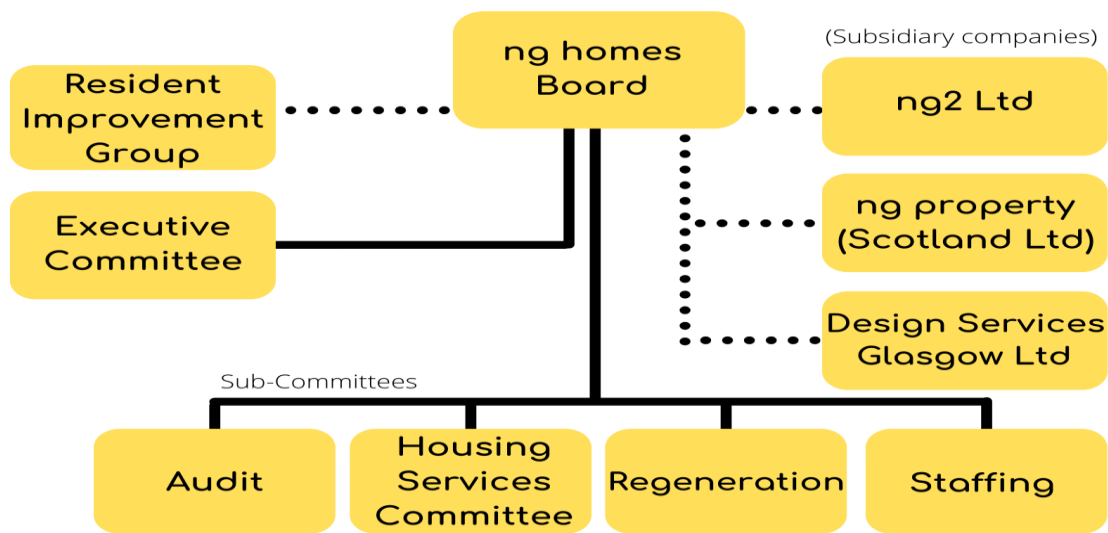
Underpinning our delivery is a commitment to partnership working. Over future years we will build on the good relationships we already have, continuing to work closely with the Scottish Government, Glasgow City Council, Scotlands Towns Partnership, Keep Scotland Beautiful, Scottish Fire and Rescue Services, Glasgow Kelvin College, University of Glasgow, 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.

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 wholly 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 approximately £3.5 million.

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 has now taken on letting of our recently built mid-market rent properties.

Design Services Glasgow Ltd

This subsidiary company acts as agent for new design and build housing, enabling VAT reclaim on consultants' fees.

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.

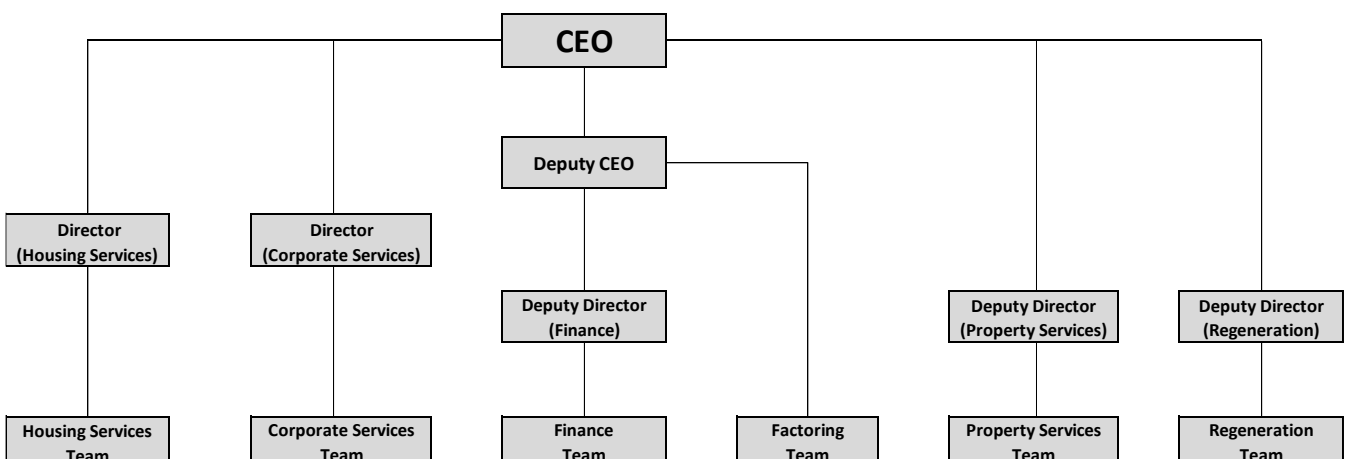
Staffing Sub-Committee - considers staffing and organisational development, training and health and safety matters.

Housing Services Committee - monitors local performance for housing service delivery, estate management, repairs and maintenance.

Staffing Structure

ng homes have one Deputy CEO reporting directly to the CEO. They are supported by directors, depute directors and managers who have day-to-day responsibility for Finance, Factoring, Regeneration, Property Services, Housing Services and Corporate Services.

At 1 March 2022 ng homes had 120.11 (full time equivalent) staff in post, this includes 5.0 staff whose posts are fully funded via external grant support. The ng homes staff are supplemented by 20.7 ng2 (full time equivalent) staff who provide direct services to the Association.



Governance

ng homes is run by a voluntary Board. It has a maximum of 15 places; 9 designated for local community members, up to 5 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 5 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 2021, the Board and senior managers continued the comprehensive self-assessment of our governance framework, which was supported by experienced, independent consultants. This exercise will be reviewed annually in order to produce 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.

Training for the Association's Board carried out during 2021 – 2022 included Recruitment & Selection, Equality & Diversity, Housing to 2040, Climate Emergency and Health & Safety. In addition to core Board training sessions individual Board members also attended training webinars and virtual conferences covering a wide range of related subjects including governance, finance, Housing Charter consultation, chairing skills and treasury management.

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 2022/23 will include other priorities identified from the 2021 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 Covid-19 related restrictions 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. In addition to in person events 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 have embraced the new opportunities for remote training and development.

Business Priorities 2022 - 2025

These business priorities along with operational priorities have been developed in a consultative manner across the organisation, engaging the Board, senior 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.

	2022/23	2023/24	2024/25
Robust Governance			
Governance Framework and Governance Self-Assessment	X	X	X
Risk Strategy		X	
Succession Planning for Board and staff	X	X	X
Options Appraisal for the business			X
Know our tenants and other customers' needs	X	X	
Prudent Financial Management			
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		
Demolition of low demand stock		X	X
Tenants Health and Safety	X	X	X
ESSH 2032 and fuel poverty	X	X	X
Masterplan for Springburn and Possilpark		X	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
Business Improvement District	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, rent affordability, welfare reform, pension deficits, increases in inflation, covenant compliance, tenant safety, the effects of Brexit, the Covid-19 pandemic and global conflict.

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 Covid-19 pandemic brought greater instability and insecurity, disrupting work and education and destabilising incomes. The full impact of the pandemic on the Association, our tenants and other service users will continue to emerge. However, we believe that the scale and the nature of the disruption has been significant and has led to disproportionate social impacts across poorer communities such as ours, which are already affected by substantial social, economic and health inequalities. Rising gas, oil and wheat prices will not help communities already living with poverty.

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 (2022/23 to 2026/27). The planned deficit in 2023 is 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 (component replacement) of £42m over the first 5 years.

<u>Year March</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Net surplus(deficit)	(£1,612,300)	£2,242,900	£2,801,500	£1,519,900	£332,700
Cash balances	£18,221,500	£16,246,200	£15,184,600	£14,531,700	£14,238,000
Loan Balances	£41,276,200	£38,479,100	£35,676,200	£33,064,600	£30,434,600
Investment	£8,847,300	£5,359,200	£5,841,400	£4,640,800	£3,305,900

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 £25.9m is projected to rise above base line inflation rate of 2% in 2023/24 to 2026/27 by 1%. This assumption is to provide additional rental income in future years lost through the pandemic and below inflation rent increase in 2022/23 of 2.9%

Libor is projected to rise to 4% by 2028. Opening cash balance is projected to be £28.1m and loans at £44.1m. 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 and global conflict. The void and bad debts are assumed to be 5% (3% for Bad Debts and 2% Voids), in the first 2 years then 4% (2% Voids and 2% Bad Debts) thereafter. The additional bad debt provision to reflect the possible downturn in the economy.

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 £15.7m. 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. The current fixed rate deal with the Nationwide of 5.37% on loan balances of £4.5m will end on 31 March 2022 and will run on a variable rate plus a margin of 0.37%. There are currently no plans to fix any more loans in the short term.

Our focus in the next year is to complete the energy efficiency work within the multi- storey blocks and generally upgrade them.

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 this high inflationary environment. 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/voids; rent increases below inflation; increased management and maintenance costs; LIBOR 5% and decreased inflation:

Sensitivity	Year 30 Cash	Peak Debt	Year	Year 30 Debt	Min Cash
Base	£45.9m	£41.3m	1	£2.3m	£2.4m 2035
Base Voids 5% Bad debts 5% (5 Years)	£37.8m	£41.3m	1	£2.3m	-£5.5m 2035
Major Repairs + 10%	£15.2m	£41.3m	1	£2.3m	-£9.7m 2039
LIBOR 5% Year 5	£44.9m	£41.3m	1	£2.3m	£1.9m 2035
Inflation 1% and inflation only rent increase	-£9.9m	£41.3m	1	£2.3m	-£9m 2051
Major repairs + 10% and inflation only rent	£-17.7m	£41.3m	1	£2.3m	-£27.1m 2039
Staff cost +10%	£20.7m	£41.3m	1	£2.3m	-£6.7m 2039

Some of the scenarios above would cause significant financial 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 2022/23 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 2022/23, thereafter is profitable for the next 11 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 2022 - 31 March 2027	2023	2024	2025	2026	2027
	£000's	£000's	£000's	£000's	£000's
Total Turnover	27,538.20	28,315.10	29,127.10	29,962.20	30,767.90
Operating Expenditure	-27,525.70	-24,452.70	-24,731.60	-26,886.00	-28,944.20
Operating Surplus/(deficit)	12.4	3,862.50	4,395.60	3,076.20	1,823.70
Interest Receivable	47.1	34.5	31.4	29.6	28.6
Interest and financing costs	-1,671.80	-1,654.10	-1,625.50	-1,585.90	-1,519.60
Surplus before tax	-1,612.30	2,242.90	2,801.50	1,519.90	332.7
Surplus after tax	-1,612.30	2,242.90	2,801.50	1,519.90	332.7

Period: 01 April 2023 - 31 March 2027	2023	2024	2025	2026	2027
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Fixed Assets					
Tangible fixed assets	122,683.40	122,774.50	123,019.20	121,764.80	118,945.70
Investments FA	0.3	0.3	0.3	0.3	0.3
Fixed Assets Total	122,683.70	122,774.80	123,019.50	121,765.10	118,946.00
Current Assets					
Stock					
Trade and other debtors	1,211.80	1,211.80	1,211.80	1,211.80	1,211.80
Cash and cash equivalents	18,221.50	16,246.20	15,184.60	14,531.70	14,238.00
Current Assets Total	19,433.20	17,457.90	16,396.30	15,743.50	15,449.80
Less - Creditors - amounts due within 1 year	-4,778.00	-4,778.00	-4,778.00	-4,778.00	-4,778.00
Net current assets/liabilities	14,655.30	12,680.00	11,618.40	10,965.50	10,671.80
Assets less current liabilities Total	137,339.00	135,454.80	134,637.90	132,730.60	129,617.90
Creditors - amounts due after more than 1 year	-64,763.80	-61,151.20	-57,532.90	-54,105.70	-50,660.30
Provisions for liabilities - Pension provisions	499.6	1,014.10	1,014.10	1,014.10	1,014.10
Net assets Total	73,074.80	75,317.60	78,119.10	79,639.00	79,971.70
Reserves					
Income and Expenditure Reserve	73,074.60	75,317.50	78,119.00	79,638.90	79,971.60
Restricted [and/or Endowment] Reserve	0.1	0.1	0.1	0.1	0.1
Total reserves	73,074.80	75,317.60	78,119.10	79,639.00	79,971.70

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 November 2021, the Association achieved another successful review against the Customer Service Excellence (CSE) Standard and our accreditation is valid until December 2024. This was a comprehensive review with the Assessor meeting staff, customers and members of partner organisations. The review was very positive with 24 areas of 'Good Practice' identified together with 12 areas of 'Compliance Plus'.

The CSE Assessor was extremely positive about the Association in general, he stated "You have become a role model, anchor organisation and catalyst for change, you are well known for your community involvement and development work in addition to Housing Services." The Assessor was very impressed by the way the Association continues to make a positive difference for our tenants and other customers. He specifically highlighted the excellent level of joined up working across the ng group and the strength of partnership working with external organisations. The Assessor confirmed that tenants had provided excellent examples of support and high levels of service and he noted how much staff care about our tenants and other customers and was impressed by the variety of ways they have demonstrated this including innovative approaches during challenging times.

In reference to the level of service being delivered and the value of ng homes' approach to partnership working, the Assessor said "You continue to further develop the 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."

In regard to the Covid-19 pandemic, the Assessor noted "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. You reacted speedily by equipping staff with the necessary IT equipment to enable services to be delivered remotely where possible. You have provided blended solutions and service delivery to provide essential services. Several staff have returned to the workplace working on a hybrid model promoted by the Scottish Government. You will respond to changes in guidance where required and appropriate. Throughout this period, stakeholders confirmed that you delivered your service effectively given the difficult operating environment."

The report also stated, “Your vision statement ‘A community where people can flourish and prosper’ and your mission of ‘to provide quality homes and on-going community regeneration and empowerment’ demonstrates the wider goals of the organisation.”

We always strive to treat our customers with respect and be responsive to their needs and we will continue to focus on achieving customer service excellence. 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 and need. We acknowledge that our customers have different communication preferences, and we ensure that we adopt a blended approach to meet their varying needs. The ng homes App continues to be a success and we continue to develop the ng group website and our social media channels. In addition, during 2021 we also focused on more traditional forms of communication, and we produced spring, summer and winter editions of our North News tenants’ newsletter. This included a range of information from local news features to safety messages and detail on accessing essential services during the pandemic. We will continue to develop a range of communication methods including our social media channels to further 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.

The Association has the Investors in People (IIP) Gold and the IIP Health and Wellbeing Award which had been renamed ‘We Invest in Wellbeing’. Accreditation is in place until 2023 when we will

undertake our next full assessment. In addition to this, we achieved a successful 3-year review of our Investors in Young People (IIYP) Gold in January 2022, and this recognition will remain in place until January 2025. The IIYP Assessor spoke highly of the Association's approach stating, "Conversations provided clear evidence of good practice in the attraction, selection, induction, development, progression and retention of young people." The Assessor added "I found it encouraging to see so many aspects of the employment of young people being done well and I congratulate you on what you and the young people who work for you, are achieving." Overall, it was a very positive review with the Assessor stating "Yours is a learning organisation and this applies to all employees, not just young people. A particularly impressive aspect of this is the way that staff are encouraged to understand other parts of the company, or other organisations, through use of the Two-Day Passport."

The Association remains 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. The Association aims to develop an Employability Strategy including further strengthening partnerships with local schools and colleges to create awareness of the careers available within the housing sector and to provide training and job opportunities to support succession planning. Previous trainees have gone on to permanent positions in ng homes and other organisations. Trainees are provided with comprehensive training which includes 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. Training can also include studying towards a recognised qualification from the Chartered Institute of Housing.

We fully embrace the principles of equality and diversity; the Association is recognised as a Disability Confident Employer. Reaccreditation was achieved in February 2022 and is in place until February 2025. The Association continues to play a key role in supporting under-represented groups in the community in a number of ways including providing support to obtain work experience and employment opportunities. This includes people from the black and minority ethnic communities. In this regard we continue to support and work closely with PATH (Scotland) by providing training opportunities within the Association and have also worked with local groups such as African Challenge Scotland and Glasgow Afghan United 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. 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 included "Activate" a community development training course delivered in partnership with Glasgow University and "Song/Shimmy" which is a regular social event for older residents. Both will be restarted after an interruption caused by the Covid-19 pandemic.

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 Regulatory 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 2021, 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 also have a strong partnership with SFRS (Scottish Fire Rescue Services) and are aiming to host a seconded post again.

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 5,424 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	17.3%
Deck access/Other flats	51	149	101	83	17	401	7.4%
Tenement flats	27	768	1,267	316	6	2,384	43.9%
4-in-a block cottages	0	57	743	160	1	961	17.7%
Houses	0	6	341	327	68	742	13.7%
Total	78	1,338	3,030	886	92	5,424	
% of total	1.4%	24.7%	55.9%	16.3%	1.7%		

From the stock figure of 5,424 there are 83 properties excluded from the letting pool. These are decant properties being held for structural repair and pending an options appraisal on future use. In addition to this, there are 21 units for mid-market rent and 37 sharing owner properties. This figure does not include 3 office premises.

The Business Plan has assumed that 122 properties will be demolished, subject to appropriate permissions. 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 our tenants to live independently. Retirement Housing Officers work from a hub at Hawthorn Street and provide regular visits to each complex. In addition to this, staff can be on site to assist tenants with social activities. Concierge carry out security patrols at each of the complexes out of hours and at weekends.

Particular Needs

We have 44 elderly amenity flats and 22 wheelchair properties 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. As at 31 December 2021, we had completed 97 medical adaptations, which were part funded by a Glasgow City Council grant of £151k.

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	90	26
Mears	60	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 1,275 owners, managing properties and supporting owners. We consult owners in terms of future investment and have a quarterly owners' 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 (Scotland) Ltd.

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 a day, 365 days a year Concierge service that covers our multi-storey flats, providing the following services:

- 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 disinfecting spraying 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, the North Glasgow area includes areas of multiple deprivation with 67% of our tenants either in receipt of Housing Benefit or Universal Credit. 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 worked with the Tenant Participation Advisory Service (TPAS) Scotland to develop a more

comprehensive tenant participation strategy which was approved in June 2021. We are working closely with TPAS to strengthen our Residents Improvement 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 our main priority. 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, we undertook an internal health and safety audit of our multi-storey flats and following the Grenfell tower tragedy in June 2017 we also undertook risk assessments. As a result, remedial works were carried out. We contracted with experienced health and safety consultants, ACS Physical Risk Control Ltd, to conduct updated fire risk assessments throughout 2019 to 2021. 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 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. The system will be designed to ensure the 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 Glasgow Housing Association (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 have a healthy waiting list of just over 3,000 applicants, which is an increase of 1,000 from 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 analyse 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.

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"> • Increase existing levels of owner occupation including alternative use for low demand stock • Analyse areas, streets and closes to ascertain reasons for low demand • Achieve informed investment based on information from Stock Condition Survey and Asset Management Strategy • Extend Retirement Housing into multi-storey blocks 	<ul style="list-style-type: none"> • Complacency /Do Nothing • New Build by other Housing Associations • Investment in low demand housing

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

** Applies to Low Demand Areas, such as Balgrayhill decks and Possilpark tenements.

Based on 2012 figures, the levels of social rented tenancies were above the Scottish average and owner-occupation was below the Scottish average at 65% social rented and 35% privately owned.

Since then, the Springburn and Canal wards has changed across the last decade. The demolition of the Red Road flats together with the Pinkston multi-storey flats that were on the North Bridge site has changed the position. Taken together with another five years of Right to Buy up to the date of its abolition helped to change the position. Based on the 2018 numbers the position had altered to 52.5% social rented and 47.5% privately owned.

Beyond 2018 there is a substantial increase in private and mid-market developments in the area. The North Bridge development will bring 824 owned units and private rented. The redevelopment of the distillery site is resulting in 84 social housing and 500 private units. The Hamiltonhill redevelopment by Queens Cross HA will result in 350 units for sale and 320 for social housing. The redevelopment of the Ruchill Hospital site will result in 403 private units.

Taken together with other developments there has been a significant change in the area with private ownership over 50%. The development of the Keppochhill Park site (bounded by Keppochhill Road, Carlisle Street and Hawthorn Street) which will follow on from North Bridge will further augment the area.

Homelessness

We are continuing to work closely with Glasgow City Council to house homeless households. In 2020/21, we let 111 houses to homeless applicants, which is 26% of our total lets.

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 Government's policy on this key issue. We will take action to mitigate impacts on tenants and our business. On 31 December 2021, we had 1,512 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. This was due to Covid-19 and a period where letting was suspended.
- 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, place making, health and wellbeing, social isolation, community cohesion and capacity building, digital inclusion, challenging poverty and fuel poverty, recycling and environmental impacts, employability, health, education, and physical participation. The Regeneration Department continues to provide a wide range of activities for our residents and the wider community.

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 completed a 49-unit flatted development at Keppochill Road, Springburn, comprising 28 units for social rent and 21 units for mid-market rent, which came off site in February 2022. 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.

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 into 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 seed corn 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. The ballot for the BID area is due to complete in March 2022.

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 awards for work in promoting cultural integration.

Cultural integration has a strategic fit with the New Scots Refugee Integration Strategy. 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 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 achieve this 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
- 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. The National Lottery Community Fund; Supporting, Connecting and Building Resilience of North Glasgow Community is funded for a period of three years. The main elements of this project include maintaining and building on the furniture and furnishing referral service and it also includes a 'wrap around' support model working alongside a wide range of community partners. There is a substantial

amount of partnership involved within this project with an overall partner groups and thematic groups to link in with regeneration themes.

Asset Management Strategy

A major objective for ng homes 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

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 2022 has provided targets for social housing to be EPC Band B by 2022 (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. Additionally, no social housing EPC Band D and below is to be re-let from December 2025. 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. We have implemented 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 2021

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 Covid-19 pandemic has brought greater instability and insecurity, disrupting work and education and destabilising incomes. This economic uncertainty will be exacerbated by ongoing global conflicts. 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.

The full economic impact 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.

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 economic challenges. 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

The International Monetary Fund (IMF) has recently warned that the Covid-19 pandemic is set to bring long-lasting damage to the UK economy. Their forecasts showed that while most advanced nations would return to the economic growth expected before the pandemic struck, Britain's economy would still be 3 per cent smaller in 2024. The IMF predictions are consistent with forecasts from the Institute for Fiscal Studies and Citigroup.

In its November policy statement, the Bank of England said it expected consumer price inflation to reach 5% next year, well above the 2 per cent bank target and then to fall back. This now seems to be optimistic with global conflict expected to push inflation to over 8% with the prospect of these rates being embedded longer in the economy.

Much of the recent rise in UK inflation has stemmed from higher energy costs, the increasing costs of imported goods, as well as international commodity prices, which are now expected to last longer as the prices of oil and gas continue to rise to record levels. We will have to monitor the inflationary effects going forward and adjust our costs when necessary. The major challenge for all RSLs is that

repair costs appear to be rising well in excess of the published rate of inflation and this will have to be reflected in our future projections.

But the magnitude and duration of the inflation spikes is proving greater than expected and this is now pointing to an interest rate rise sooner than previously thought. Traders are betting on interest rates rising from the current level of 0.5 per cent to 2% per cent by the end of 2022.

3. Asset Management

We are a property business that owns 5,424 homes for social rent and 21 for mid-market rent. 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.

It is essential that the performance of existing assets continues to be effectively monitored and managed. We will be updating our asset management module in 2022/23 with the aim of assessing which schemes are making an appropriate level of return.

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 ng homes houses 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 ng homes' objectives.
4. Protecting and enhancing income streams by ensuring properties continue to meet customer expectations.

The revised strategy will assist us in:

1. Compliance 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 Board throughout the year.

The strategy 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.

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
5. Disposal on the open market.

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

4. Rent Restructure

Most of our homes have been acquired through stock transfers in 2001 (Scottish Homes) and 2011 (GHA), which has led to rent inconsistencies across our homes. Simplicity and ease of understanding is critical in ensuring that tenants fully understand the rent setting process. We will review this issue in 2022/23.

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.

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:

- Global conflict
- 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 years 1 to 5 and then 2%. Voids 2%. The void rate for the Association for the year to March 2021 was 1.3% and the bad debts write off was 1.3% of the rental income.
- Cost uplifts above inflation of 0.5% in the long term for all maintenance and salary costs
- In 2023/24 salary and maintenance costs are assumed to increase by 5% above inflation and in 2024/25 increases of 1% above inflation.
- Interest rates rising to 4%

6. 5 year and 30-year financial plans

Our 5-year financial projections show us generating the following results for years 1-5 (2023 - 2027). 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 March	2023	2024	2025	2026	2027
Net surplus/(deficit)	(£1,612,300)	£2,242,900	£2,801,500	£1,519,900	£332,700
Cash balances	£18,221,500	£16,246,200	£15,184,600	£14,531,700	£14,238,000
Loan Balances	£41,276,200	£38,479,100	£35,676,200	£33,064,600	£30,434,600

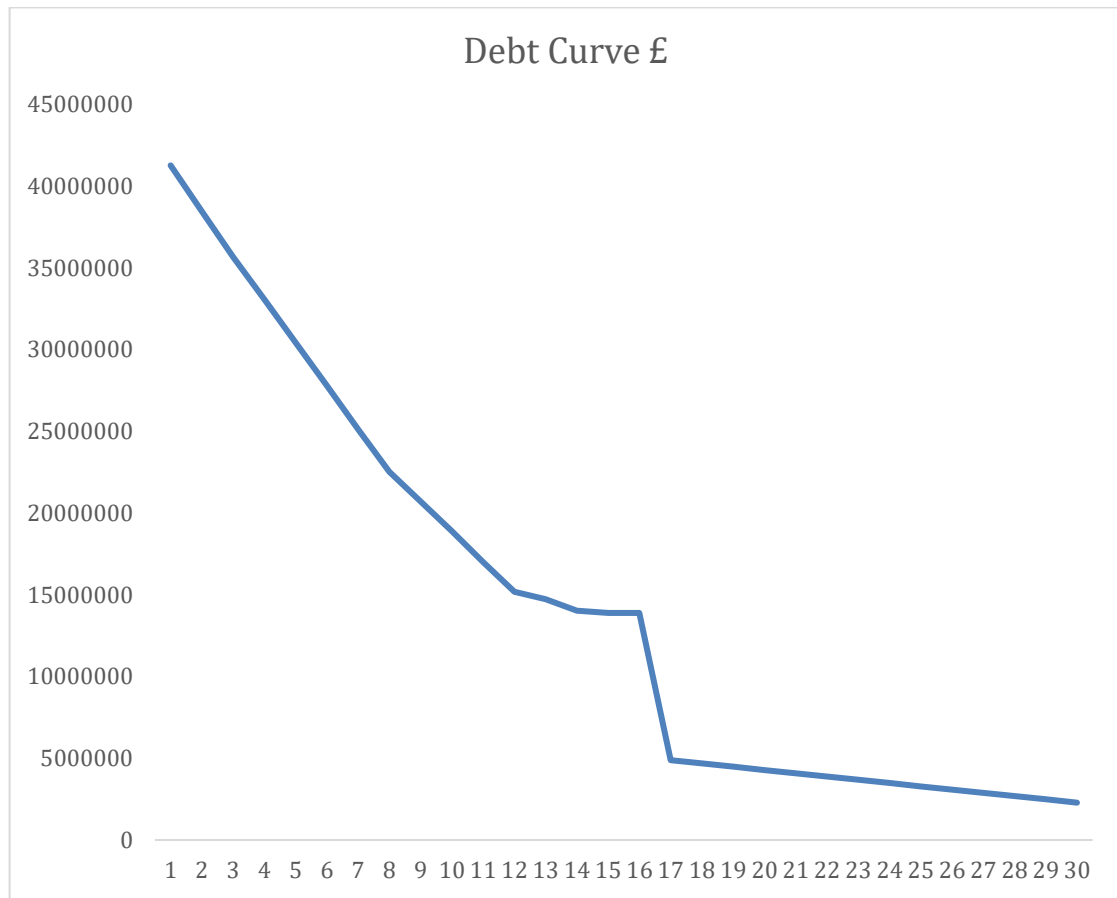
Our 30-year projections indicate that we are viable in the long term and fully compliant with current lending covenants and loans repaid within the required term. A summary of our key financial assumptions is set out below:

Summary of Financial Assumptions for Business Plan

Key Assumption	Business Plan 2022/23
Opening stock	5,396
New build units social rent	28
Demolitions 2022-2023	122
Average rent	£4,821 per unit
Annual rent increase	+ 1% year 2 to year 5, +0.5% till year 9 then inflation only increases (2%) years 10-30
Void loss/bad debt	3% Voids; 2% bad debts Years. 1 to 2 2% Voids; 2% bad debts Years. 3 to 30
staff costs	£5.351m year 1 with 5% uplift above inflation in yr. 2 and 1 % above inflation in year 3, then uplifts of 0.5 % above inflation.
Pension deficit provision	£500k per annum (2 Years)
Planned maintenance	Average spends per year £6.6m with 5% uplift above inflation in year 2 and 1 % above inflation in year 3, then uplifts of 0.5 % above inflation.
cyclical maintenance	£1.961m years.1 -30;+ 5% (above inflation) cost Year 2 +1% cost growth Y3 +0.5% Y 4 to 30
reactive maintenance	£3.148m years. 1-30: + 5% (above inflation) cost Year 2 +1% cost growth Y3 +0.5% Y 4 to 30
Opening loan balance	£44.1m
Opening cash at bank	£28.1m

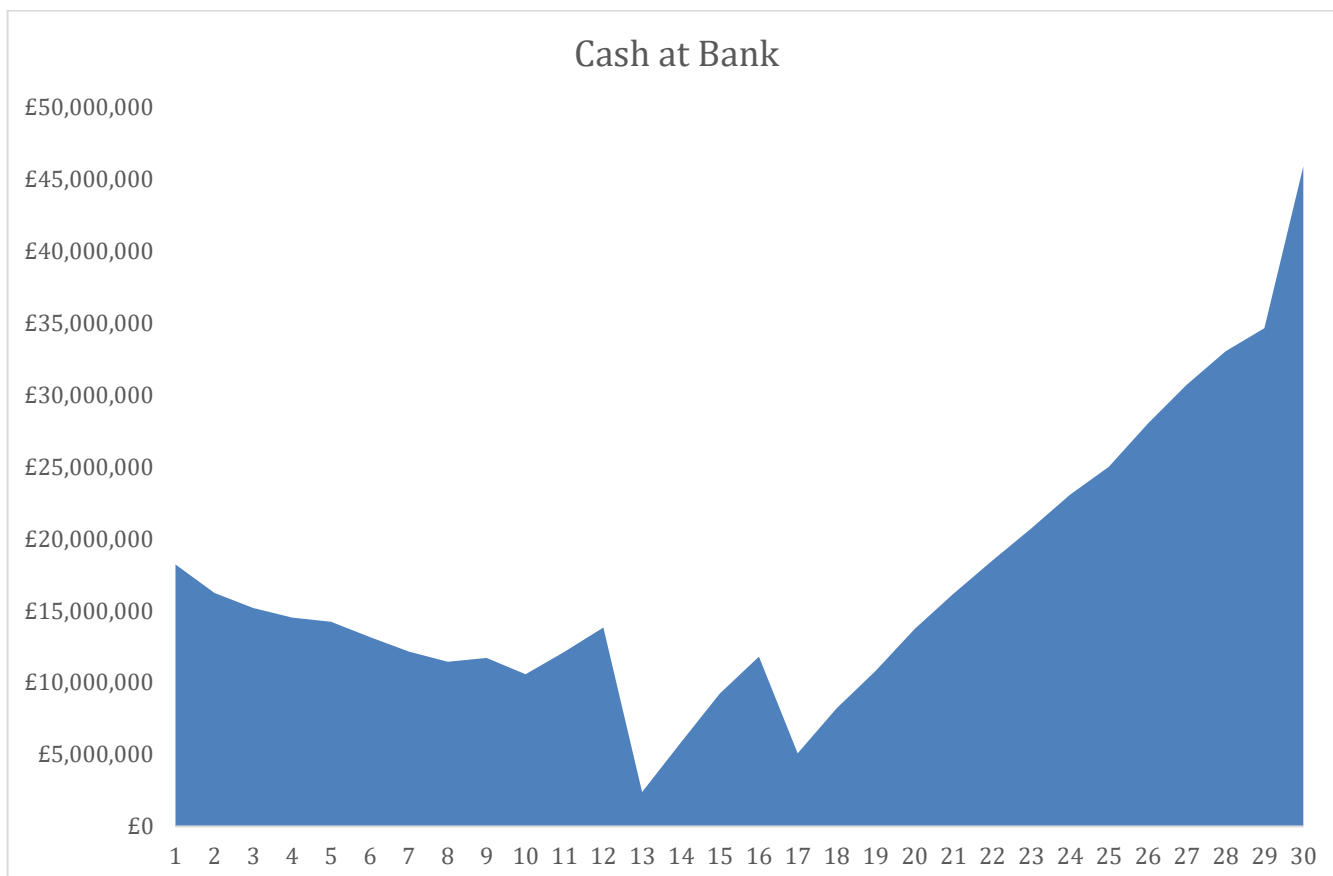
LIBOR	Rising to 4% by year 6
Annual inflation rate	2% Year 2 to 30

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



The current loans with THFC will be repaid by year 8 and NBS by year 12. The debt curve above illustrates the bond finance secured last year being repaid by year 17 of the plan. A loan balance of £2.3m 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 £15.7m. The lowest cash balance is £2.4m in 2035. There is a provision that year of £15.2m 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 the current 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	£45.9m	£41.3m	1	£2.3m	£2.4m 2035
Base Voids 5% Bad debts 5% (5 Years)	£37.8m	£41.3m	1	£2.3m	-£5.5m 2035
Major Repairs + 10%	£15.2m	£41.3m	1	£2.3m	-£9.7m 2039
LIBOR 5% Year 5	£44.9m	£41.3m	1	£2.3m	£1.9m 2035
Inflation 1% and inflation only rent increase	-£9.9m	£41.3m	1	£2.3m	-£9m 2051
Major repairs + 10% and inflation only rent	£-17.7m	£41.3m	1	£2.3m	-£27.1m 2039
Staff cost +10%	£20.7m	£41.3m	1	£2.3m	-£6.7m 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







This is contained in a separate document (attached)

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%	5.86%	
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%	
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%)	

Indicator	Out Turn 19/20	Target 20/21	Year to Date April 20 - March 21	Risk
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	2.63 hrs (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 certificate renewed within 12 months	100%	100%	99.8%	
Adaptations				
Applications approved YTD	9 B/F + 145	No Target	5 B/F + 95 New (3 Cancelled)	
Average days taken to complete approved applications	29 days	25 days	16.8 days	
Number of medical adaptations	160	No Target	105	
Overall Service Level				
Overall Service Level	91%	90%	90%	