



Clydesdale Housing Association Limited

Business Plan 2019 - 2022

(Approved 24 April 2019)

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1. Purpose of the Business Plan

The Business Plan is a key strategic document which communicates Clydesdale Housing Association's (CHA) vision and objectives, and how we will achieve those objectives. It is central to CHA's strategic decisions and also provides direction to operational decisions.

Reporting and monitoring systems have been established to allow managers and our Management Committee to judge the extent to which our strategic objectives are being achieved and to make any necessary adjustments in a timely manner.

The Business Plan is underpinned by CHA's robust approach to strategic asset management.

This Business Plan sets out our objectives for the next three years (i.e. what we want to achieve over the term of this Plan) and the actions we intend to take in order to achieve them. As such, the Plan provides a focus for leading CHA into the future.

Our people (Committee Members and staff) will deliver our Business Plan objectives. This Business Plan has been developed by them to ensure that those who know our business best have a meaningful part to play in shaping its future, and in doing so, identify with that future and commit to achieving it.

Our Vision articulates our aspirations for CHA and our Common Values recognise that success will depend largely on our behaviour and the culture our people create.

2. Vision and Common Values

Our Vision is:

Quality Homes and excellent services for all - today and in the future.

Delivered through these Common Values:

- we listen to and learn from stakeholders and partners to improve how we work in the pursuit of excellence;
- we encourage leadership and teamwork to identify and share progressive ideas;
- we value our people's commitment and support their enthusiasm in achieving success.

3. Developing the Business Plan

Appendix 1 illustrates our process for developing the Business Plan.

- Stage 1 Staff carry out an organisational diagnosis: analysis of external environment (Political, Economic, Social, Technological, Environmental and Legal - PESTEL and Stakeholder analysis); internal analysis (Strengths, Weaknesses, Opportunities and Threats analysis - SWOT); customer feedback analysis; asset management analysis; financial forecasts.
- Stage 2 A joint Committee & staff business planning event then reaches organisational diagnosis conclusions, drafts a vision, common values and identifies strategy themes.
- Stage 3 Staff refine the business planning event outcomes and present the vision, common values and organisational objectives to Committee for approval.
- Stage 4 Staff develop action plans and risk assessments for each organisational objective and then consider the resource requirements for achieving these outcomes. Long term financial forecasts are also revised to assess the impact of these activities on financial viability. Registered Tenants Organisations (RTOs) and a tenant focus group are then consulted on the organisational objectives.
- Stage 5 The Business Plan is then formally presented to the Committee, including the results of tenant consultation, for approval.
- Stage 6 Once approved, the organisational objectives are cascaded through the staff team and into departmental and individual objectives/targets. Balanced Scorecards¹ are used to monitor and report on performance against the Business Plan to Committee and staff.

4. About Us

CHA was established as a Registered Social Landlord (RSL) in 1987 by local volunteers, following an initiative by Clydesdale District Council concerned with the poor housing conditions in some remote villages and the shortage of housing for rent in the District. They also wished to halt the economic decline in the remoter areas and to help make them viable communities again.

Following initial improvements to housing in the villages of Leadhills, Tarbrax and Woolfords, CHA commenced a new-build development programme and to

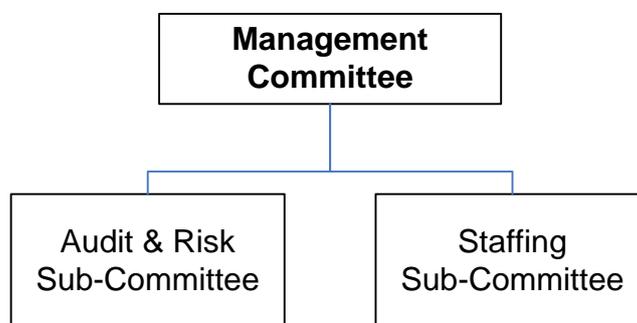
¹ Balanced Scorecard: a strategic performance management tool designed to look at organisational performance across financial, processes, people & learning, and customer perspectives simultaneously in order to ensure that business objectives are being achieved without damage to any of these perspectives.

date has completed 36 projects in 15 towns and villages throughout rural South Lanarkshire. Since 1987 over £40m has been invested in the area through CHA funded through Government Grants and private finance. As at 31 March 2019 CHA has built or improved around 600 properties for rent and over 80 homes for low cost home ownership.

A total of 173 Scottish Homes tenants in Lanark, Carluke, Rigside and Kirkmuirhill have transferred their tenancies through large scale voluntary transfer to CHA over the period from March 2002 to November 2003.

At 31 March 2019 CHA had a housing stock of 738 rented properties and 14 shared ownership homes.

A voluntary Management Committee sets our future direction and monitors our performance. Our Committee structure is displayed below:



The work of the Management Committee is supported through strong governance processes that include:

- Individual and collective annual Committee performance review
- Planned Committee training and development activity
- Management Committee succession planning
- Ongoing self-assessment and continuous improvement activity to ensure compliance with Regulatory Standards.

We employ a staff team of 14 people who implement CHA policy operationally and support the Management Committee with strategic planning (see **Appendix 2** for Staff structure).

CHA is registered as a Social Landlord with the Scottish Housing Regulator (Registration No.93), a Scottish Charity (Registration No.SC 034228) and with the Registrar of Friendly Societies (Registration No.2237RS). With a long track record of excellent performance and sound management, CHA has a 'low' regulatory engagement status with the Scottish Housing Regulator.

5. Key Services

With the above Vision, the effective and efficient delivery of key services is our priority. Key services provided by CHA include:

Repairs & Maintenance

- day to day repairs service;
- planning and managing the replacement of major building components, e.g. kitchens, windows, bathrooms, roofs, etc.;
- planning and managing the cyclical maintenance of our housing stock, e.g. external painting, gas safety inspections, electrical safety inspections, gutter cleaning, etc.;
- surveying the condition of our housing stock;
- inspecting empty houses and managing necessary repairs;
- contractor and professional services procurement and management;
- management and monitoring of our landscape maintenance service;
- tenant consultation and participation;
- adapting existing properties to suit people's medical needs;
- factoring: providing management and maintenance services (including account management and debt recovery) for 'common areas' to shared owners and owner occupiers;
- rechargeable repairs debt recovery.

Housing Management

- assisting housing applicants through provision of housing prospects advice and housing options advice;
- allocation of available housing;
- managing rent collection and rent arrears recovery;
- basic money and welfare benefits advice;
- resolving tenancy disputes, anti-social behaviour and managing our estates;
- tenant consultation and participation;
- work in partnership with other agencies and signpost tenants to specialised services and support.

These core activities are supported by the following services:

- financial management;
- committee servicing and support;
- health & safety control;
- corporate services.

The 2016 Tenant Satisfaction Survey referred to earlier identified the following as our tenants' service priorities:

Priority Number	Service Area	% of tenants
1	Repairs & Maintenance	89%
2	The overall quality of the home	88%
3	Being kept informed about services & decisions	54%
4	Neighbourhood management	23%

Office Accommodation & Community Hub

CHA will move to new purpose-built offices in Lanark in the first year of this Business Plan. This new premises will incorporate the Clydesdale Community Hub. The Clydesdale Community Hub activities will dovetail with CHA's Organisational Objectives.

In forming the decision to pursue a Community Hub CHA engaged with potential third sector partners in order to ensure that demand for such a facility existed. That engagement resulted in support from 17 future user groups that was used as evidence to secure £176,784 capital grant funding from Lanarkshire Leader. CHA aims to complete the offices and Community Hub in September 2019.

6. Our Performance

CHA uses a performance management framework in order to identify key performance areas and compare actual performance against agreed targets.

Rent Levels and Affordability: CHA's rent levels continue to be among the most competitive in the RSL sector:

Average Weekly Rent	2015/16	2016/17	2017/18
Clydesdale HA	£73.30	£74.54	£76.89
Rural RSLs	£79.33	£81.10	£83.05
All RSLs Average	£79.08	£80.37	£82.28

Results of our 2019/20 Rent Review Tenant Consultation (68 tenants responded) showed that 7% of those who responded (5 tenants) reported that they either always or regularly experienced difficulty in being able to pay their rent. The tenant satisfaction survey carried out in 2016 reported that only 1.9% of tenants paying either full or partial rent experienced the same difficulties (207 tenants responded). We will watch this indicator closely when we review the results of a satisfaction survey planned for late-2019.

Service Performance: Performance targets are set and agreed annually between the Chief Executive, Depute Chief Executive and staff responsible for that service area. Within a culture of continuous improvement, targets are set through a process that considers organisational priorities, CHA's recent performance levels, the performance of similar RSLs and the resources we need to perform well. Targets for Key Performance areas are presented annually to Committee for approval and performance is monitored regularly at both Management Team and Management Committee level.

Recent performance levels across Key Performance Indicators (KPIs) are presented below.

Operational KPI Performance 2018/19	CHA 2018/19 Target	CHA 2018/19 to Feb 19	CHA 2017/18 Result	2017/18 Scottish RSL Average
Average non-emergency repair completion time (working days)	5.5 days	4.5 days	4.4 days	5.3 days
Average emergency repair completion time (hours)	3 hours	2.4 hours	2.5 hours	3 hours
Percentage of gas safety checks completed on time	100%	100%	100%	99.9%
Average time taken to re-let empty properties (calendar days)	12 days	26 days	12 days	27.2 days
Percentage of rent lost through properties being empty	0.5%	0.73%	0.49%	0.6%
Percentage of repairs completed Right First Time	95%	91%	92.4%	92%
Percentage of anti-social behaviour cases reported that were resolved on time	95%	94%	93.3%	88.2%
Rent collected as a percentage of total rent due	100%	105%	104%	99.5%
Gross rent arrears (all tenants) as at 31 March each year as a percentage of rent due for the reporting year.	2%	2.14%	2.2%	4%

Tenant satisfaction is a key indicator of performance output. CHA conducts full scale tenant satisfaction surveying every three years through independent market research consultants. Our last full scale survey was conducted in 2016 and the next is scheduled for late-2019. These results are used to populate tenant satisfaction questions in the Annual Return on the Charter to the Scottish Housing Regulator.

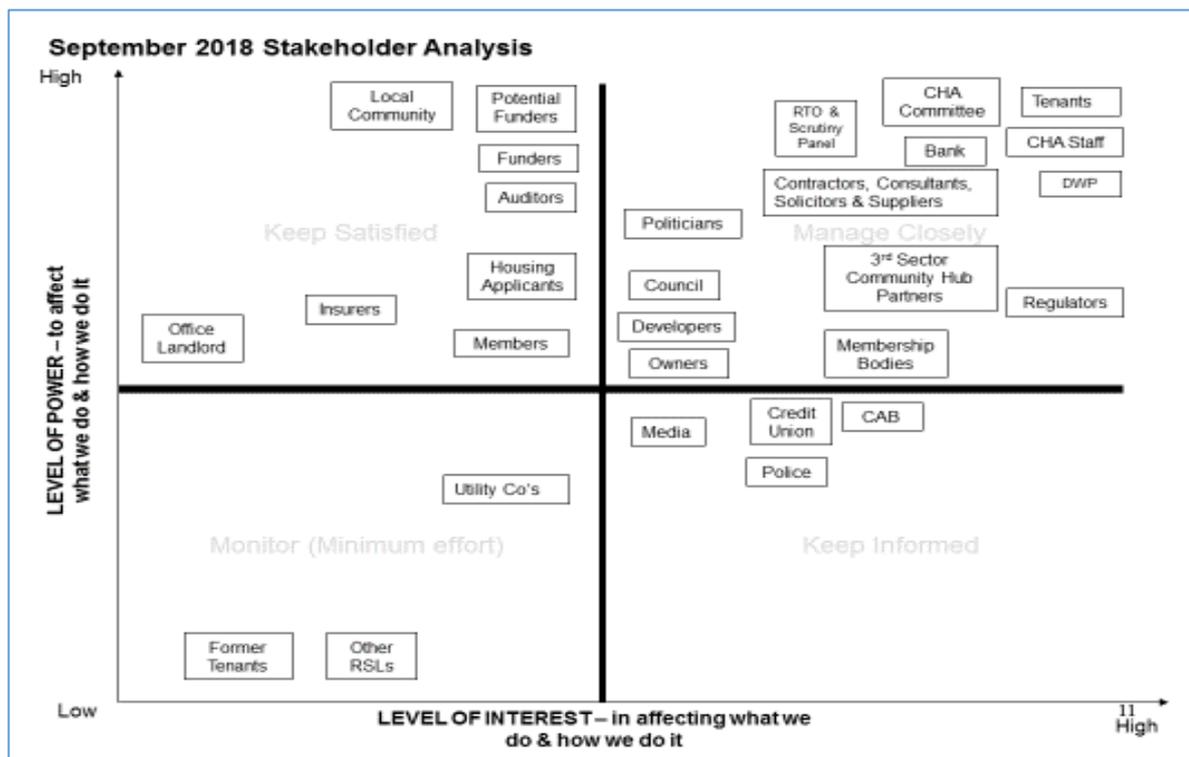
Monthly telephone surveys are also conducted with 40 tenants who have recently used our reactive repairs service. This feedback is used as an indicator of trends in tenant satisfaction – Table 3 below compares 2018/19 (to January 2019) results with our 2017/18 results and average figures for Scottish RSLs we use for benchmarking purposes.

CHA compares favourable against all areas of satisfaction.

Tenant Satisfaction Results 2018/19 (Year to Date)	CHA 2018/19 Target	CHA 2018/19 to Jan 19	CHA 2017/18 Result	2017/18 Scottish RSL Average
% of tenants satisfied with overall service	93%	96%	97%	91.7%
% of tenants satisfied with opportunities to participate	85%	92%	91%	88%
% of tenants satisfied with being kept informed	93%	94%	97%	93.5%
% of tenants satisfied with reactive repairs service	90%	95%	95%	92.3%
% of tenants satisfied with the quality of their home	87%	89%	84%	89%
% of tenants who feel their rent is value for money	80%	84%	83.5%	83.8%
% of tenants satisfied with management of estates	90%	95%	90%	89.3%
% of new tenants satisfied with standard of their home	90%	91%	96%	91.2%

7. Working with Key Stakeholders

CHA works with various partner organisations to achieve its Vision. We identify and prioritise our stakeholders.



The development of this Business Plan has considered the strategies and requirements of such organisations. Relevant themes from key stakeholders we located within the “manage closely” quadrant include:

Key Stakeholder Priorities

Stakeholder	Relevant Theme
Tenants	<ul style="list-style-type: none"> • Repairs & maintenance is the no.1 service priority for tenants • 1.9% of tenants have difficulty in affording rent payments
3 rd Sector Partners	<ul style="list-style-type: none"> • Strong demand for Lanark Community Hub • Opportunities to support tenant wellbeing initiatives
DWP	<ul style="list-style-type: none"> • Universal Credit full service roll-out • Test & learn approach by DWP causing inconsistency
Local Authority	<ul style="list-style-type: none"> • Opportunities for new housing supply investment • Rapid rehousing of homeless people initiative
Scottish Government	<ul style="list-style-type: none"> • EESSH² compliance deadline of December 2020 • Housing (Scotland) Act 2014 implementation
Scottish Housing Regulator	<ul style="list-style-type: none"> • Annual Assurance Statements due in October 2019 • Rent affordability priority

CHA has developed a Key Stakeholder Communications Plan that maps out how we will manage each stakeholder within the “manage closely” and “keep satisfied” quadrants of the Stakeholder Analysis.

An important aspect of our relationship with our tenants is our approach to involving them in the work and decisions of CHA. Annually we review our Tenant Participation Strategy and produce a Tenant Participation Report Card in partnership with our Registered Tenants Organisations and Tenant Scrutiny Panel.

We also have systems in place for gathering and analysing feedback from service users that we incorporate into our business planning and policy development processes. This includes full scale tenant and factoring satisfaction surveying every three years, monthly tenant satisfaction surveys of new tenants and those using the reactive repairs service, as well as monitoring performance and trends in service user complaints

CHA attends a range of forums, benchmarking clubs, good practice exchange and policy consultation events in order to stay in touch with current and future thinking.

² Energy Efficiency Standard for Social Housing – see <https://www.gov.scot/policies/home-energy-and-fuel-poverty/energy-efficiency-in-social-housing/>

8. Organisational Diagnosis

Before developing our future plans we assessed and analysed our external and internal operating environment – the results from this analysis strongly influenced the objectives we agreed for the period of the Business Plan.

8.1 External Environment

PESTEL Analysis (Political, Economic, Social, Technological, Environmental and Legal): the PESTEL tool was used to assess the factors in CHA's external environment that affect daily operations and future plans. Results from our analysis are displayed in **Appendix 3**.

Opportunities and Threats: Key results from the PESTEL Analysis were distilled into the following Opportunities and Threats summary, i.e. external factors that either represent risks to CHA or are opportunities to be taken advantage of.

Opportunities	Threats
<ul style="list-style-type: none"> • New housing development project funding levels • Community Hub will provide partnership opportunities to benefit tenants • Improved efficiency through mobile devices, social media, Skype, SMS • Scope to improve efficiencies through CHA website • Community Hub will offer free internet access • Innovative technologies for replacements to electric storage heaters • Access Energy Company Obligation funding to assist energy efficiency improvement measures 	<ul style="list-style-type: none"> • Universal Credit rollout linked to debt rise • Low income tenants – affordability issue • Interest rate rises forecast, although limited to high of 1.5% in 2022 • Brexit outcome and impact uncertain • CPI forecast at high of 2% over 2019/2022 • new build development by others on demand levels for existing CHA stock • Inherent Risk of building new offices • CHA tenants in fuel poverty – health risks, wellbeing damage, financial hardship, etc. • FOI introduced to RSLs in 2019. • Increased cost of new borrowing for development projects threatens project viability • SLC push on rapid housing of homeless people – tenancy sustainment concerns • 39% of tenants have no internet access – problem for DWP 'digital by default' approach.

8.2 Internal Environment

Asset Management Strategy:

CHA has identified the following priorities for Asset Management over the period of this Business Plan:

- Target CHA's planned maintenance investment to maximise compliance with EESSH – 74.7% of CHA's properties met EESSH as at 31 March 2018. Properties that currently have electric storage heating present the greatest challenge to achieving the EESSH by December 2020. Estimated investment levels are presented in the financial forecasts that make up **Appendix 4**.
- Increase the stock condition survey sample size in order to provide more robust stock condition and EESSH data – CHA has plans to survey 50% of properties over 2019/20 – increasing the number of properties surveyed in the last 5 years to 86%.
- Improve the re-letting of empty houses in order to reduce empty house times and loss of rental income. 2018/19 experienced a deterioration in this performance area.

Strengths and Weaknesses: the results from a Strengths and Weaknesses analysis are displayed below which summarise the main factors affecting our internal environment:

Strengths	Weaknesses
<ul style="list-style-type: none"> • High Tenant Satisfaction Levels • Strong Regulatory Standards compliance • Robust Committee recruitment process • Excellent Committee/Staff relationship • Low staff turnover/high attendance levels • High staff motivation and morale • Enabling management culture • Strong learning and development • Strong performance record • Housing stock in good condition • Viable 30 year cash flow • Good financial management • Low levels of private finance • Low risk of breaching RBS covenants • Low rents compared to rural peer group & most other Lanarkshire RSLs • Strong CHA website 	<ul style="list-style-type: none"> • No contingency in place if single multi-trade contractor fails • CHA has 'spikey' investment programme that needs 'smoothed' • 187 homes fail EESSH • No experience of operating community facility • High empty house times • Slow uptake of mobile technology by CHA • Recent high turnover of Committee members • Committee profile does not match community demographic • Low satisfaction levels with factoring service customers • Business continuity plan due for review

9. Strategic Themes

Consideration of the SWOT Analysis results led to the identification of the following strategic themes:

Strategic Theme	Focus
1. Viability & Value for Money	<ul style="list-style-type: none"> • Income protection & debt recovery • Value for Money Assessment • Rent Policy Review • Improve efficiency through technology
2. Gradual Growth	<ul style="list-style-type: none"> • Sustainable & viable development
3. Asset Management	<ul style="list-style-type: none"> • EESSH Compliance by Dec 2020 • Management of empty houses • Fire safety measures
4. Community Engagement	<ul style="list-style-type: none"> • Community Hub support of CHA objectives • Support tenant participation work
5. Regulatory Compliance	<ul style="list-style-type: none"> • Annual Assurance Statement • Committee Succession Planning

10. Strategic Objectives April 2019 to March 2022

Developing the Strategic Themes further into SMART³ Strategic Objectives that CHA can focus on enables us to:

- Communicate our plans to key stakeholders;
- Allocate the required resources to achieve our plans;
- Check that we have the skills and knowledge required to achieve our plans;
- Monitor the progress we are making against our plans and report that to key stakeholders.

Our 2019/2022 Strategic Objectives are:

No.	Strategic Objective	Target Completion
1	Collect at least 99.5% of total rent due	Each year of Plan
2	Develop a Value for Money Policy	25 September 2019
3	Achieve an average re-let time of 15 days	31 March 2020
4	Review E-Business Strategy	31 March 2020
5	Assess viability of one new housing project	Each Year of Plan
6	Achieve EESSH compliance rate of at least 84.8%	31 December 2020
7	Achieve Scottish Government new standard on fire and smoke alarms	31 January 2021
8	Achieve 50% Community Hub occupancy	31 March 2022
9	Achieve full compliance with SHR Regulatory Requirements	25 September 2019

³ Specific M measurable A achievable R realistic and T timebound objectives.

11. Delivering the Business Plan and Our Management & Monitoring Arrangements

We will develop Action Plans as tools to help us achieve these objectives. The activities from the Action Plans are then cascaded as individual objectives and targets throughout our staff team via our staff appraisal process which also ensures that learning and development gaps are addressed in order to achieve objectives.

The Action Plans are monitored and reviewed regularly to reflect our progress and regular Action Plan performance discussions take place at individual, departmental and at management team level.

Quarterly Business Plan progress reports to are presented Management Committee.

Management Committee Members also consider their learning and development requirements against the Business Plan as part of the annual Committee Appraisal process.

12. Financial Planning & Forecasts

CHA prepares an annual budget for the financial year ahead which incorporates an assessment of resource requirements for the implementation of the Business Plan. Performance against these budgets is monitored by budget holders (Management Team Members) monthly. Variance reports are submitted to our Management Committee in accordance with our internal financial controls.

Long term financial plans covering 30 years are also reviewed annually. Initially populated by the Management Team, before greater scrutiny by the Audit & Risk Sub-Committee, the annual budget is used as a base, but then adjusted to reflect future planned activities and risks. Long term financial plans, including scenario test/sensitivity analysis results are finally presented to the Management Committee.

The results of scenario tests influence future business planning, operational target setting and risk management strategies. Scenario testing is also used to inform strategic decision making such as the pursuit of housing development activity.

CHA seeks to produce net cash surpluses in most years in order to fund the future maintenance of the housing stock going forward. Based on the assumptions used to develop current long term financial plans, CHA forecasts reasonable cumulative cash surpluses throughout the next 30 year period. There will, however, be some years when we will have an operating cash deficit due to heavy planned and cyclical maintenance investment in those years – cumulative surpluses accumulated for those years of heavy investment will protect the viability of the organisation. The financial forecast up to 2022

(**Appendix 4**) shows cash deficits in each financial year due to this – these are supported by cumulative surpluses throughout this period.

We review our treasury management strategy annually in order to ensure that we are managing financial risk and making good use of our investments. We monitor our compliance with loan covenants and report on this to the Management Committee every quarter.

Value for Money (VFM): VFM is about doing the right things, in the right way, at the right cost. We view VFM from a tenant and service user perspective.

We have recently joined the Scotland's Housing Network (SHN) VFM Forum. This initially involved completion of SHN's VFM Tool. We are currently reviewing the results of this and will work with the VFM Forum to benchmark results. We aim to develop a VFM Policy in September 2019 that will inform how we interact with and report to tenants on VFM.

13. Risk Management & Mitigation

Risk is inherent and unavoidable in every activity that CHA undertakes. The aim of effective risk management is to manage risks and their potential for damage down to an acceptable level. Failure to pay proper attention to the likelihood and consequences of risks faced by the Association could lead to serious problems.

CHA's approach to risk management and mitigation is characterised by our:

- Audit and Risk Sub-Committee's annual work programme;
- identification of strategic and operational risks through a structured and ongoing appraisal process and a strategy for minimising and managing risks;
- effective management of risks that materialise;
- integration of risk management with our business planning process;
- culture – staff are aware of the purpose of procedures and controls and there is an ongoing process of risk identification and review;
- systems for monitoring, managing and reporting on key risks;
- assessment of the likely risks involved in new contracts, agreements, development projects, other significant new ventures before deciding whether and how to proceed;
- regular assessment of insurance cover;
- internal and external audit function and reporting.

As previously outlined, our approach to business planning is rooted to effective risk identification and mitigation – starting with an assessment of stakeholder interest and influence, a review of our service performance and tenant feedback, and an analysis of our external and internal operating environment.

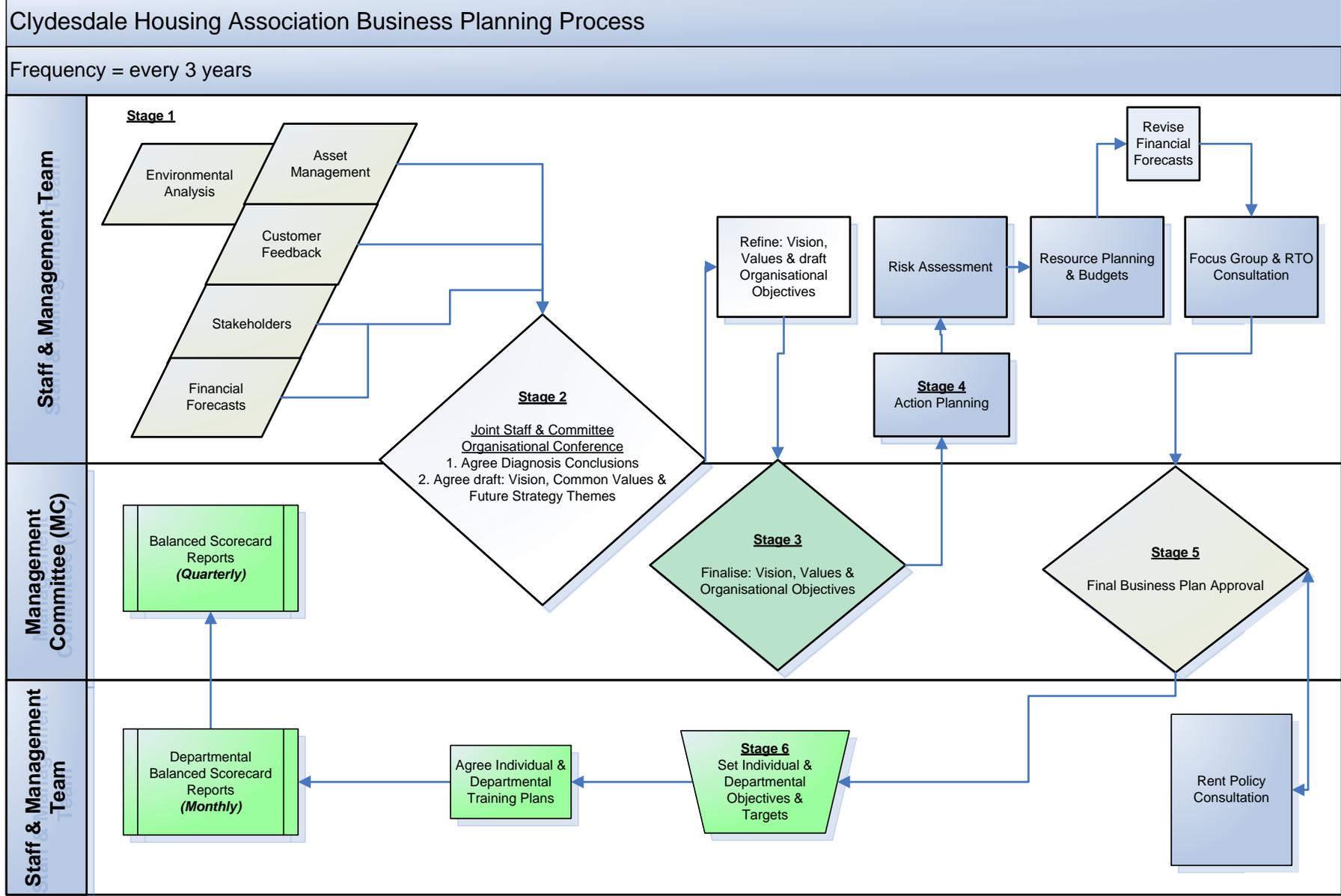
Our Audit & Risk Sub-Committee annually consider the Business Plan and develop/refine strategic and operational risk maps linked to strategic objectives. Risks are prioritised based on probability and impact, and then used to develop risk management logs. Risk maps and risk management logs are reviewed by staff and Committee each quarter and progress is tracked. New key risks are added as required.

Risk Maps for this Business Plan are attached as **Appendix 5**.

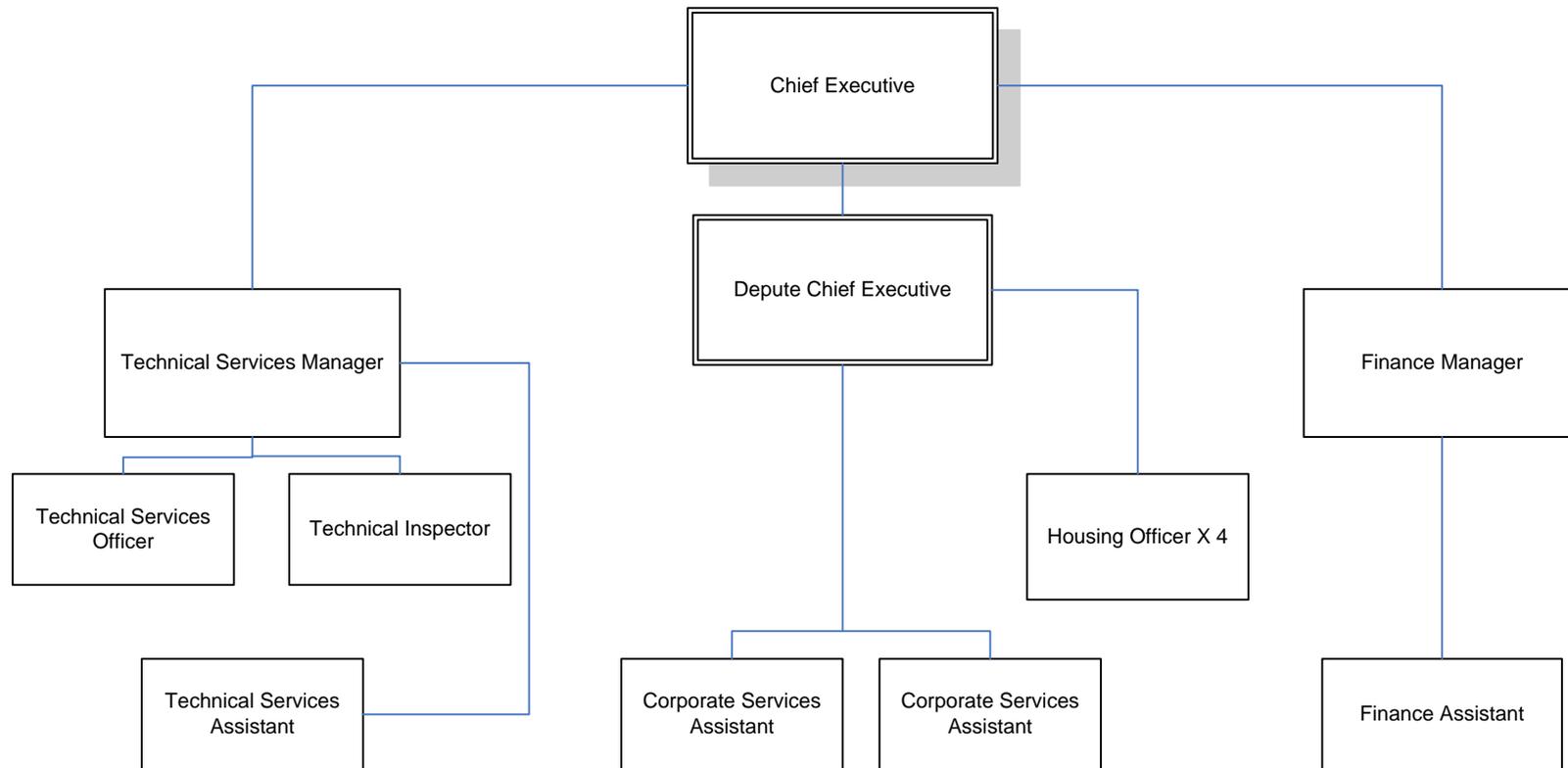
14. Business Plan Review

Management Committee and the Management Team will review the content and direction of the Business Plan annually in order to ensure its continued relevance. This will take place in advance of the annual budgeting process.

Appendix 1 – Business Planning Process



Appendix 2 – CHA Staff Structure



Appendix 3 – PESTEL Analysis

PESTEL Analysis 1

Political	Economic	Social
<p><u>Welfare Reform:</u></p> <ul style="list-style-type: none"> • DWP HB admin • UC & direct payment removal / delayed pay • Reduction in household income – disabilities; working tax credits • Cap ↓ to £20k • benefit level freezes • Tax credit & UC support limited to 1st two children from Apr '17 (with some exceptions). • Effect of deductions; historical; hierarchy and housing cost only UC claimants • DWP “test and learn” pace of change <p><u>Increased Powers to Scottish Govt:</u></p> <ul style="list-style-type: none"> • Slow to implement <p><u>Homelessness:</u></p> <ul style="list-style-type: none"> • Push from S Govt & SLC for rapid rehousing of homeless people 	<p><u>General:</u></p> <ul style="list-style-type: none"> • ↑ in interest rates (up to 1.2% by 2021) • Inflation forecast at around 2% until 2021 • Working hholds ↑ by 7% to 34% between 2014 & 2016. Unemployed hholds fell from 9% to 4%. • private housing sector still growing • Weak £ causing price increases <p><u>Rent Levels:</u></p> <ul style="list-style-type: none"> • Low compared to other rural RSLs & most Lanarkshire RSLs • Benefit recipients & other low income hholds may have affordability problems <p><u>Staff Pensions:</u></p> <ul style="list-style-type: none"> • Deficit recovery plan on track for 2022 completion • DC only from Apr '16 <p><u>Lenders:</u></p> <ul style="list-style-type: none"> • high cost of new borrowing • close covenant monitoring by RBS • ↑ mortgage availability for first time buyers 	<p><u>Demographics:</u></p> <ul style="list-style-type: none"> • stable household sizes • Possible decrease in tenant wellbeing • Increase in mental health conditions • Projected 2% increase p.a. in 60+ hholds to 2029 • Reducing rural population • Wide geographical area – 24 mile radius • Limited public transport system <p><u>Housing Demand:</u></p> <ul style="list-style-type: none"> • High demand for most rural centres • Need to research impact of new build development in rural centres on demand for existing housing stock • Lower demand for remote rural locations • Tenant service expectations increasing <p><u>Community Hub:</u></p> <ul style="list-style-type: none"> • Provision of wellbeing, employment & L&D services to community & tenants • Scope for other complementary service provision.

PESTEL Analysis 2

Technological	Environmental	Legal
<p><u>Communication:</u></p> <ul style="list-style-type: none"> • New efficiency opportunities through social media, Skype, SMS • Scope to increase efficiencies through CHA website • 39% of tenants have no internet access – problem for DWP ‘digital by default’ approach. • 54% of 55-74 year olds have no internet access. • Community hub will offer free internet access + hardware use to community. 	<p><u>Insurance:</u></p> <ul style="list-style-type: none"> • Increased insurance costs <p><u>Energy Efficiency:</u></p> <ul style="list-style-type: none"> • 187 homes fail EESSH (March ‘18) • Opportunity to access Help to Heat grants for electric to gas fuel switch • Opportunity to access ECO funding for complementary energy improvement works. • 2018 - Currently piloting infrared heating systems and Quantum systems as alternative to electric storage heating. • Infrared heating has no impact on Rd SAP score. <p><u>Fuel Poverty:</u></p> <ul style="list-style-type: none"> • high risk for low income households 	<p><u>Regulation</u></p> <ul style="list-style-type: none"> • New Reg framework being published in 2019 • Requirement for Annual Assurance Statements – Oct 2019 <p><u>Housing Act 2014:</u></p> <ul style="list-style-type: none"> • More flexibility for RSLs in ASB & alloc. – poss. open to legal challenge. <p><u>Integration of Health and Social Care:</u></p> <ul style="list-style-type: none"> • impact still uncertain. <p><u>H&S:</u></p> <ul style="list-style-type: none"> • Tenant perception of Asbestos Risk <p><u>Procurement:</u></p> <ul style="list-style-type: none"> • New Regs now live <p><u>Housing Grant Regime:</u></p> <ul style="list-style-type: none"> • HAG subsidy levels have increased • Stage 3 funding has reduced (56% of sum requested for 18/19) <p><u>GDPR:</u></p> <ul style="list-style-type: none"> • full compliance due in Sep 18 <p><u>FOI:</u></p> <ul style="list-style-type: none"> • introduction to RSLs anticipated.

Appendix 4 – Financial Forecasts

CLYDESDALE HOUSING ASSOCIATION LIMITED				
CASHFLOW	2019	2020	2021	2022
	Year	Year	Year	Year
	1	2	3	4
INCOME				
Rental Income - Basic	3,025,571	3,123,644	3,224,881	3,322,272
Rental Income - Excess	-	-	-	-
Less : Voids & Bad Debts (Inc Service Charge Inc)	77,296	87,759	107,049	127,222
	2,948,275	3,035,885	3,117,831	3,195,050
Service Charges Income	66,271	67,597	68,949	70,328
Total Rental Income	3,014,547	3,103,482	3,186,780	3,265,377
Right to Buy - Net Receipts	-	-	-	-
Interest Earned	-	-	-	-
Other Income Per Unit	10,022	10,274	10,531	10,796
TOTAL INCOME	3,024,569	3,113,755	3,197,312	3,276,173
EXPENDITURE				
Planned Maintenance - Balance Sheet	1,605,887	1,186,313	999,792	845,965
Planned Maintenance - Income & Expenditure	345,517	527,030	486,580	480,282
Reactive Maintenance	391,856	389,778	399,561	409,590
Service Charges	84,928	86,627	88,359	90,126
	2,428,188	2,189,748	1,974,292	1,825,963
Management and Administration	991,344	1,011,251	1,017,531	1,044,184
Fixed Assets (Furniture, Fittings and Equip)	913,301	110,763	1,144	1,167
Pension Deficit Payments	108,331	111,581	114,928	118,376
Loan Repayments	278,121	283,601	288,858	305,981
Other Activity Costs	3,830	3,907	3,985	4,065
TOTAL EXPENDITURE	4,723,115	3,710,851	3,400,740	3,299,737
NET SURPLUS / (DEFICIT) IN THE YEAR	(1,698,547)	(597,095)	(203,428)	(23,563)
CUMULATIVE SURPLUS / (DEFICIT)	(1,698,547)	(2,295,642)	(2,499,070)	(2,522,633)
FUNDING				
Opening Cash Balance	4,677,982	-	-	-
New Build Costs	(504,896)	(26,058)	-	-
Scottish Housing Grant Financing	-	360,000	-	-
Movement in Debtors	(0)	(13,378)	(13,981)	(14,327)
Movement in Creditors	(132,679)	68	137	208
	4,040,407	320,632	(13,844)	(14,118)
Surplus Plus Funding	2,341,860	(276,463)	(217,272)	(37,681)
INTEREST RECEIVABLE	3,040	11,033	9,854	9,266
INTEREST PAYABLE ON OVERDRAFTS	-	-	-	-
CUMULATIVE SURPLUS / (DEFICIT)	2,344,900	2,079,470	1,872,053	1,843,637

Appendix 5 – Risk Maps

		STRATEGIC RISK MAP							
		1	2	3	4	5			
IMPACT	5	5	10	15	20	25	5		= High
	4	4	8	12 New build threat to housing demand	16 Economic pressures to keep rents low	20	4		
	3	3	6 Reduction in stage 3 funding	9 Rising inflation rates & interest rates	12 Uncertain impact of Brexit	15 Income reduction due to Welfare Reform	3		= Medium
	2		4	6	8	10 Private finance regime for new build housing	2		
	1	1	2	3	4	5	1		= Low
		1	2	3	4	5			
		PROBABILITY							

		OPERATIONAL RISK MAP								
		1	2	3	4	5				
IMPACT	5	5	10	15	20	25	5		= High	
	4	4	8	12 Heating contract delivery	16	20 Incomplete EESSH strategy	4			
	3	3	6 Potential service disruption by new Reactive Contractor	9 Community Hub	12	15	3		= Medium	
	2	2	4 Some non-material areas of partial compliance with SHR Standards	6 General Data Protection Regulation	8	10 High relet times	2			
	1	1	2	3	4	5	1		= Low	
		1	2	3	4	5				
		PROBABILITY								