



Rural Stirling

HOUSING ASSOCIATION

Business Plan

Year 2

2017-2018 to 2019-2020

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1. INTRODUCTION

- 1.1 This Business Plan is the Year 2 position of our 3 - Year Business Plan. It provides an update and review of our progress and a refreshed overview of Rural Stirling Housing Association (RSHA) and the environment in which we operate. This plan has been prepared using the existing 3 Year Business Plan adopted by the Management Board, leadership and staff team and informed by the views of key stakeholders in 2017, having reviewed and agreed the strategic direction of the organisation over the medium term to achieve our long-term mission.
- 1.2 Our business plan is a key strategic document which communicates our vision and objectives, and how we will achieve those objectives. The plan articulates the strategic direction and ambition of the Management Board as the governing body of the organisation. It provides a framework for action which communicates to customers, staff and key stakeholders what the organisation aims to achieve over the remaining 2 years of the Plan. It also provides an overview of where we want to get to and how we will get there via our annual Delivery Plan for 2018/19.
- 1.3 We have prepared this Plan cognisant of the Scottish Housing Regulator's (SHR) Recommended Practice for Business Planning (RPBP) of December 2015 and the Regulatory Standards of Governance and Financial Management.
- 1.4 **The Business Plan Process**
- 1.4.1 RSHA benefitted greatly from an excellence health check across our business conducted in late 2016 by external consultancy support. This review allowed us to consult with and take on board the views of our governing body members and staff team and consider what we want RSHA to be and deliver over the coming years, set against a new appetite to excel in all that we do.
- 1.4.2 All of this allowed us to produce a 3 Year Business Plan in 2017 that is owned by the Management Board and staff team and reflects the needs and aspirations of our customers and key stakeholders.
- 1.4.3 It is anticipated the Business Plan will be refreshed annually and rolled forward every year. This will ensure we always have a current Business Plan which sets out:
- Our strategic ambitions for the remaining 2 years
 - The updated 30-year financial projections to establish and test our long term financial health and future viability
 - The 1 Year Summary Delivery Plan of the headline activity for the coming year.
- 1.4.4 Every three years, we will conduct a comprehensive review of the strategic plan with the next due in 2020/21 or earlier if deemed appropriate.
- 1.4.5 In October 2017, RSHA's long serving CEO left to take up a similar role in a much larger housing association and a successor was appointed in mid-December 2017. This change at the most senior level of the organisation was not anticipated and has had a direct impact on the Delivery Plan for 2017/18. The priority during the interim period above and since our new CEO took up office has been to provide continuity of leadership and direction to the staff team and to protect and maintain standards of quality and performance to our customers in core service areas. Resourcing issues have inevitably resulted in a number of projects that we set out to achieve in 2017/18 taking longer to progress than anticipated with consequential carry forward into the Delivery Plan for 2018/19.

1.4.6 This update of the Business Plan should be viewed in the context of the change of leadership at executive level and time in post. The Business Plan update has been prepared with the information currently available and with the knowledge that there is work in hand and still to be done. The Business Plan has therefore been limited to:

- (i) a review of Delivery Plan 2017/18 progress and development of a new Delivery Plan for 2018/19 to develop targets and objectives to be set for the year ahead;
- (ii) an update and refresh of our current financial position, sensitivity modelling and scenario testing to give the regulatory and financial assurance required;
- (iii) identification of new or emergent risks, threats or opportunities that may impact on RSHA either now or in the future

1.4.7 There will be a further update and review of the financial projections at the mid-year stage to ensure that our underlying assumptions are as relevant and robust as they can possibly be. This will be essential to inform the budget setting process and planning for the rent consultation in the third quarter of 2018/19.

2. MISSION, VISION AND VALUES

2.1 Mission Statement

Our mission is to provide high quality affordable homes and services which will contribute to the well-being of the Rural Stirling communities that we serve.

2.2 Vision

Our vision and reason for being is *building affordable homes: growing rural communities*. We will build and manage affordable homes and other services to help our communities grow and thrive. We will do this by working closely with our customers, communities and local stakeholders. Great service and value for money will be at our core and we will strive relentlessly to balance both.

2.3 Values

The following values will shape how we do business to achieve our mission, vision and the strategic objectives set out in this plan. They underpin all the work that we do.

- **Excellence** - We are committed to providing a quality, customer focused service that demonstrates value for money, delivered by professional and caring staff. We will publicise information on how we are performing, welcoming challenge and feedback to continuously improve the effectiveness and relevance of the service we provide.
- **Accountability** - Our Board as the governing body and our leadership team will provide strong strategic leadership and oversight, ensuring tenant and other service users interests are protected and at the forefront of all that we do. We will ensure that our actions are transparent.
- **Partnership Working** - We will work collaboratively with all sections of the local community. This includes working collectively and individually with our customers and with other housing associations, statutory, public and voluntary sector partners to improve the lives of our residents. We will be a proactive member of our local communities, seeking out new, innovative ways to address issues that impact our residents.

- **Sustainability** – We are here for the long-term, so we care deeply about the design and life-long quality and cost of our homes and their impact on the physical and social environment. We believe that a healthy community is a socially inclusive one and through our landlord and other services we will meet local needs, provide ongoing support and help tackle rural disadvantage.

3. EXECUTIVE SUMMARY

- 3.1 This Business Plan aims to ensure that we achieve our strategic objectives and the long term financial health and viability of the organisation.
- 3.2 The externally facilitated excellence health check across the organisation in 2016, gave us an opportunity to re-visit and refresh our vision of where we want to be and what we want to deliver.
- 3.3 An outcome of the above was an updated set of interlinked strategic objectives, underpinned by a delivery plan for the coming year. These fully reflect the opportunities and threats in the evolving external environment in which we operate and the current internal strengths and weaknesses of RSHA.

Our 6 Strategic Objectives are summarised below.

3.4 **Objective 1 – Strong Strategic and interactive Governance**

In the coming year, we will:

- Carry out Board appraisals to identify the skills and competencies needed and develop learning and development plans to ensure that everyone can reach their full potential.
- Deliver Board training based on the outcome of the annual review process.
- Conduct a self-assessment against the SHR Regulatory Standards of Governance and Financial Management.
- Introduce the use of electronic Board papers.
- Carry out a full review of our Rules to ensure that they reflect the current Model Rules and are fit for purpose
- Review and update our Standing Orders and Schedule of Delegation.
- Review and update our Membership and Recruitment Policy.
- Develop a new sustainable procurement Policy.
- Carry out a review of the governance of our development activity against the SHR best practice principles outlined in their Thematic Inquiry of 2017.
- Adopt a new Governance Framework for Development
- Renew our approach to openness and accessibility
- Review our approach to risk management and aim to implement during Year 3 of the plan period.
- Review and update the 3-year Internal Audit Plan and agree the annual Internal Audit Plan for 2018/19.
- Comply with GDPR Regulations.
- Plan and prepare for the extension of Freedom of Information (FOI) to RSLs with effect from 1st April 2019 and put in place procedures to comply with Environmental Information (Scotland) Regulations (EIRs) 2004.

- Hold a joint Strategic Planning event with the Board of our subsidiary organisation, Venachar Ltd, to review overall strategic direction and to strengthen and develop understanding of the long term aims and objectives and respective priorities of the group.
- In Year 3 of the plan we will develop Strategic Plans to assist us move the organisation forward including:
 - IT and Communications
 - Customer Engagement
 - Equality and Diversity
 - Value for Money
- Continue to prioritise and grow the Health & Safety function to ensure legislative compliance.

3.5 Objective 2 - Deliver Excellent Housing Services

In the coming year, we will:

- Aim to achieve our Key Performance Targets and be an RSL recognised for excellence.
- Drive forward our excellence change programme, empowering staff and streamlining processes.
- Continue to get to know our tenants better through our programme of “About You” visits to ensure we understand their needs.
- Improve mobile working for our teams to provide cost effective and efficient services.
- Carry out refresher Complaints Handling training and make sure we are learning from complaints.
- Build a strong tenant voice through support to our Tenant Forum.
- Be more visible in our communities by attending local Community Council meetings and other community events and gala days and seek every opportunity to gain insight, knowledge and understanding of our customer needs, wants and aspirations.
- Carry out a satisfaction survey of our tenants’ experience of planned maintenance works to their homes and improve our approach to informing, consulting and liaising with them before and during works.
- Update and refresh our Tenant Handbook in design and available format including electronic and make this available in languages other than English.
- Adopt estate management and anti-social behavior policy in consultation with our tenants.
- Review our Allocations Policy
- Continue to assist tenants out of fuel poverty
- Review letting agent compliance with the Letting Agent Code of Practice and put in place required procedures for compliance.
- Complete Letting Agent Code of Practice training to comply with legislation and enable registration.

3.6 Objective 3 - Provide Quality Homes

A top priority is continued investment in our existing homes. This year we will:

- Deliver the planned and cyclical maintenance programme that has been agreed for 2018/19 including Pilot Flood Prevention works where required.
- Carry out grant-funded disability adaptations to meet identified needs of our tenants.
- Develop our first Asset Management Strategy.

- Review the use of the SDM Planned Maintenance module as part of our approach to asset management.
- Carry out a comprehensive review and update of our current Life Cycle Costing projections, and create a 3-year investment plan so that we can articulate to tenants what they can expect over this term.
- Work towards EESSH and EESSH^{#2} Compliance
- We will also comply with and ensure long term projections include assumptions for any new requirements for Fire Safety Measures.

We are also committed to providing new affordable homes to meet needs in our communities. We will:

- Complete development projects under construction at Station Road, Callander and Blairessen, Killearn to provide 35 new affordable Homes.
- Commence construction at Phase 5 Doune.
- Develop and agree Local Lettings Initiatives for all new development projects in partnership with Stirling Council and the local Community Councils.
- Commence building works on new build projects amounting to 70 new affordable homes in developments in Claish Farm Callander and Balmaha.
- Put in place an agreed marketing strategy for self-build and shared equity plots at Balmaha.
- Work with the East Loch Lomond Community Trust (ELLDT) to define and develop ongoing management of key worker accommodation.
- Work in partnership with ELLDT to examine feasibility and long term viability of development of land adjacent to the housing units for community use in Year 3 of the plan.
- Carry out feasibility assessments on various sites.
- Work closely with local communities, where possible, to help ensure that the housing design and mix, and the lettings and sales arrangements, reflect local needs and priorities.
- Complete Post Completion Reviews of our latest schemes at Balfron and Strathblane.
- Buy-back the owners' share in at least one shared ownership property and on-lease to our subsidiary, Venachar Ltd, for let on a Mid-Market Rent (MMR) basis.
- Undertake Market Research to establish demand for letting agent services from property owners in rural Stirling locations.
- Review existing Empty Homes Loans funds and our capacity to make Empty Homes Loans to property owners to bring back into use as affordable accommodation.

3.7 Objective 4 – Demonstrate strong financial management and value for money

We will maintain the solid financial base of the organisation now and in the future and demonstrate that we provide value for money to our customers and other key stakeholders. To this end in the coming year, we will:

- Re-procure various services to ensure VfM including exploration of opportunities to procure collaboratively with others including; Planned and Landscape maintenance contracts.
- Review delivery options for reactive repairs
- Re-procure services including;
 - Internal Audit
 - Insurance Services
 - Work towards the reprocurement of and opportunities for collaborative procurement of Legal Services in Year 3 of the plan period.

- Explore benefits of affiliation to the Scottish Procurement Alliance (SPA).
- Carry out a full Treasury Management Review and procure the additional private finance we require to meet our upcoming investment needs.
- Carry out a full review of our Factoring operation to ensure it is fully compliant with the legislation and the Factoring Code of Conduct.
- Develop a framework for consultation with our tenants on options for future rent increases. We will link our rent strategy to service standards, performance and actual costs as well as tenants' priorities.
- Improve our monitoring and recovery of recharge repairs.
- Explore the use of Procurement Frameworks for Contractor and Consultants services.
- Generate other income: including through Venachar's management services to other property owners and the fee income earned from RSHA staff services.

3.8 Objective 5 - Develop our leadership and people

We recognise the vital importance of strong and visionary leadership from the Board and senior team to develop our staff to be the best they can be. In the coming year, we will:

- Develop our Senior Management Team to provide effective leadership and management across the organisation.
- Foster a coaching culture to encourage and motivate our team to give of their best to successfully deliver our objectives and a culture that puts the customer at the heart of everything we do.
- Encourage our team to take an outward looking focus to tackle challenges and break down barriers, encourage networking and take advantage of practice innovation and exchange to drive forward continuous improvement.
- Review the use of Development Consultancy Services.
- Progress our plans to provide new modern office accommodation.
- Recruit a Modern Apprentice with a soft launch in Year of the Young Person 2018.
- Continue to roll forward our IIP accreditation and promote a happy, healthy and engaged team with a focus on Healthy Working Lives and a work life balance in 2018.
- In Year 3 of the plan period we will review our Annual Appraisal and Performance review framework and include our Board and staff in the review process.

3.9 Objective 6 - Be more than just a great landlord

We want to work with our partner agencies and communities to be a key part of the fabric of support and opportunity-making in our area. In the coming year, we will:

- Through the work of our Income Maximisation Officer and other staff, continue to prepare our tenants for the roll out of Universal Credit and other welfare changes that have the potential to significantly impact their ability to sustain their tenancies.
- Continue to participate with the Connect Stirling initiative to assist our customers to get online and explore ways for our services to our communities to be Digital by Default. However, we will also continue to provide a good customer experience for those not digitally aware or who may be digitally excluded.

- Contribute to the work of the Callander Partnership to help sustain our investment in this community.
- Promote and use our Community Fund and Donations to support and enable local charities and other community controlled projects to sustain and deliver community led projects.

4. WHO WE ARE AND ACHIEVEMENTS TO DATE

4.1 Our History

- 4.1.1 Rural Stirling Association Housing Limited (RSHA) is registered under the Co-operative and Community Benefit Societies Act 2014, a Scottish Registered Charity and registered with the Financial Conduct Authority (FCA). We are also a Registered Social Landlord (RSL) registered with the Scottish Housing Regulator and in accordance with the Housing (Scotland) Act 2001. We registered as a social landlord in 1990. In the year 2020 we will celebrate our 30th Anniversary.
- 4.1.2 We currently own and manage 588 homes. The majority of these are social rented with 18 shared ownership houses also remaining in management. 4 of these homes are leased to our subsidiary Venachar Limited, for letting on a mid-market rent basis. We provide a factoring service to a small number of home owners in the area.
- 4.1.3 RSHA was established with the support of Stirling Council, Scottish Homes and local Community Councils to develop new homes to meet an established shortfall of affordable housing. Nearly all of our homes have been developed directly by us and we remain the main provider of new affordable homes in the area with a healthy ongoing new build development programme.
- 4.1.4 We currently employ 14 people. Our turnover for the year ended 31 March 2017 was £3.144m
- 4.1.5 In 2013, we established a wholly-owned non-charitable trading subsidiary, Venachar Ltd., to carry out activities that deliver our objectives, but which we are unable to carry out ourselves. Our subsidiary operates in accordance with an Independence Agreement and a Service Sharing Agreement. Staff support to Venachar activities is undertaken by RSHA staff.

4.2 Our Management Board

- 4.2.1 We are controlled and led by a voluntary and unpaid Management Board. This governing body is made up of tenants and other individuals.
- 4.2.2 Our Board make the key decisions about the organisation and provide challenge, scrutiny and oversight over our senior staff team to ensure that all decisions and activity are in the best interests of our tenants.
- 4.2.3 Our Board of management come from a wide range of backgrounds and bring a wealth of varied skills and experience to our organisation. We carry out an annual programme of training needs assessment and have a Board Learning and Development programme to address any skills gaps.

4.2.4 A profile of the governing body is as follows: -

Office Bearers

Name: Margaret Vass

Chairperson since October 2013 and became a Board member in 2011. Margaret holds the OBE and is also a Fellow of the Chartered Institute of Housing (FCIH). 36 years' experience of working in housing and was Depute Director of Housing in Glasgow, specialising in homelessness and tenant participation. She was President of the Chartered Institute of Housing 1998-9 and served on numerous government advisory groups. She was on the board of Thenue Housing Association for 9 years and was their vice chairperson for 3 years.

Name: Mark Griffiths

Mark is the associations Vice Chair and Convenor of the Audit and Personnel Sub-Committee. Mark has lived in Callander for over 17 years and, following a 40-year career as a Chartered Accountant in industry and latterly as the Managing Director of an electrical engineering company, is now a self-employed consultant. As well as being a member of the Board of RSHA since May 2016, he is a Trustee of Callander Youth Project Trust and a Director of Callander Community Development Trust and seeks to provide a real link between the provision of affordable housing, employability and skills training and economic success for our communities.

Name: Fiona Boath

Fiona has been our Secretary since October 2016 and a Board member since 2006. Fiona is very active in the local community of Killin and has completed the SQA Governance of Scottish Housing Associations and SHARE online training programme.

Name: Phill Ragsdell

Phill was recruited to the RSHA Board in 2016 and has held the role of Convenor of the Investment Sub-Committee. Phill is an RSHA tenant living in Lochearnhead. Phill is a village hall community member for Balquhidder and formerly worked for the Royal Air Force and as a school music instructor.

Board Members

Name: Linda Anderson

Linda joined the Board in 2004. Linda is a long-term resident of Lochearnhead and active in the local community and a former tenant of RSHA.

Name: Malcolm Begg

Malcolm is a tenant of RSHA and joined the Board in 2017.

Name: Theresa Elliot

Theresa has been a Board Member since 2013. She has worked in the community since 1996 in tenant participation, youth work or community work both as a volunteer and employee.

Name: David Frood

David is an original member and has been involved with RSHA since 1991. David runs his own local tour/private hire business from his home in Blanefield.

Name: Susan Macmillan

Tenant with RSHA since Nov 2013, attends Tenant Forums, and has been a Board member since 2015. Susan works part-time and volunteers with a variety of local groups

Name: Alistair Miller

Alastair is a tenant of RSHA and was involved in our Tenant Forums before being invited to join the board in 2015.

Name: Robert (Bob) Moyes

Invited to join the Board in 2016, Bob was until recently a Board member and Vice Chair of Active Stirling.

Name: Colin O'Brien

Colin has been a Board member since 2010. He has a background in education and local government, specifically as a high school head teacher, local Councillor, Provost and Board member and Depute Convener of the Loch Lomond and Trossachs National Park.

Name: Cllr Graham Lambie

Appointed to the Board by Stirling Council as representative in 2017.

4.3 Our Staff

4.3.1 Rural Stirling is led by our Chief Executive, Donna Birrell.

4.3.2 Donna is a highly experienced housing professional with 30 years' experience in the housing association sector - 23 of these at a senior level. She has been directly employed as the senior officer at Rural Stirling since 2017. Previous roles included: Research Co-ordinator Scottish Association of Victim Support Schemes (SAVSS) and Graduate Trainee Scottish Special Housing Association (SSHA) and Scottish Homes (SH), Project Co-ordinator Cube Housing Association, Development Manager and latterly Director of Investment and Regeneration with Maryhill Housing Association. She holds a Master of Arts in Social Science (Class 2:1) Degree from the University of Glasgow, a Post-Graduate Diploma in Housing and is a Fellow Member of the Chartered Institute of Housing. Donna also holds a Project Management Qualification and is a member of the Association of Project Management (APM)

4.3.3 The structure was fully reviewed and a new structure agreed and put in place in the financial year 2017/18. The new operating model has been built to reflect our new ways of working and thinking as part of our cultural and excellence change programme.

4.3.4 We currently employ a team of 14 staff whose job it is to ensure that our tenants and other service users receive a friendly, efficient and responsive service. The team provide housing, repairs, welfare/ money advice, factoring, finance, governance and back office support. All staff

are experienced in their different areas of expertise with appropriate professional qualifications.

In addition to our staff team, we engage a number of third parties to deliver specialist elements of our service, e.g., IT, internal/ external audit services.

4.3.5 A profile of the staff team is as follows: -

Name: Staff Member	Donna Birrell, Chief Executive Donna has over 30 years' experience in the housing association sector and has a Degree and Post Graduate qualification, is a Fellow Member of Chartered Institute of Housing (CIH) and holds a Project Management Qualification (APM)
Name: Staff Member	Kirsty Brown, Finance and Corporate Services Manager/Deputy Chief Executive Kirsty is a Fellow of the ACCA and has worked with RSHA for 2 and a half years.
Name: Staff Member	Malcolm Lee, Asset Manager 8 years' in private practice Quantity Surveying before moving to the housing association movement and accruing 37 years' experience in all aspects of asset management and building maintenance.
Name: Staff Member	Jackie Leeds, Housing Services Manager 16 years' experience in housing, Jackie has a Chartered Institute of Housing (CIH) Level 4 and a Post Graduate Diploma in Housing.
Name: Staff Member	Housing Services Team Kelly Cadden, Housing Officer Kelly has 13 years' experience in the housing sector having worked previously with Clackmannanshire Council across various teams. Kelly has been working with RSHA since the beginning of July 2017.
Name: Staff member	Angela Cameron, Housing Officer (part-time) Angela has been working with RSHA since the beginning of 2017. Angela has a PG Diploma in Housing Studies and has an MBA in Business Development.
Name: Staff member	Liz Drummond, Customer Services Adviser Liz has an HND in Information Management and 15 years' experience in housing and maintenance administration.
Name: Staff member	Rachel Forsyth, Customer Services Adviser Rachel has 12 years' experience in housing and maintenance administration. She has a CIH level 2 in Housing Maintenance and an NVQ in Housing Administration.
Name: Staff member	Gillian Lynas, Housing Officer (part-time) Gillian has 19 years' housing experience with 14 and a half at Rural Stirling. Gillian has an MSC in Housing and a Diploma in Valuation and Estate Management.
Name:	Andrew Robinson, Housing Officer

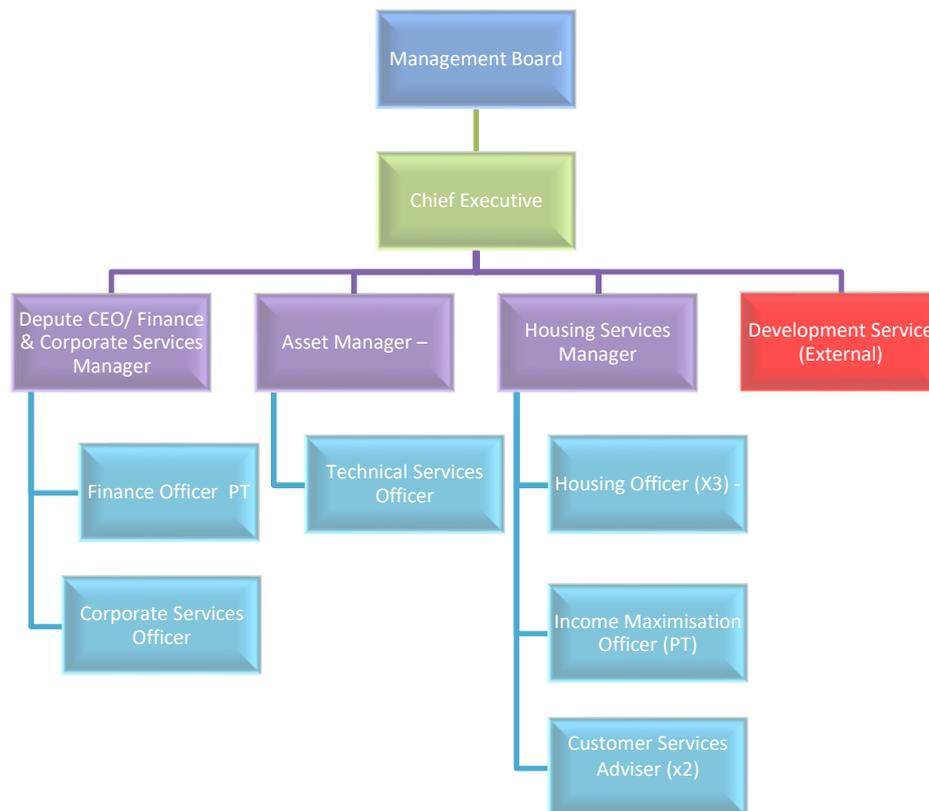
Staff Member	Andrew has 11 years' experience of the Social Housing sector and has been a Housing Officer for 4 years. Andrew started working with Rural Stirling in August 2017.
Name:	Kevin McGhee , Income Maximisation Officer (part-time)
Staff Member	Kevin has 11 years' experience with continuous professional development in the area of income maximisation.
Name:	Asset Management
Staff Member	Robert McGregor , Technical Services Officer
Staff Member	Robert is a time-served tradesman (joiner) and has an HND Built Environment. Robert has 17 years' experience in Housing Association maintenance.
Name:	Finance and Corporate Services
Staff Member	Susan Mackay , Corporate Services Officer (part-time)
Staff Member	Susan has a BA Commerce (Hons) and a PG Diploma in Public Service Management and has worked with RSHA for 6 and a half years.
Name:	Kasia Walker , Finance and Corporate Services Officer (part time)
Staff member	Kasia joined Rural Stirling in August 2017 and was recruited to enhance the finance function and take forward investment in our IT systems. Kasia has an MSC in Computer Science and PRINCE 2 Practitioner Project Management.
Name:	Jacqui Lauder , Cleaner
Staff Member	Jacqui lives locally in Doune and has been our cleaner for the past 21 years.

4.3.6 The staff team is supplemented by external agents, as follows:

Organisation	Service
TC Young	Legal advice and consultancy
Hill and Robb	Legal advice and consultancy
Brightridge Technology Ltd	Information technology and communications support
TIAA	Internal Audit Service
Alexander Sloan	External Audit Service
Gregor Cameron Ltd	Development Consultancy Services
Highlands Small Community Housing Trust	Advice and consultancy on community led housing options in small rural communities

4.3.7 Chart 1 below shows our staffing structure.

Chart 1



4.4 Area Profile

4.4.1 As at 31/03/2018, our stock consists of 588 properties, including 18 shared ownership. 4 of these properties are leased to the Association’s subsidiary company Venachar Limited for letting on a mid-market rent basis. The stock has nearly all been built by the Association during the last twenty years, with only 13 homes being of older origin – acquired from Forest Enterprise and Scottish Water or through the mortgage to rent scheme.

Our area of operation is defined as the north and west rural Stirling Council area, stretching from Tyndrum in the north to Strathblane and Doune in the south. The two Multi Member Wards, Trossachs & Teith and Forth & Endrick cover much of the area, with a large part falling within the boundary of Loch Lomond & the Trossachs National Park (LL&TNP).

4.4.2 Using the Scottish Government rural community classifications, the area is predominantly “accessible rural” but with areas of “remote rural”, especially to the north of Callander and around Aberfoyle. Callander itself, at the heart of the area, is now classed as an “accessible small town”. Rural Stirling has a prosperous and affluent image. The Scottish Index of Multiple Deprivation categorises Balfron & Strathblane as being within 10% of the least deprived areas in Scotland. Tyndrum, Lochearnhead and Strathyre have the greatest levels of deprivation in the rural Stirling area, but are categorised as having medium levels of deprivation in comparison to Scotland. There are however, some significant pockets of deprivation which can be overlooked if only a general view is taken. Areas within Aberfoyle and Callander have notable levels of housing deprivation, likely due to relatively high house prices and low proportions of affordable housing. Tyndrum also has significant levels of housing deprivation predominantly due to the high numbers employed in low paid seasonal work. Most notably, almost 50% of areas have some of the highest levels of deprivation in Scotland for access to services and public transport.

- 4.4.3 2011 Census figures state the population of the rural Stirling area is 24,000 – 26% of the population of the Stirling Council area. The highest proportion, over 32% are within the 45 to 64 age range, 27% are under 24 and 20% are 25 to 44. 18% of the population are within the 65 to 84 age bracket. This is generally in line with the Stirling Council in total with exception of the 45 + age group, which is approximately 5% higher in the rural area. This mirrors the profile of an ageing population across the country. Life expectancy and good health are slightly better in rural Stirling and there is a lower percentage of ethnic minority households.
- 4.4.4 Whilst unemployment rates are slightly lower than for the rest of Stirling and Scotland, many of those living locally are in relatively low paid seasonal work or are self-employed often working part time hours. There are approximately 7% more self-employed in the Trossachs & Teith Ward and a 7% higher rate of employment in the accommodation and food services industry compared to the rest of Stirling. The Joseph Rowntree Foundation report (“A Minimum Income Standard for Remote Rural Scotland” Policy - Update 2016) highlights “In 2016, a minimum acceptable standard of living in remote rural Scotland typically requires between a tenth and a third more household spending than in urban parts of the UK” with the costs of travelling, heating one’s home and paying for goods and their delivery being much higher.
- 4.4.5 Looking to the future, we will continue to take account of the demographic profile and associated issues in rural Stirling to plan and deliver affordable homes and housing services that reflect the needs and priorities of the communities.
- 4.4.6 Home ownership is the principal tenure in the rural Stirling area. Census 2011 figures profile owner occupation rates at 69% (Trossachs & Teith ward) and 78% (Forth & Endrick ward), both higher than Stirling at 66.2% and the Scottish average of 62%. Fewer households are renting social housing in rural Stirling than the Scottish average of 24%. The Forth & Endrick ward is well below the average with 11% of households renting from the social housing sector and 16.5% in Trossachs & Teith.
There are currently over 656 applicants on our waiting list. This would suggest the reason for below average levels of social housing tenure in rural Stirling is the lack of social housing stock rather than demand for it.

4.5 Our Customers

- 4.5.1 We have a total of 788 sole and joint tenants. Of these, there are 440 females (56%) and 348 males (44%).
- 4.5.2 Table 1 below shows that just over 77% of our customers are under the age of 65 (working age). Under 35’s make up 16% of our customer profile and 43% are between 36 and 54. This data is important for asset and housing management purposes, indicating an ageing customer profile with the potential need for increases in adaptation work and additional support to assist customers to be able to live independently at home.

Table 1-Tenant Age profile

Age	18-21	22-35	36-44	45-54	55-64	65-74	75+
-----	-------	-------	-------	-------	-------	-------	-----

Male	0	55	68	77	68	40	40
Female	20	72	109	93	71	43	53
Total	20	127	177	170	139	83	92
%	0.30	16	22	21	18	11	12

Source: SDM IT system April 2017/18

4.5.3 During the year 2017-18, 37 properties (6.5%) became available for re-let. Tenancy turnover is historically low and tenancy sustainment (calculated as tenancies being sustained for over 12 months) high – 95% in 2017/18.

4.5.4 Table 2 below illustrates the majority of our tenants are white Scottish. This reflects the picture across the rural Stirling area, where 99% of the population identify themselves as white, with a majority of those being Scottish.

Table 2 –Tenant Ethnic Origin

	All Tenants March 2017
White other British	32
White Scottish	540
White Irish	44
White European	11
African	11

Source: SDM IT system April 2018

4.6 Welfare Reform Impacts

4.6.1 Just over 40% of our customers currently rely on help to pay their rent. A snapshot of benefit dependence at March 2018 is shown in Table 3 below.

Table 3 – Benefit levels

Entitlement	Number of tenancies
Full housing benefit	136 (23%)
Partial housing benefit	63 (11%)
Universal Credit	60 (10%)
No benefit entitlement	329 (56%)
TOTALS	588

Source: HB/UC payment schedules March 2018

4.6.2 We employ an Income Maximisation Officer (IMO) who works alongside our Housing Officers assisting tenants to maximise their income. The IMO assesses eligibility for welfare benefits, helps to process housing cost claims and makes referrals to other agencies to assist with debt issues. Our Housing Officers visited all vulnerable tenants and UC claimants to ensure we are doing all we can to help people sustain their tenancy. During the visit, information and advice has been provided on welfare reform. Referrals are made to the IMO for more complex welfare reform issues.

4.6.3 Tables 4 & 5 below try to quantify the scale of potential loss to the Association and the risks associated with welfare reform. Table 4 estimates the potential impact for tenants and consequently our business of under occupation. It identifies the number of working age tenants we know to be under occupying by one or two bedrooms. At present, all tenants who under occupy their home have been contacted and are in receipt of Discretionary Housing Benefit (DHP) which covers the under-occupation charge. Consequently, loss of income has not materialised.

The passing of the Social Security (Scotland) Bill in April will see DHP devolved to the Scottish Government. The Scottish Government plans to revise existing DHP guidance, inherited from the DWP, this summer so that it is in line with the principles of the new Scottish Social Security system.

Table 4 – Impact of Under Occupation on Tenants

YEAR	1 bed 14%	2 bed 25%	Total weekly income
2018	19	2	£220

Source: SDM IT system April 2018

- 4.6.4 The figure in relation to under occupation is constantly changing as people’s personal circumstances change. The main risk to the Association is for tenants under occupying by 1 bedroom of which the Association has 19.
- 4.6.5 An objective of our Allocations Policy is to make the best use of social rented housing in the rural Stirling area. To meet this objective, points are awarded for each bedroom not required (in line with our occupancy standard). Since the Under-Occupation Charge was introduced, we have assisted 14 tenants who were under occupying their homes to move to properties which better suit their needs.
- 4.6.6 On June 28th, 2017, the roll out of full service UC took place in Stirling. As a result the Association has seen a steady increase in the migration of working age tenants claiming means tested benefits onto UC. As at 31st March 2018, there were 58 tenants claiming UC. Table 5 below sets out the number of tenants claiming UC to date, the arrears level of all claimants at the date a UC claim was made and the arrears level of those tenants at 31/03/18. Overall arrears have not increased as a result of UC. There are a few individual cases where arrears have increased significantly, however there are also many cases where arrears have reduced as a result of increased minimum levels of payments to rent arrears (third party deductions). In addition arrears, for those we do not receive direct payment from the DWP (Managed Payments), have halved. This is largely due to early intervention by housing staff to ensure direct payments are applied for where appropriate and, where possible, payment arrangements made before debt has accumulated.

Table 5 – Number of Tenants Claiming UC

No. of tenants claiming UC	Total arrears at start date of UC claim	Total arrears at 31/3/18
58	£44,758.30	£41,996.14

Source: RSHA Housing Information 2018

The Scottish Government has recently made changes to the way that UC is paid. For areas where full service UC is in place, claimants now have the option of requesting Housing Cost payments be paid directly to their landlord. In 2017/18 the UK Government announced a u-turn on plans to introduce the Shared Room Rate for 18 to 25 year-olds’ and no housing costs for 18 to 21 year-olds. This has reduced the risk of income loss to the Association.

- 4.6.7 The roll out of full service UC includes a fully digital claim process. We are aware that not everyone is digitally included and may find it difficult to claim benefits on line. In partnership with Forth Housing Association, Lottery funding was secured in 2016 to employ two Digital Inclusion Workers to help our tenants make the transition to using on line services. A bid for continuation funding is currently being prepared and we will continue to work with our partners to support this service going forward.

4.6.8 In April 2016 a joint tenant satisfaction survey was carried out by Research Resource on behalf of RSHA, Forth Housing Association and Stirling and Clackmannanshire Councils. A total of 227 of our tenants were interviewed. Questions about Welfare Reform were asked as part of this survey. 73% of our tenants stated they had heard of Welfare Reform and 84% stated they did not expect to be affected by it. This would suggest our tenants are not fully aware of all the implications of Welfare Reform and further information and advice will be planned and will be an ongoing activity.

4.7 Our Rents

4.7.1 We are committed to setting social rents that are, as far as possible, affordable to people on low incomes.

4.7.2 Our satisfaction survey identifies that 100% of tenants felt their rent represented very or fairly good value for money. This compares very well with the Scottish average of 79%. Whilst this is very encouraging, we are determined to provide even better value for money and keep our rents as low as possible, particularly when taking into account the difficult current economic climate.

4.7.3 Table 6 sets out our current rent levels in comparison with our neighbouring Housing Associations and local authority. Scottish social landlord average rents are also included for comparison. Our 1 bedroom rents are very competitive. Our 2 bedroom rents, whilst comparable with our neighbouring and similar rural associations are higher than the social landlord average (including local authority housing) 3 and 4 bedroom rents are slightly higher than our neighbours and the social landlord average, this is largely because the vast majority of these properties are semi-detached houses with private gardens and driveways which incur additional maintenance costs. However, it is worth noting that our 2, 3 and 4 bedroom rents are much lower than that of comparable rural housing associations.

Table 6 - 2016/2017 Rent Level Comparisons

	RSHA	Forth HA	Ochil View	Stirling Council	All rural HA's average	Scottish Average 2016/17
Average Weekly Rent - 2 apartment (1 bdrm)	£ 68.38	£67.67	£ 70.41	£ 61.23	£72.56	£71.67
Average Weekly Rent - 3 apartment (2 bdrm)	£ 77.44	£ 75.29	£ 77.12	£ 63.42	£79.94	£73.13
Average Weekly Rent - 4 apartment (3 bdrm)	£ 84.69	£ 82.49	£ 83.03	£ 66.00	£88.68	£79.42
Average Weekly Rent – 5 apartment (4 bdrm)	£ 91.43	£ 88.38	£ 85.11	£ 67.68	£99.01	£88.02

Source: ARC 2016/17

4.8 Asset Strategy

Asset Management

4.8.1 The latest independent stock condition survey was carried out in 2015 and this data has been used for subsequent 30-year life cycle costings and the creation of more detailed 3-5 year programmes of component renewals. We are pleased to report full compliance with the Scottish Housing

Quality Standards¹¹ (SHQS) and will ensure future component renewals and other supporting programmes of work will keep the stock compliant.

- 4.8.2 We are conscious that 9 properties are currently failing the Energy Efficiency Standard for Social Housing² (EESH) which must be complied with by 2020. Given our rural locations and the inclement weather that can adversely affect our communities and customers, we are determined to play our part in improving thermal efficiency and addressing fuel poverty.
- 4.8.3 The current 5-year component renewal programme includes provision to address the failing factors within these properties with new heating systems seen as the most effective measure to ensure these properties comply with EESH. To help identify the most appropriate type of heating per development, we commissioned an energy efficiency consultant to complete an appraisal of all stock with ageing heating systems during 2017-18. We will procure the necessary contracts for implementing the findings of the energy efficiency appraisal.
- 4.8.4 The heating systems in our homes are as follows:
- | | |
|----------------------------|-----------|
| • Gas Heating | 246 (43%) |
| • Electric Storage Heating | 290 (51%) |
| • Other | 34 (6%) |
- 4.8.5 Inefficient, aging electric storage heating is the key target of the forthcoming 5-year component renewal programme with circa 40% of all heating systems targeted for improvement. Some of the systems have been brought forward from their original life cycle renewal year to try to tackle fuel poverty issues, provide tenants with more comfortable homes and to bring failing stock up to the EESH standard.
- 4.8.6 The 30-year life cycle costing figure included in this Business Plan is £21.9 m (non-inflated).
- 4.8.7 Commencing in 2018-19, we will implement a process of continuous development of the base data with the objective of incremental improvement in the accuracy of the projected renewal dates, specifications and costs to ensure they reflect the needs of each development and the business. The key components in this process will be:
- Identification of appropriate software and/or Excel modelling together with associated hardware.
 - A regime of stock condition surveys that focuses effort on components approaching the end of their predicted life cycle only – this is to ensure resources are targeted at the most likely variables and to avoid unnecessary disruption of established programs of renewal.
 - A process of cost checking through analysis of tender history and benchmarking with other providers and agents.
- 4.8.8 The objectives set out within this section will all be contained within a new Asset Management Strategy targeted for delivery during 2018-19. The Strategy will take cognisance of SHR recommended practice in this area and compiled to satisfy the outcomes and standards set out under the Scottish Social Housing Charter (SSHC), including any amendments made following the Scottish Governments review of the Charter during 2017-18.

¹ The Scottish Housing Quality Standard (SHQS) is the Scottish Government's principal measure of housing quality in Scotland.

² The Energy Efficiency Standard for Social Housing (EESH) aims to improve the energy efficiency of social housing in Scotland.

Development Strategy

- 4.8.9 As part of its overall asset management strategy the Association aims to continue to develop new homes to meet the need for more affordable housing in the area and to take the opportunity to grow and strengthen the organisation to deliver improved value for money for tenants.
- 4.8.10 Whilst development represents potential opportunity it also carries potentially significant risks. The Association will continue to have regard to SHR’s general Business Planning and Asset Management Guidance (2015) in this regard. Also, more particularly to the recommendations from its (March 2017) thematic inquiry into “Development of affordable housing in Scotland” and the ten principles it identifies: Strategy, Risk, Product, Capacity, Governance, Appraisal, Funding, Project Management, Procurement and Stakeholders.
- 4.8.11 We work closely with Stirling Council, Loch Lomond and Trossachs National Park and other local providers as part of the Stirling Strategic Housing Forum and the Stirling Strategic Housing Investment Plan (SHIP) Working Group. There is continuing evidence of strong need and demand for affordable housing in many parts of our area – particularly in the South and as far north as Callander. The area has been categorised as “pressured” and a key investment priority within the Stirling Strategic Housing Investment Plan (SHIP). The recently adopted Stirling Council and National Park Local Development Plans have both identified new housing development sites with a significant affordable housing requirement.
- 4.8.12 The main priority is the development of social rented housing but our own demand analysis and recent marketing suggests there is also a significant demand in certain locations for other tenures including Low Cost Home Ownership (LCHO) and Mid-Market Rent (MMR) and the Stirling SHIP now also recognises this.
- 4.8.13 The latest (Oct 2017) Stirling SHIP provides for Grant funding for RSHA development schemes in the coming five years (2018/19 – 22/23) This is outlined below in Table 7.

Table 7: RSHA New Build Grant Funded Development Programme Identified in the SHIP

Scheme	Units
Station Road, Callander	23 for social rent
Balmaha	10 for social rent plus: 6 LCHO; 4 key worker flats (community-owned) and 2 self-build plots for market sale).
Blairessan, Killearn	12 for social rent
Claish Farm, Callander	50 for social rent
Springbank Road, Doune (ph. 5)	6 for social rent
Menzies Terrace, Fintry (ph. 1)	15 for social rent
Brig O Turk	6 for social rent
Croftamie	10 for social rent
Kippen	10 for social rent
Drymen	10 for social rent
Total for Social Rent	152 additional units (per business plan model)
Additional schemes:	
Strathblane	6 for social rent
Kinlochard	6 units *
TOTAL	164 additional units

Note that this Plan is subject to regular review and will be updated in the near future. All of these sites are in areas of established unmet need and demand. We have also recently identified a potential development in Gartmore.

*Tenure to be established

4.8.14 Development sites in the rural area have traditionally been scarce and often relatively expensive to develop due to site conditions and infrastructure costs. The business case for development was however much strengthened by the significant increase in social housing grant per unit and overall grant availability as part of the Scottish Government's drive to meet its 50,000 affordable homes target.

4.8.15 Other potential sources of subsidy which are relevant in this regard include:

- *Stirling's Strategic Housing Account*: made up of the Council Tax second/long term empty homes fund and developer contributions). It has been locally agreed that the Association and each of the other two local developers (the Council itself and Forth HA) can access up to a third of this to cover unusual costs to make sites viable and to meet associated costs. The Association has also benefitted from contributions from this towards the costs of development administration costs in light of the relatively labour-intensive requirements of smaller sites, often in sensitive locations.
- The Scottish Government's new *Housing Infrastructure Grant* which is aimed at unlocking sites. The Association is actively progressing a bid for our Balmaha project from this fund.
- The Scottish Government's new *Rural Housing Fund* which potentially opens up funding opportunities for new tenures and new partners for developers (including communities). The Association is actively progressing a bid in this regard for our Balmaha development which includes 10 units for social rent and where the RHF monies will:
 - help reduce the purchase price of the 6 proposed RSHA shared equity units (in this very high price area) and
 - facilitate the delivery of "key worker housing" for rent by the local Community Trust.

The inclusion of both tenures will help spread the development costs of the site to ensure overall viability.

4.8.16 The Association has a continuing capacity to borrow the private finance necessary to deliver the forward programme and there appears to be a continuing appetite by high street Banks and others to lend to the Association on reasonable terms.

4.8.17 All schemes are risk assessed and financially appraised to assess when they will start generating net surpluses and their longer-term impact on the Association's finances. The current target is for private finance per unit for new homes to be on average no more than £48k. New tenures potentially bring additional risks and there will be a need for vigilance in this regard.

4.8.18 The Association will also consider adding to its stock incrementally through small scale purchase of existing homes. We recently bought two properties off the shelf in a mixed tenure flatted scheme in Aberfoyle where we already own a large number of the other properties and have acted as factor. Grant subsidy was provided from the Council's Strategic Housing Account after

we made the case based on the fact that there are no future development sites in Aberfoyle but significant housing demand.

4.8.19 We also plan to buy-back RSHA shared ownership property where this makes sense, in areas of high demand. A number of our remaining sharing owners have indicated a desire to sell but stay in the home as tenants as they do not have the income to tranche up and are worried about the prospect of meeting future maintenance costs, with some now elderly. The Association has bought back several in the past and now plans to buy back at least one more, leasing to Venachar so that a MMR tenancy is created to generate increased rental income to help fund the buy-back cost. This will help protect the Association’s asset and consolidate management in these schemes.

4.8.20 The excellence health check identified a need for improved in-house capacity/resources in respect of development administration and project management. The Association will continue to buy-in expertise from specialist development service providers (Gregor Cameron Consulting Ltd and the Highland Small Communities Housing Trust) in 2018/19 to ensure continuity and will carry out a formal review of options for in-house and externally sourced services also during 2018/19.

4.9 Our Stakeholders and Partners

4.9.1 Our key stakeholders include:

- Our tenants
- Stirling Council
- Loch Lomond and Trossachs National Park Authority
- Scottish Government/Scottish Housing Regulator
- Lenders
- Local Communities

We aim to have regard to all of their aspirations and/or requirements in our forward planning processes.

4.9.2 We have a close (but non-constitutional) relationship with our partners in the StrathFor Housing Alliance – Forth HA and Ochil View HA. Through this a number of collaborative activities have been undertaken and others are being explored.

4.10 Our Performance – Benchmarking

4.10.1 Table 8 compares our own performance over the last 2 years and benchmarks against neighbouring housing providers.

Table 8 – Benchmarked Performance of RSHA 2016-2018

	RSHA 2016/17	RSHA 2017/18	Forth HA 20 16/17	Ochil View HA 16/17	Stirling Council 16/17	SCOTTISH AVERAGE 16/17
Tenant Satisfaction	97%	97%	94%	87%	93%	90%
Repairs satisfaction (last 12 months) %	95%	95.7%	98%	83%	83%	91%

% Rent Collected	102.3%	100.7%	107.2%	102.1%	99.8%	99.6%
Void Loss %	0.19%	0.18%	0.0%	0.3%	0.7%	0.9%
Relet days	13.6	13	1.1	13.7	36.1	31.5

4.10.2 The results from our tenant satisfaction survey were very encouraging and show an improvement in satisfaction with the services we provide.

4.10.3 Whilst the time taken to re let our properties is better than the Scottish average, there is room for improvement and to meet our target of 10 days. We are determined to drive further improvements and efficiency measures to ensure our customers receive great value for money and a great service. To do this we will continue to share and learn from good practice with our neighbour Associations and through regular attendance at good practice forums hosted by the Scottish Federation of Housing Associations, Scottish Housing Network and SDM.

5. ANALYSIS OF OUR OPERATING ENVIRONMENT

In this section of the Plan, we consider current or future issues in our external operating environment and what implications they might have for the organisation. We also look internally at our strengths and weaknesses and consider how these can, as appropriate, be built upon and/or improved. Finally, we review the risks we face and consider how best to address these in terms of being able to avoid, mitigate or manage each key risk. The aim is to align the organisation to the changing environment so that we manage threats and take advantage of opportunities that further our Strategic Objectives.

5.1 Political, Economic, Social and Technical (PEST) Analysis

Table 9 - PEST Analysis

Political/Legal	Social
<ul style="list-style-type: none"> • Govt. target for 50,000 new homes by 2020 • Procurement regulations • Welfare Reform • Policy on social rent reductions in England • SHQS & EESSH & EESSH^{#2} • SHR Regulatory Framework • BREXIT/ Indep.Ref 2 • GDPR • FOI and EIRs • Fire Safety Measures 	<ul style="list-style-type: none"> • Demographic change • Growth of older & very old population • Rising consumer expectations • Need for greater partnership working (cuts will drive the need for joint working, consolidation) • Growth in local competition • Demand for social and affordable housing • Development opportunities
Economic	Technological

<ul style="list-style-type: none"> • Inflation leading to costs increasing • Austerity cuts (UK, Scottish Government and impact on Council funding) • Unemployment • Inequality and poverty • Interest Rates (likely to rise) • House price inflation • Climate change • Rising Energy Prices/ fuel poverty 	<ul style="list-style-type: none"> • Digital by default • Digital exclusion • Home/ mobile working for staff • ICT requirements for on-line service • Innovations in energy efficiency • Improved performance management systems • Increased use of mobile technology & social media
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Political

- 5.1.1 The snap election of June 2017 resulted in the Conservatives remaining the biggest party in government however the Conservatives lost their overall majority with UK voters returning a hung parliament. The government has continued the pursuit of the welfare reform programme since re-election in 2017. Whilst the Scottish Government is committed to mitigating the changes for those most in need in Scotland, welfare reform will continue to impact on the poorest in society who will commonly be social housing tenants. We must ensure that we fully understand our tenant base and their changing needs and help them prepare for the future including how they will pay for their rent. We must also proactively counsel prospective tenants in the same way and work to keep rents affordable. This will be a top priority going forward.
- 5.1.2 The UK Government introduced imposed annual rent reductions of 1% per annum in the social rented sector from April 2016. Whilst rent policy in the social rented sector is a devolved matter in Scotland, the UK government will be looking at ways to ensure that proportionate savings are achieved across the whole of the UK. The Scottish government have made public that they would not support such a change in Scotland given that current social rent levels are lower than our English counterparts. That said, any change in thinking about rent policy would be a major concern to the viability of any housing association. The risk associated with this is anticipated to be low at this stage, however this has been considered in sensitivity testing of our financial cash flows.
- 5.1.3 In terms of our physical assets, we have seen the welcome commitment of Scottish Government to secure the delivery of 50,000 new homes by 2020. Stirling Council has its own housing strategy and strategic housing investment plan to contribute to this. Housing associations are being expected to step up to the mark and play their part to support delivery and opportunities exist for RSHA to play a continuing role with an enhanced programme of new homes. However, new build development brings particular risk considerations and will require us to access development expertise capable of meeting these challenges.
- 5.1.4 On 23 June 2016, the UK voted to leave its membership of the European Union with the official departure date now confirmed as 29 March 2019. This was despite quite a different outcome in Scotland and other UK jurisdictions. Scottish politics in 2018 is likely to be shaped by 2 big issues; the terms of Brexit and its consequences for a second Independence Referendum. Whatever the outcomes, there will be clear impacts for housing associations from both BREXIT and if Scotland were to leave the UK, e.g. outlook for the economy, migration levels, impacts on demand and services and procurement arrangements to name a few. We will keep all of this on our strategic agenda and map the impacts and plan responses accordingly as this debate unfolds.

Economic

- 5.1.5 The economic outlook has been shaped by the austerity agenda, but more so, by the outcome of the BREXIT vote and the unknown dimension that the US election outcome has created. Whilst the UK has not suffered the economic disaster that some commentators predicted after the BREXIT vote, there are global forces which could undermine the progress to date.
- 5.1.6 Continued house price increases and rises in inflation in 2018 beyond the ability of low income families to access a mortgage means the demand for social housing will remain strong.
- 5.1.7 Spending cuts will continue to place pressure on public and voluntary services creating increasing pressure on local projects and their future sustainability. This puts RSHA and other housing providers under added pressure to support services no longer funded by the state. However, it does create the opportunity to work with our local authority, RSL partners and the host of local voluntary projects to create complementary services that we can share to best effect.
- 5.1.8 Based on our current knowledge of our stock most of our homes already meet the Energy Efficiency Standard for Social Housing (EESH) but this still leaves many of our tenants facing relatively high fuel bills and dependent on older electric heating systems. Shifts in energy usage and costing are inevitable. These will continue to increase demands for improvements to energy efficiency and fuel poverty advice.

Social

- 5.1.9 The big social challenge going forward for RSHA in common with the whole of society is the changing demographic landscape. This has a number of implications. Firstly, the customer base will get older and generate new demands as the NHS changes its models of care with a greater emphasis on keeping people at home. We will need to consider developing new relationships with health and voluntary agencies and what new services are required to support people to stay in their homes.
- 5.1.10 We operate in a local authority area with one other locally based RSL, Forth HA, whose area of operation is the urban Stirling and eastern villages area. There are good and co-operative working arrangements with the Council. Whilst there are some other RSLs with a small stockholding locally past practice has been for the bulk of development monies to be shared between the Council and the two locally based providers. Whilst this arrangement appears to still meet the Council's objectives it cannot be assumed that this will continue indefinitely and the Association has to be alive to the possibility of change and an increased role for other providers in the area, opening up scope for both increased competition and possibly new opportunities for joint working.

Technological

- 5.1.11 Customer behaviour in engaging with service provision has changed dramatically over the past decade. More and more simple transactions (paying rent etc.) are being handled online with people of all ages using an array of IT devices and happy to do business in this way. Accessible phone contact can handle more complex issues, but there is still a place and a need for face to face contact on complex queries/ needs. This shift in the channels by which modern consumers engage means that we must adapt our approach.

- 5.1.12 We need to widen our online offering, but still provide the means to speak to us directly in a cost-effective and accessible way, either on the phone or in person. The technology needed to get our services online will be important to meet consumer needs, however can also be a cost reduction driver. As we develop our services, we need to ensure our staff team are comfortable and adept at using modern technology to help consumers, but also to do their own business e.g. home working, handheld devices to take the service into the customers' home.
- 5.1.13 As well as rethinking how we offer services; we are aware that social tenants are still the most digitally excluded in society (***Spreading the Benefits of Digital Participation Final Report April 2014- Royal Society of Edinburgh***). Despite this, more and more public and commercial services are being designed as "digital by default" including the Universal Credit system on which so many of our tenants will rely on going forward. There are also the proven benefits of being able to access services online to get cheaper products and service, to learn and to access jobs and training.
- 5.1.14 We therefore must make sure we play our part to make it easier for tenants to get online confidently to engage and carry out business with us and others.

5.2 Strengths, Weaknesses, Opportunities and Threats (SWOT) Analysis

Table 10 - SWOT Analysis

STRENGTHS	WEAKNESSES
<ol style="list-style-type: none"> 1. Rent levels (affordable/competitive) 2. Excellence ambitions (appetite for change) 3. STAFF – (committed, skilled, caring) 4. Size (should be nimble) 5. Community based / ease of access 6. Reputation/relationships 7. Low benefit dependence (also a weakness – rent increases?) 8. IT systems 9. Quality of stock 10. Strong Board 11. Demand for stock (excluding Tyndrum) 12. Balance sheet 13. Customer satisfaction 14. Lack of competition 15. Lender relationship 	<ol style="list-style-type: none"> 1. Size (economies of scale, skilled staff) 2. Geography (spread) – remote from tenants 3. IT systems (not fully used) 4. Competition (Council/RSLs) 5. Development Programme (skills, lead in time) 6. Staff – Health check findings 7. Energy efficiency – lack of gas supplies in rural location 8. Office Accommodation 9. Performance (rent collection and arrears management, letting, repair time) 10. On-line services/ innovation (feedback, texting, etc.) 11. Intelligence on customers (now and future) 12. Too frugal
OPPORTUNITIES	THREATS
<ol style="list-style-type: none"> 1. Collaboration (RSLs/other)/Take over 2. Staff restructure/morale /productivity 3. Health check 4. Funding availability/loan restructure 5. Improved performance 6. Office refurbishment/new unit 7. Tenant/Community involvement 8. Wider role (jobs/apprenticeships) 9. Promote <u>Rent</u> first! 10. Improve/simplify governance 11. Explore DLO 12. Tap into external funding (Energy Efficiency.) 	<ol style="list-style-type: none"> 1. Political change / Legislation/regulation 2. Complacency! 3. Demand/Waiting list/government affordable housing targets 4. Technology/ IT failure /hacking 5. Staff morale / burnout/leaving 6. Reputation damage (Dev. Programme /SHR engagement) 7. GDPR, FOI and EIRs 8. Brexit/ Independence Ref 2 Inflation (costs v wages) 9. Health & Safety, increased Fire Safety Measures 10. Affordability/ Welfare reform/Fuel poverty 11. Competition 12. Diverse Tenant Base (aspirations, ageing, sicker) 13. Viability of rural sites 14. Weather (services / business continuity) 15. Developer appetite/costs/availability 16. Breaching loan covenants

5.2.1 Strengths

In essence, our biggest strength should be that we are small and local. Our staff know our customers well and have built up good, trusted relationships with high levels of customer satisfaction.

We have good stakeholder relationship with the local authorities in our areas of operation and enjoy high levels of customer satisfaction.

Our stock is of good quality and in high demand. Our rents compare reasonably with those of other RSLs and feedback from tenants suggests that our rents are generally considered to be affordable and to represent value for money.

In addition to this, the basic economics of the business are sound and 30-year financial projections indicate that we are able to do what is needed over this period.

Our Board, leadership and staff team are focussed on the future, with a renewed sense of direction following the independent excellence health check and agreed programme for change arising from that and appointment of a new CEO in December 2017.

5.2.2 Weaknesses

Our small size and geographical spread create challenges in keeping our relative costs per unit and value for money, competitive.

There is scope for improved performance in respect of some key landlord indicators – including rent collection, void management and re-let times and repairs delivery.

Whilst our stock is already largely EESSH compliant we know that, with a current reliance on older electric heating systems, there is still significant scope for improvement in the energy efficiency of many of our homes to reduce the fuel bills of our tenants. We need to be aware of the new EESSH requirements beyond 2020 and the implications for our organisation. We may also need to comply with increased safety measures in relation to fire detection.

We are a developer of new homes but do not have the full-range of development skills in-house. At present the development function is out-sourced pending a review of options going forward in 2018/19. There is a need to self-assess our governance of the development process to ensure that this is in line with SHR standards of governance and accountability.

There is a recognised need to improve office facilities and we aim to comprehensively refurbish our existing accommodation in 2018/19. We will also drive forward more effective and efficient staff working through improved leadership, empowerment and accountability at all levels and improved use of IT and digital communication and the content and usability of our website.

5.2.3 Opportunities

The Excellence Change programme moved the organisation forward creating a new operational culture and ways of working that are now the business as usual. We set out to improve services to tenants, deliver increased value for money and develop strategic capacity. We will carry out a

review and evaluation of the change programme during 2018/19 to determine how successful we have been and what if anything we still need to do.

There are opportunities to further explore collaborative working with others, including in respect of delivery of the development function and procurement, including through procurement clubs and alliances.

There is also an opportunity to explore the potential benefits of direct delivery of maintenance work through the employment of direct labour, with potential increased control over work, performance, costs and associated opportunities for community benefit.

The Scottish Government's agenda to increase the delivery of new homes and our positive relationships with Stirling Council, the National Park and communities mean that there will be opportunities to increase development activity and grow. The community empowerment agenda also opens up new possibilities for joint working with communities.

There is a real scope for us to make better use of IT and digital services to improve efficiency of working and service delivery to tenants.

5.2.4 Threats

Whilst development is a potential opportunity, it is also a clear potential threat and we face particular challenges given the nature of our programme and site opportunities.

There are other issues that we must not take our eyes off around welfare reform impacts.

Political uncertainty around Brexit and Scottish Independence open up the possibility of adverse economic change with possible consequences for interest rates and loan costs; inflation in costs (of building materials and others) and at the same time economic downturn reduced income and rent paying ability for tenants. Whilst hard to predict this will need to be carefully watched and fed into key strategic considerations and plans going forward.

We, like every other modern business have a huge reliance on IT for effective operations, but are at risk of service interruptions/ failure and must protect the data we hold and manage. We therefore need to review arrangements around IT to ensure resilience.

5.3 Risk Analysis

5.3.1 Risk is present throughout RSHA - in our buildings, equipment, policies, systems, processes, staff, tenants and visitors. We recognise that the management of risk is vital to our success and resilience. It must be an integral part of all the functions and activities of the organisation.

5.3.2 We will update our Risk Management Policy to ensure a consistent approach towards risk across the organisation. This will outline the processes for recognising, analysing and dealing with risks as well as assuring the effectiveness of the identified processes. In addition, risk management should actively support the achievement of our agreed objectives and not simply to avoid risk.

- 5.3.3 Our approach to risk management will be designed to enable us to minimise the frequency and effect of adverse incidents arising from risks and to identify improvements in procedures and service delivery in order to ensure the efficient and effective use of funds.
- 5.3.4 Risk management extends to the culture, processes and organisational structures, which contribute to the effective management of potential opportunities, threats and adverse incidents
- 5.3.5 Risk consideration and management will be an integral part of our strategic planning and decision-making processes. For new initiatives and projects, risk analysis shall also be used to inform our decision-making process.
- 5.3.5 We promote the integration of risk management in the governance and management of our business so that it naturally flows through our business.
- 5.3.6 **Appendix 1** shows the Key Risk Analysis capturing the major risks presently facing RSHA and the action we have taken or plan to take to mitigate/manage/avoid them.

6. STRATEGIC OBJECTIVES

6.1 Strategic Analysis

- 6.1.1 This Business Plan aims to ensure the programme of change and improvement is implemented effectively to support sustainable, excellent services to our tenants.
- 6.1.2 Having reflected on our vision and values, and reviewed our customers, physical assets, performance, stakeholder expectations, and scanned our external/ internal environment and the key risks we face, we have brought all these elements together to update our strategic objectives.

6.2 Strategic Mapping

- 6.2.1 By using the strategic analysis tool of a **TOWS Matrix** (shown in **Appendix 2**), we were able to clearly map the key threats, opportunities, weaknesses and strengths and as a result, formed 6 interlinked strategic objectives. These reflect the opportunities and threats in the evolving external environment in which we operate and the current internal strengths, weaknesses of the organisation.

6.3 Our Strategic Objectives

6.3.1 Objective 1 – Strong Strategic and interactive Governance

- We will **conduct annual Board evaluations** to ensure all members understand the vision, values, strategic direction and delivery commitments of the organisation and their part in achieving same. From this, we will **create learning and development plans** to ensure that Board members are trained and developed to deliver on expectations and to reach their full potential.

- We will **identify the skills and competencies** needed by our Board and **deliver a formal programme of training** to meet these needs in accordance with Learning Plans to be agreed following the annual Board review process.
- We will **conduct a self-assessment** to test how we govern and manage against the SHR Regulatory Standards of Governance and Financial Management taking cognisance of updated best practice guidance to be issued by the SFHA in 2018.
- We will introduce **electronic Board papers** in the coming year.
- Carry out a full review of our Rules to ensure that they reflect the current Model Rules and are fit for purpose. This will include a;
 - Review and update our Standing Orders and Schedule of Delegation
 - Review and update our Membership and Recruitment Policy
- Develop a new sustainable procurement policy including community benefits in line with the review of our delegation schedule to ensure our approach complies with legal and regulatory requirements and helps us deliver value for money and which helps to sustain and develop our rural economies.
- Adopt a new Governance Framework for Development.
- Carry out a review of the governance of our development activity against the SHR best practice principles outlined in their Thematic Inquiry of 2017.
- Renew our approach to openness and accessibility by:
 - launching our new look website
 - sticking to our target to publish three editions of our Rural Matters newsletter and
 - ensuring we are compliant with the “*Open all hours*” Guidance from the SFHA.
- This year we will work towards a review of our approach to risk management to ensure that there is an effective Risk Management Framework and proportionate approach to risk across each service area. We will include “Horizon Scanning” within the new framework and aim to implement during Year 3 of the plan period.
- Review and update the 3-year Internal Audit Plan and agree the annual Internal Audit Plan for 2018/19
- Comply with GDPR Regulations including;
 - It and Communications Security and Privacy
 - Move towards becoming a paperless office
- Plan and prepare for the extension of Freedom of Information (FOI) to RSLs with effect from 1st April 2019 and put in place procedures to comply with Environmental Information (Scotland) Regulations (EIRs) 2004.

- Hold a joint Strategic Planning event with the Board of our subsidiary organisation, Venachar Ltd, to review overall strategic direction and to strengthen and develop understanding of the long term aims and objectives and respective priorities of the group.
- We recognise the importance of having key Strategic plans in place to assist us to move forward and in Year 3 of the plan we will develop Strategic Plans in key areas including:
 - IT and Communications
 - Customer Engagement
 - Equality and Diversity
 - Value for Money

The operational objective would be to work towards development of these strategies in 2018/19 as resources allow, with implementation in Year 3 of the plan period. This rationale and approach is not considered to pose any significant business risk.

- Continue to prioritise and grow the Health & Safety function to ensure legislative compliance. Health and safety will continue to be standing items on key strategic and operational meeting Agendas and the Internal Working Group will continue to meet on a regular basis to address Health and Safety issues. We will include continue to invest in training, addressing any issues identified at the annual Health & Safety Audit and Fire Risk Assessment, reviewing and enhancing the existing framework of policies, procedures, risk assessments and continuing to push forward with the three-year plan to fully implement the ACS Landlord Safety Manual.

6.3.2 Objective 2 - Deliver Excellent Housing Services

We want to improve the performance that we currently achieve against the performance indicators of the Annual Return of the Charter (ARC). Our aim is to be a high performing RSL, recognised for excellence. We aim to **achieve our Key Performance Targets in 2018/19** set out in **Appendix 3** to drive this level of high performance, continuous improvement and excellent customer service.

In the coming year, we will:

- Achieve our Key Performance Targets and be an RSL recognised for excellence.
- Driving forward our excellence change programme, empowering staff and streamlining processes by;
 - Improving SDM Data Capture and Reporting
 - Carrying out an independent review and evaluation of the success of the Excellence Change Programme
 - Reviewing policies and procedures to ensure the effective operation of the business
- Continue to get to know our tenants better through our programme of “About You” visits to ensure we understand their needs. This will include priority groups;
 - Vulnerable working age
 - Vulnerable elderly
 - Non vulnerable

- Improve mobile working for our teams to provide cost effective and efficient services.
- Carry out refresher Complaints Handling training and make sure we are learning from complaints.
- Build a strong tenant voice through support to our Tenant Forum. Building a strong tenant voice through support to our Tenant Forum will ensure our customers are at the heart of the service and show that we can and do make a difference in the areas in which we operate. We will;
 - Develop an annual plan with our Tenants Forum and involve and consult with them on our Resident Handbook
 - We will report on our Performance and consider ways to improve engagement
 - We will involve the Tenants Forum in the review of our Allocations Policy and Annual Rent Increase
- Be more visible in our communities by attending local Community Council meetings and other community events and gala days and seek every opportunity to gain insight, knowledge and understanding of our customer needs, wants and aspirations.
- Carry out a satisfaction survey of our tenants' experience of planned maintenance works to their homes and improve our approach to informing, consulting and liaising with them before and during works.
- Update and refresh our Tenant Handbook in design and available format including multi lingual formats.
- Adopt estate management and anti-social behavior policy in consultation with our tenants.
- Review our Allocations Policy
- Continue to assist tenants out of fuel poverty through referrals to Citrus Energy and Energy Action Scotland; promoting the benefits of Home Energy Assessments and through our planned maintenance programmes.
- Review letting agent compliance with the Letting Agent Code of Practice and put in place required procedures for compliance.
- Complete Letting Agent Code of Practice training to comply with legislation and enable registration.

6.3.3 Objective 3 - Provide Quality Homes

Effective management of our physical assets will always be a top strategic objective and part of our core business. In 2018/19, we will:

- Deliver the **planned and cyclical maintenance programme** that has been agreed for this year. Including Pilot Flood Prevention Works.

- Carry out grant-funded disability adaptations to meet identified needs of our tenants, making use of available Grant Funding from the Scottish Government.
- Develop **our first Asset Management Strategy** to consider how we best manage, maintain and invest in our physical assets for maximum return over the short, medium and long term and;
- Review the capability and functionality of the Planned Maintenance module within SDM.
- Carry out a **comprehensive** review of our current **Life Cycle Costing projections** and ensure that we have a system for holding this information so that it can be regularly updated. This will include a full review and benchmarking of our Life Cycle Costings assumptions and projections to ensure they are robust and can be used with confidence to inform rent increase discussions and consultations.

By the end of the year we will:

- Create a **3-year investment plan** so that we can articulate to tenants what they can expect over this term.
- Continue to drive towards EESSH Compliance and develop an understanding of what EESSH beyond 2020 might look like and how this will affect RSHA.
- Assess the implications of any new requirements relating to fire detection in our homes.

We are also committed to providing **new affordable homes** to meet needs in our communities, in accordance with the agreed Stirling Strategic Housing Investment Plan (SHIP). In 2018/19 we will:

- **Complete building works on new build sites at,**
 - Station Road Callander (23 homes for social rent)
 - Blairessan Killearn (12 homes for social rent)
- We will work closely with local communities, where possible, in respect of the above schemes to help ensure that the housing design and mix, and the lettings and sales arrangements, reflect local needs and priorities.
- **Commence building works on new build projects,** at the following sites:
 - Phase 5 Doune (6 new homes for rent)
 - Claish Farm Callander (50 homes for rent)
 - Plantation site, Balmaha (10 homes for social rent, 6 for shared equity, 4 for rent for key workers and 2 plots for self-build).
As part of the above project we will;
 - Put in place an agreed marketing strategy for self-build and shared equity plots at Balmaha
 - Work with the East Loch Lomond Community Trust (ELLDT) to define and develop ongoing management of key worker accommodation and establish the role of Venachar Ltd in the development

- In Year 3 of the plan we will work in partnership with ELLDT to examine feasibility and long term viability of development of land adjacent to the housing units for community use.
- **Carry out feasibility assessments on projects planned for future years**, with a view to obtaining planning consents and agreeing acquisition/ development proposals for the following sites:
 - Menzies Terrace, Fintry (30 homes)
 - Buchanan Crescent, Croftamie (12 homes)
 - Glenfinglas Road, Brig O Turk (8 homes)
 - Kinlochard (6 homes)
 - Explore opportunities at Kippen, Drymen, Strathblane and Gartmore.
- Carry out **Post Completion Reviews** of our most recently completed schemes at Balfron and Strathblane, informed by the views of tenants, consultants and contractors, to ensure that lessons are learnt and can be fed into planning for new projects.
- We will add to our affordable housing stock through buy-back of the owners' share in at least one shared ownership property and then on-lease this to our subsidiary, Venachar Ltd, so that it can be let on a **Mid-Market Rent (MMR)** basis. The higher rental income generated compared with social rents will fund the acquisition cost. We believe that this will provide a more affordable and sustainable form of housing for a local household in need than the existing shared ownership arrangement.
- Undertake Market Research to establish demand for letting agent services from property owners in rural Stirling locations.
- Review existing Empty Homes Loans funds and our capacity to make Empty Homes Loans to property owners to bring back into use as affordable accommodation.

6.3.4 Objective 4 – Demonstrate strong financial management and value for money

Like all good businesses, we need to maintain the solid financial base of the organisation now and in the future and to demonstrate that we provide value for money to our customers and other key stakeholders.

Section 8 sets out our financial position over the short, medium and long term. We have run various sensitivities and scenarios to stress test our financial plans against the key risks that could affect us. The results indicate a business capable of withstanding challenges.

That said, we know that improvements in respect of cost control, efficiency of operations and effective procurement will further strengthen our ability to provide value for money services and to invest in existing and new homes whilst keeping our rents affordable to our tenants. To this end, in 2018/19 we will:

Re-procure various services to ensure VfM including exploration of opportunities to procure collaboratively with others including:

- **Reprocurement of our landscape maintenance and planned maintenance works.** We have experience of collaborative procurement over several years with our StrathFor Alliance partners but the conclusion of a formal review in 2016 was that this was not delivering clear benefits. All partners are now exploring scope for achieving improved value for money through the use of established, large-scale, frameworks such as the Scottish Procurement Alliance (SPA).
- **Review delivery options for reactive repairs.** In 2016 we re-tendered our reactive maintenance works and put in place a new framework of contractors for 3 years. We will review arrangements in 2018/19.
- **Reprocure services including;**
 - Internal Audit
 - Insurance Services
 - Work towards the reprocurement of and opportunities for collaborative procurement of Legal Services in Year 3 of the plan period.
- **Explore benefits of affiliation to the Scottish Procurement Alliance (SPA).**
- **Carry out a full Treasury Management Review** and cost-effectively **procure the additional private finance** that we require to meet our investment needs in the coming years.
- Review our **factoring arrangements** to ensure it is fully compliant with the legislation and the Factoring Code of Conduct and consider the value for money of the private service currently being received at Springbank Road, Doune and scope for possible alternatives.
- Consult on rent increases, consultation is probably the most important consultation for our tenants. We will develop a **framework to ensure genuine consultation and meaningful engagement** with tenants takes place on **options for future rent increases**. We will link our rent strategy to service standards, performance and actual costs as well as tenants' priorities.
- Continue to get **firm messages across to tenants about their responsibility to look after their homes** (in particular to reduce unnecessary maintenance spend on voids) and **improve our monitoring and recovery of recharge repairs**.
- Explore the use of Procurement Frameworks for Contractor and Consultants services.
- We will **maximise opportunities to attract other funding** to support our activities. This will include income from the activities of **Venachar** in selling management services to other property owners in the area. As well as meeting other objectives this generates additional income for RSHA through the fees charged for staff services and there is potential for part of Venachar's own surplus to be gift-aided to the Association.

6.3.5 Objective 5 - Develop our Leadership and people

We recognise the vital importance of strong and visionary leadership from the Board and senior team to develop our staff to be the best they can be.

This year we will:

- Develop our Senior Management Team to provide effective leadership and management across the organisation through a Senior Management Leadership and Development Programme.
- Foster a coaching culture to encourage and motivate our team to give of their best to successfully deliver our objectives and a culture that puts the customer at the heart of everything we do. This will be aimed at supporting staff into roles and embedding a working culture aimed at putting our customers at the heart of our service and ensuring that we design and tailor our service responses to suit the needs of our customers. Our way of doing things will always be customer focused, highly effective and streamlined to remove waste and duplication in our process.
- Encourage our team to take an outward looking focus to tackle challenges and break down barriers, encourage networking and take advantage of practice innovation and exchange to drive forward continuous improvement.
- Review the use of Development Consultancy Services including the current performance of existing providers providing a Cost Benefit Analysis of In House versus Consultancy Services and recruit/procure accordingly.
- Progress our plans to provide new modern office accommodation ensuring that staff and visitors benefit from a more modern and spacious working environment.
- Recruit a Modern Apprentice with a soft launch in Year of the Young Person 2018.
- Continue to roll forward our IIP accreditation and promote a happy, healthy and engaged team with a focus on Healthy Working Lives and a work life balance in 2018.
- To ensure we continue to develop our people in Year 3 of the plan period we will review our Annual Appraisal and Performance review framework and include our Board and staff in the review process.

6.3.6 Objective 6 - Be more than just a great landlord

We want to work with our partner agencies and communities to be a key part of the local fabric of support and opportunity-making, combatting rural disadvantage in our area. In 2018/19 we will:

- Through the work of our own specialist Income Maximisation Officer, with the support of housing staff, we will aim to **prepare our tenants for the roll out of Universal Credit and**

other welfare changes that have the potential to significantly impact their ability to sustain their tenancies.

- Continue to play our part in supporting digital engagement in the community. We will promote and support the continuation funding bid for the Big Lottery Funded **Connecting Stirling Project** aimed at improving the digital inclusion of our tenants through intensive, home-visiting by dedicated staff, in conjunction with our partners: Forth HA and Stirling Council advice services.
- We will continue to support efforts of the work of the Callander Partnership to help sustain our investment in this community.
- Promote and use our Community Fund and Donations to support and enable local charities and other community controlled projects to sustain and deliver community led projects.

7. DELIVERY PLAN 2018/2019

7.1 Summary Delivery Plan

7.1.1 Our 6 Strategic Objectives above, all need to be translated into practical tasks with timescales and targets with named individuals taking ownership of delivery. **Appendix 4** sets out the Summary Delivery Plan along with lead officers for each task and timescales for delivery.

7.1.2 An operational Delivery Plan will be developed with all staff to ensure everyone is clear about responsibilities and the part each officer will play in taking the organisation forward once the Plan is approved by the Committee.

7.1.3 Due to the level of priority attached to some of our objectives, the Association may require short-term external consultancy support in order to deliver the requirements in the necessary timescales and this has been budgeted for in our annual budget for 2018/19. Please note that delivery of the business plan is resource dependent and will be subject to ongoing internal review and quarterly reporting to the Board.

7.2 Monitoring Progress

7.2.1 Progress against the Summary Delivery Plan will be reported to Committee on a quarterly basis.

7.2.2 The annual business planning process will commence again with a Board Strategic Planning event over the summer months. This will aim to refresh and review the strategic direction, sense check our existing Business Plan with the current operating environment and risks, identify the long-term investment needs of our stock and the updated financial position. This will help to draft the annual budget for 2019/20 and inform options on rent increases that we can consult our tenants on before the end of the calendar year. We will also review the 3-year strategic objectives and the next annual plan for 2019/20 to be fully considered and approved for February 2019.

8. FINANCIAL ANALYSIS

8.1 Resources

- 8.1.1 The achievement of our strategic objectives requires the ability to understand and control costs. This is important to maintain an affordable rent structure, invest in the development of the business and have the strength and flexibility to adapt to external challenge. Achieving this is vital if we are to achieve our purpose and make a difference in the community.
- 8.1.2 Our long-term financial forecasts include comprehensive scenario planning and stress testing, assessing the impact of different assumptions and identifying alternative strategies.
- 8.1.3 A key priority is to understand and adapt to the challenge of welfare reform. The potential for an increase in bad debt continues to present a significant and serious financial challenge.
- 8.1.4 We will ensure that our financial forecasts have the headroom to meet external challenges, achieve loan covenant compliance and deliver the services to support tenants and sustain tenancies.
- 8.1.5 A key priority is to maintain affordable rents. Accordingly, we will consider the need to preserve value for money while at the same time providing a first-class service to tenants. The long-term projections base model assumes, at this stage, a real rent rise of 0.50% per year until 2022/23. Sensitivity analysis considers the impact of limiting real rent rises. The potential for limiting increases exists to a degree but will depend on the ability of the Association to control its costs as well as changes in inflation and interest rates. The annual budget process will review progress to date and consider, based on prevailing circumstances, whether restrictions on rent increases are capable of being achieved.

8.2 The Long-Term View

- 8.2.1 As a business with 588 properties to maintain over the long term and a significant portfolio of long term borrowing the Association needs a robust business plan underpinned by a 30-year financial model. This provides reassurance to the Board, SHR and lenders that we can meet our long-term maintenance and debt repayment obligations. At **Appendix 5** is a summary of the output from the Association's 30-year financial forecasts.
- 8.2.2 Whilst we cannot expect to be precise over such a period of time, it is sensible to project forward based on realistic assumptions of likely trends and expectations. The bottom line cash position of the Association provides an indication of the level of comfort available to manage risk and changes in circumstances.
- 8.2.3 A key element to the foundations of such a model is a set of realistic cost assumptions. The annual budget provides a starting point for this based on current experience of actual costs across the organisation.
- 8.2.4 A second key element is the assumptions on how costs are likely to increase over the lifetime of the plan. Inflation obviously needs to be taken into account, but also differential real cost increases need to be considered. The following table sets out the key assumptions used in this business plan followed by some commentary on the rationale for their use.

Table 11 - Business Plan Assumptions

Year	1	2	3	4-30
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Assumption	2018/19	2019/20	2021/22	2047/48
Inflation	2.5%	2.5%	2.5%	2.5%
Voids	0.75%	0.75%	0.75%	0.75%
Bad Debts	1.25%	1.25%	1.00%	1.00%
Rent policy **	Infl+0.50%	Infl+0.50%	Infl+0.50%	Infl+0%
Real Cost Increase	0.25%	0.25%	0.25%	0.25%
Base Rate	0.50%	1.0%	1.50%	5.0%

** Rent Policy – Inflation + 0.50% until 2022/23.

- 8.2.5 Clearly, any predictions about the future should be treated with care. However, our belief is the above assumptions are prudent and realistic. The figure for inflation will clearly have an impact on the plan but from the analysis undertaken, any significant increase has a positive impact on the business plan.
- 8.2.6 The assumption on voids has been assumed at a slightly higher level than current experience in the interests of being prudent. With continued investment in the properties and continued careful management we anticipate that voids will remain low.
- 8.2.7 Historic performance on bad debt has been in line with levels experienced by others. The assumptions above however are higher than our past experience to allow for any adverse impact due to welfare reform. Indeed, one of the sensitivities tested looks at bad debts increasing as a result of the reforms.
- 8.2.8 All of the above assumptions have been subject to stress testing to see where the greatest exposure to risk exists. The results of this can be seen in **Appendix 6** on Sensitivity Analysis.
- 8.2.9 The Association has a long-term property investment plan that was commissioned three years ago. This is important as the Association needs to know the long-term costs of its properties. Based on the current high level of demand in the building sector, recent tender prices and in the interest of being prudent an additional 5% has been added to the cost of all component replacements in years 1 to 5. This increase is reduced to 2% over the remainder of the business plan, years 6 to 30. The property life cycle costings are currently undergoing a major review by the Association's Asset Manager.
- 8.2.10 In brief, the 30-year accounts summarised in **Appendix 5** show a relatively healthy business. Net surpluses are stable at an average figure of just over £312k per annum in the first 5 years of the plan, then move to an average figure of over £537k per annum in the following 5 years. They then move to £1,045K per annum for the subsequent 10 years and finally, £1,969k per annum average for the last 10 years of the plan.
- 8.2.11 The value of loans outstanding at the start of the plan is £9.2m and is expected to peak at £15.2m in year 4, reducing thereafter until fully repaid by year 28. The net profits mentioned above translate into reserves increasing from £5.5m at the end of the first year to £40.8m by Year 30.
- 8.2.12 The figures are based upon a set of prudent assumptions. They indicate that the organisation has a degree of financial resilience and whilst this might well be tested over the coming 30 years, we start from a financially sound base.

8.3 Medium Term View

8.3.1 Table 12 below sets out the position over the next three years in relation to income and expenditure. This shows that even with the prudent assumptions on voids, bad debts and interest rates, the average net surplus over the 3 years is planned to be £286k.

The operating and net margins are satisfactory and continue to strengthen over time.

Table 12 - Income and Expenditure Three Year Forward View 2019- 2021

	2019	2020	2021	Total
	£'000	£'000	£'000	£'000
Income	3,352	3,560	3,948	10,860
Expenditure	-2,802	-2,791	-3,147	-8,740
Operating Surplus	550	769	801	2,120
Operating margin	16.41%	21.60%	20.29%	19.52%
Net interest payable	-402	-461	-588	-1,451
Fair value adj of financial instrument	126	31	31	188
Surplus	274	339	244	857
Net margin	8.17%	9.52%	6.18%	7.89%

8.3.2 The Balance Sheet as set out in Table 13 below, shows an increase in property costs due to the ongoing development programme, with depreciation increasing as the cost of the properties get written off in accordance with accounting standards. Grant levels remain constant, despite additional grant funding, due to existing grants being amortised over the estimated useful life of the properties. Cash remains relatively strong throughout the period finishing at year 3 with £1.3m.

Loans will continue to be carefully managed over the three-year programme with loan drawdowns only being made as required. The Association currently has in place a £2m loan. The first draw down on this loan was April 2018. The current development programme requires additional finance of £5m. The Association will need to procure this over the 2018/19 financial year.

Table 13 - Balance Sheet

	2019	2020	2021
	£'000	£'000	£'000
Property	56,529	63,035	67,772
Depreciation	-14,671	-15,884	-17,353

Net property assets	41,858	47,151	50,419
Non-property assets	867	698	677
Debtors	147	215	229
Cash	1,164	847	1,339
Current Liabilities	-833	-730	-679
Net Current Assets	478	332	889
Total assets less current liabilities	43,203	48,181	51,985
Loans	-11,063	-13,038	-14,204
Grant	-26,942	-29,133	-31,559
Financial Derivatives	-154	-126	-94
Net Assets	5,044	5,884	6,128
Reserves	5,044	5,884	6,128

8.3.3 Table 14 below provides projected cash flow figures for the three years to 31 March 2021. It shows that the balance of cash is increasing at a moderate rate to around £2,249k in Year 3.

	2019	2020	2021
	£'000	£'000	£'000
Net cash from operating activities	856	1,120	1,302
Net interest (paid)/received	-402	-461	-588
	454	659	714
Investment in properties	-3,916	-6,418	-4,736
HAG Received	2,025	3,232	3,312
Other fixed assets	-650	145	-5
Loans drawn down	2,000	2,500	1,500
Capital repayments	-224	-202	-294
Net cash flow in/(out)	-311	-84	491
Opening cash balance	1,242	931	847
Closing cash balance	931	847	1,338

Loan Covenants

8.3.4 The Association has loans with three different lenders – The Nationwide Building Society, The Royal Bank of Scotland and the Bank of Scotland. In respect of these loans the Association must meet a range of covenants that are set as part of the loan documentation. Some of these covenants are in the process of being restated due to the implementation of the new accounting framework FRS102. It is not envisaged that this will cause any problems for the Association.

Key Performance Indicators

8.3.5 In addition to monitoring performance against its loan covenants the Association also measures its performance against a range of key performance indicators. Based on its 30-year financial projections the following are a sample of the KPIs monitored.

KPI	2018/19	2019/20	2020/21
Management Costs Per Unit	£1,774	-£1,689	£1,689
Staff Costs as a % of Turnover	21%	20%	19%
Overheads as a % of Turnover	7%	8%	6%
Net Debt Per Unit	£16,971	£20,218	£20,133
Voids as a % of Turnover	0.75%	0.75%	0.75%

All covenants and KPIs are reported to the Board quarterly as part of the quarterly management accounts. If the KPIs vary from expectation an explanation is provided to the Board.

APPENDIX 2 – RSHA TOWS MATRIX - 2018

TOWS MATRIX	THREATS	OPPORTUNITIES
<p>PURPOSE to map main SWOT - Strengths, Weaknesses, Opportunities and Threats analysis findings and develop appropriate strategies to best respond to same</p>	<ol style="list-style-type: none"> 1. Political change / Legislation/regulation 2. Complacency! 3. Demand/Waiting list/government affordable housing targets 4. Technology/ IT failure /hacking 5. Staff morale / burnout/leaving 6. Reputation damage (Dev. Programme /SHR engagement) 7. GDPR, FOI and EIRs 8. Brexit/ Independence Ref 2 Inflation (costs v wages) 9. Health & Safety, increased Fire Safety Measures 10. Affordability/ Welfare reform/Fuel poverty 11. Competition 12. Diverse Tenant Base (aspirations, ageing, sicker) 13. Viability of rural sites 14. Weather (services / business continuity) 15. Developer appetite/costs/availability 16. Breaching loan covenants 	<ol style="list-style-type: none"> 1. Collaboration (RSLs/other)/Take over 2. Staff restructure/morale /productivity 3. Health check 4. Funding availability/loan restructure 5. Improve performance 6. Office refurbishment/new unit 7. Tenant/Community involvement 8. Wider role (jobs/apprenticeships) 9. Promote <u>Rent</u> first! 10. Improve/simplify governance 11. Explore DLO 12. Tap into external funding (Energy Efficiency.)
<p>WEAKNESSES</p>	<p>STRATEGIC RESPONSES</p>	
<ol style="list-style-type: none"> 1. Size (economies of scale, skilled staff) 2. Geography (spread) – remote from tenants 3. IT systems (not fully used) 4. Competition (Council/RSLs) 5. Development Programme (skills, lead in time) 6. Staff – Health check findings 7. EESSH & EESSH#2 – gas supplies in rural location 8. Office Accommodation 9. Performance (rent collection and arrears management, letting, repair time) 10. On-line services/ innovation (feedback, texting, etc.) 11. Intelligence on customers (now and future) 12. Too frugal 	<p style="text-align: center;">Objective 1 – Strong strategic and interactive governance</p> <p style="text-align: center;">Objective 2 – Deliver excellent housing services</p> <p style="text-align: center;">Objective 3 – Provide quality homes</p> <p style="text-align: center;">Objective 4 – Demonstrate strong financial management and value for money</p> <p style="text-align: center;">Objective 5 – Develop leadership and people</p> <p style="text-align: center;">Objective 6 – Be more than just a great landlord</p>	
<p>STRENGTHS</p>		
<ol style="list-style-type: none"> 1. Rent levels (affordable/competitive) 2. Excellence ambitions (appetite for change) 3. STAFF – (committed, skilled, caring) 4. Size (should be nimble) 5. Community based / ease of access 6. Reputation/relationships 7. Low benefit dependence (also a weakness – rent increases?) 8. IT systems 9. Quality of stock 10. Strong Board 11. Demand for stock (excluding Tyndrum) 12. Balance sheet 13. Customer satisfaction 14. Lack of competition 15. Lender relationship 		

Appendix 3 Key Performance Targets 2018/19

KPI	2016/17 RSHA ARC	2016/17 ARC Average (all RSLs)	Actual 2017/18	Proposed Target 2018/2019 (as prior year)
Average days to re-let	13.6	31.5	15	10
% Rental income lost from empty properties	0.2%	0.8%	0.23%	0.1%
% Rent Collected	102.5%	99.8%	100.7%	104%
Non-technical rent arrears	3.02%	NA	3.4%	2.8%
Gross current rent arrears	4.5%	5.3%	4.8%	4.3%
Former tenant arrears	1.3%	NA	0.9%	1.0%
Stage 1 complaints responded to within timescale	76.60%	98.10%	87.5%	100%
Stage 2 complaints responded to within timescale	58.3%	95.0%	100%	100%
% of complaints upheld	62.7%	54.4	59%	NA
Tenant Satisfaction with landlord (from 2016 JTSS)	97%	91%	97%	97%
Tenants satisfied with repairs carried out in last 12 months	95.4%	90.2%	95.7%	100%
Percentage tenants satisfied with home when moving in	100%	90%	91%	100%
Average length of time to complete emergency repairs	2.3 Hours	3.6 hours	2.7 Hours	2.3 Hours
Average length of time to complete non-emergency repairs	5.1 days	5.6 days	5.7 Days	5 days
Percentage of repairs right first time	88.6%	92.9%	87.6%	100%
Two-hour appointment slot provided for repairs	90%	NA	90.4%	95%
Percentage occupied houses with valid gas safety certificate	100%	99.9%	100%	100%
% Stock meeting Scottish housing quality standard (SHQS)	100%	90%	100%	100%
% Stock meeting Energy Efficiency Standard (EESH)	95%	69%	98%	99%
Respond to anti-social behaviour complaints in timescales	90%	90%	90%	95%
Staff absence rates (%)	6.13%	NA	3.39%	NA
% Tenancies sustained more than 12 months	92%	90%	91%	100%

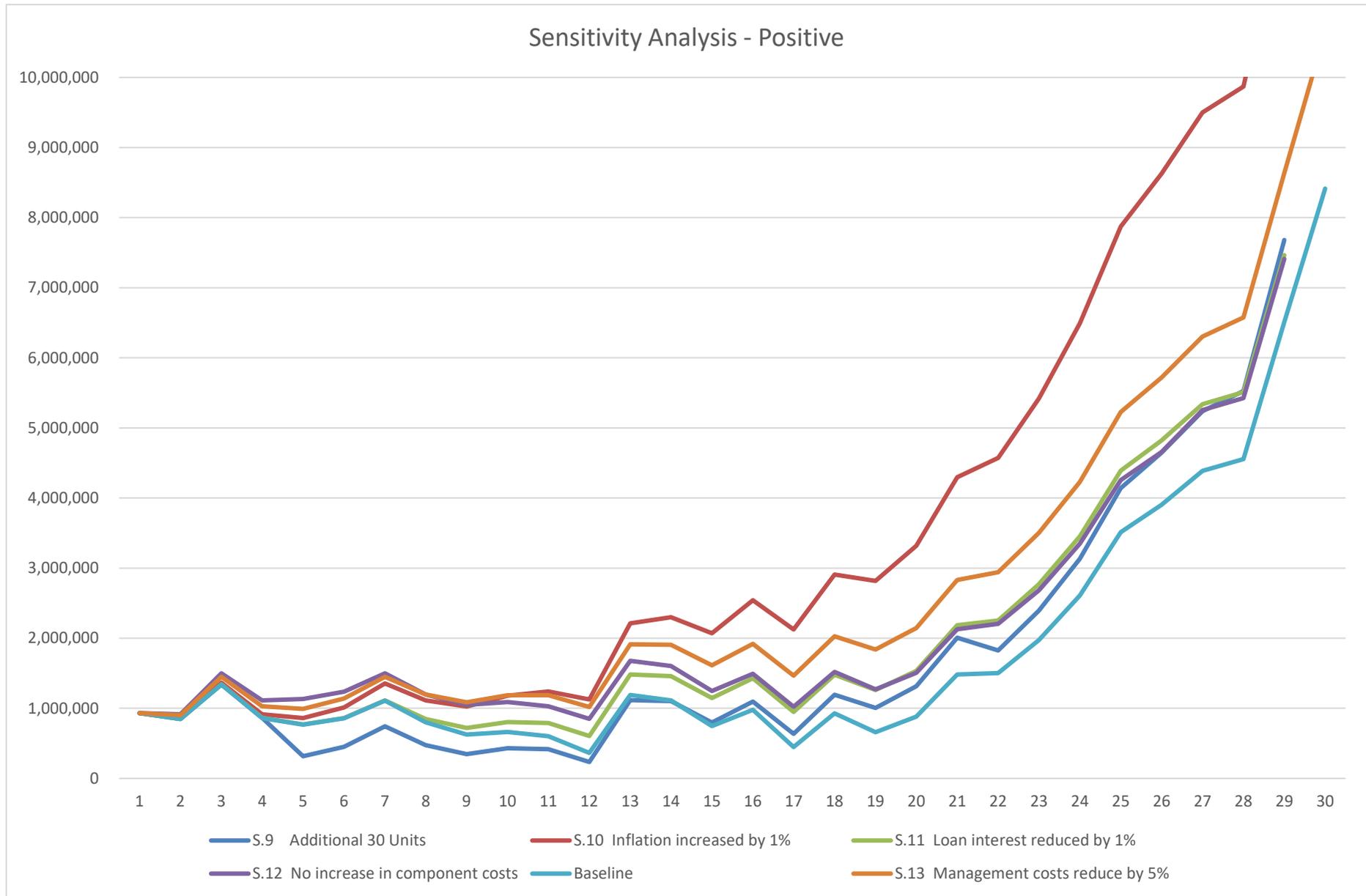
Appendix 5 - 30 Year Business Plan Extract

Summary Statement of Comprehensive Income, Statement of Financial Position and Cash flows

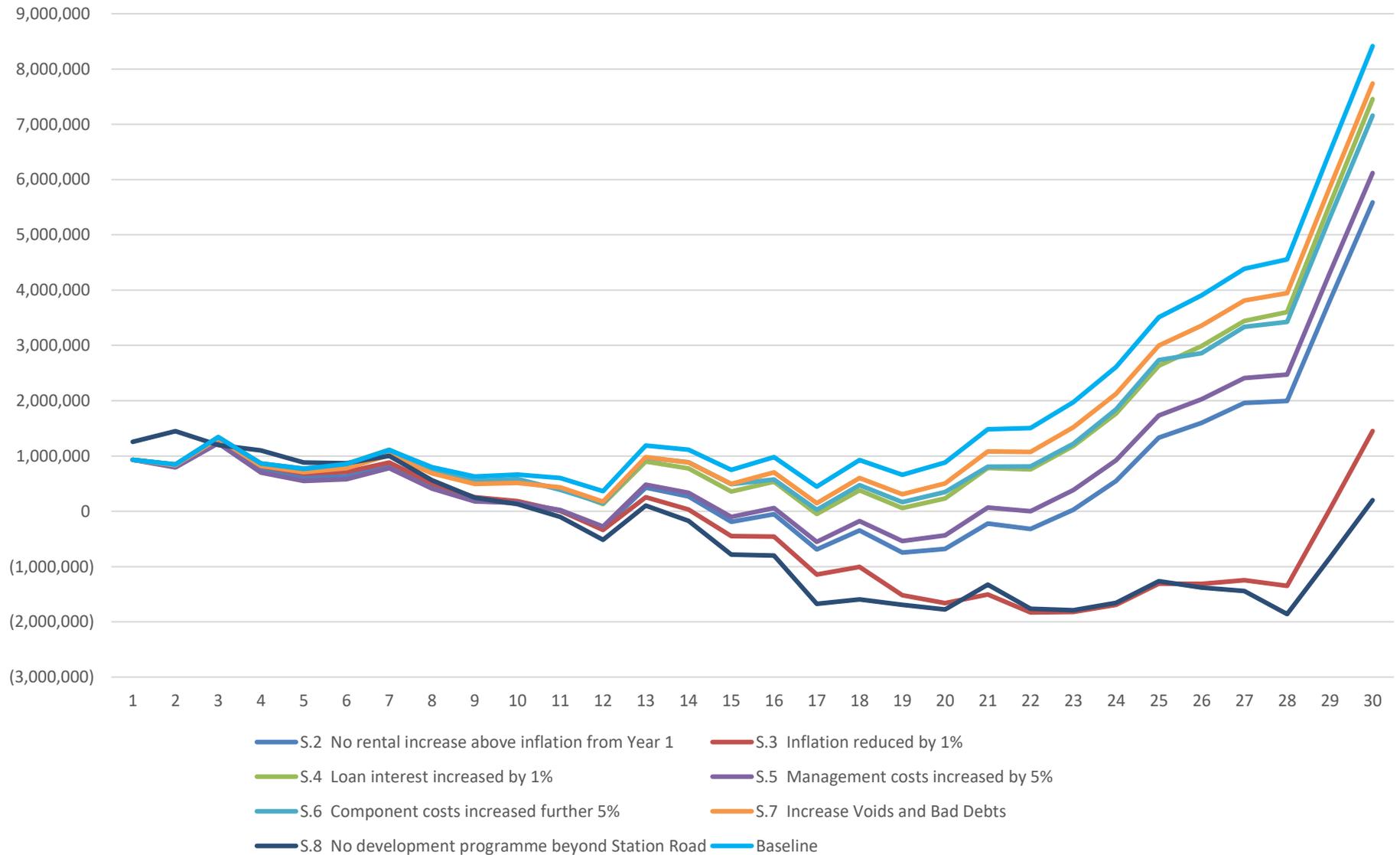
Period 1 April 2018 to 31 March 2048	2019	2020	2021	2022	2023	2024-2028	2029-2038	2039-2048
	£ 000's	£ 000's	£ 000's					
INCOME FROM LETTINGS								
Rent Receivable	2,482	2,674	3,030	3,187	3,423	18,440	44,469	56,924
Service Charge Income	12	12	12	13	13	72	173	221
Gross Rental Income	2,494	2,686	3,043	3,200	3,436	18,512	44,642	57,145
Less Voids	(18)	(17)	(20)	(21)	(22)	(119)	(288)	(368)
Net Rental Income	2,476	2,668	3,023	3,179	3,414	18,393	44,354	56,777
Other income	39	39	40	41	42	226	545	698
Amortised Grant	838	853	885	1,018	1,054	5,701	11,402	11,402
TOTAL TURNOVER FROM SOCIAL LETTINGS	3,352	3,560	3,948	4,238	4,509	24,319	56,300	68,876
Management Costs	1,034	1,079	1,079	1,105	1,122	5,732	13,797	17,636
Major Repairs-Direct Costs	-	39	100	133	105	900	2,349	2,867
Cyclical Maintenance - Direct Costs	263	82	90	98	105	586	1,427	1,826
Reactive/Voids Maintenance-Direct Costs	247	265	289	316	337	1,882	4,582	5,865
Bad debts	31	29	33	34	37	199	480	614
Service Costs	59	60	62	63	65	348	840	1,075
Depreciation on Housing Properties	1,146	1,213	1,469	1,527	1,657	8,268	16,638	16,765
Depreciation of Other Fixed Assets	23	24	26	26	26	130	260	260
Other Costs								
SURPLUS ON SOCIAL HOUSING LETTINGS	2,802	2,791	3,147	3,304	3,453	18,044	40,372	46,908
OPERATING SURPLUS	550	769	801	934	1,056	6,275	15,929	21,968
Interest Collected	5	4	5	5	4	20	39	175
Interest Payable	(407)	(466)	(594)	(661)	(699)	(3,642)	(5,520)	(1,350)
Other Finance Charges	126	31	31	31	31	31	-	-
RETAINED SURPLUS	274	339	244	310	393	2,685	10,447	20,793
CUMULATIVE RETAINED SURPLUS	274	613	857	1,167	1,560	4,245	14,692	35,485

Period 1 April 2018 - 31 March 2048	2019	2020	2021	2022	2023	2024- 2028	2029- 2038	2039- 2048
	£ 000's							
HOUSING ASSETS								
Housing Properties at cost	56,616.7	63,035.1	67,771.2	69,706.4	70,393.6	73,326.7	82,266.3	95,019.9
Housing Depreciation	14,670.8	15,883.9	17,352.5	18,879.7	20,536.5	28,804.1	45,441.8	62,206.6
Net Book Value of Housing Properties	41,945.9	47,151.2	50,418.7	50,826.8	49,857.0	44,522.5	36,824.5	32,813.3
Other Fixed Assets	867.0	698.1	677.4	656.8	636.3	595.5	479.7	451.0
Total Fixed Assets	42,812.9	47,849.3	51,096.0	51,483.5	50,493.3	45,118.1	37,304.3	33,264.4
Debtors	186.0	215.2	229.4	235.7	245.0	262.8	305.6	360.3
Cash at Bank & in Hand	931.2	846.5	1,338.9	862.1	766.6	663.6	880.6	8,413.4
Total Current Assets	1,117.2	1,061.7	1,568.4	1,097.8	1,011.6	926.4	1,186.1	8,773.7
Current Liabilities (inc. loans repayable in 1 year)	648.8	730.5	678.6	725.0	774.4	780.9	1,028.2	297.8
	648.8	730.5	678.6	725.0	774.4	780.9	1,028.2	297.8
NET CURRENT ASSETS	468.4	331.3	889.8	372.8	237.2	145.4	157.9	8,476.0
TOTAL ASSETS LESS CURRENT LIABILITIES	43,281.3	48,180.6	51,985.8	51,856.3	50,730.5	45,263.5	37,462.2	41,740.4
DEFERRED LIABILITIES								
Loan Balances >1 year	(10,825.5)	(13,038.0)	(14,204.0)	(14,813.2)	(14,380.1)	(11,960.0)	(5,113.0)	-
Other Long-Term Creditors	(157.3)	(125.9)	(94.4)	(62.9)	(31.5)	-	-	-
Deferred Grant Income	(26,753.2)	(29,132.6)	(31,559.5)	(30,541.7)	(29,488.0)	(23,787.2)	(12,385.6)	(984.1)
NET ASSETS	5,545.3	5,884.2	6,128.0	6,438.5	6,831.0	9,516.3	19,963.6	40,756.3
SHARE CAPITAL & RESERVES								
Share Memberships	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
General Reserves	5,545.0	5,883.9	6,127.7	6,438.2	6,830.7	9,516.0	19,963.3	40,756.0
NET ASSETS	5,545.3	5,884.2	6,128.0	6,438.5	6,831.0	9,516.3	19,963.6	40,756.3

Appendix 6 - Sensitivity Analysis



Sensitivity Analysis - Negative



Sensitivity Analysis - Combined

