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## Business Plan 2022-2025

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# Introduction

***This business plan is our core strategic document and sets out our priorities to May 2025. We review and update our plan annually and this version was approved by our Board in November 2023.***

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## Extraordinary Times

This business plan was developed during a period of significant global change affecting our customers, communities and country. The impact of the Coronavirus pandemic has already changed how we work and how we design and deliver our services. In such a fast-moving context it is difficult to predict the future, never mind make solid plans. In recognition of this, we have decided to limit this business plan to 2025, after which, we hope to reveal our longer term vision and goals.

## Purpose of the Business Plan

We produce a business plan for several reasons, most notably to:

- set out our ambitions and map our journey towards achieving these;
- demonstrate we understand the challenges we face;
- provide a strategic context for our operational plans and supporting strategies;
- confirm our strategic priorities and the specific actions we will take;
- demonstrate we have the resources necessary to carry out these actions;
- identify and mitigate any risks we may face; and
- provide a framework to monitor our progress and measure our success.

## Informing our Plan

In developing this business plan, we have taken account of:

- business planning guidance published by the Scottish Housing Regulator;
- our most recent tenant satisfaction survey results;
- our performance against the Scottish Social Housing Charter;
- key stakeholders' published plans (including Housing 2040);
- our existing commitments to our tenants, employees and others;
- our updated 5 and 30 year financial projections;
- the impact of the Covid pandemic; and
- a series of internal business planning workshops and discussions.

# Section 1: About Us

*We are a high-performing, volunteer-led, Registered Social Landlord operating in Paisley, Scotland's largest town. We currently own 1,306 homes, factor a further 285 homes, employ 40 staff and have an annual turnover of around £8.0 million. 2024 sees Paisley HA in business for 40 years.*

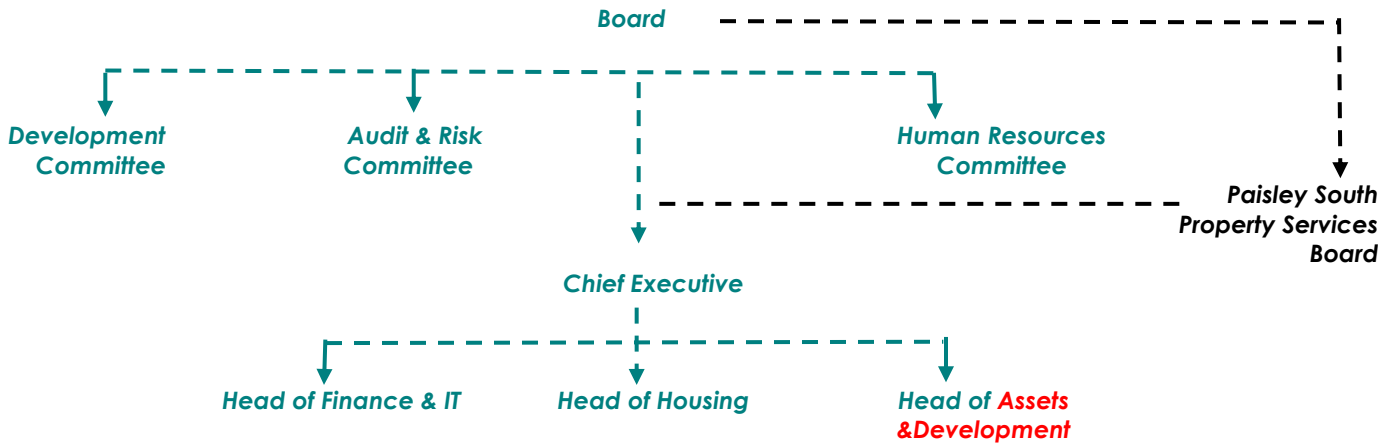
## Our Origins

We can trace our origins back to May 1984, when Paisley South End Housing Association was set up by a local steering group to focus on the renovation of the South of Paisley. The purpose of the Association at that time was the comprehensive rehabilitation of tenemental property. It was not until 1993 that our first new build homes were completed. In 1998, after several years of negotiation, former Scottish Homes properties in Foxbar were transferred to us.

In 2016, we changed our name to Paisley Housing Association to reflect our steady growth and focus on a wider area. Today, we continue with the tradition of improving tenemental properties, building new homes and delivering a wider range of housing and support services.

## Our Structure

We are registered under the Co-operative and Community Benefit Societies Act 2014. We are a registered social landlord (RSL) regulated by the Scottish Housing Regulator to ensure we deliver good performance for our tenants and fulfill our legal and regulatory duties. We are also a registered Scottish charity, regulated by the Office of the Scottish Charity Regulator to ensure we deliver on our charitable purposes and deliver public benefit. We have adopted the SFHA Charitable Model Rules (Scotland) 2020. We have one wholly-owned subsidiary **Paisley South Property Services** established in 2004, which delivers our Factoring Services.



Our Board sets our strategic direction, oversees how we deliver and resource our business plan, and ensures high standards in our operational performance. We can have a maximum of 15 Board members at any one time (we currently have 11); all of whom are unpaid volunteers. Our Board benefits greatly from having a mix of tenants, residents and individuals with a wider interest in social housing. Our Board works to an agreed Code of Conduct and participates in an annual Board Review to inform our Board training and succession plans and ensure ongoing effectiveness.

Our staff team currently comprise 40 posts, led by our Chief Executive and a Senior Management Team of 3 staff.

## The Board and PSPS agreed our Business Objectives for PSPS

- Provide an excellent Factoring Service.
- Ensure an efficient response to Customer requests
- Maintain standards above and beyond those of a commercial Factor.
- Maintain a vested interest in the properties factored by PSPS.

## Our Homes

We own and manage a diverse property portfolio of traditional, multi-storey and tenemental buildings reflecting our history of acquisitions, stock transfers and newbuild. Our properties are located in 5 main areas; town centre, west end, south, Foxbar and Glenburn. Around 85% of our properties are flats and over 90% are designated for general needs. We currently invest around £1m annually maintaining our properties and as a result 88% now meet the Scottish Housing Quality Standard while 83% meet the Energy Efficiency Standard for Social Housing. 84% of our tenants tell us that they are satisfied with our repairs service.

Looking ahead, we have plans for another 100 new homes and recognise the significant challenges of meeting enhanced energy standards (EESSH2) and net zero, continuing to safeguard tenants safety, addressing the deterioration of our 100+ years' old sandstone tenements, meeting many households' preference for houses rather than flats, and adapting our homes to suit tenants' changing needs.

## Development

At our Business Plan Review Day in May 2023 the Board discussed the future of development. Conclusions

- PHA still has the desire to build new homes and sees this as the primary function of the Association.
- Developing should not be at the detriment of our existing stock.
- Bringing back empty homes or homes from the private rented sector should be considered strategically.
- Given all the associated risks with development a full risk assessment should be carried out on each new development being considered.

## Our Track Record

We have a strong track record as a high-performing housing association and are well-known for our collaborative, and often innovative, approach to joint working especially as founding members of FLAIR (the Federation of Local Housing Associations in Renfrewshire and East Renfrewshire) and iFLAIR (a collaborative procurement consortium). Some highlights of our recent achievements include:

- Achieving high performance across key business areas despite the disruption of the pandemic;
- High levels of compliance with current housing quality and energy efficiency standards;
- Completing 46 new homes in Glenburn and Westerfield;
- Retaining the cooperation of all 285 Factoring customers during the pandemic;
- Securing £120,000 to establish an innovative 3-year homeless prevention project;
- Supporting over 400 tenants to access financial support and backdated benefits
- Distributing almost £60,000 in our community through various hardship funds
- Providing ipads and digital support to vulnerable households;
- Installing a new modern and integrated housing management IT system; and
- Refurbishing and moving to new offices during the pandemic.

## Section 2: Context

*In developing this business plan, we assessed our operating environment to ensure we remain responsive to the needs of our customers and the ever-changing context.*



### Our Communities

We operate within the town of Paisley, Renfrewshire, lying some 7 miles west of Glasgow and boasting a rich history and built heritage.

With a population of around 77,000 Paisley is Scotland's largest town. Like much of Renfrewshire, the town has an aging population, lower than average incomes, an average household size of just over two people, and pockets of both affluence and deprivation.

Like the rest of Scotland, most people live in owner-occupied housing (with 29% in social rent and 10% in private rent) where house prices remain well below the Scottish average (partly due to the high proportion of flats).

## Local Housing Strategy

Renfrewshire's new *Local Housing Strategy (2023–2028)* has five strategic priorities:

1. *The supply and delivery of housing is increased across all tenures to meet the housing needs of different groups and create attractive and sustainable places;*
2. *People live in high quality, well managed homes in sustainable neighbourhoods;*
3. *Address the challenges of climate emergency, delivering homes that are warm, energy efficient and fuel poverty is minimized;*
4. *Preventing and addressing homelessness with vulnerable people getting the advice and support they need;*
5. *People can live independently for as long as possible in their own home and the different housing needs of people across Renfrewshire are being met.*

Renfrewshire's *Strategic Housing Investment Plan* for 2024-2029 and expects to invest £17m annually to support the provision of new housing aligned with the priorities set out in the *Local Housing Strategy*. Our Comprehensive Tenement Improvement project at Orchard Street is included in the Council's investment plan with a start on site anticipated January 2024.

## Poverty & Welfare Reform

UK changes to welfare policies continue to have a significant impact on the housing sector in Scotland. In Renfrewshire, 24% of children live in households experiencing poverty. Whilst the Scottish Government continues to mitigate welfare reforms with investment of around £100 million a year through the Scottish Welfare Fund and discretionary housing payments, many households increasingly find it harder to pay their rent and make ends meet. Last year, Citizens Advice found that more than a third of Scots reported that their fuel bills were unaffordable. This situation is currently being exacerbated by further, sharp rises in fuel and energy prices.

## Economic Outlook

It is hard to remember a time of greater economic uncertainty. With increasing job uncertainty and increasing costs, businesses and household incomes are coming under increasing pressure. At the same time, public bodies urgently seek ways to balance their books which for many may mean reducing services and a refocusing of priorities. Nonetheless, the recently updated Glasgow City Region Economic Strategy (Dec 2021) sets out priority actions to deliver on a vision that by 2030, Glasgow City Region will have the most innovative, inclusive and resilient economy in the UK.

## Political uncertainty

Whatever the outcome of further national and local political changes, the Scottish Government, through its *Housing to 2040* route map, has committed to deliver a further 110,000 affordable, energy efficient homes over the next 10 years with at least 70% of these for social rent.

## Climate change

Following COP26 in Glasgow in Nov 2021 we are all more aware of the scale of the challenge facing us and the need to focus on mitigation, adaptation, finance and collaboration. Registered Social Landlords are keen to play their full part in helping to achieve Scotland's ambitious carbon reduction targets and are currently preparing for the introduction of the new energy efficiency standard (EESH2) estimated to cost the sector some £2billion by 2032.

## Section 3: Strategy

*Our business strategy provides an over-arching framework to help us articulate our ambitions, steer our course, maintain our pace and ensure we deliver the performance standards set by our Board. Due to the ongoing pandemic and economic uncertainty, we have prepared a short-term, focused strategy.*

### Mission

Our mission is three-fold:

- 
1. *Providing a high-quality, safe & affordable home environment for those in need.*
  2. *Providing effective services to help our tenants maintain their tenancies.*
  3. *Providing opportunities to ensure the voice of our customers is heard.*
- 

Our mission sets out our purpose and explains why we exist. These three distinct, but interlinked, dimensions show the importance we give to:

- **home** - and the contribution this makes to personal and community wellbeing;
- **stability**- the value of a safe and secure home environment to individuals and families;
- **control**- customers having a say in how their homes and environments are designed, managed and maintained.

### Strategic Direction

We have gone through many phases in our 40 years' journey, each influenced by a series of internal and external factors. We recognise the need to continually adapt and improve and are mindful of the current operating context and the significant challenges this creates for us and our communities. We therefore view this next period as primarily one of **adjustment** and **improvement**. We recognise that this is not the time for expansion or taking unnecessary risks. Instead we see the next as a time to adjust to the impact of the pandemic, embed new ways of working, address some areas where we have experienced slippage in our workplans, reassess how our communities' and customers' needs and expectations are changing, and build on our successful partnership working to maximise our impact. As well as embedding the views of a new Chief Executive.

### Remaining Independent

A key element of our business planning process is exploring whether we can continue to best serve the interests of our current and future tenants by remaining an independent housing association, or whether it would be better, say, to merge with another registered social landlord. After considering the merits of various options in the context of our current operating environment and challenges, our Board remains confident that we can deliver on our mission and fulfil our duties and obligations to our tenants as a fully independent organisation.



## Strategic Objectives

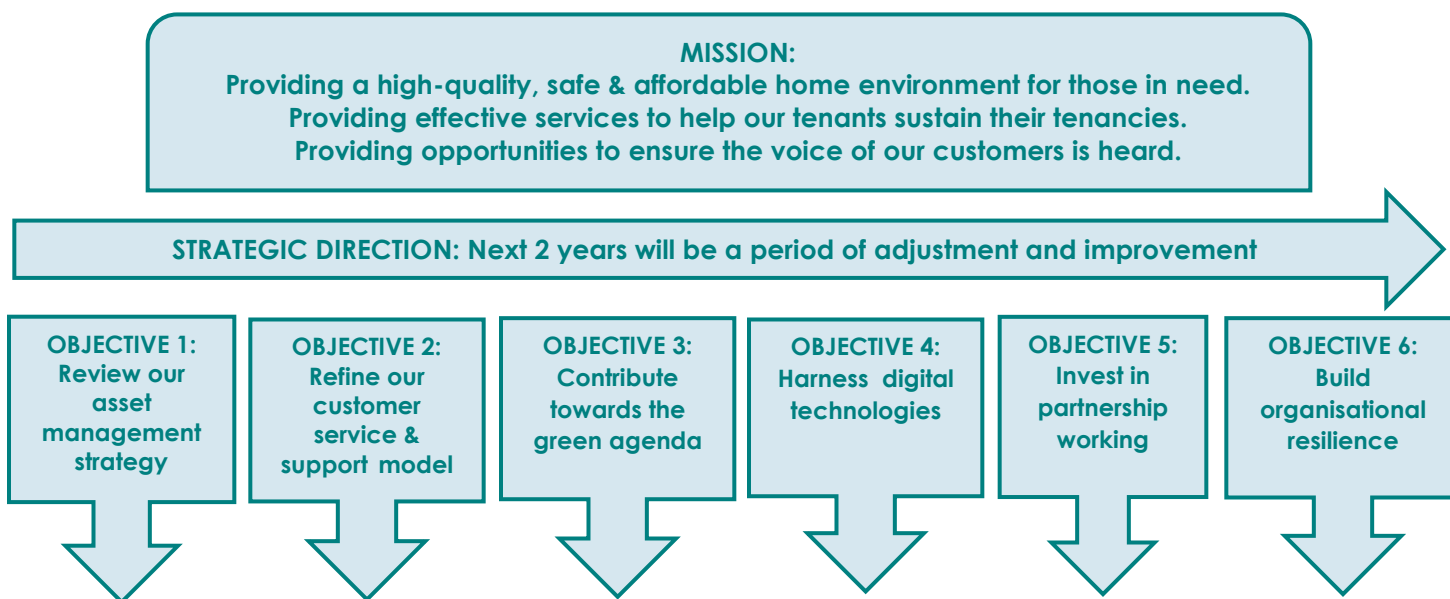
We have revised our strategic objectives to ensure we remain focused on working towards our overall mission and our intention to adjust and improve our organisation over the next 2 years. All our activities will be aligned to delivering these six specific and cross-cutting objectives with agreed outcomes and targets to help our Board measure our progress.

We recognise that these objectives include both outwards-looking and inwards-looking objectives. The outwards-looking objectives (nos.1-3)are focused on making a positive impact on our customers, wider community and ultimately the planet while our more inwards-looking objectives (nos.4-6)are about us strengthening our organisation and services. Our six strategic objectives for the next 2 years are:

1. *Deliver our asset management strategy*
2. *Refine our customer service & support model*
3. *Contribute towards the green agenda*
4. *Harness digital technologies*
5. *Invest in partnership working*
6. *Build organisational resilience*

## Strategic Framework

Together these different components form our strategic framework:



## Section 4: **Priorities**

*We have determined our strategic priorities for the **next 2 years** in terms of how we will deliver on our mission and strategic objectives. We will monitor this through our Strategic Delivery Plan (see appendix). These priorities and targets will flow down into our operational and team workplans.*

### **Strategic Objective 1: Review our Asset Management Strategy**

We already have a comprehensive Asset Management Plan in place. However this now needs to be brought up to date following our recent stock condition survey and changes in our operating environment. We will take the opportunity to clarify our development, investment, adaptation, acquisition and disposal strategy in the context of Renfrewshire Council's updated *Local Housing Strategy*, the requirements of EESSH2 and other regulatory changes, as well as the changing needs and aspirations of our current and future tenants.

Meanwhile, we will continue to invest in maintaining our properties to a high standard, ensuring tenant safety at all times. We already have plans in place to catch up on work delayed as a result of the pandemic as well as moving forward on our cyclical and planned maintenance programmes. These next two years will see us investing around £3m to replace components such as kitchens, bathrooms and windows. As well as looking to find a renewable heating solution to some of our stock and addressing affordable warmth for our customers.

We will also continue to offer a high quality Factoring Service via our subsidiary. Our customers are mostly owners of flats adjacent to our own and in 18 closes, we are the minority owner. Their co-operation is therefore essential for ongoing maintenance and meeting higher energy standards. Currently we provide this service to 287 customers (35% are owner occupiers and 65% private landlords) and expect this number to remain relatively stable over the next 5 years. We have reviewed our Buying & Selling Strategy to pro-actively take advantage of the ROTS (Rent of the Shelf) Scheme focusing on the purchase of houses and taking PHA into majority owner in closes we are likely to be blocked on future maintenance costs by existing owners.

Our focus is not only on our homes, but also on local neighbourhoods. The recent pandemic has demonstrated just how important it is to personal wellbeing that we all have access to outdoor, green space. Ensuring that our estates are well-maintained, attractive and safe is therefore an integral part of our role as an effective social landlord. Although 96% of our tenants are satisfied with our contribution to the management of their neighbourhoods, in an effort to do more, we will continue to roll out our environmental strategy.

We recognise that as we move forward, we will need to address the particular challenges of the new climate change targets, the natural deterioration of our sandstone tenements, changes to our communities' needs and expectations, rising costs and the resulting pressure on rent levels, and the competing demands for grant funding from other organisations.

Over the next 2 years, we will:

- Prioritise investment in our current properties and neighbourhoods to maintain high standards;
- Continue to provide an effective Factoring service via our subsidiary;
- Review and update our Asset Management Strategy (including planning for the introduction of SHNZS);
- Commence our CTI in Orchard Street
- Embed our new staff structure and service level agreements;
- Work with Renfrewshire Council to consider the options for our existing land bank;
- Continue to ensure our existing office space is maintained and used effectively
- Collaborate with FLAIR partners to develop an effective procurement framework.
- Ensure Tenant and Health & Safety is our priority

## **Strategic Objective 2: Refine our Customer Service and Support Model**

We already deliver a range of services which include all the usual functions offered by a high-performing social landlord as well as some important additional services designed to help our tenants sustain their tenancies (e.g. Energy Advice and Welfare Benefits services). 95% of our tenants tell us that they are satisfied with these services.

Two thirds of our homes are in areas categorised as the 12% most overall deprived in Scotland. Over the past few years we have witnessed the increasing vulnerability of many tenants with some experiencing complex and multiple issues. Sadly, for some households, the recent impact of the pandemic has served to worsen their situation. We are also acutely aware of changes in the support available from other organisations, no doubt due to the challenges they face in meeting high levels of demand with limited resources. All of this means that we expect the pressure on our housing and support services to continue to increase. Despite our Housing Officers having a designated role to assist in sustaining tenancies, we know that we cannot address these complex issues alone. Working closely with our tenants and other support agencies to develop practical solutions will be critical to improving on our 90% tenancy sustainment rate.

Enshrined in our new mission is our desire to engage effectively with our customers. Our most recent tenant survey was in 2022 and we were obviously pleased to hear that 85% (a reduction from 99% in 2019) of our tenants were satisfied with the opportunities we offered them to participate. Understandably, the 2 years prior placed severe limitations on participation and we are therefore keen to re-engage with all our customers (tenants and factored owners) seeking opportunities for dialogue, feedback and insight.

As we develop our understanding and response to our customers' changing needs, we will take the opportunity to review and refine our customer service and support model. This is likely to include new ways of working, developing our skills, enhancing our partnerships, and ensuring the ongoing sustainability of our services.

Over the next 2 years, we will:

- Review our model of support to ensure it continues to benefit tenancy sustainment;
- Identify the gaps in our services and explore options to fill these;
- Collaborate with others to enhance the support services available to our tenants;
- Continue to support specific measures to enhance community resilience;

- Increase the digitisation of our services where appropriate;
- Embed our new staff structure to ensure we have appropriate skills and experience;
- Deliver our Customer Engagement Strategy; and
- Strengthen our approach to using customer data and insight to shape our services.

### **Strategic Objective 3: Contribute Towards the Green Agenda**

In 2020, the Scottish Government declared a climate emergency and committed to a range of far-reaching targets. Their approach was supported by the 2020 Scottish Household Survey which found that 80% of adults agreed that climate change is an immediate and urgent problem. For us, the new Heat in Buildings Strategy sets out Scottish Government's wider vision while the recommendations of the Zero Emission Social Housing Taskforce will help us shape our own response to providing cleaner, greener and easier to heat homes.

We know that many of our tenants already struggle to afford their heating costs and regrettably, fuel poverty is likely to worsen. We will continue to provide our highly successful Energy Advice Service (supported by the Energy Savings Trust) offering customised support to individual tenants. We also know that given the opportunity, some tenants would choose to move from our tenemental flats in preference for main door, newbuild and more energy-efficient housing. So reconfiguring some properties to better suit changing needs and expectations is likely to be a key part of our asset management strategy.

We will also explore how our business processes and ways of working could be further reconfigured to reduce our impact on the environment. We expect our recent investment in ICT and support for flexible and hybrid working to reduce our energy, material and transport costs and waste. We also recognise partnership working and sustainable procurement as opportunities to promote efficiencies, reduce waste and help us to move towards net zero.

Like many others, we do not underestimate the challenges here, but we are fully committed to playing our part in helping Scottish Government meet its ambitious targets in a way that ensures a just transition.

Over the next 2 years, we will:

- Introduce a corporate-wide approach to reducing our carbon footprint;
- Review and update our Asset Management Strategy (including planning for the introduction of SHNZS); Partnership work with other RSL's in developing longer term net zero and affordable warmth investment fully costed investment strategies.
- Review our Design Guide to ensure we future proof all new homes for net zero;
- Continue to provide an Energy Advice service to our tenants and seek opportunities to enhance our support where possible;
- Explore the potential to enhance our sustainability skills via a service level agreement; and
- Continue to promote sustainable procurement.

### **Strategic Objective 4: Harness Digital Technologies**

During the pandemic, we have seen the digitisation of services within the sector increase at a pace beyond what most could have reasonably anticipated. Crucially, digital methods

provide an opportunity for tenants to access services directly, often at a time of their own choosing and without the need for face-to-face contact. Self-service also allows some services to be tailored to the individual, providing tenants with opportunities to choose from a menu. Like others, we are keen to harness the growing potential of digital technologies and will be launching a new tenants portal later this year.

We know that whilst this approach will be attractive to many households, we also know that not all households have access to reliable internet access or digital skills. We are keen to address this through our ongoing commitment to SCVO's Digital Participation Charter and our efforts to build essential digital skills. Nonetheless, digital services will always be just one method of engagement and service delivery for us. For those preferring in-person, telephone or written communication, then we will continue to offer a choice as part of our seamless approach.

Over the next two years, digitisation will also continue to take place behind the scenes, helping our staff and Board members to work more effectively and efficiently. We are committed to continuing to invest in appropriate, innovative technologies to support both customer-facing services and back-office functions. We have invested in an integrated housing management ICT system and successfully adopted hybrid working practices, having had the benefit of moving to new, well-designed offices.

Over the next 2 years, we will:

- Review our ICT Strategy to support customer expectations and organisational resilience;
- Ensure that we utilise the full capability of our new CX software;
- Review the effectiveness of our website, making improvements as required;
- Introduce a new tenants portal;
- Continue to support flexible, hybrid working; and
- Continue to develop the digital capability of our staff and Board members.
- Ensure cyber resilience across the organisation

## **Strategic Objective 5: Invest in Partnership Working**

We have a long history of successful partnership working including collaborative projects, joint funding bids, joint procurement, joint training and adopting the Renfrewshire common allocation policy. Together these have helped us to improve our performance, increase our impact, pull our resources, offer cost savings and efficiencies and improve key stakeholder relationships.

Looking forward, we remain committed to collaboration and partnership working and expect to see this strengthen over the next two years. Our main vehicle for partnership will continue to be FLAIR. Now over 25 years old, the partnership has gone from strength to strength and has spawned several successful initiatives including the FLAIR Academy (which offers a joint approach to Board recruitment and induction) and iFLAIR (which offers a joint approach to procuring a planned and cyclical maintenance contract). We will continue to support and invest in these important initiatives.

We will also continue to look for opportunities to collaborate with other organisations to add value to our services. Our recent success of our tenancy sustainment project has led us to make this a permanent feature within PHA.

**We also will continue to utilise service level agreements to buy in additional skills or services in a more cost-effective way. Currently we buy development services from another RSL and expect to see this continue over the next 2 years. We will also explore the potential to draw in other skills (e.g. sustainability) to help us meet our objectives.**

Over the next 2 years, we will:

- Independently review our collaborative approach within existing FLAIR;
- Work with others to secure additional resources for our most vulnerable tenants;
- Identify new partners who can assist in the achievement of our objectives;
- Continue to utilise service levels agreements to buy-in additional skills and or services; and
- Explore longer-term, strategic partnerships (e.g. new homes or new technologies).
- Develop the opportunities we have identified to share services within FLAIR

## **Strategic Objective 6: Build Organisational Resilience**

Over the past two years, our Board has closely monitored our performance and financial position to assess the impact of the pandemic on our business and through careful management we have successfully maintained our stability and resilience. We recognise that some activities had to be put on hold and that we still have work to do to catch up on these. Nonetheless, we are also mindful of the toll the past two years has taken on our staff and so our strategy of adjustment and improvement will help us to bring focus to these next two years in an effort of alleviating some of these recent pressures. Our Board are quite clear that this is not the right time for us to seek to expand our activities but is instead a time for cautious optimism but also prudence.

We have already made changes to our staff structure and will see these embedded over the next two years as we adjust to hybrid working. These changes will also help us to strengthen our approach to succession planning as we prepare for the likely retirement of our Chief Executive. Our approach to Board succession planning is also under review as the potential of hybrid Board meetings allows us to widen the search area for additional Board members. Whilst we will always seek to ensure a strong local presence on our Board, being able to recruit additional members who bring particular, specialist skills or knowledge can be helpful.

Our recent responsiveness and agility has given us the confidence to bring forward our plans for enhanced digitisation which will facilitate not only enhanced communication and customer self-service, but also more effective and efficient working. This enhancement requires us to have robust measures in place to maintain effective cyber security and this will be one of our key priorities going forward.

As material, labour and energy costs continue to rise, we expect to see increasing pressures to ensure our rents remain affordable. As we move into 2024/25 with a 5.5% rent increase as well as an increase in our services charges, our Board are keen to see this post-covid period deliver tangible service improvements and operational efficiencies to ensure we continue to

offer value for money to our tenants and factored owners. Continuing to strengthen our assurance and reporting systems will be an important part of this process.

Over the next 2 years, we will:

- Embed our new staff structure;
- Continue to support flexible and hybrid working;
- Adopt a robust and comprehensive cyber security approach;
- Embed a Value for Money approach;
- Continue to test the affordability of our rents and factoring service charges;
- Continue to strengthen our approach to assurance and reporting; and
- Strengthen our approach to succession planning for Board and staff.
- reverse drop in % of tenants who feel that the rent for their home represents good value for money



## Section 5: Resources

*We are fully committed to safeguarding our short, medium and long-term viability. By making the best use of our resources, we will ensure we remain a strong, successful and sustainable organisation.*

### Financial Health

We are a robust, resilient organisation demonstrating a strong financial position over the short, medium and long term. Whilst the impact of the pandemic and ongoing cost of living crisis has had some detrimental impact on our operational performance (e.g. delays to our planned maintenance programmes), any early fears of significantly increasing arrears, voids and bad debts have not materialised. Nonetheless, our Board have adopted a cautious approach to ensure that this business plan can be funded from our cash reserves.

### Financial Viability

This business plan ensures our overall viability in the medium term. Updated with new FP figures March 24

	23/24 £'000	24/25 £'000	25/26 £'000	26/27 £'000	27/28 £'000	28/29 £'000
<b>Total surplus/(loss)</b>	<b>1,629.70</b>	<b>724.0</b>	<b>848.7</b>	<b>947.5</b>	<b>1,029.50</b>	<b>1,117.70</b>
<b>Net Worth as at 31 March</b>	<b>27,694.20</b>	<b>28,418.20</b>	<b>29,266.80</b>	<b>30,214.40</b>	<b>31,243.90</b>	<b>32,361.60</b>
<b>Cashflow as at 31 March</b>	<b>8,622.60</b>	<b>6,114.90</b>	<b>2,164.80</b>	<b>1,196.20</b>	<b>1,711.50</b>	<b>1,989.10</b>

### Financial Planning

Following our recent stock survey, we have now updated our 30-year financial plans, which we use to review the longer-term implications of any changes to our financial assumptions. Together, these 5 and 30-year financial plans are aimed at demonstrating our ability to meet all our financial commitments, compliance with loan covenant obligations and support the delivery of our strategic objectives and delivery plans.

Projections include a statement of comprehensive income, a statement of financial position and a statement of cashflows and are consistent with the requirements of the Scottish Housing Regulator. In order to ensure our financial planning is robust and can respond to future uncertainties, we carry out sensitivity analysis to stress test our key assumptions. This continues to show that over the longer term ongoing reduction in rent rises and higher maintenance inflation will have the largest negative impact on our cashflow. Our sensitivity testing also includes the testing of financial covenants which reveals no predicted failures or issues of concern.



## Financial Assumptions

The key assumptions made in this business plan and our 5 year financial plan include:

- We are now moving toward using CPI (Consumer Prices Index) rather than RPI as the base line inflation in our business planning as this is the Government's preferred inflationary rate and better reflects the Regulator's thinking on rent increases.
- In January 2016, our Board approved a new rent profiling which will result in some properties on low rents phasing up over this business plan period.
- Our pension costs now reflect our move to the defined Contribution Scheme at a maximum of 12% employer contribution plus employee contribution.
- Our business plan and financial projections now include a provision for a site start early Summer 2024 coming off site April 26 for our CTI project at Orchard Street.
- In Feb 2020, we took out a Government, no interest, loan of £217,702 for the fire legislation work for our older Foxbar stock. In Feb 2021, we drew down the loan for the development programme, £833,283 for Westerfield and £1,982,307 for Glenburn. We do not require any further borrowings during this next business plan period. However this will be reassessed once the requirements for the environmental strategy and Net Zero requirements are clarified in 2024.
- Our other financial assumptions for the coming year are as follows:

	<b>24/25</b>
<b>Void and bad debts</b>	1.3%
<b>Gross Rent Arrears</b>	2.75%
<b>Rent increase</b>	5.5%
<b>Inflation (CPIH)</b>	4%
<b>Loan Interest rates</b>	4.5%
<b>Staffing costs</b>	6%
<b>Repair &amp; maintenance costs</b>	5%

- For service charges for our Factoring Services, we have generally adjusted income in line with revised estimated costs or inflation as per estimated inflation.

## Our People

Our people are our voluntary Board members and our paid staff, who together have shown agility and resilience throughout these past 2 years. We have taken the opportunity to review our staff structure in response to our learning from our recent experience and our desire to strengthen our succession planning.

Over the next two years we will continue to develop a strong team of talented and committed people. This will include annual Board and staff reviews, updating our training and development plans, continuing to encourage our people to network with other organisations to share learning, explore new ideas and maintain an objective perspective.

## Section 6: Risk

***Effective risk management is essential to any successful business. We recognise the role risk management plays in good governance and accountability, effective decision-making and delivering good outcomes for our customers.***

### Approach

We take a careful approach to risk management to ensure that we:

- are flexible and responsive to internal and external demands;
- are able to make informed decisions;
- can provide sufficient assurance to our Board and stakeholders;
- reduce incidents and control failures; and
- are able to achieve our key targets and priorities.

### Risk Management Framework

We have reviewed our Risk Management Policy and strengthened our risk management framework to ensure an effective approach to risk identification, assessment, control, management, monitoring and review. Our framework is designed to:

- integrate risk management into our culture;
- raise awareness of the need for effective risk management;
- encourage a positive approach to risk management;
- support improved decision-making, innovation and performance through a good understanding of risks and their likely impact; and
- manage risk in accordance with good practice.

### Strategic Risks

Our current Risk Register identifies our foremost strategic risk themes as:

1. Cost of Living Crisis/Costs rising more than rent increases
2. Asset management including SHNZS & development & Environmental Plans
3. Staffing (including succession planning)
4. Key Change in Senior Management Team
5. ICT and the rollout of new software
6. Compliance with the Regulatory Standards
7. Tenant and Health & Safety
8. Supply Chain Failures
9. Current Development

## **Audit & Risk Sub-Committee**

Our Board is responsible for overseeing risk management. It is assisted by our Audit & Risk Committee, charged with monitoring the management of high-level risks, reviewing the risk appetite, ensuring proper controls are in place and annually reviewing our approach to risk management. In addition, committee oversees our annual programme of internal and external audits.

## Section 7: **Monitoring & Review**

*This business plan is supported by a Strategic Delivery Plan, set out as an appendix to this business plan. Our Board will use this Delivery Plan to monitor and evaluate our strategic performance against this business plan, making adjustments as appropriate.*

### **Performance Management**

As our core strategic document, this business plan lies at the heart of our performance framework and allows our strategic objectives and priorities to be cascaded down through the strategic delivery plan into our operational workplans. We have effective performance reporting processes in place which report our performance against our business plan strategic objectives to our Board using agreed key performance indicators and targets (see the delivery plan attached as an appendix).

### **Towards an Outcome Approach**

Our delivery plan is outcome-focused. These short concise statements reflect the impact or results we want to achieve. We know that there will be other factors which can affect our ability to achieve these outcomes, some of which may be out with our control. Nonetheless, we are keen to have a performance framework in place to help our Board (and other stakeholders) assess how well we are delivering on our mission and specific strategic objectives. We will continue to develop and refine this approach over the period of this business plan.

### **Strategic Delivery Plan**

The Strategic Delivery Plan is primarily designed as a tool for the Board to assess strategic performance (i.e. how well we deliver on our strategy). In the context of the ARC (which we use to report on how well we meet the Scottish Social Housing Charter standards, our Assurance Statement and our Annual Report (which we use to report to our community on our recent achievements and how well we have delivered our services), our strategic performance cannot afford to get lost. Our Board is responsible for setting our strategic direction and understandably needs a tool to help it understand whether the agreed strategy is working and the desired outcomes are likely to be delivered.

# Appendix A: Strategic Delivery Plan

Desired Outcomes		Priority Actions	Performance Indicators	Baseline March 2022	Annual Targets	
					22/23 ACTUAL PERFORMANCE	23/24 (CURRENT PERFORMANCE IN BRACKETS)
Objective 1: Review our Asset Management Strategy						
1	We have a clear and viable investment strategy in place.	Implement our Asset Management Strategy	% of investment delivered against plan.	N/a	27%	100% (80%)
2	Our homes remain high quality.	Deliver planned & cyclical maintenance programme	% tenants satisfied with the quality of their home	93%	84%	95% (84%)
3	Orchard St CTI become a viable project.	Pursue further acquisitions at Orchard St	% properties in our ownership	87%	89%	100% (95%)
4	Factored owners remain satisfied with service.	Continue to provide effective Factoring Service	% factored owners satisfied with service they receive	89%	79%	91% (79%)
Objective 2: Refine our Customer Service & Support Model						
5	Tenancies are sustained.	Review our model of support	% new tenancies sustained for more than 1 year	85.84%	92%	90% (94%)
6	Level of support is enhanced.	Explore partnership to plug gaps in support offered.	No. of tenants supported.	485	675	515 ( 581) Doesnt include repeat users
7	Customers feel their voice is heard.	Review our customer engagement strategy	% tenants satisfied with opportunities to participate in our decision making	99%	85%	100% (85%)
Objective 3: Contribute Towards the Green Agenda						
8	We are prepared for EESSH2	Update our Asset Management Strategy	% of eligible stock meeting EESSH2 by 2032	9%	N/A	20% (new SHNZS consultation results pending)
9	Our carbon footprint is reduced.	Introduce a corporate approach to net zero	% reduction in carbon footprint (homes and office)	To be established by CE & Sustainability	Reduce Carbon Foot print	Reduce Carbon footprint for

				Consultant by March 2023	for Office in 2023	Homes in 2024
10	Fuel poverty is reduced.	Produce a Fuel Poverty Strategy	Establish KPI's	74%	Tenants spending more than 10% of income on energy costs	82% (81%)  Through energy advice delivered £96,000 of savings through grants and advice.
<b>Objective 4: Harness Digital Technologies</b>						
11	Tenants can self-serve.	Launch our new tenants portal	No. of tenants registered on new portal.	No portal at present	No portal at present.	50% (Portal in Testing)
12	Agile and hybrid working is supported.	Deliver our ICT Strategy	% staff & Board feel comfortable with hybrid working	Being reviewed March 2023	100%	100%
13	Internal data management and reporting systems are enhanced.	Utilise our new CX software system.	No. of systems audited and/or content validated.	n/a	2	2
<b>Objective 5: Invest in Partnership Working</b>						
14	We are recognised as a valuable partner	Invest in our current partnerships including FLAIR	% of FLAIR Partnership Plan related to PHA achieved	33%	100%	100% (Independent consultant reviewing services)
15	Level of supported we offer is enhanced	Work with others to secure additional resources for our tenants.	£ external funding secured	£40,000	£59,500	£50,000 (£66,000)
16	We have sufficient capacity and capability	Use service level agreements to access additional skills.	% of SLAs delivered against plan	100%	100%	100% THIS CAN BE REMOVED
<b>Objective 6: Build Organisational Resilience</b>						
16	We have sufficient capacity and capability	Embed our new staff structure	% staff confirming they have capacity & capability to carry out their role	To be reviewed March 2023	100%	100% THIS CAN BE REMOVED
17	Customers confirm we offer value for money	Embed value for money approach	% tenants who feel that the rent for their home represents good value for money	84%	74%	95% (74%)
18	Rents are charges remain affordable	Test affordability or rents and service charges	% tenants who feel their rent is affordable	84%	84%	87% (84%)

19	We have a strong Board and Senior Team	Strengthen succession planning	% turnover in the year	Staff 3% Board 40%	Staff 2% Board – no turnover of Board	Staff 1% Board 20%  <b>Staff (14%) Board (30%)</b>
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## PSPS

Desired Outcome	Priority Actions	Performance Indicators	Baseline	Target 22/23	Target 23/24
All factored owners receive their invoices electronically	To ensure CX can efficiently send factored invoices electronically	% of factored owners that receive their invoices via email	39%	88%	100% (86%)
All Factored owner can access the CX Customer Portal	Implement CX Customer Portal	% of factored owners registered for the Portal  % of factored owners accessing their invoices via the Portal	0%	N/a	50%  (Not yet launched)
To limit the increase in the Factoring Management Fee for 23/24	Review the Factoring Management Fee for 23/24	% rise in Management Fee	1%	4.5%	10% (10%)