

Blairtummock Housing Association
Business Plan 2023/24 – 2025/2026

Approved by the Management Committee ()

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EXECUTIVE SUMMARY

This document is the Business Plan for Blairtummock Housing Association (BHA) for the period of 2023/24 – 2025/26.

The Business Plan provides a strategic framework for managing our services and our overall business over the next three years.

It also confirms our relationships with BHA’s customers, funders, Regulators and partner organisation.

The Business Plan includes information about the following aspects of BHA’s future plans.



BHA’s Objectives and Priorities for 2023/24

The Association’s strategic direction over the period of the Business Plan is based on:

- Consolidating and improving our core business
- Managing our assets and resources well, for the benefit of our tenants and community
- Improving opportunities, the local environment and the quality of life for local people

Strategic Objectives and Key Actions in 2023/2024

Key Actions 2023/2024

1) Provide high quality and affordable services, homes and environment for our community

- Build our asset management system
- Continue to invest in our properties
- Support tenants by providing a local welfare benefits and money advice service
- Follow up our recent tenant satisfaction survey to gather further information about tenants' views and priorities
- Continue to promote use of the SDM Web Portal
- Continue to monitor Value for Money in all areas of the business. Continue BHA's interest in new housebuilding

2) Maintain BHA's financial strength and continued viability ensuring value for money

- Ensure close monitoring of external risks, including those that may place pressure on BHA's financial well being
- Manage the impacts of the cost of living crisis

3) Maximise opportunities and reduce inequalities for our community

- Deliver our current and planned community regeneration projects
- Continue to work with residents, local organisations and external partners, to support and strengthen our community
- Develop BHA's role in "building back" the community in Blairtummock and Rogerfield, to tackle damage done by Covid-19
- Work with EHRA to make the case for greater local control and decision-making within Greater Easterhouse

4) Ensure we are well governed and have the skills and knowledge required in the Association

- Ensure business continuity and support the wellbeing of our staff throughout the period of the plan. Continue to develop our approach to succession planning

And, across all of the objectives shown, safeguard BHA's resilience and support BHA's tenants and the community in the aftermath of the Covid 19 pandemic. BHA's guiding principles will be to comply with public health guidance; provide safe and effective services; support tenants, the community and our staff; plan effectively for future changes; and safeguard the resilience of BHA itself.

ABOUT BLAIRUMMOCK HA

Blairtummock Housing Association is a community based housing association and an independent not for profit business who owns and manages properties across the Blairtummock & Rogerfield areas of Greater Easterhouse.

BHA is led by a voluntary Management Committee whose members have a wide range of skills and experience. This includes sharing their insight into the needs of our customers and communities, good team working, voluntary and professional experience. The Management Committee is responsible for

providing leadership, direction and strategy, while the Director and Senior Management Team lead operational management.

BHA was set up in 1989 and its achievements include:

- Transformation of the housing conditions in our area through investment and new build
- Greatly improved service by taking a responsive approach to service delivery and investment that is based on the needs of our customers and community
- Setting up Blairtummock & Rogerfield Opportunities, which is a fully independent social enterprise offering services to our customers
- Having a local presence, which has made Blairtummock & Rogerfield more stable and safer places.

OPERATING ENVIRONMENT

The Business Plan identifies many external and local factors that impact our business strategy.

Responding to such factors is always important but is particularly so at present when social landlords are experiencing too many uncertainties and risks and many of our tenants are also struggling.

The key pressures include:

- The impact of high inflation and the cost of living crisis on Blairtummock HA tenants
- Rising property maintenance costs; caused by Brexit and other global economic factors
- The impact of inflation and increasing interest rates on Blairtummock HA as a business
- Accelerating Universal Credit migration, which is damaging to tenants and BHA's income streams.
- The residual impact of the Covid 19 pandemic
- The developing economic impact of the war in Ukraine
- Continuing cuts in Glasgow City Council budgets for essential neighbourhood services
- Climate change obligations for Scotland's housing to be met over the next 10 years

The Business Plan shows how BHA will monitor and whenever possible address risks caused by our operating environments. This will be particularly challenging in areas we cannot control, such as the performance of the economy. In such cases we will assess the impact and incorporate this in our decision making on these matters we do control, such as our budgets and spending.

CHAPTER 1

A Brief Profile of BHA

The following graphic provides some brief contextual information about BHA, to help set the scene for the Business Plan Update.

Year BHA was registered with Scottish Homes	1989
Legal form	Community Benefit Society (non profit distributing) Scottish Charity
Number of voluntary Management Committee (MC) members	10 All are unpaid volunteers, majority live in BHA's area of operation
Current number of shareholding members	114
Number of BHA properties for rent	704
Number of factored properties	50
Number of shared owners	19
Tenant satisfaction rate (% of tenants surveyed, 2023 TSS Report)	
BHA's overall service	91%
Rent represents good value for money	92%
Rental Income receivable in 2022/23 from rents and service charges	£2,814,036.81
Average 3 apartment weekly rent	£82.45
Total private loan funding (current loan balances)	£3,203,616 (31/3/2022)
Loan/interest repayments for 2022/23	£137,200
Office-based staff (full time equivalent)	12.5
Budgeted spend for reactive and cyclical maintenance 2023/24	£473,000 £393,460
Budgeted spend on planned and major repairs 2023/24	Major £119,000 Minor £0

CHAPTER 2

The Association's Vision, Mission and Values

The Management Committee (MC) has set the following vision and mission for BHA, with an accompanying statement of the Association's values.

OUR VISION

To be the best connected, inclusive and affordable community through innovation and sustainability.

OUR MISSION

To give local people the power to improve the opportunities for our community

OUR VALUES

Local people lead BHA. Our values are based on community ownership and control, along with respect for our customers; our committee members; our staff; and our partners.

In everything we do, we will:

Be open, honest and transparent

Keep our promises

Listen to our tenants and be responsive to their needs

Be inclusive and provide equal opportunities for everyone in our community

Be responsible in our management of BHA's resources

Empower our tenants and the community

Respect the environment

CHAPTER 3

Strategic Direction and Objectives

BHA Strategic Direction and Strategic Objectives 2023/24

BHA's strategic direction in 2023/24 will remain unchanged in 2023/24, but how we address it will be greatly influenced by the cost of living crisis.

Strategic Direction

- Consolidating and improving our core business
- Managing our assets and resources well, for the benefit of our tenants and the community
- Improving opportunities, the local environment and the quality of life for local people

Strategic Objectives

The Association has four strategic objectives, each accompanied by a set of success measures that describe the practical outcomes we wish to achieve over the full period of the Business Plan. The success measures in the base Business Plan are shown at Appendix 9.

Following BHA's annual planning day which was carried out in November 2022, the MC has approved changes to the strategic objectives set out in the base Business Plan. The purpose of doing this was to streamline and simplify the original objectives.

The revised objectives are shown in the box below.

1. Provide high quality and affordable services, homes and environment for our community.
2. Maintain BHA's financial strength and continued viability ensuring value for money.
3. Maximise opportunities and reduce inequalities for our community.
4. Ensure we are well governed and have the skills and knowledge required in the Association.

And, across all of the objectives shown above

Safeguard BHA's resilience and support BHA's tenants and the community following the aftermath of the Covid 19 pandemic and the cost of living crisis.

The Management Committee is clear that BHA should support our tenants, community and staff in the difficult times that lie ahead; and that BHA should play an important role in working with tenants, the community and partner organisations in the work that will be needed to "build back" the community following the Covid 19 pandemic.

In short, Covid-19 has created great uncertainty and it will impact greatly on how we put BHA's strategy and priorities into effect in 2023/24, and almost certainly beyond 2024.

BHA's Priority Actions for 2023/24

The Executive Summary shows the most important actions that BHA is aiming to achieve in 2023/24 and that many has been carried forward from 2021/22 due to the pandemic. These are described in more detail throughout this Update and in the Resource Plans at Appendix 6.

Review of Strategic Options

BHA conducted an in-depth strategic options review in 2016, prior to the retirement of our previous Director. This confirmed that we had the financial strength and resources needed to continue as an independent housing association, and this continues to be the case.

In 2020 the Association employed a consultant to Conduct a Governance Review against all 7 of the Scottish Housing Regulators standards. Following this an action plan was drawn up and implemented over 2021/22

Looking to the future, BHA has no plans to extend our activities beyond the neighbourhoods of Blairtummock and Rogerfield. We are clear about what we want to achieve, and that we have the capacity to deliver our plans.

The Management Committee has assurance that the Association:

- Has a viable financial business plan
- Is delivering well for tenants, based on good tenant satisfaction and service delivery results, and continued levels of investment in tenants' homes and neighbourhoods
- Is contributing to the physical and social regeneration of our area
- Has stable and effective governance
- Has not been the subject of any regulatory engagement or intervention.

Accordingly, the Management Committee considers that there are no circumstances that would require an options appraisal relating to the Association's current organisational form.

We may, in due course, conduct options reviews or risk assessments in business areas where impact or value to the Association is potentially significant. For example, this would apply to our wish to resume our development programme, to tackle some of the large areas of vacant land that surround BHA's housing. At this point in time, there are no immediate prospects of Glasgow City Council being prepared to support a renewed BHA development programme.

CHAPTER 4

Strategic Analysis: The Association's Operating Environment

The 2021/22 Business Plan described the most significant external factors that could affect the achievement of BHA's strategy. This chapter refreshes that analysis, in the form of a **PESTLE analysis** which was revised in 2022/23 that identifies and comments on relevant Political, Economic, Social, Technological, Legislative/Regulatory and Environmental factors.

PESTLE Analysis 2022: Other Factors

Blairtummock's business is strongly influenced by external factors. The following pages set out our analysis of the wider operating environment, in the form of a PESTLE analysis which addresses Political, Economic, Social, Legal and Environmental Factors.

Social Factors

Covid 19 – Strengths & Opportunities

BHA achieved business continuity and safer delivery of services during the pandemic.

Greater emphasis on learning to live with Covid and Covid Recovery.

Impact of vaccinations and boosters

BHA potential to contribute to local action on Covid recovery and anti-poverty work

Covid 19 – Threats/Pressure Points

Covid uncertainty and risks are still present

Easterhouse needs a place based approach to Covid Recovery. This doesn't appear to be the approach of the Scottish Government or Glasgow City Council.

Inflation

CPI inflation is at highest level for 30 years, 10.1% as at January 2023.

Deprivation in BHA's community

The latest edition of the four-yearly Scottish Index of Multiple Deprivation was published in February 2020, and is a valuable source of information for BHA.

Changes in SIMD rankings were significant in Rogerfield but modest in Blairtummock, when the 2020 results are compared with the previous SIMD report (2016):

- The overall SIMD rank for Rogerfield improved from the 5% most deprived to the 15% most deprived of all datazones in Scotland. Rogerfield also saw an improvement in its ranking for income deprivation.

- Both Blairtummock datazones stayed in the 5% most deprived in Scotland. One of the Blairtummock datazones recorded a slight improvement in the education domain ranking, moving from the 5% most deprived to the 10% most deprived
- Both areas recorded better results on the level of reported crime.
- Deprivation levels in Blairtummock and Rogerfield and Easterhouse are severe and of long standing
- Scottish Government/Glasgow City Council use of challenge funding means that funding does not necessarily go to the places where it is needed most
- Scottish Government proposals for community empowerment and local democracy lack boldness
- Community organisations should have a key part to play but can only do so much without government support/funding

Appendix 2 shows more information about the 2020 SIMD rankings. This shows that people living in our community experience substantial inequality, for example in relation to low incomes, poor health and educational attainment.

The SIMD includes detailed indicators on health, education etc. that lie behind the rankings, and this allows the results for BHA's area to be compared with those for Glasgow as a whole. This shows that there are unacceptable levels of deprivation and inequality, compared with the city as whole.

Economic and Financial Factors

Universal Credit (UC)

- Causes landlords difficulties in maintaining levels of rent collection and controlling increases in bad debts. Also causes significant hardship for claimants.
- Impacts will increase and intensify: full rollout of UC is now planned by September 2024.
- BHA actions have included close management of UC cases; promoting direct payment of housing costs to BHA; and funding a local money advice service covering UC and other benefits.
- More tenants will move on to UC, either as a result of the phasing out of legacy benefits or job losses caused by Covid-19

Inflation

- Inflation is at its highest level for 20 years 10.1% @ January 2023

Cost of pension contributions

- BHA is protected from the recent 5.7% cost increase for contributions to the SHAPS defined benefit pension scheme, as it closed the scheme some years ago. It will still need to make past service deficit payments.

Interest rates

- Bank of England base rate reduced to 0.1% as an immediate response to Covid-19 pandemic.
- The latest rate is 3.50% (December 2022)

Availability of External Funding

Current economic climate may create uncertainty about access to new funding. This is not currently an issue for BHA, which intends to self-fund planned maintenance contracts. Should borrowing prove necessary, the Association has unencumbered stock to support this.

Political Factors

Scottish Government (SG) policy and priorities

- Scottish elections in 2026 and possibility of another independence referendum at an unknown time could cause political and economic uncertainty.
- SG's current top housing priorities are new homes, homelessness and Net Zero. Levels of funding and subsidy for new development post-2023 could both reduce.
- SG has helped mitigate the impact of the Bedroom Tax (BT) in Scotland, but its wish to abolish the BT has not been agreed by Westminster.

UK Government policy and priorities

- Responsible for many areas of policy that directly affect BHA, including welfare reform, immigration, macroeconomic policy and public spending levels. Each of these has a high impact on BHA.
- The impact of Brexit continues to affect cost and supply of materials
- Possible Indy Referendum 2
- UK policy on public spending, taxation and benefits

Glasgow City Council (GCC) policy and priorities

- GCC faces severe financial pressures, and non-statutory neighbourhood services are particularly vulnerable to cuts.
- GCC is introducing Rapid Rehousing policy, which will increase requests for settled housing from social landlords. GCC has responded to the legal requirement for it to establish locality planning through the Thriving Places initiative. In some parts of Glasgow, community-controlled housing associations (CCHAs) have been designated as "community anchors", with responsibility for promoting community engagement in locality plans. The Council has not offered any such meaningful role to CCHAs in Greater Easterhouse.

Legislative and Regulatory Factors

Building Standards

- Net Zero
- New build developments must now meet the Glasgow Gold Standard set by GCC. This involves considerable cost implications.

Housing Legislation

- Cost of Living (Scotland) Act – Rent Cap

This legislation was introduced to protect tenants from recent unprecedented inflation increases and has been capped for private rented sector but could be extended in the future to RSLs

Scottish Housing Regulator (SHR)

- New SHR Regulatory Framework, and requirement to complete self-assurance assessments against regulatory requirements.
- SHR has set out separately expectations on a wide range of other matters. These include: rent affordability and rent increases; business planning; asset management; governance; financial performance; risk management; cost control; value for money and asset management.

Environmental Factors

Scottish Government targets to reduce impact of climate change

- BHA complies with Energy Efficiency for Scottish Social Housing (ESSH).
- Scottish Government to review ESSH2 in 2023 to “strengthen and realign” the standard with Net Zero requirements.
- The Energy Efficiency Standard for Scottish Social Housing in Scotland (ESSH) aims to improve the energy efficiency of social housing in Scotland. This linked to Government objectives to reduce carbon emissions by 75% by 2030, 90% by 2040 and Net Zero emissions of all greenhouse gases by 2040.
- Despite initial roll out of the ESSH2 standards, the Scottish Government proposes to review ESSH2 in order to strengthen and align the standard as set out in their climate change update, heat in building strategy and the housing to 2040 route Map. “ESSH 2” standard: requires all social housing to achieve EPC Band B by 2032, with a further goal for all social housing in Scotland “as far as reasonably practical” to be carbon neutral by 2040.
- Building Standards
As part of Housing to 2020, the Scottish Government is planning to introduce legislation for a new cross tenure Housing Standard in 2024/2025, for phased introduction from 2025 – 2030.
- There is uncertainty about what would be satisfactory technical or financial reasons for not achieving the EPC Band B, as is written into the Standard. Financial affordability and support and the capacity of the market to provide the new technological solutions needed are also unclear.
- SHR – New Asset Management Guidance

- Overall – Net Zero aspirations of the Scottish Government and GCC are clear, but the tools for practical delivery are largely missing such as clarity of policy, funding, technology; procurement

GCC policy on climate change

- GCC commitment to Glasgow becoming a “carbon neutral city” by 2030 – recommendations to GCC from Working Group are under consideration and include a recommendation to replace gas central heating with electrically powered central heating.

Technological Factors

- how claimed from BHA tenants for disabled services. This could change and we will continue to promote
- Given the increase in cost for SDM software system, BHA will have to carry out a value for money exercise
- Risk of cyber-attacks on BHA system
- Digital exclusion amongst tenants

SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats)

In preparing the Business Plan, we have collated a SWOT analysis.

STRENGTHS	OPPORTUNITIES
<ul style="list-style-type: none"> • Local and community-controlled • Experienced and skilled committee and staff • Flexibility and good team work • High-performing housing and repairs service and high levels of customer service and tenant satisfaction • Commitment to regeneration • Good housing stock and good investment plan for housing and backcourts • Value for Money • Good partnership working with local organisations (e.g. FARE, food bank, Connect) • Service delivery by BRO • Able to change service level agreements • Local employment and training opportunities • Good estate management standards • Adapted to remote working successfully and staff and committee have embraced the changes 	<ul style="list-style-type: none"> • Derelict land • External validation of stock condition • Fill gaps in environmental services previously carried out by GCC (also a threat) • Improved communications plan to transmit positive messages • Re-engage young people, e.g. a youth committee or sounding board • Covid-19 may reignite political interest in greater community governance as the key to tackling deprivation and inequality • Committee and staff development • Low cost home ownership opportunities in South Blairtummock • Seven Lochs project • Joint working with EHRA
WEAKNESSES	THREATS
<ul style="list-style-type: none"> • Not good at promoting what we do • No GCC support for new build • Succession planning • Continued impacts from closure of local Housing Benefit and DWP offices • GCC's approach to partnership working on homelessness is weak • Management input and costs in South Rogerfield • Time to manage open spaces 	<ul style="list-style-type: none"> • Welfare Reform/expansion of Universal Credit • SHR Regulatory Framework • Continuing cuts in local services as a result of GCC budget cuts • Gaps in environmental services due to GCC priorities and funds (also a threat) • Increases in BHA's cost base arising from changes in the wider economy and effects of Brexit and Pandemic • Failure to maintain compliance with Clydesdale Bank loan covenants • Cyber-crime as this is in the risk register • Developers in South Blairtummock • Freedom of Information

The Association's key stakeholders are unchanged since the base Business Plan.

Looking to the future, BHA has developed a new planning framework document (Appendix 10). This establishes the points in the overall planning process when we will seek to engage with tenants and other stakeholders in future years.

Both the Summer and Winter 2022 newsletters contained information on how tenants were able to become involved in the Business Plan process.

A copy of the Business Plan is also available on the Association's website.

CHAPTER 5 Asset Management

Business Plan Objectives

Asset management contributes to the following BHA strategic objectives:

- Provide high quality and affordable services, homes and environment for our community.
 - Maintain BHA’s financial strength and continued viability ensuring value for money.
- and to the achievement of*
Safeguarding BHA’s resilience and supporting BHA’s tenants and the community.

Context

BHA undertakes a wide range of asset management activities:

- Managing and investing in our homes and neighbourhoods, through responsive and cyclical repairs, and major repairs and replacements.
- Improving the thermal efficiency of tenants’ homes, to reduce fuel poverty.
- Providing factoring services to home owners.
- Using our role as a landlord and factor to improve standards of neighbourhood management and the quality of the local environment.

There have been minor changes in the housing stock since the 2021/22 Business Plan. We have since sold properties in South Rogerfield, giving a total of 704 rented properties at 31 January 2023. We will seek to buy more properties in the period ahead.

Demand for BHA’s stock continues to be good, with ARC data for 2021/22 showing that:

- BHA has a very low rate of tenants giving up their properties each year
- We achieve good results for new tenants who are able to sustain their tenancies
- We lose only a small amount of rent each year because properties are empty.

Indicator and year	BHA	National Average
2021/22 Percentage lettable self-contained houses that became vacant in year	7.09	8.19
2021/22 Percentage sustainment rate for new tenancies (ARC definition)	97	91.4
2021/22 Percentage of rent due lost through properties being empty	0.38	1.10

An expanded version of this table which also compares BHA with similar size landlords is available at Appendix 3.

Impact of Covid-19

- Area 1 Backcourt Works started back after some delay. However, the other projects that were planned to begin did not move forwards as planned due to delays in Tenant Consultation and other design and statutory issues. Given the increase in inflation the Management Committee have decided to put a hold on any further back court works. This position will be reviewed regularly.

Performance and Achievements in 2021/22

Reactive Repairs

BHA's performance in relation to the Charter Indicators for reactive repairs was as follows in 2021/22:

Measure	BHA 21/22	BHA 20/21
Average hours to complete emergency repairs	4.10	2.69
Average working days to complete non-emergency repairs	3.5	3.04
% reactive repairs completed right first time	99.31	99.3
% properties with gas safety record renewed by anniversary date	100	100
% tenants satisfied with repairs service	94.78	N/A

BHA's performance for the same set of measures was considerably better than the Scottish National Average in 2021/22, the most recent year for which data is currently available.

An expanded version of the table which also compares BHA with similar sized landlord is available at Appendix 3.

Measure	BHA	Scottish Avg
Average hours to complete emergency repairs	4.1	4.2
Average working days to complete non-emergency repairs	3.5	8.6
% reactive repairs completed right first time	99	88
% properties with gas safety record renewed by anniversary date	100	
% tenants satisfied with repairs service	95	88

Green shading means that BHA's result in 2021/22 was better than the Scottish National Average for the majority of these areas.

Major Repairs & Planned Maintenance

The Association invested £611k on major component replacement works during 2019/20, as well as carrying out cyclical maintenance works and other essential expenditure needed to meet statutory requirements. Details of component replacements are shown below.

Works Type	2019/20 outturn
Number of Boilers	91
Number of central heating systems installed	33
Number of kitchens	84
Total expenditure 2019/20	£611,456

During the year, BHA:

- Carried out smoke/fire detection upgrades to all 704 properties
- Ensured that all of our housing stock continues to meet the Scottish Housing Quality Standard
- Achieved 100% compliance with the Energy Efficiency Standard for Scottish Social Housing
- Began a stock condition survey that will produce 100% data over the next three years, to inform future planned maintenance programmes
- Put out to tender the backcourt improvement works in Area 1, and appointed architects for Area 2 (suspended).

Business Plan Priorities 2021/22

Reactive Repairs

The Association's main priority in 2020/21 was to make maximum progress towards restoring a full reactive repairs service but this was not possible due to the country going into a second lockdown. Which has resulted in majority of BHA priorities having to. We will plan carefully for this, to ensure we comply with government guidance and safeguard the safety of tenants, BHA staff and people employed by our contractors.

Planning work will include completing risk assessments and holding discussions with our repairs contractors. BHA uses a small pool of contractors for repairs works, and this will enhance our ability to manage the process effectively. We are also reviewing our list of contractors, to make sure that BHA has up to date health and safety policies and insurance details.

Asset Management Strategy

BHA has commissioned a stock condition survey (SCS), which so far has examined 40% of common closes/blocks and 35% of individual properties. Survey works are currently suspended due to the Covid-19 lockdown.

The SCS will resume as we move out of lockdown, although this will require social distancing procedures to be in place since the survey involves internal inspection of tenants' homes.

When complete, the SCS results will be the key information source to inform a new asset management strategy for BHA. The surveys that have been completed to date do not suggest any significant differences to the current BHA component replacement plan.

Investment Programme: Component Replacements

During the next 5 years, BHA plans to invest £1.335m in major repairs and cyclical maintenance. Upon completion, we anticipate that this investment will have achieved the following outcomes for BHA tenants:

- 126 Kitchen replacements
- 34 Boiler installations
- 92 new bathrooms
- 107 properties receiving new windows replacements
- 180 properties re-wired

The programme had assumed a modest level of activity in 2020-21, before accelerating in the subsequent years. However, due to Covid-19 restrictions this work could not be carried out and has been forwarded to 2021/22. This means we will be able to review the programme proposals alongside the stock condition survey results. It also means that BHA is not in the position of seeking to put more substantial levels of work on site, at the height of the uncertainty and risk caused by Covid-19.

We intend that all of the works planned for the next five years will be self-funded from BHA's cash reserves. This is reflected in BHA's financial projections for the next five years (see Chapter 10 and Appendix 8).

Across all five years of the programme as it currently stands, proposals for component replacements are as follows:

Yr 1: 2023 -2024	Number	Unit Cost	Total
Bathrooms	25	£3,500	£87,500
		TOTAL	£87,500
Yr 2: 2024 - 2025	Number	Unit Cost	Total
Bathrooms	30	£3,500	£105,000
Kitchens	60	£3,750	£225,000
		TOTAL	£330,000
Yr 3: 2025 - 2026	Number	Unit Cost	Total
Kitchen	1	£3,750	£3,750
Radiators & Pipes	65	£1,740	£113,100
Bathrooms	17	£3,500	£59,500
Windows	58	£4,810	£278,980
Close Windows	58	£730	£42,340
		TOTAL	£497,670
Yr 4: 2026 - 2027	Number	Unit Cost	Total
Bathrooms	11	£3,500	£38,500
Front Doors	15	£1,000	£15,000
Boilers	6	£3,000	£18,000
Kitchens	5	£3,750	£18,750
		TOTAL	£90,250

Yr 5: 2027 - 2028	Number	Unit Cost	Total
Boilers	23	£3,000	£69,000
Bathrooms	2	£3,500	£7,000
Kitchen	55	£3,750	£206,250
Windows	49	£4,810	£235,690
Close Windows	50	£730	£36,500
		TOTAL	£554,440
5 Year Programme		TOTAL	£1,559,860

Stock Safety Works

In addition to all routine work, priorities in 2021/22 will be:

- **Completing works for smoke and heat detection – All completed on timescale**

At 31 March 2021, BHA had completed the necessary works to all but 18 of our properties. Unfortunately, our programme of works was then suspended due to Covid-19. We are confident that we will be able to complete the remaining works by the statutory deadline of February 2022, as long as there is not a second peak of infections during the months ahead.

- **Electrical Inspections**

Our programme of electrical inspections is now nearing completion, with inspections to the final 2 properties scheduled to take place in May 2021.

5 Year Programme	
2023	120 Properties
2024	154 Properties
2025	86 Properties
2026	186 Properties
2027	158 Properties

Backcourt Improvement Works

The 2018 Business Plan outlined our plans to invest around £2.5 million in backcourt improvement works during the period 2018/19 to 2021/22 this may have to be extended due to Covid-19. This programme will be delivered in four contracts. The expenditure profiles are reflected in BHA's financial projections for the next five years, and the works will be self-funded by BHA.

As noted earlier, the Area 1 contract went on site shortly before the Covid-19 lockdown took place and all work was then suspended during both lockdown periods. The contract restarted in the summer of 2020 and did not recommence after Christmas 2020 due to the second lockdown but re-started at the end of March 2021.

Area 1 project is now complete and out of defects.

Area 2 did not progress to tender stage due to cost plan not aligning with budgets. This was at least in part due to increased construction costs and cost of materials.

It has been decided to put all incomplete backcourt projects on hold and continue to monitor when these can be re-started.

		No. Units	Year	Cost incl fees
Area 2	26-28 Errogie St, 7 Easterhouse Place, 137-149 Easterhouse Rd	55	ON HOLD	£653,400
Area 3	1478-1482 Westerhouse Rd, 68-74 Aberdalgie Rd, 1-7 Duntarvie Place	57	ON HOLD	£677,160
Area 4	2-6 Duntarvie Place, 7-13 Duntarvie Road	20	ON HOLD	£237,600
	Programme Total	211		

New House Building

BHA's area has large swathes of derelict land earmarked by GCC more than 15 years ago for private sector housing that has never materialised. BHA has been keen to resume a development programme in our area to address this and complete the regeneration of the area.

Efforts to secure GCC support for a renewed development programme have not been successful to date. This will remain on the Association's agenda for the future, but we are not anticipating that any tangible progress will be made with GCC during 2022/23.

CHAPTER 6 Housing Services and Community Regeneration

Business Plan Objectives

The Association's housing and community regeneration services contribute to the following BHA strategic objectives:

- Provide high quality and affordable services, homes and environment for our community.
- *[through rental income and arrears management]* Maintain BHA's financial strength and continued viability ensuring value for money.
- Maximise opportunities and reduce inequalities for our community.

and to the achievement of

Safeguarding BHA's resilience and supporting BHA's tenants and the community.

Universal Credit: Impact on Tenants and BHA's Finances

Universal Credit (UC) is the other main challenge facing our housing services.

The number of BHA tenants on UC rose in 2022, with the number of known cases increasing by 30:

Year	Total Cases	Cases in Arrears
2020	93	-
2021	150	-
2022	180	90

We expect numbers to increase steadily until 2024, which is the latest target announced by the Department of Work and Pensions for finally arriving at full rollout of UC. Some ESA cases may remain on legacy benefit, including Housing Benefit, until 2028 but this will be a small number.

Analysis of UC cases identified that 50% of all tenants on UC had rent arrears. Despite our efforts to provide assistance and advice, this trend has continued through 2022.

Overall, an increase in 30 cases through the year. This is the end of year position and does not take into account claims closed during the year which will have offset total new claims. Total arrears attributed to tenants on UC has increased by £3,889 from 2020/21 which may be as a result of tenants with previously existing arrears having a change of circumstances.

Over the course of 2020/21, BHA found that around half of tenants on UC had rent arrears, with an average amount of arrears approx. £400. In common with other landlords, our experience is that some aspects of UC lead directly to rent arrears, in particular the 5-week period that new UC claimants must wait for their first payment, and DWP's inability to match UC direct payments with our timescales for when rent payments are due.

Managing UC arrears cases takes up more of our staff time than other cases and DWP's plans to increase the caseload of its officers is a concern. It is likely this would mean social landlords have to spend more time than we already do, assisting and supporting tenants to claim UC and then maintain their claim with DWP.

Overall, BHA succeeded in keeping the average level of UC rent arrears relatively stable in 2022. This was partly due to proactive practice in getting tenants to agree that DWP will pay the housing costs part of their UC to BHA. Such arrangements are in place for around 65% of all tenants on UC.

Performance

The following table shows the headline results from the latest tenant satisfaction survey (2023), and compares these with the Scottish national average from the 2021 ARC, for all social landlords in Scotland. An expanded version of the table which also compares BHA with EHRA landlords in Greater Easterhouse and GHA is provided in Appendix 3.

Tenant Satisfaction Results

Measure	BHA 2023 survey	BHA 2020 survey	Scottish Avg (2021 ARC)
% tenants satisfied with overall service provided by landlord	91	91.7	88.8
% tenants who feel landlord is good at keeping them informed about services and decisions	99	96.6	92.3
% tenants satisfied with opportunities given to them to participate in landlord's decision making	100	91.5	88.2
% tenants satisfied with quality of home	79	88.9	86.3
% tenants satisfied with repairs service	91	91.0	88.3
% tenants satisfied with management of neighbourhood	91	93.4	85.8
% tenants who feel rent for their property represents good value for money	92	92.1	83

Green shading BHA's result in 2023 was better than the compared averages from the 2021 ARC

Pink shading means that BHA's result in 2023 was not as good as the compared averages from the 2021 ARC

BHA's latest results (2023) are not as good as the previous 2020 survey, although the results are better than the national average, apart from satisfaction with the repairs service. BHA can also draw reassurance from the result on whether rent is good value for money.

Benchmarking Results

BHA also performs strongly in service delivery (housing management and repairs) when compared with the Scottish National Average. The results shown below are for financial year 2021/22, which is the most recent year for which the ARC information is available. An expanded version of the table which also compares BHA with similar size landlords is available in Appendix 3.

ARC Results Comparison, 2021/22

Measure	BHA 2021/22	Scottish Avg 2021/22
% tenancy offers refused	27.5	25.3
ASB cases resolved within local target	100.0	96
% tenancies began in previous year remained more than a year - applicants assessed statutory homeless LA	100.0	90.6
% tenancies began in previous year remained more than a year - all	96.97	90.5
% lettable self-contained houses that became vacant in year	7.09	7.9
% collected of rent due	97.29	99.8
% gross rent arrears of rent due	3.38	4.2
% former tenant rent arrears written off	33.72	34.3
% of rent due lost through properties being empty	0.38	1.2
Average calendar days to re-let properties	18.6	34.3
% of court actions initiated which resulted in eviction		
Anti social behaviour 1	100	6.5
Rent 1	100	17.4
2 Apt - Average weekly rent	£66.77	£87.79
3 Apt - Average weekly rent	£74.22	£89.85
4 Apt - Average weekly rent	£82.45	£99.10
5+ Apt - Average weekly rent	£89.09	£109.33
Total - Average weekly rent	£78.13	£96.51

Green shading BHA's result in 2021/22 was better than the national average (2021 ARC)

Pink shading means that BHA's result in 2021/22 was poorer than the national average

Orange shading means BHA's result was the same as the national average

These results show that:

- BHA had low rents
- BHA performed well in sustaining new tenancies
- BHA dealt quickly with antisocial behaviour complaints
- BHA had a low level of tenancy turnover
- BHA had a low level of rent arrears, although the level of former tenant arrears was relatively high
- BHA had an above average level of refusals when making offers of housing, but this was cancelled out by an exceptionally low amount of lost rent on empty properties
- BHA was also quick to re-let empty properties

BHA continued to perform strongly in service delivery in 2021/22, as indicated in our most recent ARC return to the Scottish Housing Regulator.

Measure	2019/20	2020/2021	2021/2022
% tenancy offers refused	20.6	25.3	27.5
ASB cases resolved within local target	100	96	100
% tenancies began in previous year remained more than a year - applicants assessed statutory homeless LA	100	90.6	100
% tenancies began in previous year remained more than a year – all	97.0	90.5	97
% lettable self-contained houses that became vacant in year	4.5	7.09	7.09
% collected of rent due	99.9	97.29	100.18
% gross rent arrears of rent due	2.7	3.38	3.38
% former tenant rent arrears written off	15.3	33.72	0.03
% of rent due lost through properties being empty	0.1	0.38	0.38
Average calendar days to re-let properties	10.3	18.6	18

Homelessness

In 2021/22, BHA received 27 section 5 referrals from Glasgow City Council, with 24 offers made of which 18 were permanently housed. This was equivalent to 34% of all BHA lets during the year.

There has been an aspiration from GCC for 40% annual lets but it has consistently failed to give us enough referrals to reach that level. This is because the Council's working practices are frequently inefficient and ineffective (e.g. when BHA contacts the people referred, we find out they have already been housed or that they have expressly said they can't stay in Easterhouse).

Priorities for 2023/24

Taking into account our four key objectives as set out earlier we are confident about our future and in our skills, abilities and ambitions. We will continue to build the respect of our customers and the wider community and improve on our performance.

Tenant Satisfaction Survey follow-up

At the time of the Covid-19 lockdown, BHA was preparing to set up a number of tenant focus group meetings, to discuss the results of the recently completed Tenant Satisfaction Survey. We attempted to set up tenant focus groups using Microsoft Teams but following a letter to those tenants who stated they would join, Knowledge Partnership did not get any interest in attending a remote meeting.

We have just completed another Tenant Satisfaction Survey and are awaiting the full results.

The results from this survey will be used throughout 2023/24 to assist with achieving our key actions, and making changes or improvements.

Rent Collection and Arrears Management

In 2021/22, BHA will face challenges not only from Universal Credit but also the impact that Covid-19 may have on tenants' circumstances.

We anticipate that rent arrears will increase for these reasons, although we are presently within our arrears target (Performance 2021/22 was 2.3%, compared with the current tenant arrears target of 3% of rent debit). We will seek to mitigate the risks of arrears continuing to increase by:

- Continuing BHA's current disciplines of effective arrears management, as reflected in our long-term performance results¹
- Making contact with all new claimants, where possible, to explain the UC process in relation to rent and to discuss payment options
- Encouraging direct payment of UC housing costs to BHA, and seeking to increase the number of UC recipients who agree to do this.

Welfare Rights/Money Advice

BHA will continue to provide tenants with access to a local money advice service funded by the Association, to help maximise tenants' incomes and their ability to pay rent.

We will continue to work in partnership with Provanhall and Gardeen Housing Associations, and with Connect Community Trust which is employer for the post which meets the needs of all three housing associations. In 2022 we were successful in securing funding for an Energy Advisor post.

Homelessness

The Association was unable to accept section 5 referrals during the initial stages of the pandemic, but we are continuing to support the housing of homeless persons by providing Glasgow City Council with void properties for use as temporary furnished flats (TFFs). To create more opportunities for rehousing, we are planning to carry out some internal transfers and possibly convert some existing TFFs to permanent section 5 lets.

The Council has set us a target of 40% of all BHA lets, which we consider to be unrealistic based on past performance in making competent referrals to us. We also have concerns that setting the target at this level will restrict access to rehousing for applicants in other categories who also have pressing types of housing need.

Service Development

Options appraisal of district heating prepayment metering system

The process of appointing a suitable consultant had started before the pandemic lockdown in March 2020. While the various lockdowns and restrictions made progress slower than we

would have hoped we managed to get to check the efficiency and set up of the Bio-mass boiler in 2021. A specification for the new meters was determined after looking at the available technology on the market and billing and metering suppliers. During summer 2022 we put a tender on the Public Scotland procurement portal. Following an assessment process the assessment panel was satisfied with the submission by Vital Energi. Unlike the previous contract there are a number of KPI's with financial penalties if these are not achieved the new contract will deliver significant service delivery to tenants and owners.

Notice has been served on the current metering and billing supplier with the contract ending at the end of April 2023. The work to replace the meters and set up the new billing system has been programmed for April 2023.

Resident Involvement

Having had success in encouraging BHA tenants to participate, we will aim to build on this during 2023/24. We will offer a range of ways for residents to engage with us, from larger-scale events such as the annual Gala Day, to smaller and more targeted groups – e.g. themed sessions/events.

Digital Access to BHA's Services

BHA has introduced a number of enhancements via the SDM Web Portal, to give tenants greater choice about how they wish to use BHA's services. We have been promoting the Portal although take up has been low, and carrying out an exercise to significantly increase the number of tenant email addresses we hold.

The Portal allows tenants to access current arrears, recent payments, print rent statements, request and view recent repairs, view the progress of outstanding repairs and make online payments. We have introduced text messaging as an integral element of the SDM software.

We have also introduced the SDM Customer Relations module. This makes dealing with customer queries more efficient as all contact details, recent repairs history and rent account transactions are available on one screen preventing the need for access to various different modules. This produces a benefit for tenants as it allows us to deal with enquires more quickly and effectively.

In 2023/24, we will monitor the effect of these changes and promote their use by BHA tenants who wish digital access to services.

Community Regeneration

Our successful programme of community regeneration will be more important than ever, due to the anticipated social and economic impacts of Covid-19 and the cost of living crisis. Working alongside local delivery partners, BHA's priorities in 2023/24 will combine established and new services/activities:

Established

- Continuation of the Modern Housing Apprentice Project
- Continuation of FARE's work providing activities in the community hall.
- A Community Chest

New

- Land Transfer in Rogerfield to develop a community greenspace

- Growth through Growing which is about promoting and supporting grow your own in tenants' private gardens

BHA will continue to work with our subsidiary Blairtummock and Rogerfield Opportunities Ltd (BRO). BRO will provide services to BHA under service level agreements in three areas (Grounds Maintenance, Stair Cleaning, and Gutter Cleaning), as well as void clearances, handy man service and other ad hoc repairs/maintenance when commissioned by BHA. Providing jobs and apprenticeships is key to BRO's remit and this contributes to BHA's community regeneration objectives.

Performance Management

The Management Committee has set a number of targets and key performance indicators for 2022/23, as shown in Appendix 6.

CHAPTER 7

Governance, Leadership and Organisational Management

Business Plan Objectives

Good governance will help BHA to achieve all of our strategic objectives. This is recognised explicitly in the following BHA strategic objective:

- Ensure we are well governed and have the skills and knowledge required in the Association.

We need to ensure that the Association is well governed, has sufficient resources and is able to monitor and manage risk. We need to ensure value for money in all aspects of our work and retain the confidence of our customers, regulators and funders.

Governance Framework

Our governance is shaped by the work we do to comply with the Regulatory Standards of Governance and Financial Management, our policies and working practices. Our approach to this includes:

- Being clear about Blairtummock's purpose, values, strategy and objectives and communicating these openly to all our stakeholders.
- Allowing the Management Committee to provide leadership and strategic direction
- Expecting Management Committee Members to:
 - Take part in an annual appraisal
 - Prepare for and contribute to meetings and other events
 - Be committed to learning and development
- Making sure that we are accountable to our members, tenants, service users, the wider public, our stakeholders and regulators
- Observing the highest standards of integrity and behaviour

Context

Management Committee Membership

The MC currently has 8 members (see details at Appendix 1).

- 7 Members are local residents
- 5 Management Committee tenants of the Association and two sharing owners.

The MC has three Office Bearers – the Chair, Secretary and Treasurer – who are elected annually by the MC. The current Office Bearers are:

Chair: Margaret Pirrie

Secretary: Catriona Jamieson

Treasurer: Donna Miller

All of our Committee members are volunteers who contribute their knowledge, skills and experience for the good of their community.

This has been a feature of BHA since we were first set up more than 30 years ago as part of a Glasgow-wide initiative to transfer the ownership and management of housing to local communities. We ensure that committee members receive feedback, training and any other support needed through annual review meetings and training opportunities provided through EHRA and other support organisations such as SHARE and EVH.

Senior Staff Structure

BHA's full organisational structure is also shown at Appendix 1, along with short biographies of our senior managers. The Management Committee responsibility for BHA's day to day running to the Director, who in turn is supported by the other members of the Management Team (Housing Services Manager, Finance Manager and Community Regeneration Manager).

Organisational Management

ICT

BHA replaced our server in June 2020, as part of our normal cycle for hardware replacement and regularly monitors and updates equipment.

Staff wellbeing

BHA has a good track record in supporting a number of successful staff wellbeing initiatives, from resilience and mindfulness practice to a cycle to work scheme.

We offer individual and group training to address the requirements of all staff.

We also offer access to a counselling service support with both work and personal issues.

Staff pensions

BHA closed the SHAPS defined benefit scheme some years ago, based on the increasing level of employer contributions required and affordability for staff. We will, however, have to continue to meet SHAPS past service deficits, and these are factored into the Association's budgets and cashflows.

Business Plan Priorities 2023/24

Governance

- 1) Ensure that all Committee Members understand the Regulator requirements.
- 2) To carry out the annual reviews of committee members' skills and contributions, and implement an updated committee training plan.
- 3) To continue to develop our approach to succession planning.
- 4) To monitor the approved business plan for BRO.
- 5) To review the role and responsibilities of BHA sub committees.
- 6) To work with a local group to help establish a youth committee for BHA.

Organisational Management

- 1) Ensure that staff have access to appropriate systems that allow them to carry out their duties efficiently and effectively as possible.

CHAPTER 8

Rents and Affordability

Business Plan Objectives

The Association's rental policies contribute to the following BHA strategic objectives:

- Provide high quality and affordable services, homes and environment for our community.
- Maintain BHA's financial strength and continued viability ensuring value for money.

and to the achievement of

Safeguarding BHA's resilience and supporting BHA's tenants and the community during the cost of living crisis.

Context

Along with service quality and tenant satisfaction, rent affordability is one of the most important factors the MC considers in seeking assurance about value for money.

BHA's Average Rent Levels

BHA has a long history of charging rents that are extremely competitive in relation to sector averages. This has been due to the Management Committee's wish to keep rents as affordable as possible, as well as low levels of debt and low operating costs.

BHA's average weekly rents for 2021/22 are shown below.

House Size	Current Year 2022/23	2021/22	2020/21
2 Apt	£66.77	£65.83	£65.10
3 Apt	£74.22	£71.35	£72.05
4 Apt	£82.45	£83.03	£80.33
5+ Apt	£89.09	£92.04	£87.09
Total - Average weekly rent	£78.13	£78.06	£73.05

In setting rents for 2022/23, the Association implemented the recommended rents associated with our rent restructure (see below), rather than the normal practice of stating a percentage by which all rents would increase. However the increase for 2023/24 was agreed following a very detailed review of the 30 year plan and a very detailed rent consultation process.

The following table illustrates how our rents in 2022/23 compared with other landlords.

Measure	BHA	EHRA Average	Scottish Avg
2 Apt	£66.77	£77.56	£87.79
3 Apt	£74.22	£87.89	£89.85
4 Apt	£82.45	£*98.78	£99.10
5+ Apt	£89.09		£109.33

Total - Average weekly rent	£78.13	£83.71	£96.51
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As can be seen, BHA and EHRA average rents were substantially below the national average in all cases and £9 to £16 a week less than the rents charged by GHA.

Rent Restructure 2020/23

BHA has implemented a new rent structure, effective from 1 April 2020. This was carried out because BHA's existing rent structure had become complex and difficult to understand. BHA also wished to address differences between the original stock and additional properties purchased through stock transfer.

BHA worked with tenants and specialist consultants to arrive at a new system that is fairer and easier to understand. Tenants and BHA's Management Committee each had a strong preference for a much simpler rent structure based only on property size and types, and this is the solution that has now been adopted.

The restructure outcomes do not increase BHA's overall income, instead some tenants will pay more and others less in order to achieve greater fairness in rent setting for comparable properties.

For tenants whose rents will go up, increases in any one year are capped at no more than £5 per week until the "new rent figure" is reached. Some rents will reach the new rent figure in year 1 or year 2, and a small number will take up to 4 years for the new rent figure to be reached.

In the longer term, BHA's future budgets and cashflows assume that rents will increase in line with inflation only, to help keep rents affordable. Current rent levels also give headroom to introduce rent increases, if this was unavoidable to manage future risks.

Rent Affordability

The affordability test set by the Association is based on a rent: income ratio of 25%, meaning that **rent should be no more than 25% of household income.**

North Star Consulting prepared a rent affordability assessment during the rent restructuring review, and BHA has further developed this in the course of preparing the Business Plan Update.

SFHA Affordability Tool

North Star Consulting analysed BHA rents by house size, comparing them with the income levels assumed in the SFHA Affordability Tool, market rent levels and the Local Housing Allowance.

In the following table, the percentages shown in the column shaded green represent the results of the affordability tests using the SFHA Tool.

Table 1: Affordability Results, using the SFHA Affordability Tool

Bed Size	Rent	Household Type	Rent as % of Income	% of Market Rent	% of LHA	Income after rent
1 bed	£59.72	Single Person	20.9%	47.1%	64.9%	£225.57
1 bed	£59.72	Couple = 1xFT, 1XPT	14.0%	47.1%	64.9%	£368.22
1 bed	£59.72	Couple = 2 FT	10.5%	47.1%	64.9%	£510.86
1 bed	£59.72	Pensioner Couple	14.0%	47.1%	64.9%	£368.22
1 bed	£59.72	Single Pensioner	19.0%	47.1%	64.9%	£254.10
2 bed	£67.25	Single Parent (1 child)	18.1%	41.9%	57.7%	£303.63
2 bed	£67.25	Single Parent (2 children)	14.7%	41.9%	57.7%	£389.21
2 bed	£67.25	Small Family (2 children)	11.2%	41.9%	57.7%	£531.86
3 bed	£76.43	Small Family (2 children)	12.8%	47.7%	65.6%	£522.68
3 bed	£76.43	Large Family (3 children)	11.2%	47.7%	65.6%	£608.27
4 bed	£84.14	Large Family (3 children)	12.3%	23.9%	40.8%	£600.56

The results show that:

- The BHA rents for all house sizes and household types fell comfortably within the target rent: income ratio of 25%, with only one household type slightly above 20%.
- All of the BHA rents were less than half those charged in the private rented sector, and comfortably within the Local Housing Allowance threshold.

Further Assessment of Rent Affordability

The SFHA Affordability Tool does not fully meet BHA’s needs, because it is based on higher incomes than many BHA tenants in low paid work would typically have. In addition, the SFHA Tool incomes are too high to qualify for benefits, whereas BHA has many tenants who rely on both wages and benefits to make ends meet.

BHA has carried out further testing, to go deeper into the specific circumstances that often affect affordability for tenants in low-paid work. To do this, we have examined:

- **Number of hours worked per week** – working less than full-time hours is not always a positive choice, it can also be the result of zero hours contracts where the worker has no control over their hours or working pattern
- **Level of earnings** – most of the tests we have carried out are based on the Minimum Wage, but we have also tested the Living Wage and a higher levels of earnings of £20,000 per year which works out at £11 per hour for somebody working full-time
- **Whether a household has one or two people in work**
- **Eligibility for Universal Credit (UC)** - we tested this rather than housing benefit, since UC is now the way of receiving help with housing costs for new tenants and for those whose circumstances have changed.

The results are shown in Table 2 and are based on BHA’s average rents for 2020/21. The total income column includes earnings from work, and any Universal Credit the household would qualify for. The last column of the table is colour-coded as follows:

- **Green shading** means that BHA’s target rent: income ratio of 25% or less of household income is achieved
- **Pink shading** means that the rent: income ratio is greater than 25%.

Table 2: Affordability Results for households working for low wages

Household Composition	Employment Profile	Total income (monthly)	Rent:income ratio
2 APT			
Couple age >25 years	1 partner works full-time at Min Wage 1 partner works 20 hours per week at £11 per hour	£2,136	13%
Couple age >25 years	1 partner works full-time at £11 per hour	£1,439	20%
1 adult working age, >25 yrs	Works 35 hours per week for Living Wage in Scotland hourly rate	£1,264	22%
1 adult working age, >25 yrs	Works 35 hours per week for Min Wage	£1,204	23%
1 adult working age, >25 yrs	Works 21 hours per week for Min Wage	£901	31%
3 APT			
2 parents, 2 children	1 parent works full-time for £11 per hour	£2,139	15%
2 parents, 2 children	1 parent works full-time for Min Wage	£2,053	15%
2 parents, 2 children	1 parent works 28 hours per week at Min Wage	£1,986	16%
1 parent, 2 children	Parent works 21 hours per week for Min Wage (child care costs netted off UC payment)	£1,716	18%
1 parent, 2 children	Parent not working	£1,238	25%
4 APT			
2 parents, 2 children	Both parents work full-time for Min Wage	£2,534	14%
2 parents, 2 children	1 parent works 28 hours per week at Min Wage 1 parent works 16 hours per week at Min Wage	£2,246	15%
5 APT			
2 parents, 3 children, 1 grandparent	1 parent works full-time at Min Wage	£2,247	17%

Comments and Conclusions

The results shown in this chapter provide assurance that BHA rents are affordable at the 25% ratio, for all but one of the household types earning very low wages (single person working 21 hours per week at the Minimum Wage).

Table 2 shows that even with help from Universal Credit, those on the lowest earnings will generally spend a bigger share of their household income on rent compared with tenants who have higher earnings (Table 1).

Affordability results are better for households with children, this has long been built into the system

of tax credits and now Universal Credit. The calculations in Table 2 do not include child benefit as household income, since this is money that should be spent on the child rather than household bills such as rent.

The household types that fare least well are single people working full-time or part-time for the Minimum Wage, and single parents who are not in employment and have dependent children.

In this respect, BHA's results are typical of the picture across the housing sector. This is because the tax and benefit systems treat single people less favourably than households with children. Single people may find it much harder to afford a tenancy, unless they are in better-paid employment. This is also the case for single people under 25, where North Star's report shows that even with BHA's low rents, younger people will find it extremely difficult to afford a tenancy.

CHAPTER 9

Strategic Risk Assessment

Business Plan Objectives

The Association’s identification and management contributes to the achievement of all of BHA’s strategic objectives. Effective risk management has become more important than ever, due to the Covid-19 pandemic and current high levels of economic uncertainty.

Strategic Risk Register and Key Risks

The Association’s Strategic Risk Register is included in the Business Plan, at Appendix 5.

BHA’s risk assessment method follows HM Treasury guidance by examining identified risks for **inherent risk** (the level of risk if no action is taken) and **residual risk** (the level of risk after measures to control it are applied).

BHA’s method also assesses the likelihood and potential impact of each risk. This involves scoring likelihood and impact from 1 to 5, using the scoring descriptions shown in the ‘heat map’ graphic below.

Chance/Likelihood of Harm	Very High (no controls in place)	5	10	15	20	25
	High (very few controls in place)	4	8	12	16	20
	Medium (some controls in place)	3	6	9	12	15
	Low (most controls in place)	2	4	6	8	10
	Very Low (all controls in place)	1	2	3	4	5
		Slight (no lost time)	Minor (< 7 days absence)	Medium (> 7 days absence)	Major (long term disablement)	Fatal
		Probable Severity/Seriousness of Harm				

The two scores are multiplied and then the score for impact is added again, to clearly highlight risks that have the greatest potential impact. In the heat map:

Red means the residual risk score is 15 or more

Amber – risk score is between 8 and 12

Green – risk score is 7 or less

BHA's Most Significant Strategic Risks

The Risk Register is a snapshot of risks at a given point in time. For example, Covid-19 would not have appeared on a risk map prepared fourteen months ago, whereas it has very quickly become the highest-scored risk in the whole Risk Register.

The categorisation of risks at the time of the Business Plan Update is shown in the following summary table. This is based on **the eight risks that have been scored most highly based on residual risk**, which is the level of risk that remains after measures to control it have been applied.

The summary table deals only with describing the risks and their possible impacts/triggers, and how they have been scored. The actions BHA is taking to mitigate each risk are described in the Risk Register itself. For example, the BHA Business Continuity Plan is updated continuously to take account of Covid-19 risks and the measures that the Association has put in place, or may need to put in place.

Risk Register Summary: BHA's "Top 8" Risks

RISK & POTENTIAL IMPACTS	RISK SCORE (RESIDUAL)
<p>1. Impact of external political/financial factors create threats to BHA's Business Plan</p> <p>For example, as a result of Covid-19 and Brexit</p> <ul style="list-style-type: none"> • Increase in unemployment and reduced ability to pay rent • Possible increases in inflation and interest rates • Possible increase in repairs and maintenance costs if imports cost more • Increased risk of contractor financial failure • Increase in BHA's operating costs 	<p>Impact 4</p> <p>Probability 4</p> <p>Score 16</p>
<p>2. Affordability of BHA Rents</p> <ul style="list-style-type: none"> • Tenants not being able to meet increases. • Rental Income not sufficient to meet the cost of running the organisation 	<p>Impact 3</p> <p>Probability 5</p> <p>Score 15</p>
<p>3. Failure to ensure business continuity in the event of Covid-19 emergency</p> <p>Risk Factors:</p> <ul style="list-style-type: none"> • Outbreak of infection among staff and/or community • Staff/contractors not wearing PPE • Isolation and lack of support for vulnerable residents • BHA systems do not support homeworking • Damage to BHA property/assets • Potential for financial losses, legal action, damage to BHA's reputation and standing in the community 	<p>Impact 3</p> <p>Probability 4</p> <p>Score 12</p>

RISK & POTENTIAL IMPACTS	RISK SCORE (RESIDUAL)
<ul style="list-style-type: none"> Uncertainty about BHA's financial resilience in the post-emergency period <p>Risks could result in:</p> <ul style="list-style-type: none"> At worst, loss of life Inability to provide a service (e.g. tech issues or staff illness) Significant increase in rent arrears if tenants who are able to do not pay rent Disruption to BHA's governance <ul style="list-style-type: none"> Deterioration in BHA's financial resilience, which could lead to weaker cashflows and the need for higher rents and reduced spending on BHA's services and homes 	
<p>4. GCC cut backs have an adverse impact on the local environment and residents' quality of life.</p> <ul style="list-style-type: none"> Pressure on BHA to "fill the gaps" at extra cost, to maintain quality of the neighbourhood environment GCC Cleansing Staff strike action August 2022 	Impact 3 Probability 4 Score 12
<p>5. There is a sudden collapse in one of the banks BHA has money deposited with</p>	Impact 3 Probability 4 Score 12
<p>6. Reductions in BHA income and tenant ability to pay rent due to Universal Credit</p> <ul style="list-style-type: none"> Steady increase in number of tenants on UC Arrears occur on new tenancies due to UC payment waiting time Jobcentre Plus is in Shettleston so not easily accessible Benefits sanctions Barriers to applying for benefits online Rent collection demands reduce staff time available for other essential work 	Impact 5 Probability 2 Score 10
<p>7. Failure by Management Committee to exercise sound governance, leading to regulatory intervention</p> <ul style="list-style-type: none"> Breach of Regulatory Standards Notifiable Events and whistleblowing complaints 	Impact 3 Probability 3 Score 9
<p>8. Failure to meet tenant safety obligations</p> <ul style="list-style-type: none"> Risk of harm to tenants 	Impact 4 Probability 2

RISK & POTENTIAL IMPACTS	RISK SCORE (RESIDUAL)
<ul style="list-style-type: none"> • Regulatory attention (HSE and/or SHR) • Damage to BHA's reputation 	Score 8

Business Plan Priorities

The Risk Register is reviewed and updated by the Director, with input from BHA's managers, each quarter and is then reported to the Management Committee. Committee reporting is currently on a three-month cycle, to reflect the increased level of risk associated with the cost of living crisis.

The Committee's role is to review any material changes to existing risks, any new risks that have emerged, and any areas where action is needed to safeguard the interest of the Association and its tenants and service users.

CHAPTER 10

Financial Plans and Projections

Business Plan Objectives

Sound finances and strong financial management are the foundation for achieving all of BHA's strategic objectives. This is recognised in the following BHA strategic objective:

- Maintain BHA's financial strength and continued viability ensuring value for money.

Context

This chapter provides an overview of BHA's financial position, drawing on the detailed data contained in our budgets, financial projections and audited accounts.

The chapter provides information in the following areas:

- Financial objectives
- The main assumptions used in our financial planning
- Financial viability
- The stress testing carried out to assess the resilience of the business plan
- Compliance with covenants.

Financial Objectives

The 30-year budgets are based on the following objectives:

- To provide quality homes at affordable rents for tenants.
- To provide a quality and responsive management and repairs service which also provides value for money.
- To ensure that improvements and major repairs are provided for and carried out as required to protect existing investment in our stock.
- To maintain a minimum cash balance to ensure that the Association has sufficient cash reserves at all times to meet its obligations as they arise, along with headroom to respond to unforeseen events.

- To comply with all lenders' financial covenant requirements at all times.

Summary of Key Assumptions used in BHA's Financial Projections

The main assumptions used in the 5- and 30-year financial projections are shown below table.

Budget Heading	Assumptions used
Inflation	Year 1: Increase by 10%; Year 2: Increase by 7%; Year 3 onwards: increase by 4%.
Interest rates on loans	Gradually rise from 5% in year 5 to 5.5% by 2036 and remain at that level for the remainder of the plan
Rents, factoring and service charges	Years 1 and 2: Increase by 5%; Year 3 onwards: Increase by 4% (assumed rate of inflation only).
Salaries	Year 1: Increase by 5.25%; Year 2: Increase by 5%; Year 3 onwards: Increase by 2.5%.
Insurance costs	Year 1: Increase by 10%; Year 2: Increase by 7%; Year 3 onwards: increase by 4%.
Reactive repairs	Increase by inflation rate: Year 1: Increase by 10%; Year 2: Increase by 7%; Year 3 onwards: increase by 4%.
Major and cyclical repairs	Following the completion of the stock condition survey in 2022 and a financial review in early 2023 our 30 year plan and 5 year plans were reviewed (Appendix 8). We will continue to monitor any proposed legislation and guidance which may enforce changes to our major and cyclical programme and subsequently our budget planning.

Budget Heading	Assumptions used
	Next stock condition survey is programmed for 2020/21 (subject to Covid-19 situation permitting access to tenants' homes later in the year), with results feeding through to future financial projections
Pension costs	Final salary scheme closed.

Financial Viability

The Base Case demonstrates that BHA will be financially viable over the next 30 years.

- The Association is projecting that surpluses will be made throughout most of the 30-year period. Though there are periods where it is predicted that borrowing may be necessary, the budgets are prepared on a prudent basis. Should borrowing be necessary, the Association is in a strong position to do this.
- If required, there would be scope to generate additional income (e.g. if inflation increases, or if the Association needed to increase rents above the levels assumed in the base case, in the event of major economic shocks).
- The Association has repaid debt early before and has capacity to do so again. In periods when cash deposits are attracting negligible interest rates, paying off debt can be an efficient use of surplus cash.

Stress Testing

It is important for BHA to assess the risks to the Business Plan and our resilience to withstand these.

The base cash forecast shows that borrowing will not be required until 2032. All repairs and replacement works are expected to be funded through cash reserves and revenue up to that point.

However, there are challenges in predicting and budgeting for unexpected events such as BREXIT and the global Covid-19 pandemic.

The full impact of these events may not be felt for several years. As there is currently little concrete evidence upon which to base assumptions which would support an updating of the base case budget, the budget has been left with the assumptions it contained when it was passed by the Management Committee in January 2023.

At present:

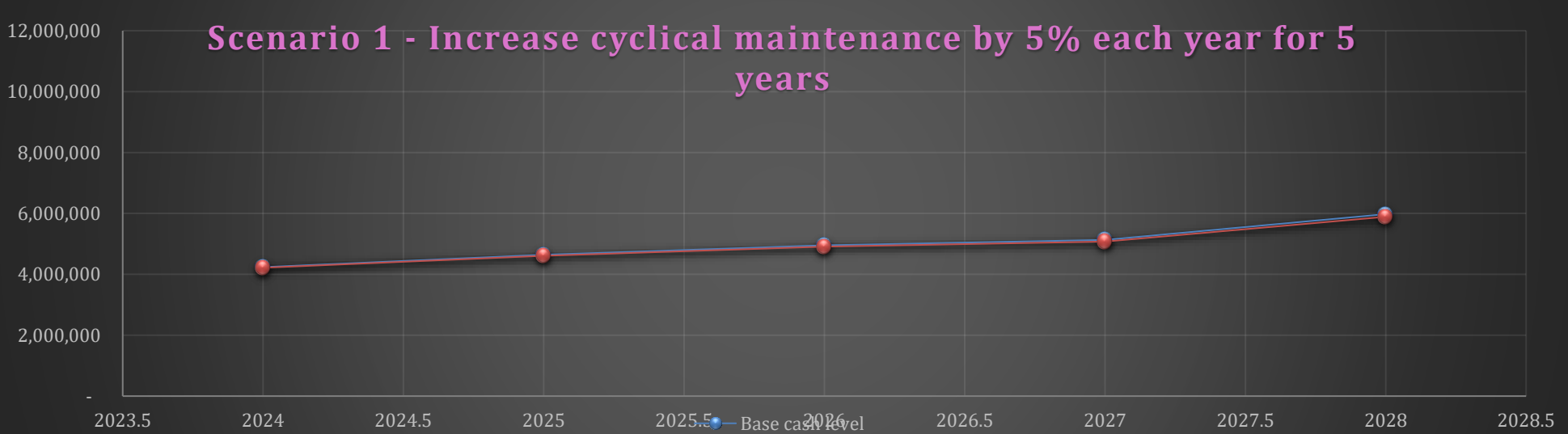
- The Bank of England's initial assessment of the impact of Covid-19 (May 2020) is that the UK economy will experience a deep recession, but that this will be very short-lived and the economy will recover to pre-Covid levels as soon as key sectors are restored to full activity;

The Association will continue to track developments during 2023/24 and we have made allowance for the potential impact of adverse changes to key variables within our financial projections. In this regard, we have addressed five stress testing scenarios:

- 1) Increase the cost of cyclical maintenance by 5% above inflation each year for 5 years
- 2) Salary costs increase by 1% each year for 5 years
- 3) Rents do not increase for first 5 years
- 4) Increase cost of planned major repairs by 5% above inflation each year for 5 years
- 5) Increase cost of reactive repairs by 5% above inflation each year for 5 years

Of these five scenarios covering 5 years, there is no period where the expected cash balance dips below zero.

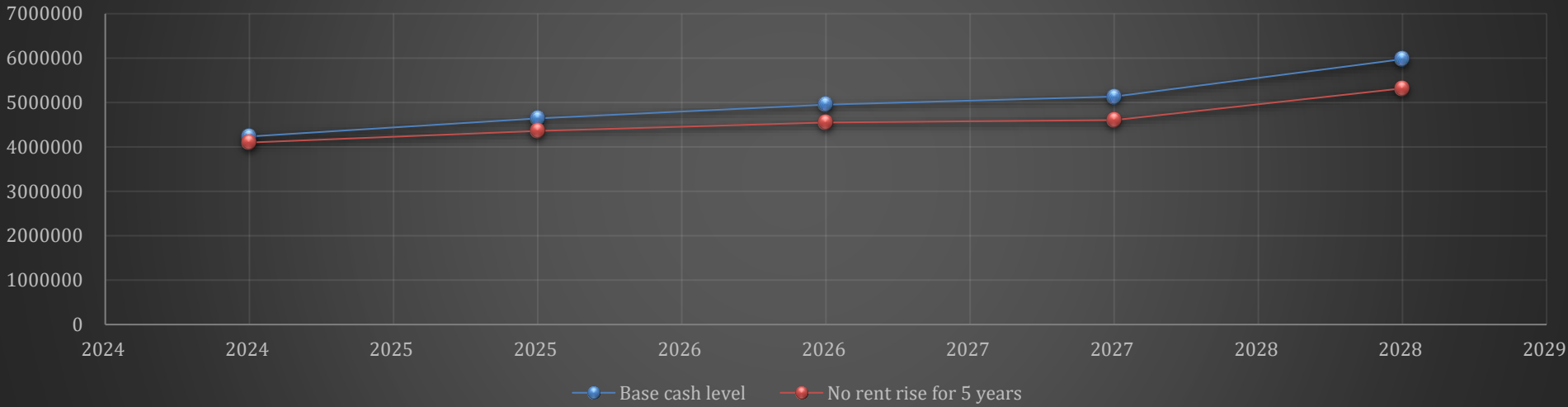
The graphics on the following pages provide a visual representation of each scenario.



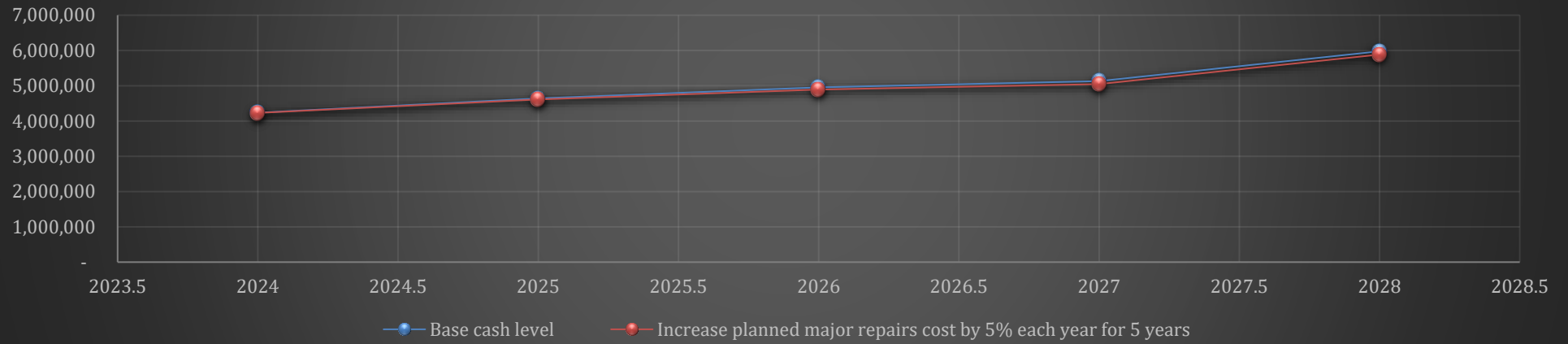
Scenario 2 - Salary costs increase by 1% per annum for 5 years



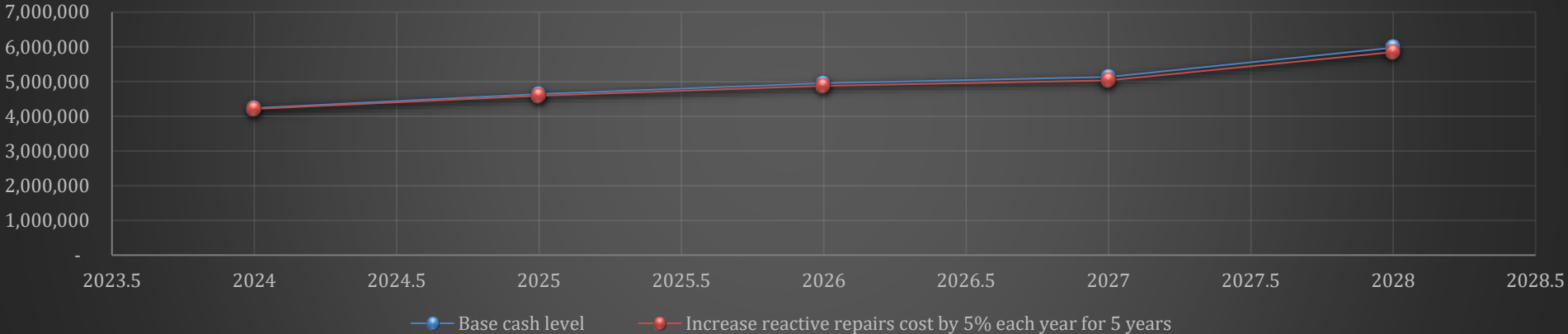
Scenario 3 - No rent rise for 5 years



Scenario 4 - Increase planned major repairs cost by 5% each year for 5 years



Scenario 5 - Increase reactive repairs cost by 5% each year for 5 years



Covenant Compliance

LOAN COVENANT CALCULATION

	<u>2023/24</u>	<u>2024/25</u>	<u>2025/26</u>	<u>2026/27</u>	<u>2027/28</u>
Operating surplus/(deficit)	372,122	260,036	97,429	733,709	(250,314)
<u>Add back:</u>					
Bank interest receivable	88,500	95,800	100,900	110,600	118,700
Depreciation (housing)	753,369	765,486	785,784	798,766	818,305
Planned maintenance	0	1,052	62,551	22,716	56,660
Net operating surplus (adjusted)	<u>1,213,992</u>	<u>1,122,374</u>	<u>1,046,664</u>	<u>1,665,792</u>	<u>743,351</u>
Interest Payable	<u>153,000</u>	<u>144,000</u>	<u>128,100</u>	<u>118,700</u>	<u>108,800</u>
INTEREST COVER	<u>7.93</u>	<u>7.79</u>	<u>8.17</u>	<u>14.03</u>	<u>6.83</u>

Note: Clydesdale Bank covenant is 1.2 times

There is also a loan to value covenant requirement which is currently well met.

We provide the Management Committee with confirmation of compliance as part of BHA's Management Accounts. Compliance testing is also carried out as part of the financial projections and we expect that existing loan covenants will continue to be met comfortably.

Later in 2023/24, we plan to discuss the release of security with the Clydesdale Bank as we have repaid a significant amount of loans in the past 3 years. This has been delayed due to the Coronavirus pandemic.

Treasury Management

BHA has loans from Nationwide Building Society and Clydesdale Bank. As at the end of Financial Year 2021/22, £3.204 million remains to be paid, with £188,511 of that due in 2022/23.

Nationwide holds security over 184 properties and Clydesdale Bank currently over 170.

Cash flow projections have shown that the repayment of capital and interest can be met without recourse to refinancing.

The loans are due to be repaid between 2029 and 2040.

Loan Portfolio

<u>Lender:</u>	<u>Maturity</u>	<u>Fixed or Variable</u>
Nationwide	2035	Variable
Nationwide	2036	Variable
Nationwide	2036	Variable
Clydesdale	2029	Variable
Clydesdale	2040	Fixed

Investments

Blairtummock Housing Association complies with the CIPFA code on Treasury Management and focuses primarily on protecting invested capital.

Deposits are reviewed quarterly by the Finance and Audit Committee.

Liquidity is monitored and investments altered in line with projected cash needs.

Treasury Management

The main treasury management issues likely to arise during 2023/24 are as follows:

- The external economic environment will be monitored closely, to provide early warning of any factors that will increase BHA's costs or reduce its income.
- BHA has financial capacity to raise additional loan finance if required, but does not anticipate that this will be necessary for the purposes of the services and future investment shown in the Business Plan.
- The financial projections confirm that BHA will be able to meet loan covenants. Covenant compliance assessments will be reviewed quarterly and reported to committee.
- BHA will review the securities it has given for loans and this will inform any proposals to rationalise loan securities where this would be beneficial to the Association.

CHAPTER 11

Implementing and Reviewing the Business Plan

Roles and Responsibilities

The Director is accountable to the Management Committee (MC) for managing the Association's overall performance, including the delivery of the Business Plan and the priorities it sets out.

MC scrutiny will include:

- Reviewing overall performance in relation to the Business Plan twice a year, at the mid-year point and when approving the following year's Plan.
- Reviewing financial and services performance, including targets or key performance indicators, as part of the ongoing cycle of committee meetings during the course of the year.

Oversight of Risks

The Director will maintain oversight of risks, and report to the Management Committee any emerging risks to the Association's strategic objectives, financial position or reputation. As directed by the MC, the Association may undertake additional risk analysis and reporting for business areas that are considered to involve higher levels of risk to BHA.

Internal Communications

The Director will discuss the Business Plan with the staff team, including the associated action plans by service/business area. The aim will be to give all colleagues a strong connection with BHA's organisational aims and priorities and their role in helping to meet these.

Annual Business Plan Updates

The next Business Plan Update will cover the period 2023/24. The main purpose of the Update will be to:

1. Confirm that the current strategic objectives continue to be appropriate.
2. Update the strategic analysis, to identify changes that could affect our strategy or risk exposure.
3. Review achievement against the Action Plans for the previous year, and prepare new Action Plans and targets/key performance indicators for the year ahead.
4. Update the strategic risk register.
5. Update the financial projections for the next 5 and 30 years, with appropriate stress testing carried out.

The completed Business Plan Update document will be presented to the Management Committee for approval no later than the end of June 2024. In the following year (2024/25), the Association will produce a new Business Plan.