



BUSINESS PLAN

2022-25

April 2022

Cadder Housing Association

Business Plan 2022-25

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Executive Summary

The Business Plan is a key document that sets out Cadder Housing Association's strategic direction through our Vision, Values, Mission Statement and Strategic Objectives. The Plan is mainly an internal working document, used by Board and staff to assist our planning, implementation monitoring and evaluation of our work for the period 2022-2025.

Our Business Plan for 2022-25 takes account of the significant changes in our operating environment, including rising prices and inflation, cost of living increases, our recent levels of performance and customer satisfaction and plans to re-open the Community Centre.

Through this review we have engaged with Board and staff to develop new statements of strategic intent in the form of our Vision, Values, Mission Statement and Strategic Objectives. We have established detailed Delivery Plans (please see Appendix 1), which confirm the key tasks to deliver our strategic objectives, along with the outputs, risks, resources and timescales to achieve these. These Delivery Plans coupled with key performance indicators will facilitate close monitoring and verification on the achievement of our Strategic Objectives.

Cadder is a remote, diverse and deprived community and our tenants and residents rely mainly on the Association for support with rent, benefit and tenancy matters, as well as a range of other challenges they experience in their lives. We provide tenancy sustainment and wider role services to support our tenants and residents i.e. welfare rights, tenancy sustainment, and, ordinarily, activities and services in the community centre.

We have undertaken strategic analysis of the external and internal environment (please see Appendix 2), which informed the development of our Strategic Objectives and the Delivery Plans for their achievement.

External Factors: We recognise that our tenants and other customers continue to be impacted by Covid itself, as well as increasing financial hardship due rising energy prices and higher cost of living. These are exacerbated by higher unemployment and reliance on welfare benefits. We also recognise that due to a combination of Brexit and Covid 19 there are significant supply chain issues, which are impacting on the Association's costs. Over and above this, Cadder is committed to playing our part in reaching net zero carbon by achieving EESSH2 by 2032.

The Business Plan for 2022-2025 focuses on how to square the circle between rent affordability, quality of housing and services and sustaining our long term financial viability.

Internal Factors: Cadder concluded a staffing restructure towards the end of 2021, involving the recruitment of a new Senior Management Team and a number of new staff. The period of transition and the disruption to services caused by Covid 19 have resulted in slippage in the Association's performance and, importantly, our customer satisfaction. We have set out detailed plans and targets to significantly improve both. We are committed to overcoming delays in our investment programme caused by Covid 19 and this is reflected in our three year investment plan based on the findings of the March 2022 Stock Condition Survey.

In addition, we are targeting improvements in our landlord health and safety, void standard and estate management.

This business plan focuses on how we can improve our performance by:

- increasing customer satisfaction
- Improving our housing management, repairs and estate services
- improving homes through our investment programme
- meeting our health and safety obligations
- improving value for money and internal efficiency in our services

In relation to governance, Cadder remains focussed on ensuring continued compliance with our legislative and regulatory obligations.

We have established our performance framework (please see Appendix 3) and will be refreshing our policies so that our team provides a consistent and efficient service. Staff members' objectives and development will be based on enhancing our operational performance and we will continue to listen and respond to the views of our staff to improve our organisational culture.

The Community Centre remains closed as a result of the Covid 19 pandemic and we will produce a comprehensive business plan and strategy to ensure its financial viability while delivering activities and services that meet the needs of the Community

The Association has robust risk management arrangements through our Risk Management Policy and the annual review of our Corporate Risk Register. Our risk register, developed jointly by Board and Senior Staff, reflects potential hazards and controls relating to statutory and regulatory obligations, income and cost control, governance and covenant compliance, service performance and ICT failure/business interruption. The Corporate Risk Register is attached at Appendix 4.

The Board has meaningfully engaged Cadder's staff in developing our vision, values, purpose and strategic objectives and has worked closely with the Senior Management Team to prioritise our key activities, in the detailed Delivery Plans.

Our Strategic Objectives for the Business Plan 2022-25 are:

Strategic Objective 1: Improving our Customer Service and Satisfaction

Strategic Objective 2: Improving our Housing Quality and Health & Safety

Strategic Objective 3: Improving our Business Performance

Strategic Objective 4: Ensuring Governance Compliance and Financial Sustainability

The key activities planned to achieve these objectives are set out below and in detail in the delivery plans attached at Appendix 1.

We have identified areas of significant importance in the Plan that represent a risk to our customers and our financial sustainability:

- **Rent Affordability**

We are committed to ensuring rents are affordable for our tenants and have assumed rent increase of CPI only.

- **Improving our housing performance**

We have established clear performance targets and the Delivery Plans confirm the measures we are taking to achieve improvements.

- **Improving our Landlord Health and Safety**

In addressing the service and access disruption during the Covid pandemic, we are ensuring that all of our landlord health and safety measures are fully compliant.

- **Securing Value for Money**

As we make significant investment in our homes, we will programme and procure works in a manner that secures best value for money and supports our financial sustainability.

- **Cadder Community Centre**

Before re-opening the Centre, we will review the Community Centre Business Plan and establish a clear strategy to ensure its financial viability. The measures for doing so are confirmed in the delivery plans.

Following the incorporation of life cycle costing plans from the March 2022 Stock Condition Survey, we have a realistic and stable financial plan to meet our service and investment costs, as well as repaying our borrowing. The Association's 30 year financial forecasts are fully covenant compliant and demonstrate that Cadder will be debt free by year 13.

Key objectives for the Association are to ensure that rents are affordable and that we strengthen our financial position through improvements in our housing performance and achieving value for money from our procurement for housing investment, repairs and estate services.

1. Introduction

- 1.1 The Business Plan is a key strategic document and a complete picture of the Association, setting out our strategic direction through our Vision, Values, our Mission and Strategic Objectives. The Plan reflects the Board's aims and ambitions for the business and in their strategic role they will own and monitor progress of its achievement. It provides a framework for action and achievement, which will be communicated to our tenants and other customers, staff and key stakeholders. The Delivery Plans set out how we will achieve our Strategic Objectives.
- 1.2 The Plan has been developed in line with the Scottish Housing Regulator's Recommended practice on Business Planning (December 2015); Recommended practice on Strategic Asset Management (August 2012); and Regulatory Framework published (April 2019).
- 1.3 In the Plan we have taken account of significant risks to our business, which include external factors such as the impact of Covid 19 on our tenants' welfare, and supply chains and costs. Internally we have taken account of the staff restructure, performance and closure of our community centre.
- 1.4 In December 2021, Indigo House Group facilitated a strategy development event attended by the Board and staff team where we agreed on our Vision, Values, Mission and Strategic Objectives. This was followed up by a detailed implementation planning day with the Board and Senior Staff team in January 2022 to begin to develop our Delivery Plans
- 1.5 The Association has undertaken the following to inform our strategy
 - Completed a SWOT and PESTLE exercise to assess our current position and operating environment;
 - Developed Delivery Plans for 2022-2025 to achieve the Strategic Objectives;
 - Identified risks in our work to inform the Corporate Risk Register 2022-2023;
 - Established performance indicators and targets for 2022-2025
- 1.6 We will refresh our Business Plan in March 2023 to ensure it remains relevant and we will :
 - test our Strategic Objectives to ensure they enable us to achieve our Mission, Vision and Values;
 - identify key goals for their achievement;
 - set out a schedule for the development and review of policies and procedures;
 - set out a programme of self-assessments to continually test compliance with policies and other key work with the aim to continuously improve in our work and services.
 - Update the 30-year financial projections
- 1.7 The next full review of the Business Plan will be in March 2025 for the period 2025-28.

2. Vision, Mission, Strategic Objectives, Values & Culture

2.1 Statement of Strategic Intent

Cadder's Board and Staff have reviewed and updated our statements of strategic intent as follows:

Vision

"Making a Positive Difference to Your Home and Community"

Mission

i. Slogan

"Delivering quality and affordable homes and changing the lives of Cadder's people"

ii. Statement

"A community driven association committed to providing high quality homes and services in the Cadder community".

2.2 Strategic Objectives

We have established 4 Strategic Objectives that reflect the Vision, Values and Mission and overarching aims:

Strategic Objective 1: Improving our Customer Service and Satisfaction

Strategic Objective 2: Improving our Housing Quality and Health & Safety

Strategic Objective 3: Improving our Business Performance

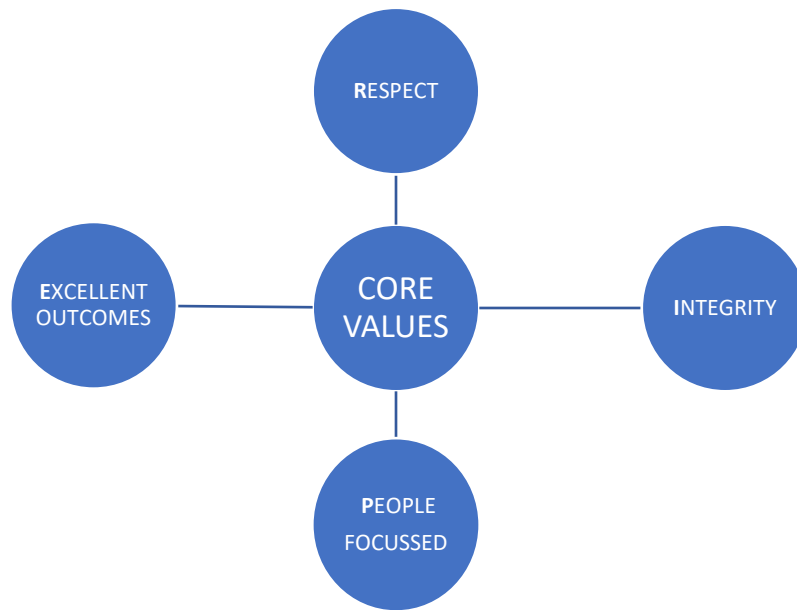
Strategic Objective 4: Ensuring Governance Compliance and Financial Sustainability

Section 5 of the Business Plan sets out:

- An overview of the importance of each objective
- Key tasks for achieving each objective
- The expected outputs and outcomes
- The key risks of failing to complete the tasks

2.3 Values

Our Values (below) were reviewed and agreed by our Board and staff at the strategy day and these are expected to be evident in the achievement of our Mission and Strategic Objectives.



2.4 Culture

Following on from Gravitare's support over recent years, work on enhancing Cadder's culture is ongoing. Staff have been engaged in developing the business plan, are undertaking regular one-to-one meetings with managers, and there will be a staff survey in year 1 and an enhanced People Strategy in year 2. We will be assessing progress to date and setting out plans for continual improvements in Cadder's culture.

3.0 About Cadder Housing Association and Our Customers

3.1 Evolution of Cadder

3.1.1 The Association is registered under the Industrial & Provident Societies Act 2002, a Scottish Charity and registered with the Financial Conduct Authority (FCA). We are also a registered property factor with the Scottish Government.

3.1.2 The Association was formed in 1993 by local residents with the primary aim of improving the Cadder area’s housing condition and services. We evolved through 2 housing stock transfers of 754 properties from Scottish Homes in 1994 and 1998 and undertook our first new build development of 50 units in May 2019. Our stock has been affected through Right to Buy legislation (now repealed), although this has enhanced our role as a property factory in Cadder. The Association now owns and manages 1102 properties, 695 in ownership and 407 in management as a property factor.

3.2 Independent & Community Controlled

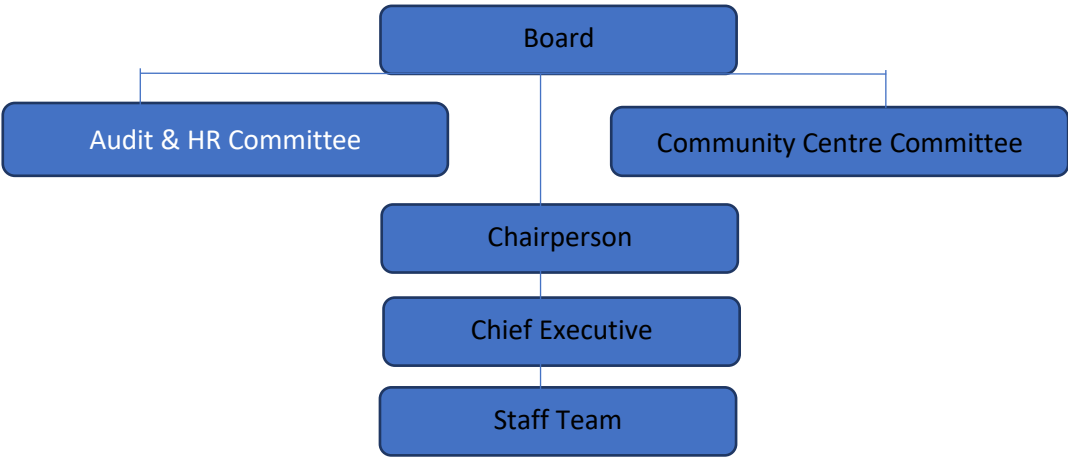
3.2.1 The Board is proud of their achievements in our service to our tenants and other customers, improvements to tenants and owner-occupiers’ homes and properties, and progress in the regeneration of Cadder. The Board values what an independent organisation based in the heart of the community has achieved in serving the needs of our tenants, owner-occupiers, residents and the community. The Board, however, considers that a review of strategic options for the delivery of the housing service in Cadder should be considered in the medium term.

3.3 Our Governance and Staff Structures

3.3.1 The Board as the governing body of the Association have a strategic role to lead and direct the business to achieve good outcomes for our tenants, other customers and key stakeholders. The membership of the Board is mainly local residents with others providing specific skills and knowledge to enhance the Board’s capability to govern the Association.

3.3.2 There are currently 8 full members with 3 co-options on the Board, therefore 11 members against maximum membership of 12 members as outlined in our Rules.

3.3.3 The Governance structure of the Association is set out below.

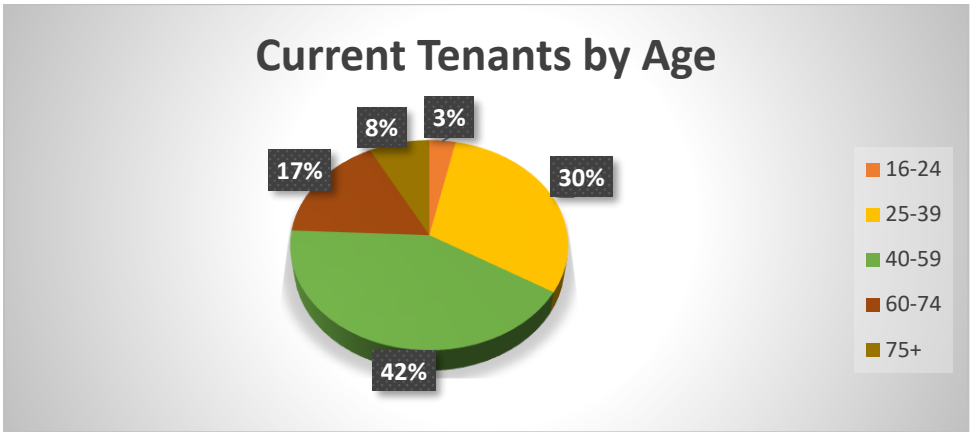


3.3.4 The Association employs 18 staff and 2 apprentices across our Housing Management, Asset Management, Estate Services, Business Improvement and Corporate Teams . The structure is attached at . Appendix 5.

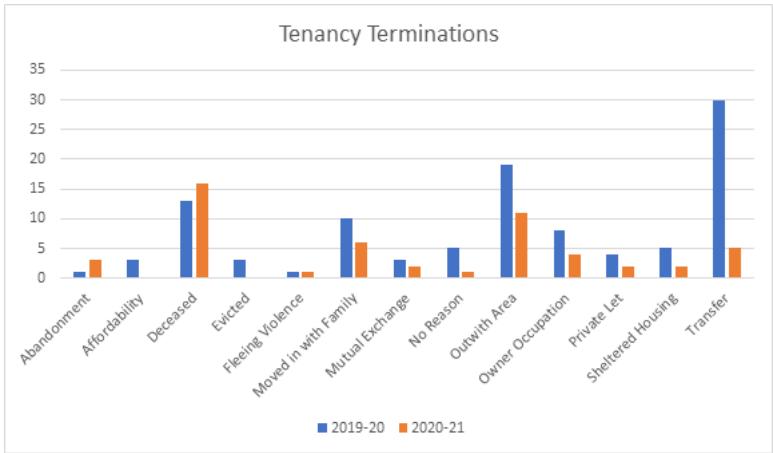
3.4 Our Customers

3.4.1 It is essential that we know our current tenants to enable us to meet their needs, wants and aspirations in the development and review of our service and investment plans. We can achieve this through household demographic and ethnic information, coupled with periodic resident satisfaction surveys to seek their views on our services, their home and neighbourhood and the future regeneration of Cadder.

3.4.2 The chart on ‘current tenants by age’ shows 72% of our tenants are aged 25 – 59 years of age, 25% are aged over 60 years of age and only 3% are aged 16-24 years of age. In summary, the low number of tenants between 16-24 years of age reflects the limited number of 2 apartments for households of single persons or couples. It would seem that Cadder has an older population where 25% are over 60 years compared to the population of Glasgow (18.6%) and Scotland (23.2%). (Source Scottish Census 2011).



3.4.3 The Association has a turnover of circa 10% of our properties annually. The chart below outlines the reasons for tenancy terminations in last two financial years (2019-20 & 2020-21).

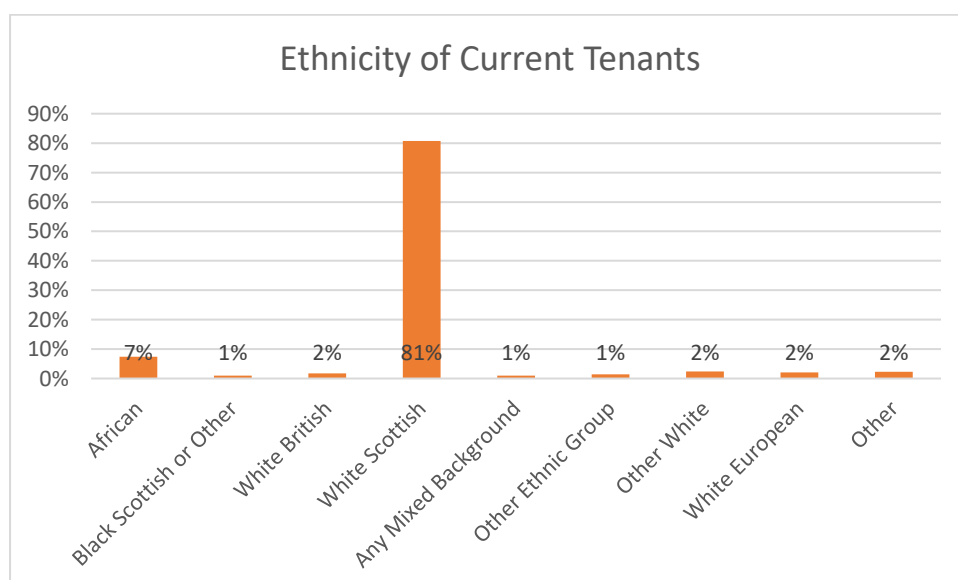


In summary, the findings show:

- Total terminations were 105 (15% turnover) in 2019/20 and 53 (7.5% turnover) in 2020/21. The reduction in turnover from 2019/20 to 2020/21 is mainly attributed to internal transfers to Cadder's new build properties, Covid19 pandemic and the suspension of services and allocations across Glasgow and Scotland.
- 26% of terminations over the 2-year period were due to a move to sheltered housing or deceased,
- 22% of terminations over the 2-year period were due to internal transfers, mainly related to families moving out of overcrowded conditions or tenants moving for medical reasons.
- 19% of terminations over the 2-year period were due to tenants moving out with the area.

3.4.4 Cadder is a deprived community and there are high levels of disadvantage and poverty. 59.5% of our tenants require assistance through housing benefit and discretionary housing payment to assist them with their rent payments. We now have 158 tenants on Universal Credit (UC), where we continue to receive direct payment of rents for around half of these cases. Going forward, as UC rolls out, housing benefit cases will reduce and UC cases will increase.

3.4.5 The chart on the ethnicity of our current tenants shows Cadder's main ethnic group to be a 'white Scottish' population at 81%, which is consistent with Glasgow and the national Scottish average of 79% and 84%, respectively. There is a good level of diversity of other nationalities living in Cadder. This is partly due to a long-standing partnership with Positive Action in Housing to promote Cadder to people from black & minority ethnic backgrounds.



3.5 Our Area

3.5.1 Cadder is a remote community based in the North-west of Glasgow, where its boundaries are the neighbouring communities of Lambhill/Milton to the east and Summerston / Maryhill to the west, as well as the Glasgow Western Necropolis to the north and the Forth & Clyde Canal to the south of the area.

3.5.2 Cadder displays similar characteristics as other peripheral areas in Glasgow, albeit on a smaller scale, where it is remote, lacks amenities and has high levels of deprivation and poverty. The area has good transport links to Glasgow City, but residents experience difficulty accessing local areas e.g. Maryhill via public transport for key services and amenities.

3.5.3 The Scottish Government's Indices of Multiple Deprivation (S.I.M.D) outlines the deprivation of communities across Scotland. The S.I.M.D calculates deprivation based on a range of factors including income, employment, health, education, housing and crime. Cadder has 4 data zones covering the area, the 3 main data zones are within the worst 11% most deprived communities in Scotland. The following chart shows the deprivation in Cadder.

Datazone	Pop.	Overall SIMD 2020 Rank	Overall SIMD 2020 %	Income	Employment %	Health %	Education %	Access %	Crime %	Housing %
S01010352	495	448	7%	7%	6%	10%	8%	44%	29%	6%
S01010350	931	487	7%	5%	9%	8%	17%	24%	38%	9%
S01010340	768	749	11%	7%	12%	15%	28%	20%	35%	8%
S01010351	946	1,917	27%	26%	31%	38%	24%	24%	37%	14%
TOTAL	3,140									

Key: Red – Within 10% most deprived; Amber is 11%-15% most deprived; Black is 15%=most deprived in Scotland

Source: Scottish Government S.I.M.D 2020

3.5.4 The Association is the main service provider in Cadder and based in the heart of the area we are the 'community anchor', where we work with our partners to deliver services beyond our role as a landlord and a factor. Our aim is to improve the quality of life of Cadder residents and lift the area out of being one of Scotland's most deprived communities.

3.5.5 There is a healthy tenure mix in Cadder, where the Association owns 60% of the stock in the area, 4% is owned by GHA and owner-occupation accounts for 36%. This level of owner-occupation compared to the high level of deprivation in the area would indicate that many of Cadder's owners live in poverty and they are likely to be 'asset rich, income poor'. This strengthens the argument for the Association to work with partners to tackle disadvantage and poverty in our community. The Cadder Community Centre is the Association's main vehicle for doing so.

3.5.6 At present, the community centre is not financially viable, particularly following its closure due to the Covid pandemic. In recognising this risk to the Association, we are preparing a robust strategy and

business plan for the Centre with a view to providing support to our community through a range of services to mitigate Cadder's deprivation ratings and disadvantage.

3.6 Tenant satisfaction

3.6.1 Summary findings from Resident Satisfaction Survey

The last RSS was carried out in December 2020 and some of the key findings (as reported in the Annual Return on the Charter for 2020/21) are provided below along with the outturns from the 2018 RSS in brackets:

- 81% were satisfied with our overall service (92%)
- 69% of tenants said the rent was good value for money (81%)
- 99% of tenants surveyed were satisfied with the opportunities to participate (97%)
- 79% of tenants were satisfied with the quality of their home (83%)
- 79% of tenants surveyed were satisfied with the last repair to their home (81%)
- 84% of tenants surveyed were satisfied with our management of the neighbourhood (94%)

3.6.2 Improving Customer Satisfaction

The Association is committed to improving our performance and customer satisfaction as set out in our Delivery Plans for 2022-25. Initiatives to address these include:

- Measures to enhance affordability and holding rent increases to no more than CPI
- Investment in homes and improvements in the lettable standard
- Increased quality checks on repairs
- Improved estate management standards and services

We will maintain our high level of customer satisfaction in relation to opportunities to participate in the Association's work. We will enhance our engagement through the re-establishment of a Customer Scrutiny Panel and improve customer access through a tenant portal. We will conduct a comprehensive Resident Satisfaction Survey in 2023 to inform our future plans and strategies.

4.0 Strategic Analysis

4.1 Strategy Development

In February 2022 the Association's Board and SMT undertook a strategic analysis and assessment of its current position and operating environment to inform the Business Plan 2022-25.

4.2 External Environment

The Board and Senior Staff reviewed the external environment using the PESTLE model (Political, Economic, Social, Technological, Legal, Environmental factors). The range of factors considered is attached at Appendix 2, and their impact on our business is summarised below.

In terms of opportunities, it is considered that Social Security Scotland (SSS) is likely to have a positive, though limited, impact due to the proportion of tenants who are in receipt of benefits under the remit of SSS. Digital development also presents an opportunity to improve access for customers and create efficiencies in our business. We are introducing new communications and reporting systems during the period of the Business Plan. In the longer term, improving energy efficiency is an opportunity to reduce fuel poverty, improving our tenants' financial position and through this improve our rent collection performance. We are currently awaiting the Scottish Government's strategy for EESSH2 along with confirmation of potential funding support and will factor these into our Business Plan when there is clarity on these matters.

There are numerous challenges at present including rising inflation, interest rates, investment/repairs costs and cost of living increases. These are factored into our expenditure in the Business Plan through our maintenance and repairs budgets and our performance targets for relet times, rent collection and arrears. With regard to loans, 59% of these are fixed, however, we have taken a cautious approach to potential increases in our variable rate loans. All of Cadder's loans will be repaid by year 13. Our Business Plan ensures that we meet our covenants with lenders. The lifecycle costing plan from the recent Stock Condition Survey takes account of inflation and rising component and contractor costs. We will co-ordinate our procurement of investment works in a manner that results in best value for money. Proposed rent increases are being held at CPI only to ensure affordability for tenants. We are preparing for the challenges in cyber security by developing an ICT strategy to support the delivery of Cadder's Corporate and Business Plans and enhance our cyber security.

Ensuring we are compliant with statutory and regulatory requirements remains a strong focus in the Business Plan including Landlord Health & Safety. We have set out detailed plans for audit, recording and completing necessary health and safety checks and a comprehensive approach to gaining assurance of our regulatory compliance as set out in the Delivery Plans.

4.3 Internal Environment

- 4.3.1 We have numerous strengths including our compliance with the Regulatory Framework and covenants, financial sustainability, our approach to risk management and access to customer support services such as money advice. However, following two years of business disruption, there are areas that require improvement such as:

- operational performance and customer satisfaction
- completion of overdue housing investment,
- demonstrating compliance with Health and Safety legislation
- the viability of the Community Centre
- improving our estate services
- reviewing our policies and procedures
- utilising our landlord systems more effectively
- improving our internal communications

All of these matters are included in our prioritised delivery plan outputs and performance targets.

4.3.2 Regulatory Framework

Cadder submitted its latest Annual Assurance Statement to the SHR in October 2021 confirming our compliance with the Regulatory Framework. This status is also reflected in SHR's Engagement Plan for 2022/23.

4.3.3 Welfare Reform

The UK Government has reformed the welfare system, which includes the new Universal Credit (UC) system to merge a range of benefits including housing benefit into one single benefit payment. There has been a phased roll-out of UC and we currently have 158 UC cases.

The target for gross arrears as a percentage of our net debit for 2021/22 was set at 6.5% and the outturn for the year was 5.32%. At the end of March 2022 we had a total of 334 tenants in arrears with an average arrear of £513.91.

We continued to directly support tenants in dealing with rent arrears as well as obtaining funds from external sources for this purpose. In light of the current cost of living crisis, we will expand these efforts by recruiting an Energy Advisor to support local households to reduce their fuel costs.

4.3.4 New Housing Supply

The Scottish Government has produced a new Housing Strategy for the period up to 2040 setting a goal to deliver 100,000 affordable homes by 2031/32.

The Association has seen the positive impact of our first new build housing development on the attractiveness of our area, as well as an increased demand for this housing. In the Business Plan 2022-25 we aim to re-engage with key stakeholders to enable Cadder to contribute to meeting housing need through new build homes in the future. We expect this activity to commence in year 2 of the Business Plan.

4.3.5 Ageing Population

There is a change in the demographic landscape in Cadder, which is consistent with Glasgow city and the national position. We clearly have a higher population of older tenants and owner-occupiers and this is likely to increase, therefore we will have to consider, in conjunction with our partners and others, how we support our tenants as their care and support needs develop, to receive these

services in their home and community. Through our community centre we can facilitate the local delivery of care and medical services. This will be considered in the review of the Community Centre Business Plan.

4.3.6 Governance

We have an experienced Board, comprising 8 full members and 3 co-optees. There is a good range of knowledge, experience and skills providing a local and professional perspective. The Board undertakes annual reviews with members, its succession plans and is currently developing a member in preparation for taking up the role of Chair in 2022.

4.3.7 Staff

The Association conducted a review of our operational structure during 2020/21 and completed the implementation of a new structure in September 2021. The restructuring process resulted in changes in our personnel, including the Senior Management team, who are all new to Cadder and took up their posts between July and September 2021. In light of the change, the staff team are continuing to bed in and are currently working through their first annual cycle with the Association. Following a best value audit of our repairs and maintenance services, the Association concluded that utilising external contractors better met our business needs. The Association's trade team members were transferred to our new contractors under TUPE during 2021.

4.3.8 Community

A key strength is that we are local and community based and have a good awareness of our customers' needs, wants and aspirations. Cadder is a stable community which is well maintained and has low levels of anti-social behaviour. Our tenants and owners have high expectations of the service we provide. We are well aware of reducing satisfaction since the Covid pandemic and have prioritised performance improvement to return to pre pandemic levels.

Apathy has been a long-standing issue in Cadder, although we recognise the need to improve our engagement with our tenants, owner-occupiers and other customers. The development of our communications strategy and a customer scrutiny panel are key priorities in our Delivery Plans.

4.3.9 Digital Inclusion

A change in our customers' engagement with the Association was evidenced in the Residents Satisfaction Survey (RSS) in 2018, where 83% of tenants stated their preferred method of dealing with the Association was by phone.

As a result of Covid 19 and the office closure during the lockdown periods, we were forced to work remotely and engage with our tenants through the phone, e-mail and in some instances other on-line systems. This was successful in the circumstances, although we accept it has had its limitations and there are still many of our tenants who like to communicate on face to face basis with us.

We are developing Communications and IT strategies to provide greater flexibility for our tenants and other customers in their dealings with us, in turn improving our efficiency and effectiveness.

4.3.10 Environmental Services

Providing high quality estate caretaking services has become more challenging in recent times through reduced resources including employability funding and opportunities. We have also seen a reduction in services by the City Council, where they have withdrawn or scaled back services such as open space maintenance, garden maintenance service to elderly or infirm tenants, and latterly bulk removal.

In response to customer feedback and engagement in estate walkabouts, we will be setting clear service standards for our estate caretakers and will closely monitor customer satisfaction. We also plan to conduct a best value review of estate services during the period of the business plan.

Car parking was described as the most serious estate management issue by tenants and owner-occupiers in the last RSS. The Association has no jurisdiction over the pavements and roads in Cadder, however, we will work closely with the City Council, initially concerning Skirsa Square, to optimise parking in the area.

4.3.11 Financial Position

The Association is in a reasonable financial position, with reducing debt per unit and the repayment of our loans by year 13. We are able to sustain CPI only rent increases for the foreseeable future while investing around £31,000 per unit in our homes over the next 30 years. Notwithstanding, our financial viability could be affected by reduced income collection associated with welfare reform, low demand housing, sub optimal performance in reletting homes and collecting rental income. We are highly aware of the impact of the cost of living crisis on our tenants as well as increased costs for the Association due to cost increases associated with supply chain challenges in light of Brexit and COVID.

5. Strategic Objectives and Delivery Plans

5.1 The Board has established four Strategic Objectives for the Business Plan 2022-2025:

Strategic Objective 1: Improving our Customer Service and Satisfaction

Strategic Objective 2: Improving our Housing Quality and Health & Safety

Strategic Objective 3: Improving our Business Performance

Strategic Objective 4: Ensuring Governance Compliance and Financial Sustainability

Senior Staff have developed detailed SMART Delivery Plans, (i.e. specific, measurable, achievable, realistic and timebound). These ensure there is an accountable lead for each Strategic Objective and clarity on the expected outputs from each task, as well as the risks arising from failure to achieve the task. The Board's quarterly review of the Delivery Plans enables members to monitor progress and they form the basis for Senior Staff appraisals.

This section of the Plan outlines the key tasks to be completed between 2022 and 2025 under each Strategic Objective.

SO 1: Improving Our Customer Service and Satisfaction

Throughout the Covid pandemic, we have endeavoured to provide a good service and achieve good performance in key service areas, through staff working in the community and remotely. We recognise that the pandemic, along with significant internal change due to our staff restructure, have impacted on customer service and our key focus for the early part of this three year business plan is to improve this. We will also take account of the impact of increasing financial hardship on our tenants through Covid, resulting in increased unemployment, greater dependency on state benefits, rising fuel prices and higher cost of living.

Our key tasks in 2022-23 are:

1.To improve Customer Satisfaction by:

1. Conducting quarterly action days involving staff and customers to identify and address issues across the estate.
2. Creating and working through the action list from these events.
3. Contributing to the Asset Manager's review of the void standard to enhance attractiveness for potential tenants.
4. Commissioning an assessment of the underlying reasons for stock in Vaila Street being more difficult to let and develop a strategy (within the Asset Management Strategy) to address the situation.
5. Updating our Customer Charter to demonstrate our commitment to improving the quality of homes and services.

In year 2, we will be focussing on implementing a long term solution for lower demand properties in Vaila Street and conducting a comprehensive Resident Satisfaction Survey.

2. To Improve policies, processes, efficiency and performance by:

1. Completing priority policy and process reviews in year 1 of the Business Plan and maintain a rolling programme in line with the Policy Review Schedule over years 2 and 3.
2. Developing bespoke allocations and anti-social behaviour performance reports on SDM that align to the ARC, improving efficiency and accuracy of reporting.
3. Analysing performance quarterly to identify KPIs, policies and/or processes that require improvement, demonstrating Cadder's responsiveness to customer and business needs. Reporting to the Board on performance.

3. To Improve rent affordability by:

1. Issuing annual rent statements to ensure tenants have accurate records of payments.
2. Promoting the Money Advice service to assist tenants in need of support.
3. Securing energy advice sources for Cadder's customers.
4. Preparing to implement the rent restructure recommended by Arneil Johnston in advance of the 2023 rent increase being applied.
5. Reviewing the scheduling of factoring invoices.

4. To improve communications with our customers by:

1. Resuming regular newsletters for customers.
2. Promoting 'You Said, We Did' through our website, newsletter and social media to highlight improvements being made by Cadder in response to customer feedback.
3. Publicising our landlord performance information on our website and in newsletters in a format that is easily understood.
4. Reviewing our Communications Policy and strategy to optimise methods of providing information and receiving customer feedback.
5. Developing a remit, programme and marketing plan to establish a customer scrutiny panel.
6. Exploring partnerships to enhance services e.g. energy advice/efficiency, community activities.
7. Following transfer of land from GCC at Skirsa Square (assumed for Q2) develop and implement plans e.g. for additional parking, EV, bike storage.

In year 2 we will be providing direct support to our Customer Scrutiny panel, revising tenant/owner handbooks, entering partnership agreements for specific customer services, implementing plans for Skirsa Square, developing My Home Portal and improving the tenancy sign up process.

SO 2:Improving Our Housing Quality and Landlord Health and Safety

Throughout the pandemic there was difficulty in accessing homes for safety checks, repairs and investment and so, we are focussing on catching up on all outstanding works. This and improving our estate services are our key focus for the early part of this three year business plan.

The Association's recent Stock Condition Survey highlights the investment priorities for our housing and these are set out for the three years of the plan in section 9.4.1.

Our key tasks in 2022-23 are:

1. To Ensure Landlord Health & Safety compliance by:

1. Conducting a comprehensive audit of landlord health and safety compliance and reporting the outcome to the Board; most recent audit April 2022.
2. Reflecting the recommendations in a comprehensive landlord health and safety action plan and ensuring the costs are covered in the Life Cycle Costing Plan (LCCP) and included in the budget, 5 year forecast and 30 year cashflow;
3. Establishing a landlord health and safety register including all aspects of landlord health and safety;
4. Establishing a procurement programme to deliver 100% compliance with all landlord health and safety matters at all times;
5. Establishing appropriate procedures and management systems to ensure compliance with all landlord health and safety requirements
6. Developing a standard reporting format that clearly shows the extent of compliance with all landlord health and safety obligations.
7. Providing a quarterly comprehensive report to the Board providing accurate updates on all matters of landlord health and safety

2. Deliver Planned and Cyclical maintenance services by:

1. Drawing up work programmes and procurement plans based on the 2022 Stock Condition Survey, taking account of resident feedback from e.g. rent consultation, customer satisfaction surveys and customer engagement events.
2. Ensuring the Year 1 programme includes gutter cleaning; gas, electrical and fire safety; legionella testing; and asbestos management. And ensuring the Year 1 programme includes all planned maintenance as agreed in the annual budget.
3. Establishing a 5 year cyclical and planned maintenance works programme, based on the 2022 Stock Condition Survey, 5 year financial projections and 30 year cashflows.
4. Ensuring there are clear and measurable KPIs for planned/cyclical works including contractor quality and timeliness.
5. Ensuring the planned maintenance module within SDM is fully operational and that the 2022 stock condition information and planned works are stored, easily retrievable and integrated with the 5 YFP and 30 year cashflows.
6. Undertaking customer satisfaction surveys on all works completed and reporting the outcomes to the Board.
7. Conducting annual internal audits of performance in cyclical and planned maintenance.

In year two of the Business Plan we will comprehensively review our Asset Management Strategy, including the outcomes of the review of Vaila Street, and ensure this reflects the forthcoming SHR Recommended Practice.

3. Improve void property management and re-let time by:

1. Appointing a back-up contractor to ensure no slippage on void works and ensuring there are robust internal procedures and contractor KPIs (including weekly updates on progress).
2. Review and update the current void standard in conjunction with the Housing Team and taking account of feedback from customers. Assess the financial impact of void standard improvements.
3. Ensure the void module on the SDM system is fully operational to improve tracking and contractor accountability and hold weekly meetings with Housing Team regarding the void position.

4. Improve existing Estate Services by:

1. Establishing a delivery plan for improving existing service provision
2. Establishing a Service Standard and frequency for ground maintenance and close cleaning.
3. Establishing key performance indicators including frequency and quality of work (which will include customer satisfaction results)
4. Training staff on the Service Standards and KPIs and set formal competence framework including H&S compliance so that every operative is able to undertake their duties competently and safely.
5. Establish an internal action group, with Housing Services, to implement and monitor performance.
6. Action group to implement improvements and monitor performance.
7. Reporting to Board on performance against KPIs and customer satisfaction.
8. Carry out a financial review for the provision of Estate and factoring services and update systems for collating costs. Establish cost centres and budget monitoring for service provision.

In year two of the Business Plan we will commission a Review to identify the model of provision of Estate Services that ensure best value for the business. We may then introduce an App for estate and close inspections to improve efficiency.

SO 3: Improving Our Business Performance

We recognise that the pandemic, along with internal change due to our staff restructure, have impacted on our business performance, and customer satisfaction overall. Our key focus for the early part of this three year business plan is to improve these by developing and supporting our people and improving our efficiency and effectiveness using digital solutions. .

Our key goals in 2022-23 are to:

- 1. Deliver improvements in our performance by:**
 1. Establishing a new Quality and Continuous improvement policy and prioritised programme.
 2. Updating Cadder's Performance Management Framework with current corporate targets & KPIs, reporting schedule and reviewing body.
 3. Monitoring performance across the organisation, reviewing variances from target with relevant SMT member and recording and supporting them with actions to rectify negative trends.

4. Engaging in benchmarking with peers and local RSL's to assess Cadder's performance in a market context.
5. Managing a risk based programme of internal audits to ensure our performance is independently assessed. Addressing recommendations for improvement and reporting completion of these to the Board.
6. Reviewing Cadder's complaints procedures and Board reports to ensure responsiveness to trends e.g. policy/practice changes to prevent similar complaints in future.
- 2. Ensure good governance and statutory compliance by:**
 1. Developing Cadder's use of the SFHA Toolkit and ensuring the evidence bank is kept updated and quarterly reports on Assurance are provided to the Board.
 2. Ensuring Cadder's Equalities and Human Rights policy is compliant with statutory and regulatory requirements.
 3. Ensuring systems and procedures are in place to capture and report equalities and human rights information in line with SHR Guidance and that staff receive training.
- 3. Harness IT and digital solutions by:**
 1. Co-ordinating the programme on behalf of the SMT for the development of the SDM system to meet business needs.
 2. Project managing the implementation of Office 365 and ensuring staff receive training and are competent in its use.
 3. Project managing the set-up, procedures and training on the new Document Management System.
 4. Developing an ICT strategy to support the delivery of Cadder's Corporate and Business Plans and maintain cyber security.

In year two of the business plan, we will comprehensively review and implement our ICT strategy.

- 4. Review and prioritise our policy framework by:**
 1. Reviewing and revising Cadder's Policy Schedule and ensuring this reflects all appropriate policies and who is accountable for their review and the deadline for this.
 2. Reviewing the Business Continuity Plan, including cyber security, and ensuring it is robust and understood by all Cadder's people.
 3. Reviewing Standing Orders and the Scheme of Delegation to ensure that this reflects Cadder's business needs.
 4. Produce and commence a programme to review, update and document internal systems to ensure compliance with delegated authorities.
- 5. Implementing effective Human Resources policies and practices by:**
 1. Monitoring and reporting to the Board on staffing performance targets e.g. attendance.
 2. Monitoring and reporting to the CEO on consistency of application of HR policies by the SMT e.g. return to work interviews.
 3. Ensuring that, through the SMT, Cadder's Staff related Health and Safety policies and procedures are understood and adhered to by staff whether in the office, community centre or when out in the field. And reporting on staff Health & Safety to the Board.

4. Designing a staff survey to capture, analyse and report on staff satisfaction, organisational culture and the effectiveness of the current structure.

In year two we will establish our People Strategy and suite of human resources policies.

6. Managing our facilities efficiently and cost effectively by:

1. Reviewing all of our office related contracts to assess and obtain value for money.

SO 4: Ensuring Governance Compliance and Financial Sustainability

Cadder has maintained its statutory and regulatory compliance and will continue to develop our internal policies, procedures and systems. Ongoing compliance will be monitored through our reporting systems and operational plans.

The Association's Finance Agent, FMD Financial Services has confirmed that the financial projections demonstrate a sound financial outlook over the short, medium and long term. Prudent assumptions are employed in the financial model including CPI only rent increases, real cost rise assumptions for management and maintenance costs, higher void and bad debt losses and increasing loan rates. Surpluses are generated annually and cash resources continue at relatively high levels during the plan period. The Association would be able to manage any of the adverse sensitivities modelled. The sensitivities include increasing repair costs, higher bad debt losses, reductions in net income of £100k pa and assumptions for EESH2 costs without any grant support.

Notwithstanding the above, we recognise that meeting the financial forecasts will depend on the achievement of operational KPIs, and economic factors such as inflation and interest rates and their impact on our suppliers and contractors.

A further area of financial significance is ensuring the Community Centre is financially viable. We will comprehensively update the Community Centre Business Plan based on a robust strategy for its utilisation by the local community and beyond.

We are ensuring that our strategic objectives and key tasks are reflected in the staff appraisal process enabling us to provide clarity for colleagues about expectations and identify support needs at an early stage.

Our key goals in 2022-23 are to:

1. Improve financial control and value for money by:

1. Reviewing and improving the procedure for setting and monitoring budgets.
2. Reviewing and updating Best Value Policy and establishing a three year programme of areas to test value for money.
3. Ensuring Financial Regulations and Treasury Management Policy are updated.
4. Ensuring external financial services meet Cadder's needs.
5. Tendering for Internal Audit services.

6. Managing the external audit programme and responding to any Management Letter.

In year two, we will review the current structure to assess whether this continues to meet our business needs.

2. Ensure the viability of the Community Centre by:

1. Updating the Community Centre Business Plan including a review of all costs and setting KPIs, and closely monitoring financial performance.
2. Progressing the SLA with a partner for a period of six months.
3. Recruiting a Centre Manager to develop and implement a marketing strategy and programme of events and activities.

In year two, we will identify an appropriate peer group and regularly benchmark the Community Centre's performance within this framework.

3. Improve our strategic, business plan and risk outcomes by

1. Establishing a robust business plan reporting and monitoring framework for the Board to assess progress with delivery plans.
2. Establishing a quarterly comprehensive review of our risk map and updating this accordingly.
3. Ensuring that the Business Plan is fully implemented and that Cadder's risks are mitigated and managed.
4. Ensuring all SMT members are accountable for meeting the objectives in their delivery plans and this is reflected in annual appraisals and one to one meetings.

4. Ensure Cadder remains compliant with relevant statutory and regulatory obligations by

1. Producing a documented process and procedure for making accurate and timely statutory and regulatory returns, and reporting compliance to the Board, including on:
 - Annual Financial Statements
 - Annual Assurance Statement
 - Annual Return on the Charter
 - Loan Portfolio
 - 5 Year Financial Projections
 - Requirements set out in the SHR's Engagement Plan
 - OSCR
 - FCA
2. Producing a documented process and procedure for ensuring compliance with our Rules and policies and that the following are completed/updated and timeously reported to the Board:
 - Formal Execution of Documents
 - Secretary's report
 - Share Capital Report
 - Compliance with Equality and Human Rights legislation
 - Health and Safety Reports (landlord and employer)
3. Establishing a comprehensive Governance work plan, including programmed self-assessment and validation exercises, and internal audit checks. Ensuring there is a robust evidence bank that is accessible to the Board and SMT and that monitoring reports and updates on the evidence bank are produced for the Board.

5. Increase our Housing Stock/Land by:

1. Developing a policy and procedure to buy back properties on the open market.

2. Updating Cadder's development policy.
3. Maintaining an interest in local sites and dialogue with Glasgow City Council and developers.

In year two of the Business Plan we will establish a financial viability model for Mortgage To Rent and an appropriate marketing plan, update our Development Policy and report on progress with Maryhill HA regarding Skirsa Court.

6. Managing our facilities efficiently and cost effectively by:

1. Terminating the lease on the Balmore Unit.
2. Procuring a card entry system to enable customers to access the Community Centre Gym.

6.0 Our Performance

- 6.1 A key aim of the plan is to continuously improve our service, which requires us to set corporate targets and key performance indicators (KPIs) to assess, compare and report performance outcomes. The performance and progress against our corporate targets and KPIs will enable the Board to constructively challenge management to facilitate action and improvement.
- 6.2 Our Corporate Targets and KPIs will complement the performance and statistical information submitted in the Annual Return on the Charter to the Scottish Housing Regulator in May of each year.
- 6.3 Our Corporate Targets and Key Performance Indicators are attached at Appendix 3.
- 6.4 The Association's peer group is Large Scale Voluntary Transfers (LSVT) with less than 1000 units, although we also compare ourselves with the RSL sector as a whole and evaluate our historical performance (annual/quarterly) where applicable. The Association is a member of Scottish Housing Network, which is sector benchmark group.
- 6.5 We will publish our performance for our tenants and other customers in the 'Performance Bulletin' section of our newsletter, Cadder News every 6 months.

7.0 Stakeholders

- 7.1 The Association has a range of key stakeholders and others who have an interest in our work and the development of our business plan:

7.1.1 Customers

We recognise that our tenants and other customers are central and integral to our work and we need to continually improve to provide high quality and responsive services to meet their needs, wants and aspirations.

This Plan fully recognises our commitment to our tenants and other customers through key considerations and work e.g. maintaining and improving service levels, our planned and maintenance programme with a particular focus on tenant safety to keep them safe in their homes, our recent review of the stock condition survey to inform future investment in their homes, and to improve our engagement to listen and respond to their views on our work and services.

7.1.2 Board

The Board is leading and directing the business and will approve and monitor progress with the Plan to ensure we achieve against our Strategic Objectives, Values, Mission and Vision

7.1.3 Staff

We will conduct a staff survey during the first year of the business plan and take account of the feedback in developing our People Strategy in year 2. In the meantime, we remain focussed on developing and investing in our staff to support them in achieving Cadder's objectives.

7.1.4 Scottish Housing Regulator (SHR)

The Scottish Housing Regulator (SHR) undertakes a risk assessment of RSLs annually to inform their level of engagement with each housing association. The SHR's Engagement Plan with Cadder includes the following requirements:

- update SHR on the outcome of its succession process for electing a new Chair;
- inform SHR of the outcomes of the ongoing culture change programme; and
- keep SHR up to date with the outcome of the review of the community centre.

The Board submitted the Annual Assurance Statement to SHR in October 2021 confirming that the Association is compliant.

The development of this Plan takes account of the SHR's Recommended practice on Business Planning in December 2015.

The Annual Assurance Statement 2021 informed the SHR of our compliance with all Regulatory Standards, specifically on our compliance with Standard 1.1, "The governing body sets the RSL's strategic direction. It agrees and oversees the organisation's business plan to achieve its purpose and intended outcomes for its tenants and other service users, in relation to this plan".

7.1.5 Lenders

The Association currently has 3 lenders, they are Royal Bank of Scotland, Bank of Scotland and the Co-operative Bank and the Plan will reassure them about our short, medium and long term viability, performance and governance arrangements to inform their confidence on the repayment of these loans and compliance with covenant terms.

We have a good relationship with our lenders and continue to demonstrate full compliance with loan covenants.

7.1.6 Auditors

The Association's internal Auditor is T.I.A.A, however, we will be retendering for this service in year one of the Business Plan. We will ensure that the Internal Audit Programmes for 2022-2025 reflect the key risks in the Corporate Risk Register and the achievement of our strategic objectives.

Our external Auditor is Wylie & Bisset and through the Plan they will have a good level of knowledge of our financial position, risks, performance and governance arrangements to inform their annual audit of our accounts and their statements to our shareholders on our financial viability and the accuracy of financial arrangements in the business.

The Plan will also reassure the external Auditor of the effectiveness of internal control through governance arrangements, internal audit complemented by our self-assessment programme.

7.1.7 Other key Stakeholders

We have close relationships with many other organisations who will support our work to achieve our objectives, Mission, Vision and Values in the Plan, they are:

- Police Scotland
- Community Safety Glasgow
- Department of Work & Pensions
- Glasgow City Council
- Scottish Government
- Employability Agencies
- Cadder Stakeholder Group – Members include organisations who works locally or provides services in Cadder.

7.1.8 Consultants

The Association intends to procure the services of consultants and companies for key specialist work throughout the plan e.g. demand study for Vaila Street, Resident Satisfaction Survey, best value audit of Estate Services.

7.2 Publication & Engagement

7.2.1 We will publish and report the outcomes of our Business Plan as follows:

- Web-site, where the plan will be available to read in our 'downloads' section

- Summary booklet – a summary of the plan will be issued to our customers
- Stakeholder – SHR, Lenders and External Auditor will be issued with a copy of the plan.
- Newsletter – we will publish our progress against the plan every 6 months including key tasks and performance against our Strategic Objectives.

7.2.2 A key objective in the Plan is to further improve our engagement with our tenants on our work and services. We will work closely with the customer scrutiny panel to support us in undertaking a range of consultation and surveys to inform the review of the plan, alongside the forthcoming Residents Satisfaction Survey and assessment of the outcomes of service surveys and complaints.

8. Risk Analysis

8.1 The objectives of our Risk Management Policy are:

- to integrate risk management into the culture of the Association.
- to link the Risk Management Strategy to Internal Audit and Self-Assessment Programmes.
- to manage risk in accordance with best practice.
- to consider the Social Housing Charter, as well as legal compliance as minimum standards.
- to anticipate and respond to changing social, environmental, legislative and political requirements.
- to prevent injury and damage and reduce the cost of risk.

8.3 Our approach to risk management includes the development of a Corporate Risk Register, which identifies the main risks from sectional risk maps. The risks are ranked based on their scoring of the 'probability' that they may occur and their 'impact' to the Association, which gives an overall risk score. The key controls to mitigate these risks are also recorded and they will be incorporated into the outputs in delivery plans for 2022-25, which are reviewed annually.

8.4 The Board leads on the development of our Corporate Risk Register, where they along with the SMT identify and score key risks emanating from the internal and external environment that affect the achievement of our strategic objectives.

8.5 There are 14 risks in our Corporate Risk Register 2022-23 (CRR) and these are summarised below.

Number	Description of Risk
1	Increased Costs (including material costs, contractor costs, increase in inflation and interest rates, staff costs, insurance, compliance costs and impact of Brexit) reduces our ability to meet our commitments including services to our customers, investment in our stock and estates, compliance with loan covenants.
2	ICT failures resulting in interruption of service delivery and potential cyber security breach resulting in potential data losses/breaches.
3	Failure to deliver an effective Reactive and Void Repairs Service.
4	Increased poverty due to cost of living rises negatively impacts on household incomes, resulting in increased hardship and strain on the Association's resources and finances
5	Community Centre is financially unviable, impacting on the viability and sustainability of the Association.
6	Loss of Income (Rental Income/Void Loss/Factoring Income) reduces our ability to meet our commitments including services to our customers, investment in our stock and estates, compliance with loan covenants.

Number	Description of Risk
7	Failure to comply with statutory compliance with OSCR / FCA / SHR / GDPR / FOI.
8	Non-compliance with H&S legislation or risk assessments results in serious injury or incident.
9	Non-compliance in key areas of tenant safety e.g. gas safety, legionella, fire safety, electrical safety, asbestos affects the health and wellbeing of our tenants, factored homeowners and other residents.
10	Failure to comply with SHQS, EEESH 1, and EEESH2 as well as any emerging standards relating to climate change, decarbonisation and net zero.
11	Low demand for properties results in loss of rental income and increased void expenditure.
12	Failure to set clear strategic objectives and deliver strategic outcomes.
13	Failure to comply with Regulatory Standards leading to intervention from the Scottish Housing Regulator.
14	Non-Compliance with loan covenants resulting in lenders recalling loans or reviewing terms as well as regulatory intervention.

8.8 Appendix 4 details our Corporate Risk Register 2022-23 and this includes the key controls to mitigate and manage the level of risk to the business. The Board reviews the and updates the Corporate Risk Register quarterly. The CRR will be comprehensively reviewed as an integral element of the annual review of our Business Plan.

9.0 Asset Management

- 9.1 Asset Management is critical to the achievement of our Vision and Mission and will inform the long term viability and sustainability of the Association. It requires a good understanding of our housing stock and related factors including stock condition, demand, tenants' aspirations to inform our investment and financial plans.
- 9.2 The Association owns 695 mainstream properties and the chart below provides a breakdown by house type and size.

House Type	2apt	3apt	4apt	5apt	Total	%
Tenement	46	465	79	0	590	85
End Terrace	0	0	12	13	25	4
Mid Terrace	0	1	23	20	44	6
Semi-detached	0	10	22	4	36	5
Total	46	476	136	37	695	100

- 9.3 The ownership of properties in Cadder is as listed:

Ownership	% of stock in Cadder
Cadder HA	60%
Owner-occupation	36%
GHA	4%

9.4 Stock Condition and Investment Strategy

- 9.4.1 The Association's stock condition survey was completed by David Adamson Surveyors in March 2022 and the investment strategy has been updated in April 2022 for the period 2022-26. The main programme of cyclical and major repair works scheduled for 2022-26 is set out below:

<i>Property Element</i>	<i>Type*</i>	<i>Target 2022-23</i>	<i>Target 2023-24</i>	<i>Target 2025-6</i>
Kitchen Replacement	PM	93		
Gas Boiler renewals	PM	15	15	15
Bathrooms	PM	10	10	10
Verandah doors	PM	36		
Periodical Electrical Inspections	CM	140	140	135
Gas Servicing	CM	694	694	694
Close painting (internal)	CM	22	22	22
Electrical rewires	PM	7	4	6
Heating system renewals	PM	6	12	12
Common close entrance doors	PM	26	26	26

*CM denotes Cyclical Maintenance; PM denotes Planned Major Repairs.

- 9.4.2 The SDM housing software system has a planned maintenance module, which we will implement to ensure up to date information is available for the efficient management of our stock components and cyclical requirements. A key priority will be to upload and maintain stock condition information including completion dates for key components, servicing information on gas and electrical inspections, which will ensure good quality data to inform the management of our properties and investment decisions.

9.5 Housing Demand

- 9.5.1 The letting of 3 apartment tenement properties above the ground floor throughout the area, but particularly in Valia Street has become more challenging. This position could deteriorate further due to neighbouring and other housing associations in the north of the city continuing with their new build programmes, potentially attracting our tenants or applicants away from Cadder. We must ensure we have a healthy waiting list and good tenancy sustainment to mitigate void loss in our income projections. Demand for Vaila Street and expanding our tenancy sustainment measures are being addressed within our Delivery Plans for Strategic Objective 1.

9.6 Housing Quality and Energy Efficiency

- 9.6.1 The Association must fully comply with housing standards set by the Scottish Government for social landlords, specifically the:

- Scottish Housing Quality Standard (SHQS).
This was initially achieved in March 2020, however the Stock Condition Survey completed in March 2022 identified areas where some elements (common area entrance doors, for example) had deteriorated since 2020. Localised repairs are needed to ensure our properties comply with SHQS. We have identified that around £56k is required to bring our homes back up to SHQS levels and we will establish and monitor our programme to achieve this in year 1 of the Business Plan. Cadder Housing Association will monitor our stock condition carefully to ensure that our properties continue to meet the requirements of SHQS.
- Energy Efficiency Standards in Social Housing (EESH).
This was achieved in March 2018 against a target date of March 2020. The March 2022 stock condition survey included a 70% sample of EPC's (almost 500 units) compared to the previous sample for 2020 of around 30%. This more robust analysis demonstrates the need for further investment (mainly for insulation) to restore compliance with EESH. We have identified that around £207k is required to bring our homes back up to EESH levels and we will establish and monitor our programme to achieve this in year 1 of the Business Plan.
- EESH2
As reflected in section 10.3.5, work shall commence in 22/23 to consider the budget implications of EESH 2. Adamson's have provided indicative spend of around £6.34m (stated at current costs inclusive of fees, prelims and vat). These costs are currently **excluded** from the base case model. The sensitivity analysis schedules confirm that inclusion of this spend has an adverse impact on the year 30 cash position of around £8.2m.

9.7 Landlord Health and Safety

9.7.1 The Association recognises the importance of our landlord health and safety obligations and we will continue to progress key tasks in 2022-23 to ensure our tenants are safe in their homes.

- Gas safety checks will continue to be completed within 1 year of the previous certificate date to ensure 100% compliance.
- We will notify our tenants on the location of asbestos in the common property and their homes in October 2022. As property factor, we will also provide owner-occupiers with this information.
- We will progress phase 3 (140 units) of the 5 year electrical testing of properties in 2022-23.
- We will inspect all common closes (109) based on the independent sample survey in 2022-23 and develop a work programme for enhancing Fire safety.
- We will complete works to all communal water tanks (16) in 2022-23 to either convert to main water supply or undertake cyclical cleaning arrangements in accordance with legislative requirements.

9.8 Procurement

9.8.1 The procurement of works, service and supply contracts is a key priority to meet legislative requirements and the provisions of our Procurement Policy. The programme for 2022-23 is outlined below:

<i>Contract</i>	<i>Tender Date</i>
Gutter Cleaning	July 2022
Gas servicing term contractor	September 2022
Replacement kitchens	April 2022
Adaptations contractor	July 2022
Internal close painting	June 2022
Fire Risk Assessment Consultant	May 2022
Common area asbestos surveys	May 2022
Common close entrance door replacement	May 2022
Electrical testing (Phase 3)	June 2022
Legionella inspection and testing	May 2022
Electrical rewires	May 2022
Heating system renewals	June 2022

9.8.2 Through the cyclical review of contracts our aim is to achieve best value for money, whilst receiving high quality services or goods. We will either issue tenders in the Scottish Government's procurement web-portal, Public Contracts Scotland or access existing frameworks in our membership of procurement organisations including Scotland Excel or Scottish Procurement Alliance.

9.9 Asset Management Strategy

9.9.1 A key focus for the Association is the review of our Asset Management Strategy in 2023 to take account of demand for our housing, opportunities for development and potential

acquisitions. The Strategy will reflect the SHR's Recommended practice of Strategic Asset Management (2015), which includes:

- Assessment of Scottish Housing Regulator's 10 strands of Asset Management;
- Assessment of the new Energy Efficiency Standard for Social Housing 2 and to inform the Association's position and any resource implications;
- Development of a risk register for the Asset Management Strategy;

10. Financial Projections

10.1 Introduction

The Association's Financial Projections have been prepared by our Finance Agent, FMD Financial Services Ltd on the basis of information and other input provided by David Adamson & Partners Surveyors (March 2022 stock condition survey) and Cadder's Senior Staff team.

The Association is currently involved in core stock management and maintenance activity managing 695 rented units and 407 owner occupier properties at the commencement of the plan period. At March 2021 an overall surplus of £531k was achieved prior to annual actuarial charges of £406k. Net assets of the Association totalled £7.93m. For financial year 21/22 an overall surplus of £660k is projected resulting in net assets of £8.6m at March 2022. Cash balances at commencement of the plan period total £3.39m.

10.2 Current Operating Environment

In considering the main assumptions to be employed within the business planning model recognition requires to be taken of the current financial and political climate which the Association is expecting to operate within.

Main factors include:-

- Global economic and political climate - including Brexit, Covid, Ukraine
- Rising repair costs
- High inflation
- UK and Scottish Government priorities
- Welfare reform
- EESSH 2
- Pension deficits
- Relatively low interest rates....but rising
- Increased lender and SHR interest
- Expectation of service level improvements

Within this plan the following material assumptions should be noted:-

- No new build activity
- Inflation levels at 3.5 % year 2, 3% year 3 and 2% over the long term
- Rent rises at CPI rate only
- Voids and Bad Debts average at 2.5% pa
- Reactive maintenance costs at £524 per unit
- Cyclical maintenance costs average £510 per unit
- Major repair costs at £31k per unit over long term
- Reduced estate team overheads from year 2

- Real maintenance cost increases at 0.5% over 30 years
- No changes in staff posts (other than one year energy adviser post)
- Real increases of 0.5% in management costs until year 10
- Community Centre income £75k and direct costs £158k from year 2
- Loan interest rates (pre margin) increase annually up until maximum of 4% by year 6
- Average annual spend of £28k on other fixed assets
- Rent arrears at 5.5% from year 3
- All debt repaid by year 13

10.3 Assumptions and Comment

10.3.1 Base Date and Stock Levels

All financial information is based at 2022/2023 levels. The Association's rented housing stock levels at the start of 2022/23 comprises of 695 general rented units.

10.3.2 Rental Policy

Comparisons with other LSVT RSLs notes that Cadder rent levels for 20/21 are on average in line for 2 and 3 apt properties and 4.8% and 5.9% higher for 4 and 5 apt properties.

Cadder rents are higher than other local RSLs in all property sizes with rents ranging between 2.6% and 10.5% above simple average local rents.

The rent rise for 22/23 was 2.5% only which was well below CPI at December (5.4%). This should assist in narrowing the rent differentials.

The projections assume CPI inflation only rises for the plan period. This is a current planning assumption and shall be considered on an annual basis. The Association recognises the potential for affordability issues and the SFHA affordability tool confirms no material concerns in terms of affordability.

Average Weekly RSL Rents 20/21						
	Cadder HA	ANCHO	Bridgewater	Hillhead HA	Larkfield HA	Manor Estates
2 Apt	£82.91	£71.21	£90.88	£79.75	£62.82	£105.90
3 Apt	£89.03	£82.38	£95.21	£86.96	£87.09	£98.55
4 Apt	£102.29	£93.73	£99.00	£92.70	£100.62	£102.07
5+ Apt	£115.96	£98.33	£109.15	£101.95	£113.81	£124.10

Currently around 60% of tenants are in receipt of housing benefit or Universal Credit. Gross rent arrears for mainstream units at December 2021 were 6.3% with the Covid return to SHR for the same period noting arrears of 6.07%.

The ability of the Association to vary rent increases will depend upon changes in the economy and performance compared with the approved business plan.

10.3.3 Voids and Bad Debts

For the year to 31 March 2021 voids and bad debts for the Association's stock were at a level of 0.74% and 1.69%. In the previous 3 years void losses averaged 0.87% with bad debts at 1.12%. Total costs are assumed at 2.5% long term. This represents an increase of rent losses over the long term to reflect prudent financial planning. This increase is a business planning assumption as opposed to a specific target.

A 1% change in voids and bad debts has an overall impact of around £1.47m over the long term. Subject to no other changes an increase could be managed by the Association.

10.3.4 Other Income

Sums include Stage 3 grants for medical adaptations, factoring income from owner occupiers and income from Community Centre activity.

Sensitivities were run to gauge adverse impacts in a material fall in net income. A £100k per annum reduction in net income has an adverse impact of £4.3m over the long term.

10.3.5 Major Repairs

Major repairs costs are based on the planned maintenance programmes recently produced by Adamson's in April 2022.

In August 2020 costs per unit were projected at £27k. In February 2021 costs were noted at £29k per unit. It is currently envisaged that on average around £31k per unit shall be incurred over the plan period. In the first 10 years 18% of total spend shall take place, followed by a further 32% of spend up to year 20, with the balance of 50% being spent in the last 10 years. Real cost increases are assumed at 0.5% per annum for the full plan period.

A 10% difference in major repair (and cyclical costs) has a £4.8m impact on the year 30 cash position and if no real cost increases are applied on any major repair costs, then an improvement of £4.1m arises.

Taking account of our knowledge of the stock, the Association is satisfied that costs can be contained within sums provided for in the financial model.

The Association previously confirmed full compliance with SHQS and EESH requirements. The Adamson Stock Condition Survey report indicates that around £56k of spend may be required overall in relation to SHQS matters with a further £207k overall required in respect of EESH 1. While these costs have been provided for in full in Year 1 the Association requires to review data in order to confirm that the full investment needs are met.

Consideration also requires to be given to prelim costs allowed (currently 12% plus vat). In the event of a change to 5% plus Vat then this provides a further £2m in cash by year 30 for investment purposes.

In addition, the Association requires to ensure that full information is available in house on its life cycle requirements for future years in terms of costs and the timing of these costs. The SCS

data and cost estimates provided now require to be compiled, maintained and kept up to date so that a full 30 year forecast of works required is available year on year.

Work shall commence in 22/23 to consider the budget implications of EEESH 2 and the use of external advisers may be required to assist in this regard. Adamson's have provided indicative spend of around £6.34m (stated at current costs inclusive of fees, prelims and vat). These costs are currently excluded from the base case model. The sensitivity analysis schedules confirm that inclusion of this spend has an adverse impact on the year 30 cash position of around £8.2m.

10.3.6 Cyclical Maintenance

Cyclical costs per unit are estimated at an average of £510 per unit over the plan period. Real cost increases are assumed at 0.5% per annum throughout the plan period. Costs include paint work, gas servicing, electrical inspections, landscaping, close cleaning, fire safety, asbestos surveys and legionella checks.

Expenditure per unit on cyclical costs totalled £142 per unit for year ended March 21. Costs for 21/22 are budgeted at £282 per unit. The projected higher spend partly results due to inclusion of £191 per unit for external contractors' costs in relation to close cleaning and landscape maintenance.

Taking account of our knowledge of the stock, the Association is satisfied that costs can be contained within sums provided for in the financial model.

10.3.7 Reactive Maintenance

Expenditure per unit on rented stock totalled £441 per unit on average for the previous 3 years to 31 March 2021.

The financial model includes average costs at £564 per unit inclusive of real cost rises at 0.5% for the full 30 year period.

A 10% increase in reactive costs has an adverse impact of £1.7m over the plan period. Subject to no other material adverse changes this position could be managed by the Association.

Taking account of our knowledge of the stock, the Association is satisfied that costs can be contained within sums provided for in the financial model.

10.3.8 Other Costs

Costs relate to projected Community Centre costs, Stage 3 charges and wider action costs at around £3k per annum.

The Community Centre has been closed for the past 2 years due to Covid and should be in a position to reopen in 22/23. A separate business plan for the Centre shall be updated but figures currently provide for annual losses from year 2 of around £83k. A break even position from year 2 would result in an increase of around £3.5m to the year 30 cash balance.

10.3.9 Management and Administration

The Association's management costs in the Association's annual accounts refer to staff and overhead costs relating to the rented stock. Costs for 20/21 totalled £2,332 per unit. This includes costs attaching to internal reorganisation as well as in house labour costs. Over the long term plan costs average £2,003 per unit over the long term with around 12% relating to the reduced in house labour team. Overheads as a % of turnover average 8.6%.

Management costs are assumed as increasing in real terms by 0.5% per annum until year 10. This is a prudent planning assumption as opposed to a specific target. In the event of inflation only cost increases a £2.3m saving results.

10.3.10 Other Fixed Assets

The long term projections have included replacement costs for furniture, fittings, replacements and equipment over the plan period. Average annual spend of around £28k per annum is allowed.

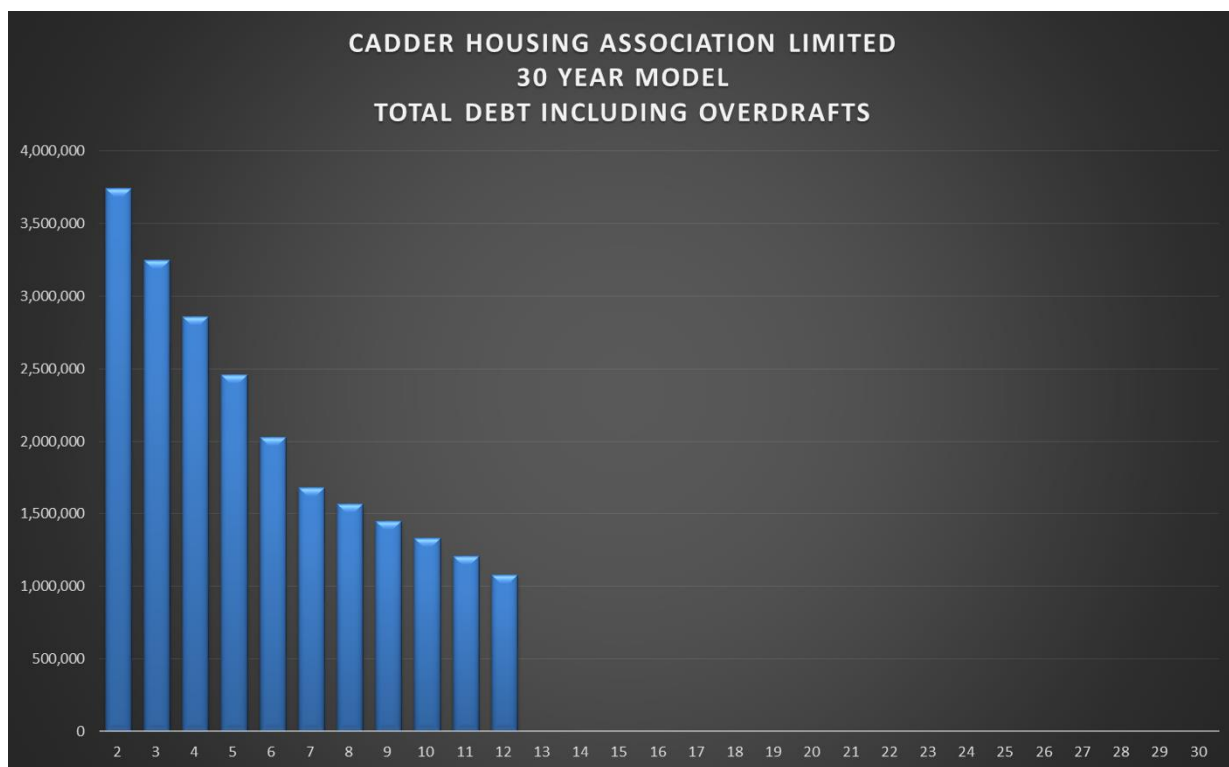
10.3.11 Loan Finance and Stock Value

Loan debt at 31 March 22 is projected at £5m. Lenders are RBS, BOS and Coop Bank and margins range from 0.7% to 1.85% and fixed rate debt is at a level of 59% of debt with all in fixed rates at between 2.96% and 3.6%.

The loan covenant analysis confirms no issues with loan covenant compliance during the plan period.

The base case model indicates that by Year 3 cash resources are projected to exceed debt levels and all debt is modelled as repaid by year 13. No further borrowings are required during the plan period and potential exists for earlier debt repayment.

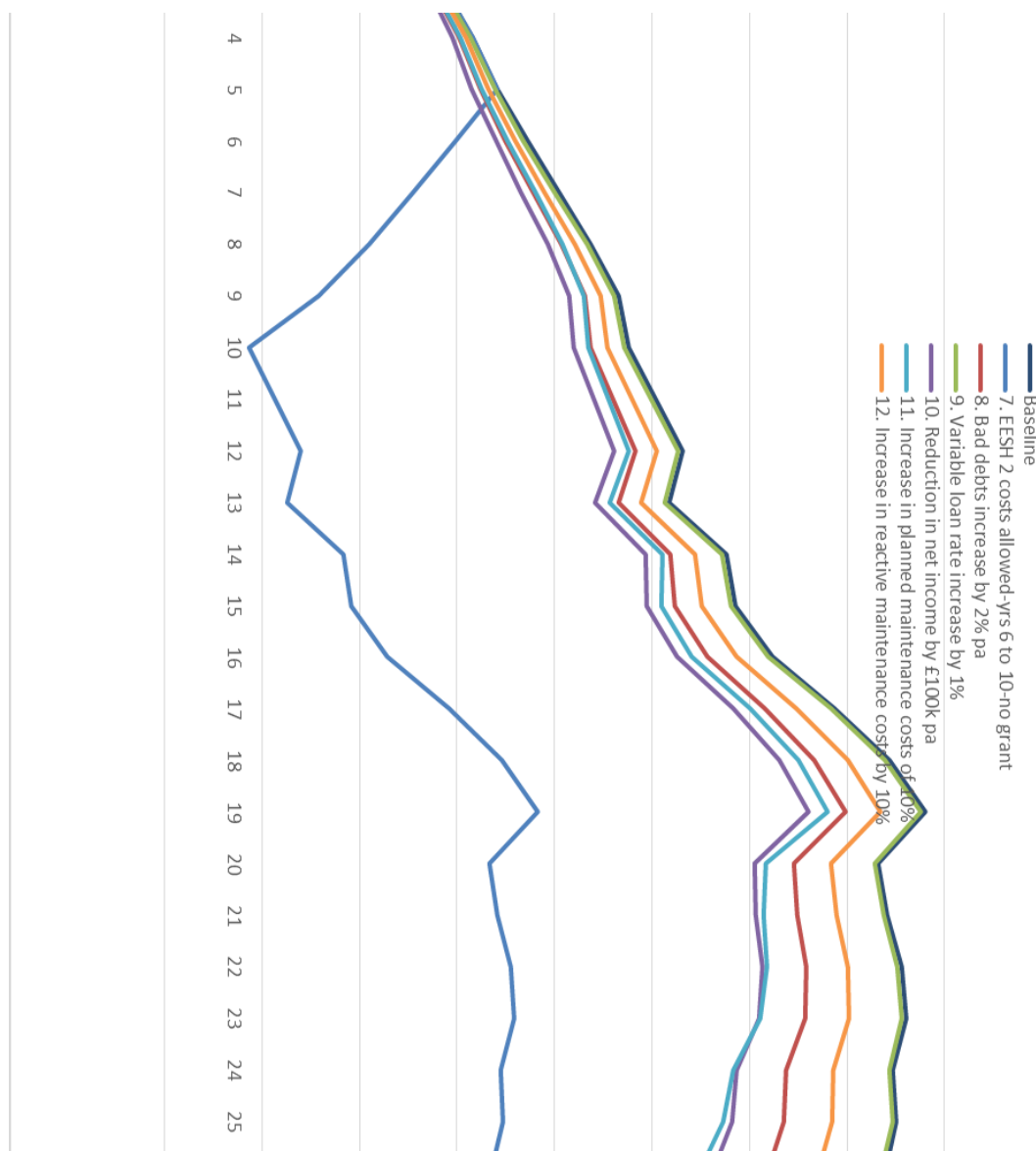
Currently around 34% of stock is unencumbered and the Association has an ability to borrow around £19m based on the 20/21 stock valuations.



10.4 Sensitivity Analysis

Sensitivities are largely modelled on varying rent increases, rent losses, management and maintenance costs, inflation and changes to net income.

The majority of sensitivities have been modelled on an individual basis. It is recognised that a combination of changes in assumptions is a clear possibility. One of the purposes of regular budgeting and the monitoring of financial results is to ensure that the financial position remains on target. In the event of material adverse variances this allows corrective action to be put in place.



10.5 Risks to the Delivery of Financial Plans

The Association regularly considers risks facing the organisation and updates its risk register accordingly.

Risks associated with cost of living increases, welfare reform, EESSH 2, Community Centre activity and the normal costs of running the business continue as the main risks for the Association.

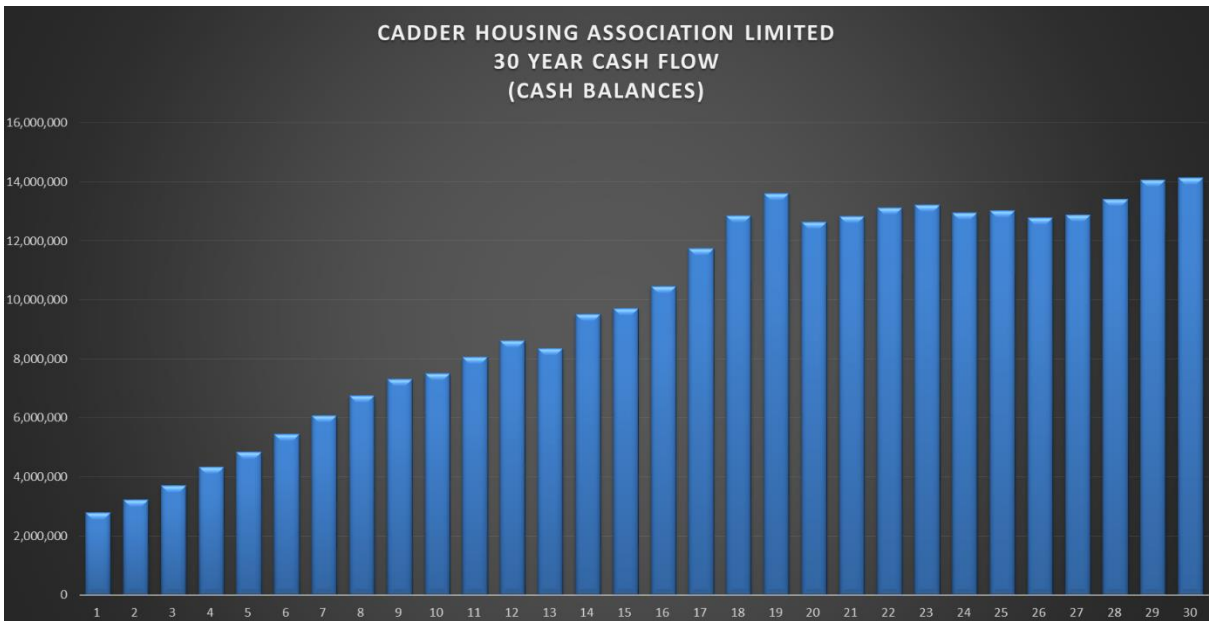
10.6 Summary

The Association is expected to commence the plan period with total reserves of around £8.6m including cash reserves of almost £3.4m.

Whilst we cannot expect to be precise over a 30 year period it is sensible to project forward based on realistic assumptions and expectations. The bottom line cash position of the

Association provides an indication of the level of comfort available to manage risk changes in circumstances.

Based on reasonable assumptions the Association’s financial projections show an ability to generate annual surpluses and confirm adequate liquidity in order to allow implementation of the financial plans. No issues arise in respect of loan covenant compliance and the Association continues to operate satisfactorily. Changes in actuarial assumptions shall be accounted for as information becomes available post each year end.



In the first 5 years surpluses of £3.1m add to the net assets of the organisation and cash balances average £3.78m. No SHQS or EEESH 1 difficulties are expected, total major repair spend is £1.49m and debt capital repayments total £2.54m. This is after additional rental losses have been provided for and the assumption of real cost rises in management and maintenance costs.

The next five year period to year 10 project surpluses of £3.4m, loan repayments of £1.12m, and major repair spend of £2.96m. Cash reserves average £6.6m over this 5 year period.

For the 5 year period to year 15 surpluses of £2.7m result, debt reduces to nil and major repair spend totals £4.2m. Cash balances average £8.9m.

Thereafter the cash balances increase over the final period of the plan and a year 30 cash balance of £14.1m results.

The sensitivity analysis undertaken by the Association shows that each of the adverse scenarios could, assuming they arise as single events, be capable of being managed by the Association. Some factors remain within the Association’s control such as rental policy, staffing levels, the

timing of maintenance contracts and any combination of adverse scenarios would require to be managed by the Association on an ongoing basis.

The Association shall continue to produce its long term projections on an annual basis. The short term annual budget exercise considers the first 12 months of the plan period in detail and the quarterly management accounts shall be used to monitor achievement of the short term budget. As long as the short term position remains broadly in line with the annual budget then the Association's overall financial plans shall remain on target.

Please see the attached appendices:

- 30 year Cashflow (6a-6c),
- Covenant Compliance (6d),
- Key Performance Indicators (6e) and
- Sensitivity Analysis (6f)

11. Monitoring, Reporting & Review

11.1 Monitoring

The Chief Executive will monitor progress against the achievement of Strategic Objectives and the Plan, which will include the following:

- Progress and performance against corporate targets and KPIs
- Progress of key tasks in the Delivery Plans

11.2 Reporting

The Chief Executive will present a quarterly report on progress against the Plan to the Board, which will include the key areas of monitoring listed in section 11.1.

The quarterly report will outline progress against the following to evidence achievement against the Strategic Objectives:

- the key goals in each sub-objective in the Delivery Plans;
- The corporate targets and key performance indicators.

11.3 Review

The Chief Executive will lead on the review of the Business Plan for 2022-23 and year 2, which will be presented to the Board in March 2023.