



Rural Stirling

HOUSING ASSOCIATION

Business Plan

Year 3

2018-2019 to 2020-2021

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1. INTRODUCTION

- 1.1 This Business Plan is the Year 3 position of our three - 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 and having reviewed and agreed the strategic direction of the organisation over the medium term in 2018 and again in early 2019, 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 year 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 2019/20.
- 1.3 We have prepared this Plan in line with the requirements 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 reviewed and published in 2019.
- 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 A new Business Plan was put in place in 2017. During 2017 our former CEO left the organisation to take up a similar role with another RSL and a Strategic Options Appraisal was carried out at this time due to the nature and significance of this change. The chosen direction reflected in the Business Plan was determined following the above options appraisal. In the interim period, we carry out an annual cycle of review and update.
- 1.4.3 All of this allows us to produce a Business Plan that is owned by the Management Board and staff team and reflects the needs and aspirations of our customers and key stakeholders.
- 1.4.4 The Business Plan sets out:
- Our strategic ambitions for the remaining year of the existing plan period
 - The updated 30-year financial projections to establish and test our long-term financial health and future viability
 - The summary Delivery Plan of the headline activity for the coming year
- 1.4.5 In June 2018, RSHA commissioned consultants to carry out a Self-Assessment against the SHR Standards of Governance and Financial Management. This work took place over the summer months and a final report and presentation on the outcome of the assessment was presented to the Board in November 2018. The overall conclusion of the independent Self-Assessment was that our organisation is **Substantially Compliant** with all key elements of the SHR Regulatory Standards.

However, there is always room for improvement and our Board want to strive for excellence to ensure that the interests of our tenants and service users are protected in the long term. The Board therefore set up a Governance Working Group in February 2019 to address actions arising from the self-assessment exercise and drive forward continuous improvement. We believe that good governance underpins high quality services for customers.

- 1.4.6 One of the key outcomes of the Governance Working Group will be the development of a new 3 – 5 Year Strategic Plan for the RSHA Group to ensure a new plan is in place the spring of 2020. In March this year, our Board held a facilitated Group Vision session involving our Board members and Senior Staff. This will help to shape our new strategic planning process as this develops. We will also develop a new Performance Management framework to support our new Strategic Plan.
- 1.4.7 In the late summer and early Autumn of 2018, RSHA Board, Board representatives of Venachar (our subsidiary organisation) and senior staff held two facilitated Strategic Planning sessions to focus on the future direction of the group, resources and priorities. As a result of the above our Mission, Vision and set of Values have been updated and our Strategic Objectives refreshed. A further outcome from the planning sessions is a full Options Appraisal of our subsidiary. The Governance Working Group will take this action forward and will commission and appoint external consultants to carry out this work. This will determine whether there is a role for the subsidiary going forward and the contribution it can make within our group structure.
- 1.4.8 This update of the Business Plan should be viewed in the context of the above and includes:
- (i) Details of our new Vision, Mission and Values and refreshed Strategic Objectives
 - (ii) A review of Delivery Plan 2018/19 progress and development of a new Delivery Plan for 2019/20 to develop targets and objectives to be set for the year ahead
 - (iii) An update and refresh of our current operating context and financial position, sensitivity modelling and scenario testing to give the regulatory and financial assurance required
 - (iv) Identification of new or emergent risks, threats or opportunities that may impact on RSHA either now or in the future
- 1.4.9 We will review our 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 2019/20.

2. MISSION, VISION AND VALUES

2.1 Mission Statement

Our mission is provide high quality affordable homes and services which will contribute to the sustainability of our communities across Rural Stirling.

2.2 Vision

Our vision and reason for being is *to put our communities at the heart of everything we do. 'Building affordable homes: growing rural communities'* is our strapline.

We will build and manage affordable homes and provide 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.

- **Ambitious** - We are committed to striving for excellence, and maximising opportunity for our people and the customers that we are here to serve.
- **Caring** - The services that we deliver will meet the needs of our customers and be delivered by professional and caring staff. 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. We want to build a happy healthy and engaged team and we value and care for everyone that works for us.
- **Collaborative** - 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. We will work with communities and explore ways of maximising opportunity through Community Empowerment to ensure local voices are heard in the planning and delivery of services.
- **Accountable** - 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 all of our staff and others that work for us are accountable and that our actions are transparent.
- **Affordable** – We aim to provide high quality customer focused services that are affordable to our tenants and service users and that demonstrate good value for money. 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.

We are very much focussed on charging rents which our tenants can afford. We do however realise that the word affordable can mean different things to different people.

The Scottish Federation of Housing Associations (SFHA) definition of affordability was “*For a rent (including service charges) to be affordable, a household with one person working 35 hours or more should only exceptionally be dependent on Housing Benefit in order to pay it.*”

However, a new approach was introduced by the SFHA in 2017 with the launch of the **Guide to Rent Setting and Affordability Tool** which introduced rent setting based on a rights based approach underpinned by the idea that an affordable, warm home is fundamental for good health and wellbeing.

- We use the SFHA Affordability Tool to help us understand the implications of our proposed rent increases on affordability. The Tool looks at the impact of rents on the following measures;
 - rent as a percentage of income
 - percentage of market rent
 - percentage of Local Housing Allowance (LHA) rate
 - income after rent
 - income after rent above minimum income standard

We publish the results of our assessment of rent increases using the SFHA Affordability Tool each year as part of our consultation on proposed rent increases. Further information on the above can be found here www.sfha.co.uk/our-work/policy-category/affordability-and-value-for-money

In addition, the Rural and Islands Housing Association Forum (RIHAF) have also carried out extensive research focusing on profiling of incomes and poverty, particularly in rural areas. Further details on the work of RIHAF can be found on the SFHA website www.sfha.co.uk

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 strategy and planning work undertaken in 2018 and our Group Vision session earlier this year, has given 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 5 Strategic Objectives are summarised below.

3.4 **Objective 1 Provide high quality affordable homes**

- To invest in our stock in line with an agreed budget
- To increase the number of new build properties in line with an agreed programme
Meet all statutory quality standards and design brief

The provision of high quality affordable homes across our communities and increasing the supply of new homes is fundamentally our reason for being and is what our Board are passionate about. We recognise the importance of investing in our homes to ensure they remain attractive and desirable and meet modern standards and the need to build new homes to meet unmet needs. In the coming year, we will:

- Deliver objectives and actions identified in our Asset Management Strategy adopted in 2018
- Complete a Phase 2 Review of Energy Efficiency data to inform our EESSH compliance solutions for failing properties by 2020 and our EESSH2 projections through identifying viable and affordable measures to bring as many properties into Band B as is reasonably possible.
- On completion of the above complete the necessary works to failing properties during 2019-20 to achieve compliance with EESSH and continue investigations into the most appropriate and affordable measures to maximise compliance with EESSH2 due in 2032.
- Deliver the planned and cyclical maintenance programme that has been agreed for 2019/20.
- Carry out grant-funded disability adaptations to meet identified needs of our tenants.
- Commence the necessary upgrading works during 2019-20 to comply with the new Fire Safety standards that will ensure compliance by February 2021

We will give priority to exploring funding opportunities to assist our tenants out of poverty including fuel, food and child poverty as part of the development of our new 3-5 Year Strategic Plan, including how we can collaborate with other partners to help to resource this.

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

- Complete construction at Phase 5 Doune.
- Commence building works on new build projects amounting to 84 new affordable homes in developments in Claish Farm Callander, Balmaha and Lampson Road Killearn.
- Put in place an agreed marketing strategy for self-build and shared equity plots at Balmaha.
- Work with the East Loch Lomond Development Trust (ELLDT) to define and develop ongoing management of key worker accommodation. (Next year we will further develop proposals in partnership with ELLDT to examine feasibility and long term viability of development of land adjacent to the housing units for community use)
- Review the use of Local Lettings Initiatives in new development projects, , in partnership with Stirling Council and the local Community Councils.

- Complete a Review of the Design Guide aimed at producing standards and guidance for new build and planned maintenance that reflect the highest standards in sustainability, value for money and quality of materials that result in desirable, comfortable and affordable homes that tenants aspire to and enjoy living in
- Complete Post Completion Reviews of our latest schemes at Balfron and Strathblane.

3.5 Objective 2 - Deliver high quality services

- Achieve a robust understanding of customer needs
- 97 % of satisfied customers
- 95% Tenancies are sustained

Our aim is to deliver excellent customer focused services which place the customer right at the heart of everything we do. Continuous improvement in this area will be a key focus for us. We will continue to develop our knowledge and understanding of our customers wants, needs and expectations and use the feedback we receive to improve what we do and how we do it. Our front line staff will be empowered to support and advocate for our tenants and other service users and will be accountable for the services we provide.

We will also work with our partners to help maintain services and develop sustainable vibrant communities.

In the coming year, we will:

- Carry out a full Tenant and Owner Satisfaction Survey to update the last survey conducted in 2016 and use the results to improve our services.
- Complete an Options Appraisal for the Repairs Service that seeks to deliver value for money and improved responsive services that tenants want.
- Get to know and understand our tenants better by carrying out our rolling programme of “About You” visits and undertake an analysis of the information and insight gained to ensure we understand our tenants needs.
- Update and refresh our Tenant Handbook in design and available format including electronic and make this available in languages other than English.
-

3.6 Objective 3 - Effective engagement and communication with tenants and other stakeholders

- Customer engagement moves from consultation to co-creation with customers at the heart of everything we do, involving customers from the start to influence and shape conversations
- Our methods of engagement enable greater involvement and scrutiny from our customers that is meaningful, empowering and responsive.
- We know and understand our customers, have tenant insight and improved tenant, customer and communities profiling

We want our tenants to be, and to be seen to be, at the centre of everything that we do. We recognise that to ensure greater involvement and scrutiny from tenants and other service users we

need to revitalise our approach which takes into account best practice from across the sector. To do this we need to develop effective Customer Engagement and Communication strategies which exploit digital opportunities and recognise and respond to our tenant profile.

In the coming year we will;

- Review our Customer Engagement and Tenant Participation Strategy
- Develop our approach to Scrutiny and review the effectiveness of our Tenant Forum to ensure that our tenants and residents are firmly at the centre of everything that we do
- Develop an effective Communication Strategy which exploits digital opportunities and recognises and responds to the tenant profile
- Renew our approach to openness and accessibility and adopt the SFHA Open all Hours Model Publication framework

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. We will continue to work with Stirling Council to deliver their Rapid Rehousing Transition Plan (RRTP) to alleviate the impact of and reduce homelessness. We will also explore opportunities to bring much needed investment to our communities through the Empowering Communities Programme, including the Scottish Government Investing and Aspiring Communities Funds.

In the coming year, we will:

- Identify in house Digital Champions to receive training to help our tenants develop digital skills and the confidence to get the most out of being online and 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.
- Continue to be 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.
- Contribute to the work of the Callander Partnership to help sustain our investment in this community.
- Promote and use our Community Donations Fund to support and enable local charities and other community controlled projects to sustain and deliver community led projects.

3.7 Objective 4 – Ongoing sustainability and viability

- Robust financial strategy to support strategic plan
- Governance and Financial compliance with regulatory standards
- Strong and effective governance

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. We will strengthen our governance arrangements to ensure the continuing effectiveness of our Board. To this end in the coming year, we will:

- Review the use of the SFHA Affordability Tool and sector best practice in assessing rent affordability for tenants
- Re-procure various services to ensure VfM including exploration of opportunities to procure collaboratively with others including;
 - Our private finance requirement to meet our future needs.
 - Our Internal Audit function
- Complete the transfer of all asset management data to the SDM Planned Maintenance module to allow implementation of improved functionality for Review of LCC and Rent Consultation/Business Plan/Budget objectives 2019-20
- Plan and prepare for the extension of Freedom of Information (FOI) to RSLs with effect from November 2019 and put in place procedures to comply with Environmental Information (Scotland) Regulations (EIRs) 2004.
- In this year of the plan we will review or develop new strategies and plans to stretch, support and assist us in moving forward including:
 - Equality, Diversity and Human Rights
 - Value for Money

The SHR introduced a new Regulatory Framework which came into effect from the 1 April 2019. RSHA is now required to produce an Annual Assurance Statement for submission to the SHR by the end of October and publish this to our tenants. All RSs also now have an Engagement Plan with the SHR. We will comply with the terms of our Engagement Plan with the SHR and make this available to our tenants.

We understand that good governance underpins good services to our tenants and ensures that we continue to protect their interests. We aim to improve and strengthen our Governance and in 2019/20 we will implement the recommendations of our Self-Assessment against the SHR Standards carried out in 2018 including;

- Development of our new 3-5 Year Strategic Plan in consultation with tenants and other stakeholders by April 2020
- Carrying out an Options Appraisal on the future of Venachar our Subsidiary
- Development and improvement of our approach to Board Appraisals and reviews of Board effectiveness
- Production of an annual Board Learning and Development Plan and individual Learning and Development Plans for Board members to identify the skills and competencies needed to ensure that everyone can reach their full potential
- Recruitment of new Board members to fill identified skills gaps
- Development of our Board Succession Plan
- Improvement of our Board Induction framework and putting in place a new comprehensive Induction Pack
- Adopt the new SFHA Model Rules as soon as this is practical for us to do so
- Development of a new robust framework for the management of risk including; Risk Identification, Mitigation, Management and Reporting, and develop a new Risk Register, Risk Management Policy & Strategy

3.8 Objective 5 - RSHA Group to be an employer of choice

- Put in place an effective recruitment and retention strategy (to include succession planning)
- Achieve and maintain high staff satisfaction rating
- Achieve and maintain a culture that supports the wellbeing of all within the RSHA Group

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. We also recognise the importance of having the right culture in place to ensure success. We believe that a happy, healthy engaged and outward looking team will deliver the best results and ultimately benefit our tenants and other service users. In the coming year, we will:

- Review the Structure of the organisation to ensure that it is fit for purpose and can resource the objectives and priorities going forward.
- Develop our Senior Management Team to provide effective leadership and management across the organisation.
- Review our team values and how we are with each other when we come to work. Our values will be ones that we all share. We want our people to enjoy coming to work for us and will encourage a sense of fun!
- 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.
- Return to our new modern office accommodation.
- Recruit a Modern Apprentice
- 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 2019/20. As part of this we will look to achieve Healthy Working Lives accreditation status.

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 and a registered Property Factor and Letting Agent. 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 622 homes. The majority of these are social rented with 15 shared ownership houses also remaining in management. 5 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 Our turnover for the year ended 31 March 2019 was £3.333m

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. A review of our subsidiary and a full Options Appraisal will be carried out in 2019/20.

4.2 Our People

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 from a variety of different backgrounds.

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 We currently employ a team of 14 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.

4.2.5 In addition to our staff team, we engage a number of third parties to deliver specialist elements of our service, e.g. Development and Project Management, Procurement, Human Resources, IT, internal/external audit services. We feel that buying in additional help and support as and when we need it is the most cost effective way of obtaining such specific expertise.

4.2.6 Further information on our people and our organisation structure can be found on our website www.rsha.org.uk

4.3 Area Profile

4.3.1 As at 31/03/2019, our stock consists of 622 properties, including 15 shared ownership. 5 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 Killearn in the west 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).

- 4.3.2 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 (SIMD) (2016) 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.
- 4.3.3 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.
- 4.3.4 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.
- 4.3.5 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.
- 4.3.6 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 682 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.

4.4 Our Customers

- 4.4.1 We have a total of 812 sole and joint tenants. Of the lead tenants there are 333 females (55%) and 276 males (45%).

4.4.2 Table 1 below shows that just over 78% of our customers are under the age of 65 (working age). Under 35's make up 18% of our customer profile and 41% 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+	Total
Male	1	41	43	62	55	35	34	276
Female	3	61	77	72	54	27	37	333
Not recorded	0	2	1	1	3	1	0	10
Total	4	104	135	112	112	63	71	619
%	1	17	22	19	19	10	12	

Source: SDM IT system April 2018/19

4.4.3 During the year 2018-19, 41 properties (7.5 %) became available for re-let. Tenancy turnover is historically low and tenancy sustainment (calculated as tenancies being sustained for over 12 months) high, although in 2018/19 this dipped slightly to 82%..

4.4.4 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 2019
White Scottish	508
White British	29
White Irish	4
other white	12
Polish	7
Black African	2
Black other	1
Mixed multiple ethnic	4
Other ethnic	2
unknown	33

Source: SDM IT system April 2019

4.5 Welfare Reform Impacts

4.5.1 Just under 50% of our customers currently rely on help to pay their rent. A snapshot of benefit dependence at March 2019 is shown in Table 3 below.

Table 3 – Benefit levels

Entitlement	Number of tenancies
Full housing benefit	154 (25%)
Partial housing benefit	82(13%)
Universal Credit	65 (11%)
No benefit entitlement	321(51%)
TOTALS	622

Source: HB/UC payment schedules March 2019

4.5.2 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, contacts all new Universal Credit claimants to assist with the claim process and makes referrals to other agencies to assist with debt issues. Our Housing Officers make regular contact with all new UC claimants and continue to offer support until claims have been awarded. Housing Officers also

offer general income maximisation and welfare benefits advice Housing Officer's make referrals to the IMO for more complex income welfare benefits issues.

4.5.3 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 the under-occupation charge. It identifies the number of working age tenants we know to be under occupying by one or two bedrooms. At present all tenants, who are in receipt of housing costs and under occupy their home, are contacted on an annual basis and reminded to reapply for Discretionary Housing Payments (DHP) which cover the under-occupation charge. To date loss of income has not materialised.

Scottish Social Security now fund DHP and there is no indication from the Scottish Government that funding for the under occupation charge will decrease or cease in the foreseeable future. .

Table 4 – Impact of Under Occupation on Tenants

YEAR	1 bed 14%	2 bed 25%	Average Total weekly income
2019	19	2	£229

Source: SDM IT system April 2019

4.5.4 The number of tenants under occupying has remained static over the last year. The main risk to the Association is for tenants under occupying by 1 bedroom of which the Association has 19.

4.5.5 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, and the requirements of the 2014 Act, an Allocations Review was carried out in early 2019. As part of this review priority points for social housing tenants under occupying their home were increased so that anyone wishing to downsize would have reasonable preference. Since the Under-Occupation Charge was introduced, we have assisted 15 tenants who were under occupying their homes to move to properties which better suit their needs.

4.5.6 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. At the end of 2018, there were 62 tenants claiming UC. Table 5 below sets out the number of tenants claiming UC, the arrears levels of claimants at claim date and the arrears level of those tenants at the end of March 2019. Overall arrears of UC claimants has consistently decreased. 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, for those who we do not receive direct payment from the DWP (Managed Payments), arrears continue to decrease quite significantly. This is largely due to early intervention by housing staff to ensure direct payments are applied for where appropriate and payment arrangements made at the earliest opportunity.

The managed migration of all claimants who remain on legacy benefits (Job Seekers Allowance, Housing Benefit etc) is due to be completed by 2023. It is unclear at present when this will be carried out in the Stirling area. It will involve a further, not insignificant, shift of people on to UC and may result in a spike in arrears during the assessment period of all new claims (approx. 6-8 weeks at present).

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
99 (claimed throughout the year)	£ 67,331.81	£48,906

Source: RSHA Housing Information Jan 2019

Last year the Scottish Government made changes to the way that UC is paid. Additional U turns by the Government on Welfare Reform Scottish flexibilities introduced by the recently formed Scottish Social Security department have reduced the risk of income loss to the Association. Managed migration of all remaining legacy benefit claimants (Housing Benefit, Job Seekers Allowance etc) is due for completion by 2023. It is not yet known when this will take place in the Stirling Area. It is anticipated that there will be a spike in arrears at this period.

- 4.5.7 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. Connecting Stirling, a joint partnership Digital Inclusion service, will come to an end in June 2019. To ensure digital support continues, Housing Officers will become Digital Champions and receive training to continue to help our tenants become digitally included.
- 4.5.8 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. A new joint tenant satisfaction survey has been commissioned to be carried out in 2019.

4.6 Our Rents

- 4.6.1 We are committed to setting social rents that are, as far as possible, affordable to people on low incomes.
- 4.6.2 Our 2016 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.
- 4.6.3 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 - 2017/2018 Rent Level Comparisons

	RSHA	Forth HA	Ochil View	Stirling Council	Peer Group HA's average	Scottish Average 2017/18
Average Weekly Rent - 2 apartment (1 bdrm)	£69.91	£68.63	£72.27	£61.41	£70.24	£73.33
Average Weekly Rent - 3 apartment (2 bdrm)	£79.22	£77.00	£79.19	£63.60	£77.66	£74.94
Average Weekly Rent - 4 apartment (3 bdrm)	£86.65	£84.59	£85.28	£66.15	£86.70	£81.37
Average Weekly Rent – 5 apartment (4 bdrm)	£ 91.60	£90.46	£87.76	£67.86	£96.46	£90.39

Source: ARC 2017/18

4.7 Asset Strategy

Asset Management

- 4.7.1 The latest independent stock condition survey was carried out in 2015 (this will be updated in 2020) and this data has been used for subsequent 30-year life cycle costings until a full review of data and costs was executed late 2018. This review was considered and approved by a Working Group from the Board. The new projections fed into the latest rent review and helped create more detailed 3-5 year programmes of component renewals. Following an independent review of our ARC data it was found that 6 properties did not meet the Scottish Housing Quality Standards¹¹ (SHQS) 35 pass mark (energy efficiency) and that 3 properties previously evidenced as exemptions had not been recorded as such in previous ARC returns. These properties will all be reviewed and resolved during 2019-20 in terms of SHQS. We will ensure future component renewals and other supporting programmes of work will keep the stock compliant.
- 4.7.2 We are conscious that we have a small number of properties that are currently failing the Energy Efficiency Standard for Social Housing² (ESSH) 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.
- 4.7.3 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 ESSH. 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.

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 (ESSH) aims to improve the energy efficiency of social housing in Scotland.

4.7.4 The heating systems in our homes are as follows:

- Gas Heating 285 (47%)
- Electric Storage Heating 292 (48%)
- Other 30 (5%)

4.7.5 Inefficient, aging electric storage heating remains a key target of the current 5-year component renewal programme. 21 homes had their electric storage heating renewed with more efficient Quantum heaters during 2018-19 and a further 95 homes will have their storage heating renewed over the next 2 years. We will also be carrying out a more detailed energy review of the stock during 2019-20 with the objective of informing our EESSH2 projections with viable and affordable efficiency measures and, critically, providing tenants with more comfortable, affordable homes. EESSH2 is the most recent phase of the government's energy efficiency strategy with compliance due in 2032.

4.7.6 The 30-year life cycle costing figure included in this Business Plan is £38.2m (6inflated).

4.7.7 During 2018-19 we carried out the intended review of the Life Cycle Costing (LCC) and concluded that utilisation of the existing Planned Maintenance module in the SDM computer system was the preferred means of storing LCC data. Trial imports of data from existing spreadsheets have been completed and this process of data transfer will continue to allow the 2019-20 review of the LCC to be completed using the data and functionality within SDM. This will provide the Association with a more secure and auditable source of all such property data, easing access/reporting and providing the scope to develop more efficient methods of data gathering.

4.7.8 The objectives set out within this section are all now contained within the new Asset Management Strategy approved by the Board in October 2018, thereby providing clear direction through prioritised objectives in the short, medium and long term. Beyond the foregoing objectives the Strategy also includes such priorities as an Options Appraisal for the Repairs Service, a Review of the Design Guide, development of a Value for Money Strategy, an assessment of mobile working for Asset Management staff and preparation for the next 5-yearly Stock Condition Survey in 2020.

Development Strategy

4.7.9 As part of our overall asset management strategy we aim 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.

4.7.10 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.

4.7.11 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 Stirling Council and National Park Local Development Plans have both identified new housing development sites with a significant affordable housing requirement.

4.7.12 The main priority is the development of social rented housing however there is also 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.

4.7.13 The latest (Oct 2018) Stirling SHIP provides for Grant funding for RSHA development schemes in the coming five years (2019/20 – 23/24) This is outlined below in Table 7.

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

Scheme	Units
Springbank Road, Doune (ph. 5)	6 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).
Lampson Road, Killearn	12 for social rent
Claish Farm, Callander	50 for social rent
Rural Site 1	15 for social rent
Menzies Terrace, Fintry (ph. 1)	15 for social rent
Brig O Turk	6 for social rent
Croftamie	10 for social rent
Rural Site 2	15 for social rent
Gartness Road Drymen	33 for social rent
Rural Site 3	6 for social rent
Strathblane	6 for social rent
Total for Social Rent	184 additional units (per business plan model)
Additional schemes:	
Rural Site 4	10 for social rent
Rural Site 5	10 for social rent
TOTAL	204 additional units

Note that sites identified in the later years of the plan are subject to regular review and may or may not have development potential. However all of these sites are in areas of established unmet need and demand. We have also recently identified a potential development in Gartmore.

4.7.14 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.

4.7.15 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 Scottish Government's *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.

- 4.7.16 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.
- 4.7.17 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.
- 4.7.18 The Association will also consider adding to its stock incrementally through small scale purchase of existing homes.
- 4.7.19 We also 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 one more over the course of 2019/20 to let on a Scottish Secured Tenancy basis, if the financial appraisal provides a positive outcome.
- 4.7.20 Following a review of the resourcing the our development function carried out in 2018 we will continue to buy-in expertise from specialist development service providers. A new Framework for Development Consultants Services was put in place in April 2019 following a fully compliant EU procurement process.

4.8 Our Stakeholders and Partners

4.8.1 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.

4.8.2 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.

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.

The PEST, SWOT and Risk analysis were reviewed and updated as part of the Group Strategy planning day held in August 2018.

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

Table 8 - PEST Analysis

Political/Legal	Social
<ul style="list-style-type: none"> • Govt. target for 50,000 new homes by 2020 • What about housing beyond 2021? • 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 • Rapid Rehousing 	<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

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. There is also a degree of uncertainty about the priority for funding for new build housing beyond 2021. The housing crisis to be tackled is evident in the new approach to Homelessness and the introduction of Rapid Rehousing Transition Plans (RRTP) and the Housing First approach. Investment in housing and a focus on building affordable homes beyond the current parliament will be essential to meet the demands of housing for homeless households and future shortfalls.
- 5.1.4 On 23 June 2016, the UK voted for Brexit. The official departure date of 29 March 2019 has now been extended to 31st October 2019 with the terms of our departure the subject of much debate. A year on from the last update of our Business Plan there seems to be more uncertainty about the implications of Brexit than less. These are unprecedented times in British politics and our history for the UK as a whole. There were different outcomes in Scotland and other UK jurisdictions to the referendum. Scottish politics in has been 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.

The SHR has written to all RSLs to underline the importance of compliance with the Regulatory Standards in the context of the uncertainty around the planned withdrawal. The SHR correspondence highlights Regulatory Standard 3 which requires RSLs to manage its resources to

ensure the financial well-being and to base financial forecasts on appropriate and reasonable assumptions. We have looked at various different Brexit scenarios and the sensitivities around these in the Financial Analysis (section 8)

Economic

- 5.1.5 Uncertainty seems to be the word being most commonly used, even by experts in finance, when predicting what the future will hold. If the last decade was shaped by the austerity agenda the future looks more likely to be shaped by uncertainty and division. The Economic and fiscal outlook published by the Office for Budget Responsibility in March 2019, predicts that UK growth will slow to its lowest level since the financial crisis - a deterioration for public finances with Brexit the biggest risk to the forecasts.
- 5.1.6 The Scottish Government budget for 2019/20 was approved by Parliament in February 2019. The Budget has seen the allocation for housing increase from the previous year as progress to meeting the 50,000 target continues. Some commentators have predicted however that reduced population growth caused by Brexit could make housing less important in the battle for resources at a national level. It is likely that house price increases and rises in inflation not matched by wage growth in 2019 and beyond will affect the ability of low-income families to access a mortgage and means that 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 (ESSH and ESSH#2) 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.
- 5.1.9 The Association will look at the robustness of our Business Planning model and there is an appetite within the team to look at modelling software such as BRIXX as part of the development of our new Strategic Plan and Performance Management Framework in the following year. The aim is to improve and streamline our long-term business planning process.
- 5.1.10 Feedback from the recent Tenant Forum has raised some concern that the use of the SFHA Affordability Tool is not the best method of assessing our tenants' ability to pay their rent. We will look to work and engage with our sector partners over the coming year to explore whether there is a better method of measuring and assessing affordability.

Social

- 5.1.11 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.

- 5.1.12 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.
- 5.1.13 During 2018 we signed up to the Make A Stand Campaign which is intended to tackle domestic abuse and coercive control. **Make A Stand** was launched in June 2018 by CIH and developed in partnership with the Domestic Abuse Housing Alliance (DAHA) and the CIH presidential Charity Women's Aid. This is a way for housing organisations to publicly commit to take action to support victims of domestic abuse and coercive control and we will ensure that all necessary training and procedure development is put in place for our staff to allow them to respond appropriately and to support victims.

Technological

- 5.1.14 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.
- 5.1.15 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.
- 5.1.16 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.
- 5.1.17 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. How we engage with and communicate with our tenants and other customers and more importantly understanding how they wish to be engaged with will be an essential part of this transition if it is to be successful.

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

Table 9 - SWOT Analysis

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Rent levels (affordable/competitive) • Excellence ambitions (appetite for change) • STAFF – (committed, skilled, caring) • Community based / ease of access • Reputation/relationships • Low benefit dependence (also a weakness – rent increases?) • Quality of stock • Strong Board • Balance sheet • Customer satisfaction • Lender relationship • Personalised customer service • Good place to work 	<ul style="list-style-type: none"> • Size (economies of scale, skilled staff) • Geography (spread) – remote from tenants • IT systems (not fully used) • Competition (Council/RSLs) • Energy efficiency – lack of gas supplies in rural location • Office Accommodation • On-line services/ innovation (feedback, texting, etc.) • Intelligence on customers (now and future) • Lack of group approach • Poor evidence of demand for housing, MMRs and wider services • Staff capacity • Lack of entrepreneurial approach • Approach to risk
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Collaboration (RSLs/other)/Take over • Staff restructure/morale /productivity • Health check • Funding availability/loan restructure • Improved performance • Office refurbishment/new unit • Tenant/Community involvement • Wider role (jobs/apprenticeships) • Promote Rent first! • Improve/simplify governance • Explore DLO • Tap into external funding (Energy Efficiency.) • Community empowerment • City deal • Celebrating our success • Rapid Rehousing Legislation (recognised as both an opportunity & a threat. RSHA will take a positive approach to promote the housing needs of rural areas) 	<ul style="list-style-type: none"> • Political change / Legislation/regulation/planning • Regulatory burden3. Demand/Waiting list/government affordable housing targets • Technology/ IT failure /hacking • Reputation damage (Dev. Programme /SHR engagement) • GDPR, FOI and EIRs • Brexit/ Independence Ref 2 Inflation (costs v wages) • Health & Safety, increased Fire Safety Measures • Affordability/ Welfare reform/Fuel poverty • Competition • Diverse Tenant Base (aspirations, ageing, sicker) • Viability of rural sites • Weather (services / business continuity) • Developer appetite/costs/availability • Breaching loan covenants • Lack of funding for new development beyond 2021 • Increasing lifecycle costs • Bank failure i.e. RBS • Rapid Rehousing Legislation

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 built up good trusting relationships with communities and other stakeholders 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 need to be focussed on the future to ensure that we design services with our customers, deliver what it is they need now and in the future and in a way that reduces waste and inefficiencies and offers value for money.

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 to improve governance arrangements with respect to our subsidiary and group arrangements for reporting. This will be addressed through the work of our Governance Working Group. There is also a focus for improvement in our performance in respect of some key landlord indicators – including rent collection, how we respond to and learn from complaints and dealing with antisocial behaviour.

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 new Fire Safety requirements and the implications for our organisation and the pressures that these additional measures place on our tenants rents.

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.

We need to 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

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 Stirling and Clackmannanshire City Deal brings £90m of investment by Scottish and UK government to create jobs and drive economic growth across the regions. With significant investment in housing and transport the association is

well placed to take advantage of opportunities that the Stirling City Deal offers. 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, however we 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 As part of the work that we are doing to drive further improvement we intend to review and develop our approach to risk and management of risk. A key objective in 2019 will be the development of a new robust framework for the management of risk including; Risk Identification, Mitigation, Management and Reporting, the development of a new Risk Register, and a new updated Risk Management Policy & Strategy.

Our approach to risk will be consistent 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 In the meantime we have an approach to risk management 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 is an integral part of our strategic planning and decision-making processes. For new initiatives and projects, risk analysis is also used to inform our

decision-making process.

5.3.6 We promote the integration of risk management in the governance and management of our business so that it naturally flows through our business.

5.3.7 **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 5 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.

7. DELIVERY PLAN 2018/2019

7.1 Summary Delivery Plan

7.1.1 Our 5 Strategic Objectives, 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 Board.

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 2019/20. 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 the Management Board on a quarterly basis. The SHR Business Planning Recommended Practice 2015 states that it is for each

RSL to develop its own processes to suit its own circumstances and therefore does not set out a standard approach. However, the SHR does point to common practice in developing a robust approach and quarterly reporting on operational plans is in line with best practice.

7.2.2 The annual business planning process usually commences with a Board Strategic Planning event over the summer months. This year the Strategic Planning event will be a key feature of the development of our new 3-5 Year Strategic Plan for the RSHA Group. This will help to set the future direction and shape our plans and priorities. We will draft the annual budget for 2020/21 on conclusion of this work and use this to consult on our annual rent increase before the end of the calendar year.

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 2028/29, i.e. the first 10 years of the business plan model. Note that this assumption was due to end in year 2022/23 in the previous version of the base model. It has now been extended to counter the additional investment costs relating to ESSH2 and enhanced Fire Safety regulations. 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 622 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. Note that the assumptions used are also benchmarked against the Base Case Assumptions used by The Royal Bank of Scotland.

Table 10 - Business Plan Assumptions

Year	1	2	3	4-30
Assumption	2019/20	2020/21	2022/23	2048/49
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	1 %	1.25%	1.50%	5.0%

** Rent Policy – Inflation + 0.50% until 2028/29.

- 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. These now also include sensitivities on possible 'Brexit' outcomes. These are based on the scenario assumptions detailed in the Bank of England's paper 'EU withdrawal scenarios and monetary and financial stability', published November 2018. These assumptions include higher interest and inflation rates, higher unemployment rates which would impact on voids on bad debts and higher

development and major repairs costs through reduced migration. The implications of the assumptions for a DEAL or NO DEAL Brexit do provide an adverse impact on the 30-year projections however both models have still maintained a positive cashflow and covenant compliance throughout by increasing above inflation rent increases in the short term, the smoothing of the planned maintenance programme and also the extended use of private finance, albeit it at assumed higher rates.

- 8.2.9 The Association’s long-term property investment plan was subject to a major review by the Association’s Asset Management Team over the course of the 2018/19 year. This review revised some costings and life cycles of some components and also addressed the financial implications of the requirements of ESSH 2 and Fire Safety regulations.
- 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 £194k per annum in the first 5 years of the plan, then move to an average figure of over £343k per annum in the following 5 years. They then move to £1,057K per annum for the subsequent 10 years and finally, £2,363k per annum average for the last 10 years of the plan. Note that the surpluses being reported in the first 10 years have dropped compared to the previous version of the base model however the results over the final 20 years have increased quite significantly. This is due to the increased level of development now contained in the business plan model. We know that development does pay over the longer term however the upfront funding cost in the early years, before the rents start to pay back the investment, can be significant and this requires careful cash management.
- 8.2.11 The value of loans outstanding at the start of the plan is £10.5m and is expected to peak at £18.2m in year 5, reducing thereafter until fully repaid by year 28. The net profits mentioned above translate into reserves increasing from £5.7m at the end of the first year to £42.5m 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 11 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 £225k.

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

Table 11 - Income and Expenditure Three Year Forward View 2020- 2022

	2020 £'000	2021 £'000	2022 £'000	Total £'000
Income	3,550	3,912	4,520	11,982
Expenditure	-3,034	-3,121	-3,662	-9,817
Operating Surplus	516	791	858	2,165
Operating margin	14.54%	20.22%	18.98%	18.07%

Net interest payable	-469	-438	-732	-1,639
Fair value adj of financial instrument	50	50	50	150
Surplus	97	403	176	676
Net margin	2.73%	10.30%	3.89%	5.64%

8.3.2 The Balance Sheet as set out in Table 12 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 £685k.

Loans will continue to be carefully managed over the three-year programme with loan drawdowns only being made as required to avoid paying interest on borrowings at higher rates than are available on deposit balances held. The Association will draw down the final £500k of the £2m loan funding agreed with the Bank of Scotland over the course of the 2019/20 year. The first draw down on this loan was April 2018. The current development programme requires additional finance of £9m. The Association will split the procurement of this into two tranches to mitigate the risk of any significant changes to the timeline or size of the development programme. The procurement process for the first tranche of the funding will commence in March/April 2019.

Table 12 - Balance Sheet

	2020 £'000	2021 £'000	2022 £'000
Property	63,054	71,289	78,200
Depreciation	-15,985	-17,568	-19,582
Net property assets	47,069	53,721	58,618
Non-property assets	809	794	779
Debtors	215	225	242
Cash	1,058	845	685
Current Liabilities	-806	-870	-734
Net Current Assets	467	200	193
Total assets less current liabilities	48,345	54,715	59,590
Loans	-10,916	-14,053	-17,687
Grant	-31,580	-34,460	-35,574
Financial Derivatives	-169	-119	-69
Net Assets	5,680	6,083	6,260
Reserves	5,680	6,083	6,260

8.3.3 Table 13 below provides projected cash flow figures for the three years to 31 March 2022. It shows that the balance of cash is decreasing at a moderate rate to around £685k in Year 3. This reflects the spend on the development programme and timing of loan finance drawdowns.

Table 13 – Cashflow Projections

	2020	2021	2022
	£'000	£'000	£'000
Net cash from operating activities	902	1,419	1,567
Net interest (paid)/received	-469	-438	-732
	<u>433</u>	<u>981</u>	<u>835</u>
Investment in properties	-6,810	-8,234	-6,911
HAG Received	5,930	3,848	2,284
Other fixed assets	-440	-5	-5
Loans drawn down	1,000	3,500	4,000
Capital repayments	-245	-303	-363
	<u>-132</u>	<u>-213</u>	<u>-160</u>
Opening cash balance	<u>1,190</u>	<u>1,058</u>	<u>845</u>
Closing cash balance	<u><u>1,058</u></u>	<u><u>845</u></u>	<u><u>685</u></u>

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. The current business plan model satisfies all three lenders loan covenants.

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	2019/20	2020/21	2021/22
Management Costs Per Unit	£1,733	£1,476	£1,390
Staff Costs as a % of Turnover	20%	18%	16%
Overheads as a % of Turnover	9%	6%	6%
Net Debt Per Unit	£16,321	£20,288	£23,419
Voids as a % of Turnover	0.75%	0.66%	0.66%

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 - 2019

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>	<ul style="list-style-type: none"> • Political change / Legislation/regulation/planning • Regulatory burden • Demand/Waiting list/government affordable housing targets • Technology/ IT failure /hacking • Reputation damage (Dev. Programme /SHR engagement) • GDPR, FOI and EIRs • Brexit/ Independence Ref 2 Inflation (costs v wages) • Health & Safety, increased Fire Safety Measures • Affordability/ Welfare reform/Fuel poverty • Competition • Diverse Tenant Base (aspirations, ageing, sicker) • Viability of rural sites • Weather (services / business continuity) • Developer appetite/costs/availability • Breaching loan covenants • Lack of funding for new development beyond 2021 • Increasing lifecycle costs • Bank Failure i.e. RBS • Rapid Rehousing 	<ul style="list-style-type: none"> • Collaboration (RSLs/other)/Take over • Staff restructure/morale /productivity • Health check • Funding availability/loan restructure • Improved performance • Office refurbishment/new unit • Tenant/Community involvement • Wider role (jobs/apprenticeships) • Promote Rent first! • Improve/simplify governance • Explore DLO • Tap into external funding (Energy Efficiency.) • Community empowerment • City deal • Celebrating our success • Rapid Rehousing
WEAKNESSES	STRATEGIC RESPONSES	
<ul style="list-style-type: none"> • Size (economies of scale, skilled staff) • Geography (spread) – remote from tenants • IT systems (not fully used) • Competition (Council/RSLs) • Energy efficiency – lack of gas supplies in rural location • Office Accommodation • On-line services/ innovation (feedback, texting, etc.) • Intelligence on customers (now and future) • Lack of group approach • Poor evidence of demand for housing, MMRs and wider services • Staff capacity • Lack of entrepreneurial approach • Approach to Risk 	<p>Objective 1 – Provide high quality affordable homes</p> <p>Objective 2 – Deliver high quality services</p> <p>Objective 3 – Effective engagement and communication with tenants and other stakeholders</p> <p>Objective 4 – Ongoing sustainability and viability</p> <p>Objective 5 – RSHA Group to be an employer of choice</p>	
STRENGTHS		
<ul style="list-style-type: none"> • Rent levels (affordable/competitive) • Excellence ambitions (appetite for change) • STAFF – (committed, skilled, caring) • Community based / ease of access • Reputation/relationships • Low benefit dependence (also a weakness – rent increases?) • Quality of stock • Strong Board • Balance sheet • Customer satisfaction • Lender relationship • Personalised customer service • Good place to work 		

Appendix 3 Key Performance Targets 2019/20

KPI	2017/18 RSHA ARC	2017/18 ARC Average (all RSLs)	Actual 2018/19	Proposed Target 2019/2020 (as prior year)
Average days to re-let	15.0	27.2	13	12
% Rental income lost from empty properties	0.29%	0.6%	0.3%	0.2%
% Rent Collected	102.5%	99.8%	99.7%	102%
Non-technical rent arrears	3.02%	NA	NA	3.0%
Gross current rent arrears	5.2%	4.0%	TBC	4.0%
Former tenant arrears	1.3%	NA	1.3	1.0%
Stage 1 complaints responded to within timescale	87.5%	89.40%	79.87%	100%
Stage 2 complaints responded to within timescale	100.0%	87.50%	78%	100%
% of complaints upheld	59.0%	54.4	49.5%	NA
Tenant Satisfaction with landlord (from 2016 JTSS)	97%	91%	97%	97%
Tenants satisfied with repairs carried out in last 12 months	95.7%	92.3%	95.5%	100%
Percentage tenants satisfied with home when moving in	100%	90%	87%	100%
Average length of time to complete emergency repairs	2.7 Hours	3.0 hours	2.7 Hours	2.5 Hours
Average length of time to complete non-emergency repairs	5.7 days	5.3 days	5.7 Days	5.5 days
Percentage of repairs right first time	87.6%	92.0%	88.5%	100%
Two-hour appointment slot provided for repairs	90.4%	NA	90.4%	95%
Percentage occupied houses with valid gas safety certificate	100%	99.9%	100%	100%
% Stock meeting Scottish housing quality standard (SHQS)	98.5%	94.6%	98.7%	100%
% Stock meeting Energy Efficiency Standard (EESH)	98.0%	84.9%	99%	100%
Respond to anti-social behaviour complaints in timescales	90%	88.2%	89.49%	90%
Staff absence rates (%)	6.13%	NA	6.17%	NA
% Tenancies sustained more than 12 months	91%	88.9%	88.99%	95%

Appendix 5 - 30 Year Business Plan Extract

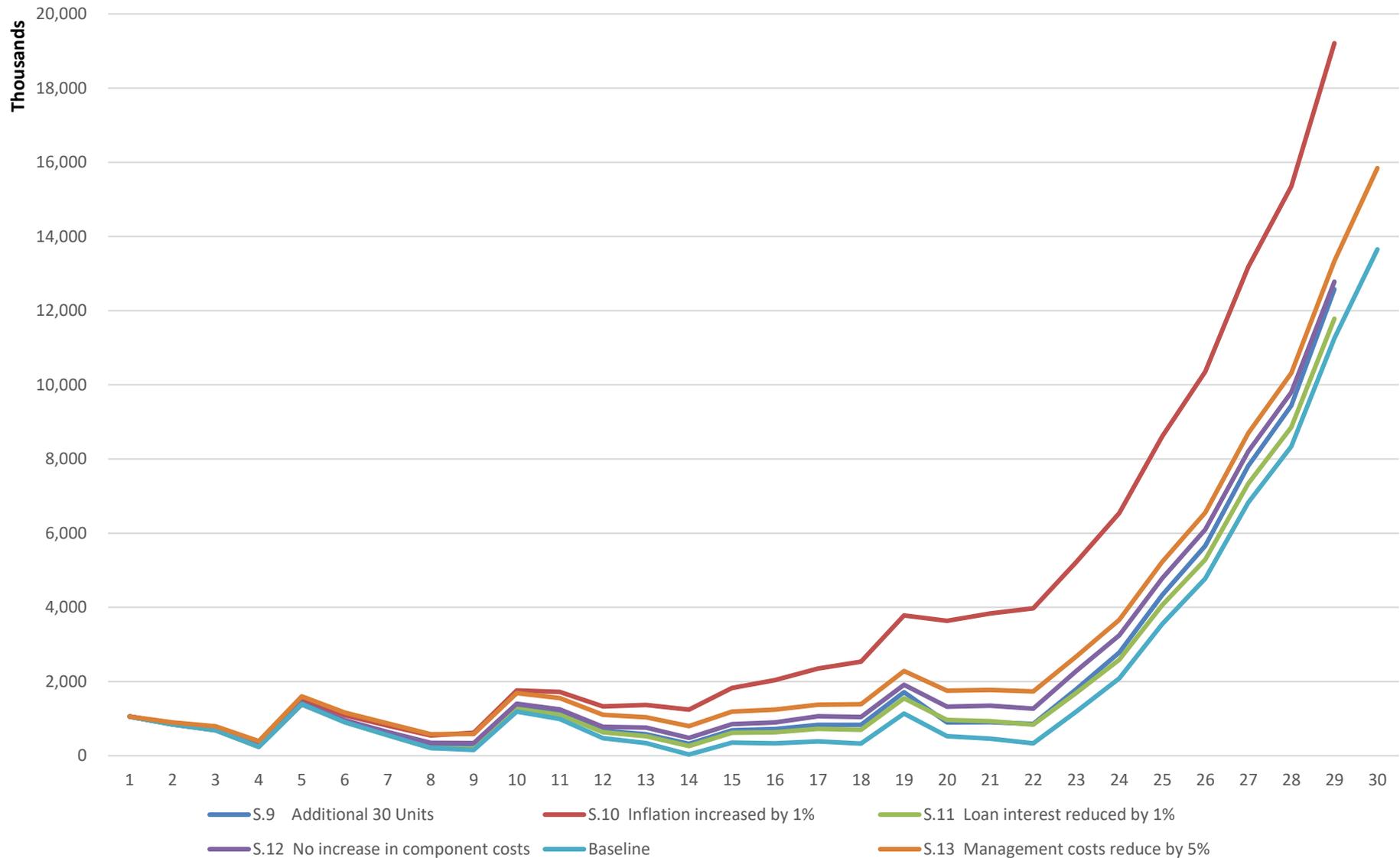
Summary Statement of Comprehensive Income, Statement of Financial Position and Cash flow

Period 1 April 2019 to 31 March 2049	2020	2021	2022	2023	2024	2025-2029	2030-2039	2040-2049
	£ 000's	£ 000's	£ 000's					
INCOME FROM LETTINGS								
Rent Receivable	2,661	2,906	3,315	3,635	3,794	20,756	50,541	64,697
Service Charge Income	9	10	10	10	11	58	140	179
Gross Rental Income	2,671	2,916	3,325	3,646	3,805	20,814	50,682	64,877
Less Voids	(20)	(19)	(22)	(24)	(25)	(135)	(329)	(421)
Net Rental Income	2,651	2,897	3,303	3,622	3,780	20,679	50,353	64,455
Other income	46	46	47	48	50	268	645	826
Amortised Grant	854	968	1,170	1,172	1,200	5,941	11,882	11,880
TOTAL TURNOVER FROM SOCIAL LETTINGS	3,550	3,912	4,520	4,842	5,030	26,888	62,880	77,162
Management Costs	1,047	985	1,060	1,010	1,048	5,678	13,696	17,623
Major Repairs-Direct Costs	-	31	-	33	-	111	228	292
Cyclical Maintenance - Direct Costs	191	155	178	194	202	1,107	2,696	3,451
Reactive/Voids Maintenance-Direct Costs	270	251	289	315	329	1,802	4,387	5,616
Bad debts	33	31	36	39	41	225	548	702
Service Costs	62	64	65	67	69	371	893	1,144
Depreciation on Housing Properties	1,412	1,584	2,014	2,329	2,375	11,876	23,751	23,751
Depreciation of Other Fixed Assets	20	20	20	20	20	130	260	260
Other Costs								
SURPLUS ON SOCIAL HOUSING LETTINGS	3,035	3,121	3,662	4,007	4,085	21,299	46,460	52,839
OPERATING SURPLUS	516	790	858	835	945	5,589	16,420	24,323
Interest Collected	6	5	4	2	4	15	26	229
Interest Payable	(475)	(443)	(737)	(760)	(798)	(3,886)	(5,878)	(926)
Other Finance Charges	50	50	50	50	19	-	-	-
RETAINED SURPLUS	96	402	176	127	171	1,718	10,567	23,626
CUMULATIVE RETAINED SURPLUS	96	499	674	801	972	2,691	13,258	36,883

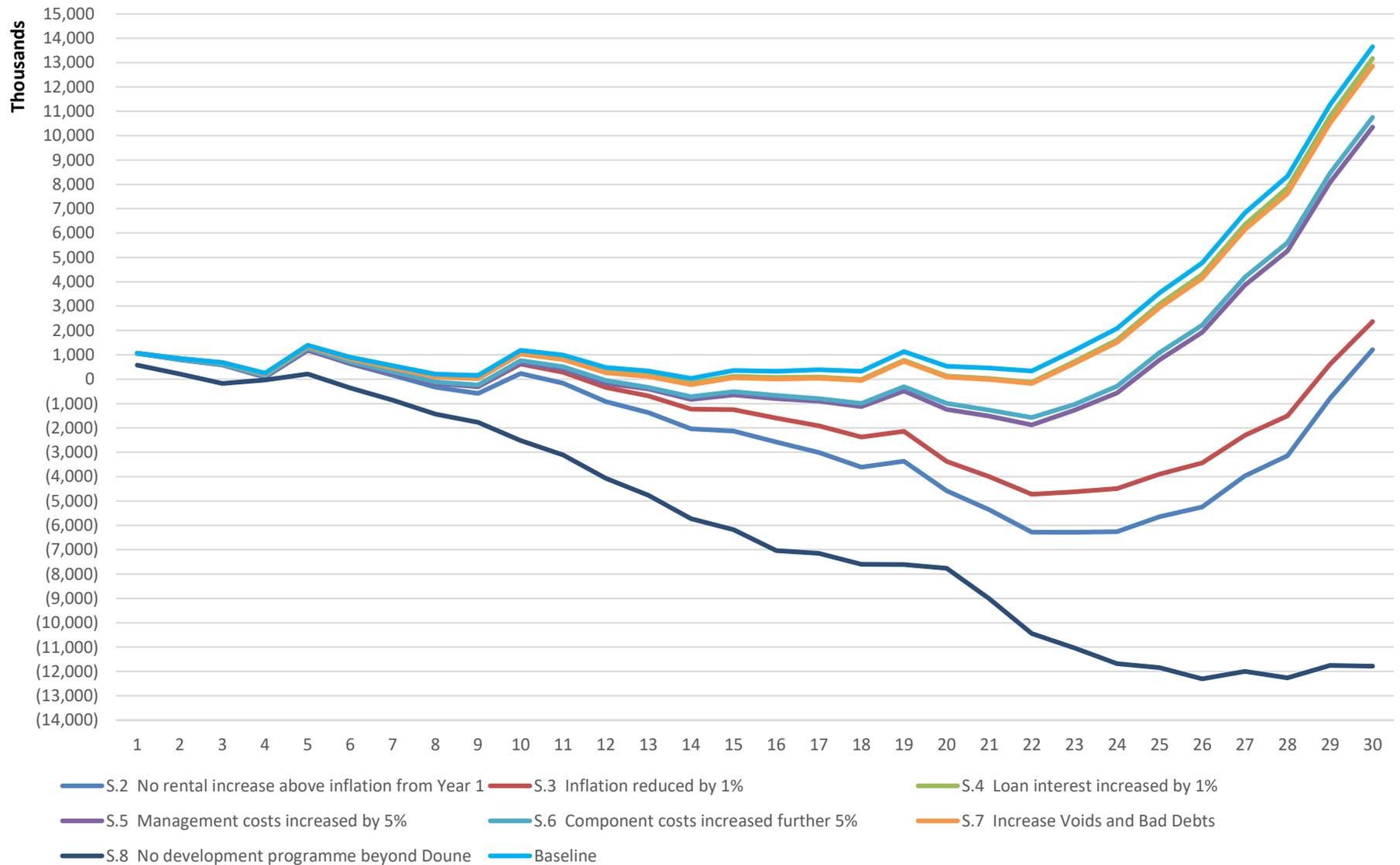
Period 1 April 2019 - 31 March 2049	2020	2021	2022	2023	2024	2025-2029	2030-2039	2040-2049
	£ 000's							
HOUSING ASSETS								
Housing Properties at cost	63,054.5	71,289.0	78,200.4	81,488.0	81,921.3	87,448.1	100,148.3	117,004.4
Housing Depreciation	15,985.3	17,569.7	19,583.5	21,912.4	24,287.5	36,163.1	59,914.1	83,665.2
Net Book Value of Housing Properties	47,069.2	53,719.3	58,617.0	59,575.6	57,633.8	51,285.1	40,234.2	33,339.2
Other Fixed Assets	809.0	794.1	779.4	764.8	750.3	709.5	593.7	565.0
Total Fixed Assets	47,878.2	54,513.4	59,396.3	60,340.4	58,384.1	51,994.6	40,827.9	33,904.2
Debtors	215.4	225.2	241.4	254.2	260.6	284.7	333.6	396.2
Cash at Bank & in Hand	1,058.1	845.4	684.8	238.8	1,392.0	1,185.7	527.1	13,652.0
Total Current Assets	1,273.5	1,070.5	926.2	493.1	1,652.6	1,470.3	860.7	14,048.2
Current Liabilities (inc. loans repayable in 1 year)	806.0	869.5	734.5	851.1	1,036.4	1,086.1	1,239.2	274.6
	806.0	869.5	734.5	851.1	1,036.4	1,086.1	1,239.2	274.6
NET CURRENT ASSETS	467.4	201.0	191.7	(358.1)	616.2	384.2	(378.5)	13,773.6
TOTAL ASSETS LESS CURRENT LIABILITIES	48,345.6	54,714.4	59,588.0	59,982.3	59,000.3	52,378.8	40,449.4	47,677.8
DEFERRED LIABILITIES								
Loan Balances >1 year	(10,916.1)	(14,052.9)	(17,687.0)	(17,464.0)	(17,530.5)	(15,131.7)	(4,517.2)	-
Other Long Term Creditors	(169.2)	(119.2)	(69.2)	(19.2)	-	-	-	-
Deferred Grant Income	(31,580.1)	(34,459.7)	(35,573.7)	(36,114.0)	(34,913.8)	(28,972.8)	(17,090.7)	(5,210.8)
NET ASSETS	5,680.3	6,082.6	6,258.1	6,385.0	6,555.9	8,274.3	18,841.5	42,467.0
SHARE CAPITAL & RESERVES								
Share Memberships	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
General Reserves	5,680.0	6,082.3	6,257.9	6,384.8	6,555.6	8,274.0	18,841.2	42,466.8
NET ASSETS	5,680.3	6,082.6	6,258.1	6,385.0	6,555.9	8,274.3	18,841.5	42,467.0

Appendix 6 - Sensitivity Analysis

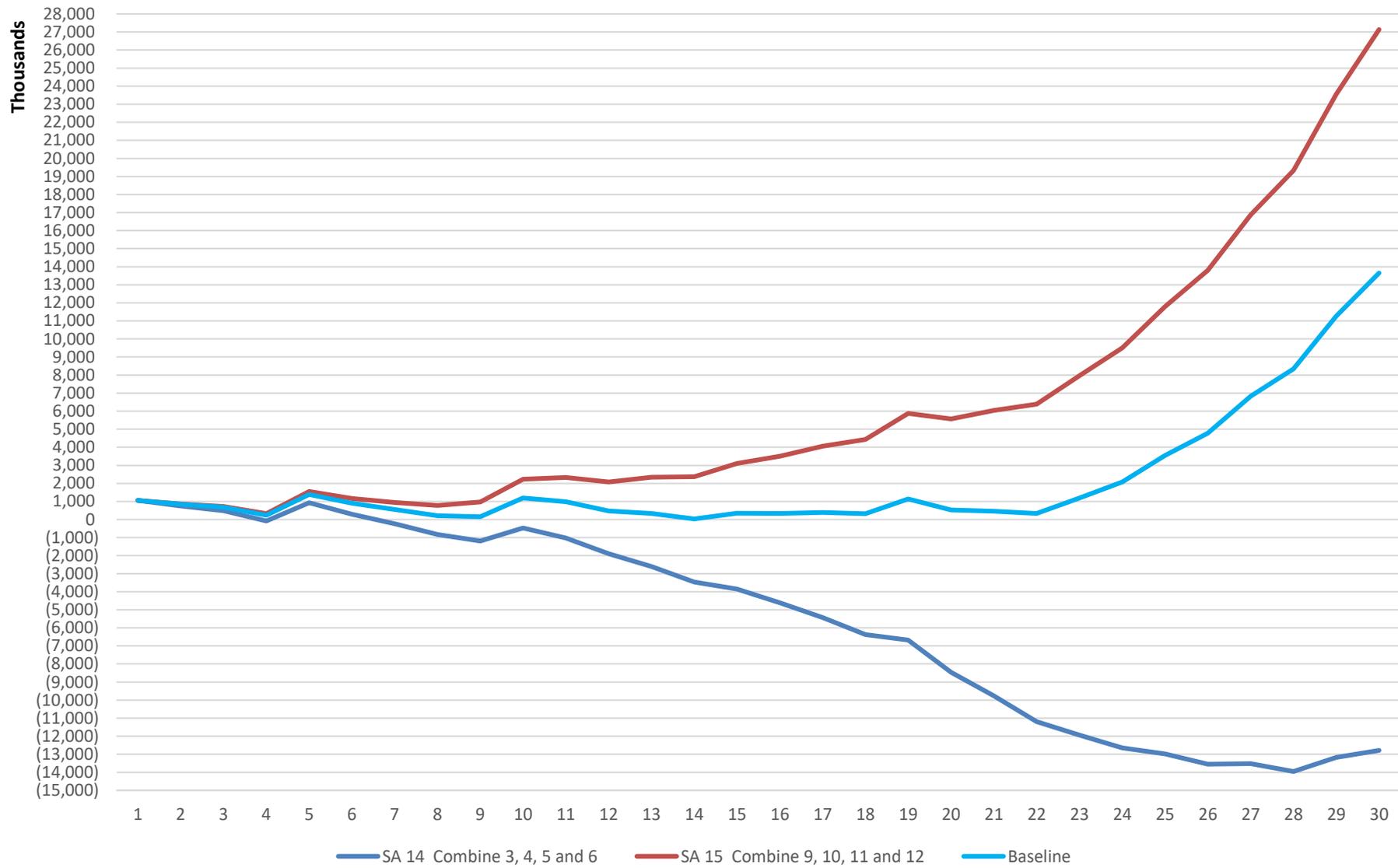
Sensitivity Analysis - Positive



Sensitivity Analysis - Negative

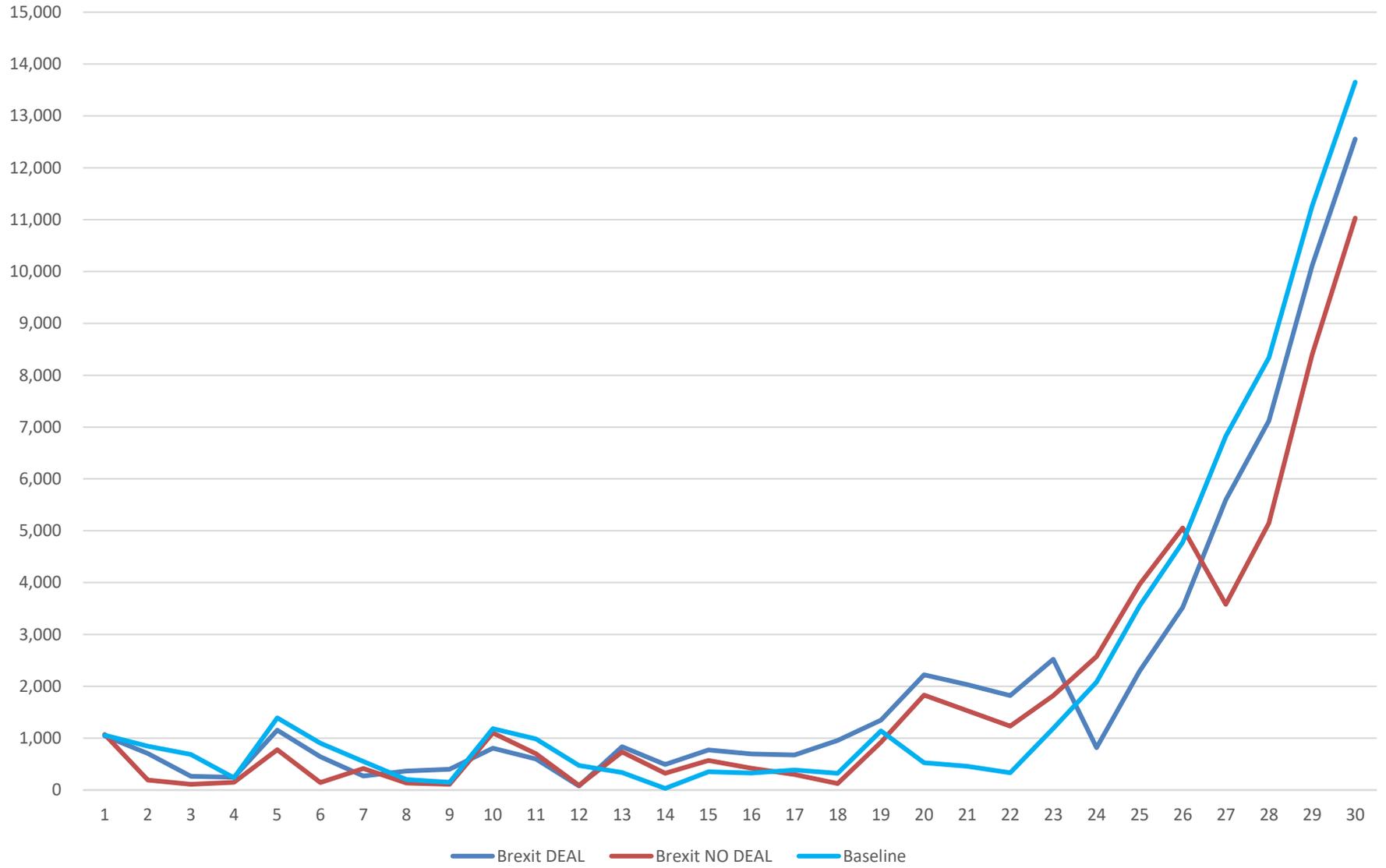


Sensitivity Analysis - Combined



Sensitivity Analysis - BREXIT

Thousands



Appendix 7 Glossary of Terms/Acronyms

Term/Acronym	Meaning
Asset Management	Ensuring that current and future assets (houses, land, garages, shops etc) fully support the organisation's objectives – working towards having the right assets, of the right quality, in the right place, at the right time generating appropriate value to the business plan and 30 year cashflows.
Business Plan	A document setting out aims and objectives and its financial plans and resources for a specific period.
Brixx	Brixx is a financial modelling tool designed to help businesses plan for the future.
Cash flows	An accounting term that refers to the amounts of cash being received and spent by an organisation during a defined period of time.
Domestic Abuse Housing Alliance (DAHA)	An organisation providing support on housing issues for people experiencing domestic violence.
Energy Efficiency Standard for Social Housing (EESH)	A minimum quality standard for all of Scotland's social homes. Landlords should achieve the standard by 2020.
Energy Efficiency Standard for Social Housing (EESH) #2	A minimum quality standard for all of Scotland's social homes. Landlords should achieve the standard by 2032.
Key performance indicator	A measure of how an organisation is achieving its objectives and performing in particular activities. Performance indicators can be compared with a pre-set standard (a benchmark) or with other organisations.
Lending Covenant	Agreement between an organisation and its creditors that the organisation will work within certain limits, for example in relation to its debt levels, asset sales and financial ratios. If these limits are broken the consequences can be serious.
Life Cycle Costing (LCC)	Whole life cost associated with owning or using an asset including maintenance and the costs associated with eventual replacement.
Local Housing Allowance (LHA)	An allowance based on how much housing benefit or universal credit would be eligible when renting from a private landlord.
Loch Lomond and Trossachs National Park (LL&TNP)	The national park centred in Loch Lomond and the Trossachs. The planning authority has the remit to protect and preserve the natural and cultural heritage of the park.
Low Cost Home Ownership (LCHO)	A form of home ownership sometimes referred to as shared ownership (part-rent, part-buy) or shared equity . It offers those eligible the opportunity to purchase part of their home and begin building their own equity.

Mid Market Rent (MMR)	Homes for rent to households on low to middle incomes. Rent for mid market homes are generally set lower than private rent but higher than the Council or housing association rent.
Mission	A formal short written statement of the purpose of an organisation which has been approved by the governing body.
Options Appraisal	A structured process of considering alternative choices against appropriate evaluation criteria in order to optimise the achievement of strategic objectives.
Performance Management	The activity and set of processes that aim to maintain and improve organisation performance
PEST	An investigation of Political, Economic, Social and Technological influences on a business.
Private Finance	Funding borrowed from a private sector lender such as a bank or building society.
Procurement	The way an organisation obtains goods, works and services from other organisations or agents.
Rapid Rehousing Transition Plan (RRTP)	A new planning framework for local authorities and their partners to transition homeless people from temporary accommodation into permanent homes.
Registered Social Landlord (RSL)	A landlord providing or managing social rented housing that is registered and regulated by the Scottish Housing Regulator.
Risk Management	The process of identifying and analysing risks and deciding the most appropriate action in order to minimise and mitigate these risks.
Rural and Islands Housing Association Forum (RIHAF)	A forum of members from the Scottish Federation of Housing Associations (SFHA) with a particular focus on issues and challenges facing remote rural and island communities in Scotland.
Scottish Federation of Housing Associations (SFHA)	The representative organisation for Scotlands' Housing Association sector.
Scottish Housing Quality Standard (SHQS)	A minimum quality standard for all of Scotland's social homes which RSLs were to have achieved by 2015.
Scottish Housing Regulator (SHR)	The regulatory body for Registered Social Landlords in Scotland.
Scottish Index of Multiple Deprivation (SIMD)	The Scottish Government's official statistical tool to identify areas of multiple deprivation in Scotland.
Sensitivity Analysis	Investigation into how projected performance varies along with changes in the key assumptions on which the projections are based
Stakeholder	Any person or organisation using or affected by our services or actions or having an interest in our activities– an interested party.
Strategic Housing Investment Plan (SHIP)	Plans prepared by local authorities to set out strategic investment priorities for affordable housing over a 5 year period to achieve the outcomes set out in the local housing strategy.

Strategy	A solution to move from where you are now to where you want to be including a plan of action
Strategic Objective	A target that an organisation should achieve to make its strategy work.
Stress Test	A test that looks at the impact on an organisation's business plan of a major change in one or more variables in order to see what impact this would have.
SWOT	An analytical tool used to identify and categorise internal and external factors.
Target	A standard aimed for that will help to achieve objectives.
TOWS	TOWS analysis is a variant of a SWOT analysis and is an acronym for Threats, Opportunities, Weaknesses and Strengths.
Value for Money (VfM)	Obtaining the maximum benefit with resources available.
Vision	An aspirational description of what our organisation would like to achieve in the mid to long-term future. It provides us with a clear road map or guide for choosing current and future courses of action.