



ng homes
Business Plan
2023 – 2026

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Introduction

The Association has faced unprecedented challenges over the last few years – from the Covid-19 pandemic to the cost-of-living crisis and global conflicts. Challenges that still impact everyday life.

At ng homes, our commitment to customer service excellence and promoting the importance of people is resolute. We continue to champion equality and diversity, ensuring our communities are places where people are treated fairly, with opportunities to realise their full potential. We are delighted that the Association successfully retained our Customer Service Excellence (CSE) accreditation. Our most recent assessment was extremely positive with excellent feedback – a testimony to the dedication of all involved.

Our staff have been welcomed back to our offices. We have again been able to open our doors and offer customers in-person or virtual appointments. We continue to drive forward ambitious plans for physical, economic, and social regeneration, through our own initiatives as well as lending our voice to external projects. A digital strategy to ensure inclusion and accessibility is being developed and we continue to review systems and services to ensure we provide the high-quality services and customer experience expected.

Investment in our homes remains a key priority. Dampness and mould are a health and safety issue as important as ensuring the gas and electrical elements in our homes are safe and secure. Upgrades to our multi-storey flats are helping improve energy efficiency, reduce fuel bills, and ensure fire safety. Alongside all of this, we will maintain our focus on good governance and robust financial and risk management - more important than ever in these uncertain times.

I want to recognise the efforts and commitment of our Board, staff, and volunteers. Their contributions are invaluable, ensuring we can continue to deliver projects and key initiatives serving North Glasgow and our communities.

We have developed this Business Plan with care, reviewing our performance and progress and identifying challenges and opportunities. Unforeseen demands will no doubt appear; however, we have built in resilience to ensure we remain committed to the future of North Glasgow. A place to be, with talent and a strong tenant voice at the centre of plans. A community where people can flourish and prosper.

Catherine Rossine
ng homes Chair

Context

ng homes was established in 1976 as a community-controlled housing association, originally formed to protect and improve sub-standard Victorian sandstone tenements in Springburn. The Association has built a strong reputation for serving people and its communities for over 40 years. During this time, it has grown and developed into a well-respected organisation that makes a positive difference to the lives of people in North Glasgow and now provides 5,426 units for social rent, 21 units for mid-market rent and 35 shared-ownership properties. The Association also provides factoring services to 1,273 owner-occupied homes.

Today ng homes is a registered social landlord (RSL), a community benefit society and a registered charity. The Association is regulated by the Scottish Housing Regulator, Office of the Scottish Charity Regulator (OSCR) and the Financial Conduct Authority (FCA). ng homes is an award winning organisation and recent external accreditations include: Customer Service Excellence Standard (held since 2002), Investors in People Gold Award, Investors in People Health and Wellbeing Award and Investors in Young People Gold Award, Herald and GenAnalytics - Diversity Awards – (2016) (for work with Chinese and African Communities), Police Scotland Youth Volunteer Award – ‘Outstanding Support to PSYV Volunteer programme’ (2017) and Local Environmental Quality Award – ‘Outstanding Team’ in Local Environmental Quality (2017), Alarm UK Alarm Risk Award (2018), Climate Challenge Fund Award; Youth Engagement Category (2018) and Scottish National Standard for Information and Advice Providers, TPAS Scotland National Good Practice Award and Best Practice in Reporting Performance - ng homes Area Committee.

Strategic Direction 2023 - 2026

The strategic direction for ng homes across the next three years is:

- Consolidation and continued improvement of our role as a provider of rented housing
- Continued development of our role as a community anchor organisation and as a provider and enabler of services that address wider needs in our community
- Safeguarding our financial viability, organisational wellbeing and the community-controlled values and traditions that underpin our ethos and governance

It is likely that the need for community support services will increase in the aftermath of the Covid-19 pandemic and as the longer-term social and economic impacts become clearer. The effects of Brexit and global conflicts will put further strain on our communities with the costs of living increases not being matched by increases in wages or benefits.

The Business Plan sets out actions for service delivery, community support and safeguarding ng homes' financial resilience. However, the many uncertainties apparent after Covid-19, Brexit and the challenging economic environment will require us to be flexible and adaptable in how we take our proposals forward and with a continuing need to develop further plans.

Objectives

These are as follows:

1. To do what matters most for our tenants, other customers, and the community
2. To provide housing and property management services that are of a high standard, affordable and good value for money for tenants and other customers
3. To manage our assets and resources well and invest in tenants' homes
4. To be a strong community anchor, bringing positive changes that benefit our community
5. To protect and future-proof the organisation, ensuring that is well-governed, well-managed and continues to be fit for purpose
6. To maximise the contribution that ng homes and our subsidiaries make to the well-being of our community.

Strategic Analysis

ng homes Operating Environment: External Issues

This chapter provides a **PESTLE analysis** that reviews Political, Economic, Social, Technological, Legislative/Regulatory and Environmental factors that are relevant to ng homes' business and future plans.

The analysis describes factors that could represent a significant risk to ng homes or the achievement of our objectives, with the key risks then feeding through to the Business Plan chapter on Risk Management.

At ng homes we view these issues in the following way: will they help or hinder us in achieving our purpose of serving and achieving positive changes for our local community. We will comply with essential external requirements while ensuring we augment our activities to meet ng homes' own objectives and priorities.

PESTLE Analysis 2023

Political Factors

Scottish Government Policy and Priorities

- Devolved functions include housing, regeneration, local government, the Scottish budget and some aspects of taxation and welfare policy.
- SNP remain a minority government following the Scottish parliamentary elections in May 2021 though strengthened by their alliance with the Green Party. A further independence referendum may be delayed with the recent change in First Minister and the difficulties highlighted during the election process.
- The Scottish Government's main housing priorities at present are affordable housing investment and climate change standards.
- SG has mitigated the impact of the Bedroom Tax in Scotland over a long period, but its plans to abolish this tax in Scotland have not yet been agreed by Westminster.

UK Government Policy and Priorities

- Elected with a majority in December 2019 and responsible for many major areas of policy that have a high impact on ng homes, including welfare, macro-economic policy, public spending through the Barnett Formula and Brexit.
- Policy on reducing housing benefit spending in England. No immediate prospect of this being applied in Scotland – but should remain on the risk radar.

Economic and Financial Factors

Covid-19

- The UK economy entered recession because of Covid-19. This was harmful for ng homes residents (e.g., unemployment increased sharply) and has resulted in higher tender prices and receiverships in the construction sector.
- The Bank of England reports on Covid-19's economic and financial impacts concluded that Covid-19 dramatically reduced jobs and incomes in the UK; that there had been a large fall in output in the economy, but that the disruption would be temporary, and the economy would recover once social distancing measures were lifted. Other factors such as Brexit has substantially reduced the economy on a long term basis.

Universal Credit (UC)

- Presents increasing challenges for maintaining rent collection and managing arrears and bad debts. UC is also causing significant hardship for claimants.
- Impacts are likely to increase rather than reduce, as more ng homes tenants move to UC to get help with housing costs. Full rollout of UC is now planned for completion by September 2024.
- ng homes have taken a comprehensive approach to mitigating UC risks, but the actions needed are resource intensive.

Other Welfare Changes and In Work Poverty

- Both factors affect ng homes tenants' ability to pay rent. The Association's welfare rights service has been extremely successful in maximising tenants' incomes and must be sustained.

Inflation

- Due to global economic factors and conflict inflation rates have risen to high levels and will be higher than the target level of 2% for at least the next two years. The Bank of England has substantially increased interest rates to try and reduce inflation.

Interest Rates

- Base rates were cut to 0.1% in March 2020, due to the Covid-19 pandemic. Higher inflation together with forecasts that this may continue for a period of years have brought about a reversal with interest rates increased to 4.25% with further increases anticipated. The rapid increase in rates has brought significant losses and insolvencies for some institutions in the financial sectors.

Availability of External Funding

- Policy on Housing Benefit/Universal Credit will have the greatest impact on ng homes.
- ng homes refinanced and secured funding for its future needs in 2020. The facility agreed with GB Social Housing PLC (GBSH) provided £19m to meet the costs of planned investment in the stock. With recent interest rate increases funding is still available but at a much higher cost than previously.

Social and Technological Factors

Deprivation

- Scottish Index of Multiple Deprivation
- The Scottish Government and Glasgow City Council (GCC) both aim to promote policies of “inclusive growth”. The purpose of these policies is to help poorer citizens and communities to share more equally in prosperity.
- The Scottish Government and other funders channelled funds to combat Covid-19 through community anchor organisations, including ng homes. A continuing approach to empowering and supporting communities appears to be continuing as part of post Covid-19 policy.
- Opportunities for co-operation was evident throughout the pandemic by the strengthening of existing partnerships and formation of new partnerships.

Technology

- Opportunities: could include supporting smarter working and delivering customer services differently.
- Risks: cybercrime

Legislative and Regulatory Factors

Freedom of Information and General Data Protection Regulation (GDPR)

- ng homes have taken the necessary actions to meet its obligations for both FOI and GDPR.

Building Standards

- The Scottish Government published a revised Building Standards Technical Handbook in 2019.
- Following the Grenfell Tower fire, social landlords in Scotland were required to meet the standards for smoke and heat detection by February 2022.

- Social landlords must maintain their properties in a way that ensures continued compliance with the Scottish Housing Quality Standard (SHQS).
- Other than where external funding has been obtained (as is sometimes the case for energy efficiency works), the costs of compliance falls to social landlords to meet.

Scottish Housing Regulator (SHR)

- ng homes must comply with the SHR Regulatory Framework published in 2019, which emphasises the need for self-assurance about compliance with regulatory standards.
- SHR is also requiring social landlords to greatly expand their monitoring systems, to align with the nine 'protected characteristics' in the Equality Act 2010.
- SHR has expectations on a range of topics. These include business planning, asset management, governance, financial performance, and risk management, rent affordability and rent increases and value for money.

Environmental Factors

Scottish Government targets to support climate change objectives and mandatory raising of standards for social housing

- Social landlords had to comply with the Energy Efficiency Standard for Social Housing (ESSH) by the end of 2020. Scottish Government set a further target that homes in the social housing sector should meet EPC Band B+ (81-91 SAP Rating) with exemptions on grounds of cost and technical reasons, with a further goal for all social housing in Scotland, as far as reasonably practical, to be carbon neutral by 2040/45.
- The availability of finance for landlords and whether the market can provide the technological solutions needed are both matters of considerable uncertainty at the present time. These questions are particularly important for organisations like ng homes that have a high proportion of Victorian sandstone tenements.

Stakeholder Relationships

The final part of the Strategic Analysis describes ng homes' key stakeholders, shown in the following table:

Specific to ng homes	Strategic & Regulatory
<ul style="list-style-type: none"> • ng homes' tenants • Residents and factored owners • Housing applicants • Local groups and volunteers • ng homes' employees • Local businesses • Local partners with whom we work to benefit our tenants and the local area • Our lenders, auditors, and insurers • Funders 	<ul style="list-style-type: none"> • Glasgow City Council (GCC) • The Scottish and UK Governments • Department of Work & Pensions (DWP) • The Scottish Housing Regulator (SHR) • The Office of the Scottish Charity Regulator (OSCR) • The Financial Conduct Authority (FCA)

Tenants and Residents

This is the Association's most important stakeholder group, since our core purpose is to provide tenants with quality homes and services and serve our community.

ng homes encourage tenants and residents to be involved in our decision-making, most commonly through area-based residents' groups and specific working groups.

We gather feedback about tenants' views through a quarterly comprehensive programme of surveys. The results of the surveys confirm that ng homes are achieving overall high levels of satisfaction.

The Wider Community

Consistent with our purpose, ng homes have a high level of engagement and maintains productive relationships with many community organisations and volunteers, as follows:

- Our in-house team's role in property management and estate management and the support it gives to many groups in the area
- The work of our Social Regeneration team
- The community services that are delivered through our subsidiary ng2.

These include income maximisation support, support for vulnerable residents, sports activities, community events and community furniture recycling. In addition, local people volunteer to facilitate clubs and activities.

As a result, ng homes has a higher profile and a more active role in the community. Key to our approach is staying close to our community by involving local people.

Housing Benefit/Department of Work and Pensions (DWP)

ng homes maintain good working relationships with both GCC (Housing Benefit) and the Department of Work and Pensions (Universal Credit). As more tenants switch to UC, we are encouraging tenants to have their housing costs payments made directly to us.

Funders

The Association's total borrowing is £42.0million and our principal funders are now Nationwide, THFC, Energy Savings Trust and GB Social Housing. We only have financial covenants with the Nationwide that are tested through our audited accounts.

Glasgow City Council

GCC is the strategic housing authority. Its Local Housing Strategy has six objectives, which ng homes must address when seeking financial or other support from the Council.

GCC plays the lead role in the city on homelessness and the funding of revenue costs for supported accommodation.

Scottish Government/Parliament and UK Government/Parliament

The UK Government's Welfare Reform legislation has affected ng homes and our residents significantly. The range of matters reserved to Westminster means we must be mindful of events and pipeline changes from both Westminster and Holyrood.

Regulatory Bodies

The Association's regulators are:

- The Scottish Housing Regulator
- The Office of the Scottish Charity Regulator
- The Financial Conduct Authority

The SHR has the greatest impact on what we do. Its most significant powers include:

- Assessing compliance with the Scottish Social Housing Charter
- Setting and then assessing compliance with Regulatory Standards
- Intervening in the governance or management of RSLs, where it considers this is necessary to secure improvement and protect the interests of tenants and others.

We submit our annual return and accounts to OSCR, but otherwise we have few direct dealings with them or the FCA. We are aware of the importance of their roles and the effect of breaching their regulations.

ng homes' Staff

We aim to create a positive, supportive working environment for our staff team. We want all staff members to be clear about ng homes' purpose and priorities and how they contribute to achieving these.

Our Response to the Climate Emergency

A key business objective for all organisations must be a response to the Climate Emergency. A Sustainability Strategy must be developed which will aim to reduce our impact on climate change through embedding a green impact assessment approach to every aspect of our business.

GCC Local Housing Strategy Objectives

- 1) Promote area regeneration and enable investment in new build housing
- 2) Manage, maintain, and improve the existing housing stock
- 3) Raise standards in the private rented sector
- 4) Tackle fuel poverty, energy inefficiency and climate change
- 5) Improve access to housing across all tenures
- 6) Promote health and wellbeing.

The Sustainability Strategy will:

- Promote sustainable ways to deliver services to reduce the environmental impact and carbon footprint of the organisation's activity
- Invest in green infrastructure and green technology to help tackle the Climate Emergency and in turn, achieve efficiencies for the organisation and better services and homes for ng homes communities
- Become more adaptable with the way we deliver services and the homes we provide which will increase our resilience to the potential impacts of climate change

The purpose of this Strategy will be to set out our aims and objectives in respect of investment in future green infrastructure, services, and technology so we are innovative and well placed to take advantage of new opportunities and to be clear about our direction and priorities. This can be achieved by:

- Reducing waste, energy consumption and harmful emissions by improving the efficiency of service delivery and office management
- Improving/enhancing the environment of our communities through investment in green infrastructure
- Reducing our carbon footprint and ensuring that our properties are resilient to the potential impact of climate change, through our approach to the improvement of existing homes
- Improving the health and wellbeing of our staff and communities by raising awareness and changing behaviours in respect of the climate emergency and by offering opportunities to positively contribute to the environment
- Working with partners who are environmentally aligned with us and are committed to delivering 'green' benefits to our assets, customers, and communities

2040 Vision for Housing

The Scottish Government has produced a 2040 vision for housing. In order to meet the challenges identified in the 2040 vision we will undertake the following:

- Provide affordable housing and reduce their running costs
- Play our part in reducing homelessness in the city
- Address the needs of an ageing population and higher life expectancy
- Respond to the growing number of households and the increase in people living alone
- Seek to mitigate the impact of climate change and reduce our carbon footprint

We are also part of a wider network of local and city partners and work closely with them to try through collaboration to meet the challenges above.

Partnership Working

We work closely with our tenants to create vibrant, diverse neighbourhoods, places where people choose to live and want to raise their families.

Our communities offer activities for young people and support for older generations and people with poor health – and a welcome to the new citizens of Glasgow. We want North Glasgow to be a place where everyone feels at home.

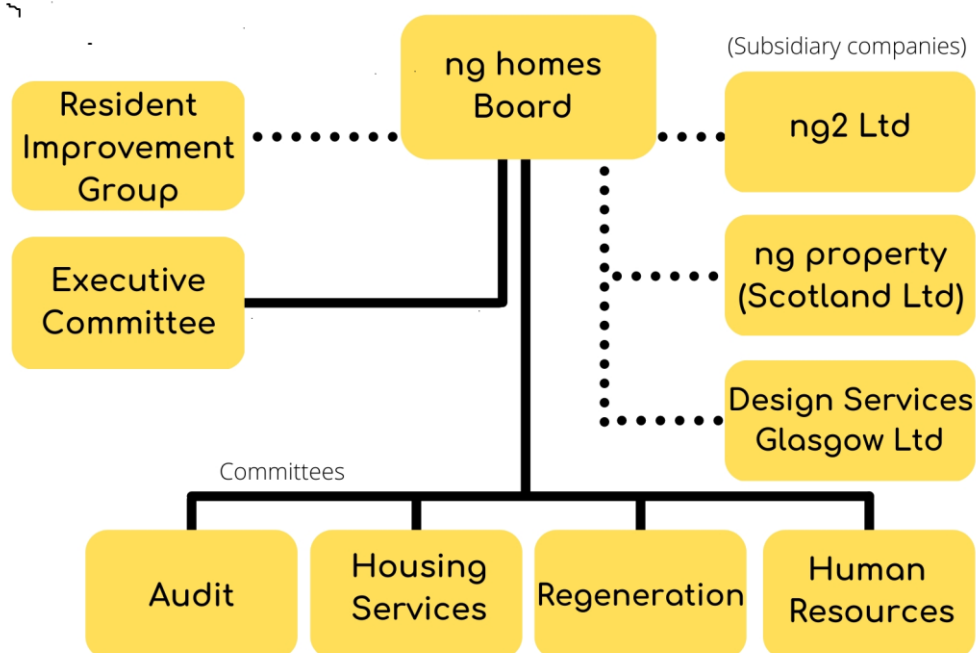
Underpinning our delivery is a commitment to partnership working. Over future years we will build on the good relationships we already have, continuing to work closely with the Scottish Government, Glasgow City Council, Scotland’s Towns Partnership, Keep Scotland Beautiful, Scottish Fire and Rescue Services, Glasgow Kelvin College, University of Glasgow, Glasgow’s Health and Social Care Partnership and our fellow housing associations.

Organisational Structure

Board and Committee Structure

The Board is the governing body that controls ng homes. It is responsible for the strategic direction, setting standards, monitoring performance and the effective running and financial management of ng homes.

Some business areas with a more operational focus are delegated to Committees and activities of a more commercial nature are delivered via wholly owned subsidiary companies within ng homes’ group structure:



ng2

A wholly owned subsidiary company, ng2 is a social enterprise delivering services direct to the community. Since its establishment in 2010, ng2 has grown and diversified to provide a wide range of environmental and facilities management services. ng2 has grown to employ over 80 people which includes seasonal staff and has an annual turnover of approximately £3.5 million.

ng2 is an important part of ng homes strategic delivery plans; we anticipate continued growth for ng2 aligned to ng homes planned investment programme. ng2 has a significant role to play in helping ng homes to sustain tenancies, deliver value for money and ultimately reduce the pressure on rents through cost/VAT savings for the Association.

ng property (Scotland) Ltd

ng property provides property factoring services to owners. This factoring role increased dramatically with the GHA stock transfer in 2011 and the subsidiary now provides services to 1,200 owners. There is no direct employment in this subsidiary; rather ng homes provide staff support services. ng property has now taken on letting of our twenty one mid-market rent properties.

Design Services Glasgow Ltd

This subsidiary company acts as agent for new design and build housing, enabling VAT reclaim on consultants' fees.

Audit Committee - reviews the financial affairs of the organisation, effectiveness of risk management and internal and external audit.

Regeneration Committee - oversees the implementation of the regeneration strategy and programme, approving and monitoring individual projects and reviewing progress against target outcomes.

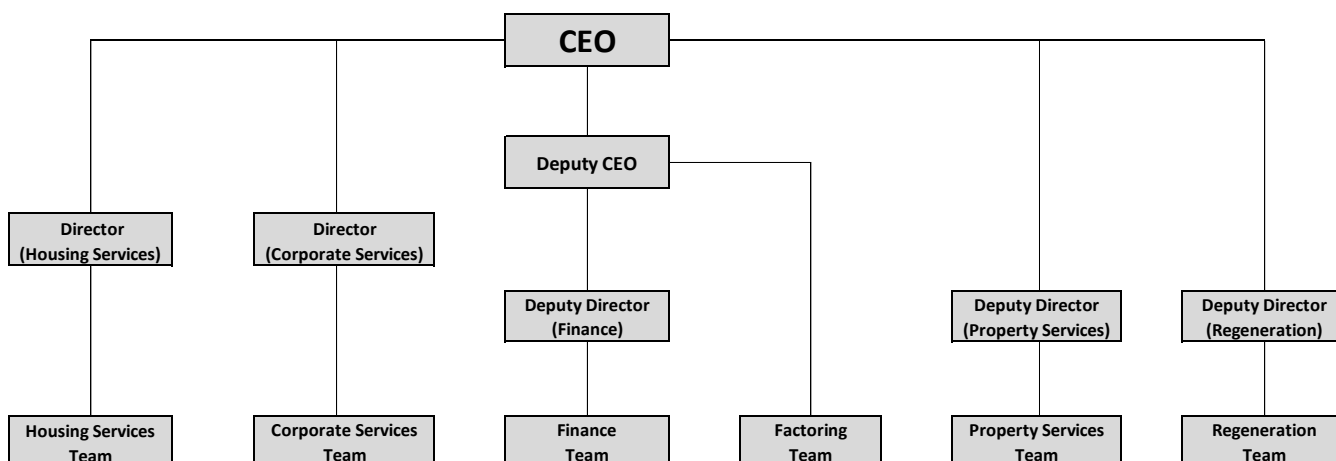
Human Resources Committee - considers staffing and organisational development, training and health and safety matters.

Housing Services Committee - monitors local performance for housing service delivery, estate management, repairs and maintenance.

Staffing Structure

ng homes have one Deputy CEO reporting directly to the CEO. They are supported by directors, depute directors and managers who have day-to-day responsibility for Finance, Factoring, Regeneration, Property Services, Housing Services and Corporate Services.

At 1 March 2023 ng homes had 109.71 (full time equivalent) staff in post, this includes 3.0 staff whose posts are fully funded via external grant support. The ng homes staff are supplemented by 13.7 ng2 (full time equivalent) staff who provide direct services to the Association.



Governance

ng homes are run by a voluntary Board. It has a maximum of 15 places; 9 designated for local community members, up to 5 places for independent members and 1 place for a nominated Glasgow City Council elected member.

Board and Committee Members have the requisite skills, knowledge, and awareness to carry out their role in a confident and effective manner. Any skills gaps identified are addressed through a combination of training and development of individuals plus review of the Board and Sub-Committee composition, with scope via our Rules to co-opt up to 5 independent members.

Good governance is a cornerstone of our approach to business and all our Board and staff members are responsible for maintaining our performance. We have an effective governance framework in place with high standards on audit, risk, probity, governance and health and safety. Governance self-assessment is a key feature in this respect. During 2022, the Board and senior managers carried out a comprehensive review of our Standing Orders, which was supported by experienced, independent consultants.

Board Appraisal and Board Member Reviews

The annual Board appraisal and individual Board member review exercise is led by ng homes' Chairperson and supported by an independent consultant. This process covers assessment of individual board members contribution, plus evaluation of how the Board functions collectively. An overall report is produced as part of this exercise which informs the individual and collective Board training and development priorities for the year ahead. We aim to extend the appraisal process to all Committee members during the lifetime of this Business Plan.

Board Training and Development

Good governance is at the heart of our approach to Board training and development, ensuring that Board members are equipped with the skills and knowledge to ensure they can perform their role effectively. All Board and Committee members receive thorough and detailed training on governance and other related matters on a regular basis and they sign-up to the ng homes Board members Code of Conduct annually.

Training for the Association's Board carried out during 2022 – 2023 included Health and Safety, Equality and Diversity, Cyber Security Awareness and Roles and Responsibilities of Governing Bodies. In addition to core Board training sessions individual Board members also attended training webinars and virtual conferences covering a wide range of related subjects including governance, finance, Housing Charter consultation, chairing skills, and treasury management.

The Association complies with the SHR'S regulatory standards of governance and financial management. In addition to governance training, the Board has also benefitted from specialised training and development sessions on other priority issues identified from training needs assessments, Board appraisal and business priorities. Training sessions are held out with Board meetings and frequently involve external expert facilitators. Annual core training includes sessions on health and safety and equality and diversity and the plan for 2023/24 will include other priorities identified from the 2022 Board appraisal process.

In addition to ng homes training and awareness sessions, Board members participate in relevant external training and attend external conferences and seminars e.g., events organised by Scottish Federation of Housing Associations (SFHA), Glasgow and West of Scotland Forum (GWSF), Employers in Voluntary Housing (EVH) and SHARE.

Whilst Covid-19 related restrictions made training and conferences particularly challenging the importance of having access to ongoing up-to-date training and awareness sessions for Association's Board and staff members remains undiminished. In addition to in person events there is a raft of virtual training, webinars, conferences, and seminars now on offer. SHARE, SFHA, EVH, CIH and other organisations continue to offer training remotely by utilising technology and ng homes Board members have embraced the new opportunities for remote training and development.

Business Priorities 2023 - 2026

These business priorities along with operational priorities have been developed in a consultative manner across the organisation, engaging the Board, senior managers and staff whilst also taking account of tenant and customer views from earlier consultation. Each staff team is directly engaged in shaping and defining specific action and work plans to ensure we deliver on our priorities for the benefit of our customers and the community. We will monitor departmental work plans and will ensure these are reviewed and updated half yearly and reported to the Board.

	2023/24	2024/25	2025/26
Robust Governance			
Governance Framework and Governance Self-Assessment	X	X	X
Risk Strategy	X		
Succession Planning for Board and staff	X	X	X
Options Appraisal for the business			X
Know our tenants and other customers' needs	X		
Prudent Financial Management			
Rents and Affordability	X	X	X
Creating a Positive Culture			
Invest in the community – building capacity	X	X	X
Health, safety and wellbeing of staff	X	X	X
Continuous Improvement			
Options Appraisal for low demand stock			X
Tenants Health and Safety	X	X	X
EESHS 2032 and fuel poverty	X	X	X
Tenure Diversification		X	
Masterplan for Springburn and Possilpark			X
Growing our Business			
Explore growth potential of ng2	X	X	X
New grant funding for regeneration projects	X	X	X
Regeneration – Physical, Social and Economic	X	X	X

Managing Finance and Scenario Planning

Financial Headroom

To survive in the economic environment, we must have appropriate and sustainable headroom in our financial projections. This should demonstrate that loans are repaid timeously, demonstrate covenant compliance and that we can handle any risks that arise.

The Board will ensure that it is able to detect any serious risk to the financial viability of the Association in a timely manner and take quick and appropriate corrective action. We need to be candid about our finances and the challenges faced by our tenants.

We need to be realistic about the implications of rent affordability, welfare reform, pension deficits, increases in repair costs well in excess of inflation, interest rate increases, energy cost increases, covenant compliance, tenant safety, the effects of Brexit, the pandemic, and the war in Ukraine. These are significant challenges for any business to deal with and NGH will have to continue to manage our resources to ensure our financial wellbeing.

The Board will consider the risks in the Business Plan, model the effects of changes to key assumptions and have contingency plans in place as appropriate. It is anticipated that the operating environment will remain challenging for the foreseeable future.

The cost-of-living crisis has stretched family finances mean there is little headroom for cutbacks to spending. Our tenants are unable to fall back on savings and they are more likely to fall behind on bills. The scale and the nature of the disruption has been significant and has led to disproportionate social impacts across poorer communities such as ours, which are already affected by substantial social, economic and health inequalities.

5 year and 30-year financial plans

Our 5-year financial projections show ng homes generating the following projected net surplus for years 1-5 (2023/24 to 2027/28). The projections show that ng homes are covenant compliant and viable, whilst it delivers a major investment programme (component replacement) of £26m over the first 5 years. Underlying the projections are significant increases in all maintenance from those previously reported in 2022/23 which has led to an increase in longer term borrowing from 2039, now £13.9m when previously it was assumed that NGH could pay back the majority of the GBSH loan from surplus cash reserves.

Year March	2024	2025	2026	2027	2028
Net surplus	£186,200	£3,775,100	£2,372,800	£1,037,600	£3,255,500
Cash balances	£18,381,800	£16,470,100	£15,217,700	£14,406,200	£12,752,300
Loan Balances	£38,947,800	£35,998,600	£33,431,200	£30,840,400	£28,230,800
Investment	£4,000,000	£6,805,500	£5,406,800	£3,851,500	£5,759,500

Based on the current covenant definitions and during the loan terms covenants are met, even after increasing capitalised and non-capitalised repairs by 20% from 2024/25. However, this has led to increased borrowings from 2039.

The full key financial assumptions are set out in Appendix 1.

Summary of Financial Assumptions for Business Plan

Opening rental income of £27.6m is projected to rise by inflation rate of 5% in 2023/24 and then by inflation (2%) + 1% until 2031/32. This assumption is to provide additional rental income in future years "lost" through the pandemic and below inflation rent increase in 2023/24 of 6%.

Libor is projected to rise to 5% in 2023. Opening cash balance is projected to be £21.2m and loans at £45.9m. We have built in contingencies such as rises above inflation for all maintenance and salary costs. We recognise the importance of financial headroom to meet challenges associated with the uncertain economic environment brought about by Covid-19, a cost-of-living crisis, and a war in Europe. The void and bad debts are assumed to be 2.6% (1.5% for Bad Debts and 1.1% Voids), in 2023/24 (based on current performance) then 4% (2% Voids and 2% Bad Debts) thereafter. The additional bad debt/void provision to reflect the possible downturn in the economy.

The average cash at Bank projected over the next 5 years is £15.5m. Our current cost of loan interest is just below 4.22% so our 5% short term assumption (variable lending) plus margin provides additional headroom.

Our focus in the next year is to complete the work within the multi- storey blocks and generally upgrade them. Improvement works include: -

- New cold-water systems within four blocks
- New soil pipes within six blocks
- New fire safety measures within the buildings

The other focus of our investment programme will be a programme of bathroom/kitchen renewals and continuing energy efficiency works.

We will continue to seek operational efficiencies and review our operating costs to ensure we deliver best value for our customers. It is appreciated that we must have a strong focus on cost control in this high inflationary environment. We understand that we cannot look to our tenants to continually face above inflation rent increases and we must ensure that value for money, spending well, spending wisely. We have undertaken sensitivity analysis on our plan, the outcome of this is highlighted in the table below. This demonstrates the impact of different assumptions on annual surplus/deficit and borrowing. Risks modelled include increased bad debts/voids; rent increases below inflation; increased management and maintenance costs; SONIA 6% and decreased inflation:

Sensitivity	Year 30 Cash	Peak Debt	Y/E	Year 30 Debt	Min Cash
Base	£62.2m	£39m	2024	£13.9m	£2.4m (2036)
Base Voids 5% Bad debts 5% (5 Years)	£47.8m	£39m	2024	£13.9m	-£8.4m (2036)
Major Repairs + 10%	£17.6m	£39m	2024	£13.9m	-£13.0m (2036)
SONIA 6% (5 Years)	£60.9m	£39m	2024	£13.9m	£1.6m (2036)
Inflation 1% and inflation only rent increase	-£12.5m	£39m	2024	£13.9m	-£25.3m (2051)
Major repairs + 10% and inflation only rent	-£50.8m	£39m	2024	£13.9m	-£66.6m (2051)
Staff cost +10%	£30.1m	£39m	2024	£13.9m	£7.4m (2036)

Some of the scenarios above would cause significant stress to the Association No lender would accept continuing outflow of funds without remedial action being taken. At the time of preparing the Business Plan, few of these scenarios are anticipated. However, the situation will be continually monitored closely and in the event of one or more changes in the assumptions made, appropriate action will be taken to ensure the Association remains viable and fully compliant with the terms within their loan documents.

Loan portfolio covenant structures

We have current loan facilities with three mainstream lenders to the RSL sector, Nationwide Building Society (NBS), The Housing Finance Corporation (THFC) and GB Social Housing (GBSH). Each lender sets covenants over their lending, and we must satisfy these conditions of lending on an ongoing basis. Lenders apply their own definitions and covenants. We have fully considered the implications of their different covenant structures over the lifetime of these loans. Full compliance is evidenced throughout. Other loans secured from the Scottish Government and the Energy Savings Trust do not include corporate covenants.

Financial Accounts and Treasury Management

Our financial position going into 2023/24 continues to be healthy. The table below provides a comparison of the position over the next five years. The Association is planning a small surplus in 2023/24 and remains profitable in the short and medium term. The Association is viable, profitable and of greater importance has sufficient cash resources to deliver for their customers, as shown in the tables below, however we do not underestimate the scale of the challenges we face

Summary - Statement of Comprehensive Income

Period: 01 April 2023 - 31 March 2028	2024	2025	2026	2027	2028
	£000's	£000's	£000's	£000's	£000's
Total Turnover	29,222.80	30,356.50	31,231.30	32,132.00	32,803.20
Operating Expenditure	-27,678.30	-25,340.50	-27,734.00	-30,060.60	-28,591.40
Operating Surplus/(deficit)	1,544.50	5,016.00	3,497.20	2,071.40	4,211.90
Interest Receivable	347.5	306.5	276.7	258.3	237.4
Interest and financing costs	-1,705.80	-1,547.50	-1,401.20	-1,292.10	-1,193.70
Surplus before tax	186.2	3,775.10	2,372.80	1,037.60	3,255.50
Surplus after tax	186.2	3,775.10	2,372.80	1,037.60	3,255.50

Consolidated Statement of Financial Position

Period: 01 April 2023 - 31 March 2028	2024	2025	2026	2027	2028
	£ 000's	£ 000's	£ 000's	£ 000's	£ 000's
Fixed Assets					
Intangible assets and goodwill					
Tangible fixed assets	118,567.80	120,261.70	120,275.60	118,490.20	119,746.30
Investments FA	0.3	0.3	0.3	0.3	0.3
Fixed Assets Total	118,568.10	120,262.00	120,275.90	118,490.50	119,746.60
Current Assets					
Trade and other debtors	1,781.40	1,781.40	1,781.40	1,781.40	1,781.40
Cash and cash equivalents	18,381.80	16,470.10	15,217.70	14,406.20	12,752.30
Current Assets Total	20,163.30	18,251.50	16,999.20	16,187.70	14,533.70
Less - Creditors - amounts due within 1 year	-7,507.40	-7,507.40	-7,507.40	-7,507.40	-7,507.40
Net current assets/liabilities	12,655.90	10,744.10	9,491.80	8,680.30	7,026.30
Assets less current liabilities Total	131,224.00	131,006.10	129,767.70	127,170.80	126,773.00
Creditors - amounts due more than 1 year	-53,686.80	-49,693.90	-46,082.60	-42,448.10	-38,794.80
Net assets Total	77,537.20	81,312.30	83,685.10	84,722.60	87,978.20
Reserves					
Income and Expenditure Reserve	77,537.10	81,312.20	83,685.00	84,722.50	87,978.10
Restricted [and/or Endowment] Reserve	0.1	0.1	0.1	0.1	0.1
Total reserves	77,537.20	81,312.30	83,685.10	84,722.60	87,978.20

Stakeholders

Customers

Our customers are at the heart of our business. They are our most important stakeholder group and include tenants, residents, and other service users. We are committed to achieving customer service excellence in all that we do. In November 2021, the Association achieved another successful assessment against the Customer Service Excellence (CSE) Standard and our accreditation is valid until December 2024. Although the accreditation is in place for 3 years, we are required to take part in annual reviews and the most recent review took place in December 2022. The review included the Assessor speaking to staff, tenants and other customers and representatives from partner organisations. The review was very positive with an increase in areas of 'Compliance Plus' from 12 to 14.

The CSE Assessor was extremely positive about the Association in general, she stated "The leadership at ng homes are totally committed to customer focussed service delivery and state that their role is 'more than just housing' – this is the reality of the culture at the association. The wish for the success of your people and communities is at the heart of everything you do". The Assessor was very impressed by the way the Association continues to make a positive difference for our tenants and other customers. She specifically highlighted the improvement works within the multi storey flats and the fact that the work carried out was not just the minimum, it was future proofing.

In reference to engaging with the community the Assessor said "Your engagement opportunities are always evolving. You instinctively engage with customers, partners and stakeholders at every opportunity and continue to develop more ways to get to know your customer needs".

The report also stated, "You have a strong commitment to working with community partners to deliver services that benefit your customers. The breadth and reach of your partnerships bring many benefits to your tenants and the wider North Glasgow community".

We always strive to treat our customers with respect and be responsive to their needs and we will continue to focus on achieving customer service excellence. We value the views of our customers and actively seek ways in which to engage with and listen to our customers, involving them and working with them to develop and deliver the services that they want and need. We acknowledge that our customers have different communication preferences, and we ensure that we adopt a blended approach to meet their varying needs. The ng homes App continues to be a success and we continue to develop the ng group website and our social media channels. In addition, during 2022 we conducted a tenant survey as well as focussing on more traditional forms of communication, and we produced , summer and winter editions of our North News tenants' newsletter. This included a range of information from local news features to safety messages and support and advice on the cost of living crisis. We will continue to develop a range of communication methods including our social media channels to further maximise the potential for effective two-way communication with our customers.

Value: We are customer focused and put the customer first

Staff

At ng homes we understand that our people are our greatest resource. Our staff are committed to delivering an excellent level of service to our communities and we value and support all our people and encourage them to achieve their maximum potential. We are committed to ensuring that we are a good, fair, and supportive employer and strive to create an organisation where people are proud to work. Our staff are motivated, supported and developed to ensure that the organisation provides excellent services to tenants and other customers and achieves our ambitious objectives. The Association is recognised with the Investors in People Gold Award and the Investors in People Health and Wellbeing Award. A renewed focus on staff health and wellbeing has led to number of innovative initiatives being underway and has contributed to the creation of a positive work environment where everyone can contribute to achieving high performance. We work together to make the organisation the best it can be. We aim to create a workplace where we can harness the skills and talents of all our people, where everyone is personally involved and understands how their role contributes to the success of the organisation.

Succession planning at all levels is a priority, so we identify clear development routes for staff and recognise the importance of informal types of development, such as mentoring and coaching as well as more formal methods of training and development and we continue to provide opportunities for staff to grow and develop with the organisation.

The Association has the Investors in People (IIP) Gold and the IIP Health and Wellbeing Award which had been renamed 'We Invest in Wellbeing'. Accreditation is in place until 2023 and plans for our next assessment are underway. In addition to this, we achieved a successful 3-year review of our Investors in Young People (IIYP) Gold in January 2022, and this recognition will remain in place until January 2025.

The Association remains committed to ensuring that the housing sector is seen as a place where young people can have a fulfilling job and build a rewarding and meaningful career. We are passionate about playing our part in ensuring that there is a constant supply of talent coming into the housing sector in Scotland. The Association is developing an Employability Strategy including further strengthening partnerships with local schools and colleges to create awareness of the careers available within the housing sector and to provide training and job opportunities to support succession planning. Previous trainees have gone on to permanent positions in ng homes and other organisations. Trainees are provided with comprehensive training which includes guidance and support to ensure that they are equipped with the skills and ability to work in a wide range of important roles within the housing sector. Training can also include studying towards a recognised qualification from the Chartered Institute of Housing.

We fully embrace the principles of equality and diversity; the Association is recognised as a Disability Confident Employer. Reaccreditation was achieved in February 2022 and is in place until February 2025. The Association continues to play a key role in supporting under-represented groups in the community in a number of ways including providing support to obtain work experience and employment opportunities. This includes people from the black and minority ethnic communities. In this regard we continue to support and work closely with PATH (Scotland) by providing training opportunities within the Association and have also worked with local groups such as African Challenge Scotland and Glasgow Afghan United to achieve this.

Value: We are a quality organisation delivering excellence

Volunteers

Volunteers play an increasingly important role in ng homes. We are very fortunate to have dedicated, skilled, and enthusiastic volunteers who support and complement our staff teams. We value the contribution and role of volunteers, and we work in partnership with a range of organisations to support them with training and development opportunities to ensure that they can get the most from their volunteering, including accreditation where appropriate.

Our Volunteer Strategy forms the basis of this aspect of our work. We intend to build on the current framework for volunteering opportunities to consolidate and expand our regeneration activities and services in order to improve the lives of our tenants, residents and local people across all ages and cultures.

Volunteering opportunities are achieved through a variety of initiatives and activities, from helping develop the landlord report, to focus groups and community-based projects. These included "Activate" a community development training course delivered in partnership with Glasgow University and "Song/Shimmy" which is a regular social event for older residents.

Regulators

Value: We are friendly and treat people with respect

ng homes are registered with and regulated by the Scottish Housing Regulator. The SHR has updated its Regulatory Framework and the Association is committed to ensuring that we are compliant with all the seven Regulatory Standards contained within the Framework. We have been classified by the SHR as 'systemically important'. The SHR will be reviewing our Business Plan and financial projections as part of this engagement. The Association provided the Regulator with an Annual Assurance Statement by 31 October 2022, and we will work closely with the Regulator to ensure that we continue to meet the regulatory standards of governance and financial management. Governance self-assessment will continue to be a key feature of our approach. We are also a registered charity regulated by OSCR and as a community benefit society we are overseen by the Financial Conduct Authority.

Value: We are accountable

Scottish Government

The Scottish Government has supported several of our key programmes and initiatives with funding, and this has enabled us to deliver innovative programmes within our communities. We take account of the Scottish Government's national policy priorities when developing and delivering our services. We are committed to excellent customer service and meeting customer expectations in line with the Scottish Social Housing Charter ensuring quality and standards of service and supporting the Scottish Government's long-term vision for a safer, stronger Scotland. Where appropriate, we will work with others to influence government policy on housing, community and health and social care for the benefit of our customers. This was reflected in previous funding support direct from the Scottish Government and from other public grant programmes including Climate Challenge Fund, People and Communities Fund, BIG Lottery Fund, and others. The level of funding support over the last decade shows a high degree of confidence in us by various national funders.

Value: We act with integrity

Partners

ng homes are an established 'community anchor' and we work with local partners to deliver community events and develop community assets, build capacity, develop local people, and improve access to support and services. Our aim is to work with a range of partners to deliver lasting benefits to local communities and to have a positive influence on the housing sector in general. Our partners include small local organisations or groups, or they can be large national organisations. Key partners include SFHA, CIH, SHARE, Employers in Voluntary Housing, Glasgow and West of Scotland Forum, Glasgow City Council and the Scottish Government as well as local community based voluntary groups and local businesses / organisations. We also have a strong partnership with Scottish Fire And Rescue Service and Police Scotland.

Value: We are trusted and trusting

Lenders

We understand the importance of loans and treasury management to our business and maintain a strong professional relationship with our lenders. Finance is important to allow us to build new homes and refurbish our existing stock.

We recognise the necessity of compliance with the terms set out in its loans with current lenders, the Nationwide Building Society (NBS) and The Housing Finance Corporation (THFC). We communicate with our lenders in an open, professional, and timely manner to ensure that our lenders are aware of our plans and that we are meeting all our obligations within the terms of our loan agreements and covenants.

Suppliers / Contractors

We have strong working relationships with a variety of suppliers and contractors. Our relationships are built on mutual respect and integrity. We engage with professional, ethical companies that deliver value for money products and services. We will ensure that we continue to develop and maintain sound positive relationships in line with good practice in procurement, contract management and professional services.

Value: We are a quality organisation delivering excellence

Housing Provision

Stock in Ownership

ng homes own a total of 5,426 self-contained properties for social rent as shown in the table below:

Stock Type	1 apt	2 apt	3 apt	4 apt	5 apt+	Total	% of total
Multi-storey flats	0	358	578	0	0	936	17.3%
Deck access/ Other flats	51	150	99	84	18	402	7.4%
Tenement flats	27	764	1,251	317	5	2,384	43.6%
4-in-a block cottages	0	58	743	160	1	962	17.7%
Houses	0	8	359	327	68	762	14.0%
Total	78	1,338	3,030	888	92	5,426	
% of total	1.4%	24.7%	55.8%	16.4%	1.7%		

From the stock figure of 5,426 there are 166 properties excluded from the letting pool. These are decant properties and properties being held for structural repair. In addition to this, there are 21 units for mid-market rent and 35 sharing owner properties. This figure does not include 3 office premises.

Our housing is geographically concentrated in 4 adjoining neighbourhoods across North Glasgow, approximately 2 miles from Glasgow city centre. The Springburn area has the largest share of stock (40%), most of which are flats including multi storey and deck access properties. This contrasts with Parkhouse, our smallest neighbourhood (9% of stock), has mostly houses and 4-in-a-blocks. Balornock accounts for 25% of the stock with an even split between flats, houses, and 4-in-a blocks. Possilpark accounts for 26% of stock, with a majority of flats but with a sizeable proportion of houses.

General Needs

The majority of our housing stock is general needs which is let to single people, couples, and families. These properties are let in line with our Allocations Policy.

Housing for Older People

We have housing for older people at:

- Hawthorn Street
- Carron Crescent
- Kemp Street
- Gourlay Street
- Barloch Street

Our Retirement Housing is available to applicants over 50 years of age and allows our tenants to live independently. Retirement Housing Officers work from a hub at Hawthorn Street and provide regular visits to each complex. In addition to this, staff can be on site to assist tenants with social activities. Concierge carry out security patrols at each of the complexes out of hours and at weekends.

Particular Needs

We have 44 elderly amenity flats and 22 wheelchair properties spread across our areas. A significant proportion of our stock has been physically adapted to meet medical needs, supporting tenants to remain in their own homes. As at 31 December 2022, we had completed 112 medical adaptations, which were part funded by a Glasgow City Council grant of £179k.

Supported Housing / Special Lets

We provide housing which is leased to a variety of agencies to allow tenants with a range of different needs to live in our communities. These agencies include but are not limited to:

Agency	Springburn	Possilpark
Glasgow City Council	78	28
Mears	57	38
Phoenix Futures	_____	11
Key Housing	3	_____
Penumbra	_____	1 x 8-bedroom unit
Mungo Foundation	_____	1 close with 10 flats
Richmond Fellowship	_____	3
Quarriers	1	_____

Housing Initiatives

We support the Government's mortgage-to-rent scheme and other initiatives to prevent people losing their home and will continue to pursue Mortgage to Rent purchase and shared ownership buy-backs where these make business sense. Over the past few years, we have undertaken a modest programme of one-off open market purchases, where this meets our financial and other criteria (e.g., to help consolidate common factoring and houses suitable for tenants with medical support requirements).

Services

Housing Advice

Our staff provide housing advice to applicants and tenants. For applicants, they will provide advice using the Housing Options model to ensure all possible options for housing are discussed and in 2021/22, 1,159 applicants were given advice on their housing options. For tenants, staff will provide general advice and assistance on housing and for more complex cases we will signpost to GCC, Citizens Advice, Shelter, and others for specialist advice.

Factoring Service

We provide a factoring service to 1,273 owners, managing properties and supporting owners. We consult owners in terms of future investment and have a quarterly owners' forum to discuss topics of interest. We

benchmark our management fees against other local housing associations and our fees are competitive within the sector and less than private factors. Our Mid-Market rent development at Keppochhill Road is run alongside the factoring service through our subsidiary company, ng property (Scotland) Ltd.

Repairs Service

We carry out emergency, routine and complex repairs and are constantly reviewing how we deliver our service in order to ensure Value for Money, as well as a more positive experience for our customers.

Concierge Service

We currently have a 24-hour a day, 365 days a year Concierge service that covers our multi-storey flats, providing the following services:

- Cleaning the multi-storey flat and deck access communal areas
- Clearing out empty houses in the multi-storey flat area
- Assisting tenants
- Maintaining and preparing the bin area for cleansing uplift
- Safety patrols around our areas and offices
- Monitoring our CCTV
- Assistance at weekends for our elderly tenants
- Electrostatic disinfecting spraying in high traffic areas
- Regular cleaning of common touch points

Our Concierge provide emergency support out with office hours and tenants and staff provide very positive feedback on this service.

Welfare Benefits and Budgeting Advice Service

We want to ensure that our tenants receive advice and assistance about benefits. We use Greater Easterhouse Money Advice Project (GEMAP) to provide a welfare benefits service to our tenants. This service is available to all tenants through a telephone appointment system. Referrals can be made from the tenants themselves or a third party. In 2021/22, GEMAP secured over £3.2m in additional income for over 1,100 of our tenants. £542K was Housing Benefit/Discretionary Housing Payment. GEMAP also secured over £806K in Universal Credit for our tenants. This was money which would otherwise have been unclaimed. We will continue to monitor this service, to ensure the services provided by GEMAP have a direct impact on our rent arrears. This is an excellent service for our tenants, particularly when we are operating in areas of deprivation.

Operating Environment

Our tenant profile encompasses a wide range of ages and ethnic origins as detailed in the tables below:

Age	Percentage of Stock
Under 25	3%
25 – 54	45%
55 – 74	40%
75 and over	12%
Total	100%

Gender	Percentage of Stock
Male	48%
Female	52%
Total	100%

	Percentage of Stock
White	69%
Black	6%
Chinese / Indian / Asian	3%
Other	22
Total	100%

Our operating environment is challenging, the North Glasgow area includes areas of multiple deprivation with 75% of our tenants either in receipt of Housing Benefit or Universal Credit. It is important to us that we use this information to shape our services to tenants and to deliver services that encourage tenancy sustainment and community cohesion.

Tenant Engagement

Engaging with our tenants is very important for us. Housing Officers are responsible for tenant participation and work closely with our Regeneration Team to engage our tenants in local activities. In line with the Scottish Social Housing Charter's significant emphasis on tenant participation, we worked with the Tenant Participation Advisory Service (TPAS) Scotland to develop a more comprehensive tenant participation strategy which was approved in June 2021. We also worked with TPAS to strengthen our Residents Improvement Group and focus groups. Remove next sentence - **We also have a group of tenants who work on our annual landlord report, and they play an active role in designing the report that is delivered to our tenants.** We are keen to support any group of tenants, particularly in the initial stages and will use TPAS or Tenants Information Service (TIS) to set up new groups.

Health & Safety

The health, safety and wellbeing of our tenants, customers and staff is our main priority. We view this as critically important in regard to our responsibilities as both an employer and a landlord and we have full access to both the Employers in Voluntary Housing/ACS Employer and Landlord Control Manuals to support us in this vital area of our work.

In April 2017, we undertook an internal health and safety audit of our multi-storey flats and following the Grenfell tower tragedy in June 2017 we also undertook risk assessments. As a result, remedial works were carried out. We contracted with experienced health and safety consultants, ACS Physical Risk Control Ltd, to conduct updated fire risk assessments throughout 2019 to 2021 and these are reviewed continuously.

We are committed to continuing to operate in line with health and safety legislation and good practice across the whole of North Glasgow and we have started to develop and implement a comprehensive Occupational Health, Safety and Welfare Management System covering the entire ng group. This approach will ensure that we maintain a robust, effective, and sustainable health and safety culture into the future. This includes all Board and staff members understanding the role they have to play. The system will be designed to ensure the ng group reaches the highest possible health and safety standards and will also provide the opportunity to seek external accreditation as a mark of achievement through the ISO45001:2018 standard which was recently introduced.

Demand

Maintaining demand for our stock is essential for the financial viability of the organisation. Consequently, we will closely monitor other Housing Association's new build plans to minimise risk of any displacement and to ensure this does not adversely affect demand on our stock. Much of our stock is located in the Springburn ward where the population has reduced significantly due to extensive demolition carried out by Glasgow Housing Association (GHA) in previous years and the population is projected to fall further.

The findings of an independent demand analysis that was carried out by Northstar Consulting Services in 2022 confirmed that there is a demand for the majority of our homes with our highest demand areas being Springburn and Balornock. We have a healthy waiting list of 4,400 applicants, which is an increase of 900 from 21/22.

In general, turnover in the last 5 years has ranged between 5% and 20% with an overall average of around 10% per annum. The turnover in tenements and deck access houses has been higher than the turnover for main door houses and multi-storey flats and turnover is at its highest in Possilpark. We will analyse these high turnover areas, to determine which specific patches, streets or closes are low demand and this will, in accordance with our Asset Management Strategy, allow our Board to make informed investment decisions in future.

SWOT Demand Analysis

Strengths *	Weaknesses **
<ul style="list-style-type: none"> • High Demand Areas • Low Turnover • Low Maintenance Costs • Healthy Waiting List • High Acceptance Rate 	<ul style="list-style-type: none"> • Low Demand Areas • High Turnover • High Maintenance Costs • High Refusals • Poor Retail Facilities
Opportunities	Threats
<ul style="list-style-type: none"> • Increase existing levels of owner occupation including alternative use for low demand stock • Analyse areas, streets and closes to ascertain reasons for low demand • Achieve informed investment based on information from Stock Condition Survey and Asset Management Strategy • Extend Retirement Housing into multi-storey blocks 	<ul style="list-style-type: none"> • Complacency /Do Nothing • New Build by other Housing Associations • Investment in low demand housing

* Applies to High Demand Areas, such as Parkhouse and Balornock

** Applies to Low Demand Areas, such as Balgrayhill decks and Possilpark tenements.

Based on 2012 figures, the levels of social rented tenancies were above the Scottish average and owner-occupation was below the Scottish average at 65% social rented and 35% privately owned.

Since then, the Springburn and Canal wards has changed across the last decade. The demolition of the Red Road flats together with the Pinkston multi-storey flats that were on the North Bridge site has changed the position. Taken together with another five years of Right to Buy up to the date of its abolition helped to change the position. Based on the 2018 numbers the position had altered to 52.5% social rented and 47.5% privately owned.

Beyond 2018 there is a substantial increase in private and mid-market developments in the area. The North Bridge development is bringing 824 owned units and private rented. The redevelopment of the distillery site is resulting in 84 social housing and 500 private units. The Hamiltonhill redevelopment by Queens Cross HA will result in 350 units for sale and 320 for social housing. The redevelopment of the Ruchill Hospital site will result in 403 private units.

Taken together with other developments there has been a significant change in the area with private ownership over 50%. The development of the Keppochhill Park site (bounded by Keppochhill Road, Carlisle Street and Hawthorn Street) which will follow on from North Bridge will further augment the area.

Homelessness

We are continuing to work closely with Glasgow City Council to house homeless households. In 2021/22, we let 122 houses to homeless applicants, which is 32% of our total lets.

Health and Social Care Integration

We recognise that health and social care integration and related proposals to switch care from acute hospital services to support in the community presents a challenge. 52% of our tenants are over the age of 55 and we can make a positive contribution to delivering the Government's integration aims in Glasgow e.g., in our multi-storey flats where we have a 24/7 Concierge service.

Welfare Reform

We monitor the UK and Scottish Government's policy on this key issue. We will take action to mitigate impacts on tenants and our business. On 31 December 2022, we had 1,610 tenants in receipt of Universal Credit. Our Housing Services Team have Housing Officers specifically dealing with arrears to ensure intense management of rent accounts. They will take all necessary steps to keep any arrears increases to a minimum and to maximise income for our tenants as they migrate onto Universal Credit.

Performance

The Association is a member of an established benchmarking group – Scottish Housing Network (SHN) which looks at Housing Management performance information and value for money. This, along with the information provided by each landlord to the Scottish Housing Regulator in the annual return, allows us to compare our performance against our peer group. We pride ourselves on our performance, without being complacent and we reported the following for 2021/22:

- Re-Let Timescales – Houses were let within an average of 18.1 days, compared to 36.4 days (27.2 if we discount days where we could not let due to Covid) for 2020/21.
- Void Rent Loss was 0.5% compared to 0.9% for 20/21.
- Arrears - Total gross arrears performance (current and former tenant arrears combined) is 5.6% compared to 6.1% for 20/21.
- Tenancy Sustainment was 89%, which is the same as in 20/21.
- Emergency Repairs - The average length of time taken to complete emergency repairs is 3 hours compared to 2.38 hours in 20/21.
- Non-Emergency Repairs - Average length of time taken to complete non-emergency repairs were 5.6 days compared to 4.68 days in 20/21.
- Medical Adaptions - a total of 106 adaptations were completed during the year in an average timescale of 17.4 days from referral date compared with 16.8 days in 20/21.
- Gas – All of our properties in 21/22 had a gas certificate renewed within 12 months, this compares to 9 being outstanding in 20/21 due to tenants shielding or self-isolating.
- Anti-Social Cases – 93% of our cases were resolved within timescale, which is the same as in 20/21.
- Customer Satisfaction – 94.8% of our tenants surveyed were satisfied with the overall service provided by ng homes in comparison to 90% in 20/21.

We will continue to work with the Scottish Housing Network this year and will use the SHR's data to benchmark our performance against similar size landlords to determine how we are performing in relation to others within the sector.

Regeneration

Key Themes

Our Regeneration Strategy is aligned with National, and Local Government Housing and Regeneration objectives, these will be reviewed in line with Business Plan priorities. Our 3 Strategic themes of Physical, Economic and Social regeneration are designed to improve housing quality and tenure, place making, health and wellbeing, social isolation, community cohesion and capacity building, digital inclusion, challenging poverty and fuel poverty, recycling and environmental impacts, employability, health, education, and physical participation. The Regeneration Team continues to provide a wide range of activities for our residents and the wider community.

Our Strategy will be developed upon the success of existing regeneration initiatives and emerging themes designed to improve the lives of our tenants, residents, local people and help to support the most vulnerable and marginalised members of our community.

Glasgow North Strategic Development Framework

Glasgow City Council released their Glasgow North Strategic Development Framework (GNSDF) consultation document in October 2020.

The document identifies 4 main outcomes; **Working North** which would include digital infrastructure and inclusive economic growth; **Liveable North** with housing as a key element; **Connected North** which would include issues related to local travel and town centre shopping; **Green North** to consider access to good quality open spaces and development proposals for vacant and derelict land.

ng homes will continue to develop discussions with partners in Glasgow City Council to play a lead role in the transformation of Glasgow North. We look forward to working for residents and businesses, both existing and new, on creating a thriving, inclusive, prosperous, green, and healthy Glasgow North.

Physical

ng homes are committed to providing high quality, sustainable, energy efficient homes for all our tenants. This was enhanced through our new build housing programme. In February 2022, we completed a 49-unit flatted development at Keppochhill Road, Springburn, comprising 28 units for social rent and 21 units for mid-market rent. Tenure diversification is also a priority as providing a greater choice of tenure, beyond purely social rent will attract a more diverse range of households into the area. The Association also plans to undertake a small-scale new build development on its gap site at Ashfield Street/ Crowhill Street. Consultants will be appointed to undertake an options appraisal for the site. This will also assist with Glasgow City Council's Affordable Housing Supply Programme.

The Association wishes to preserve the heritage of the North of Glasgow and as such is keen to lead on an initiative that will support the preservation of this historic building. In order to do this, the Association intends to liaise with GCC, Historic Scotland, Heritage Trust Network Scotland, Glasgow Life, and other relevant parties to secure funding to undertake a feasibility studies and options appraisals to determine the future use of the following buildings:

- Mosesfield House - a Category B listed country house situated in Springburn Park that is currently under-utilised and will become void in the short to medium term

ng homes is a trading name of North Glasgow Housing Association Ltd.

- Rennie MacIntosh Villas - Two properties designed by the famous architect that we are in discussion with the Council about taking over and upgrading.

In addition, the Association will offer a free technical support service to local community groups who wish to undertake retrofit projects in the area where the skill set does not exist within the group. This service will help facilitate physical, social, and economic growth within North Glasgow.

Economic

Our economic regeneration is channelled through our social enterprise company ng2, which supports the delivery and outcomes of our employability and personal development initiatives. ng2 also provides a significant financial and value for money benefit for ng homes residents, as no vat is payable on the labour costs. This equates to a vat saving of 20% on an average salary bill of £1.7 million per annum. We will re-engage post pandemic with a range of third sector organisations to explore employment opportunities for young people and vulnerable groups.

As a social enterprise ng2 is committed to delivering a social as well as financial return. We continue to engage with a range of third sector organisations including Scottish Council for Voluntary Services (SCVO), Help for Heroes charity focusing on re-engaging ex British Army veterans back into employment and Scottish Government Community Jobs Scotland (CJS) programme for young people, which also prioritises those from vulnerable groups.

Private Sector – Business Improvement District Possilpark

The concept of a Business Improvement District (BID) is for local business leaders to form a group that could help revitalise the Possilpark area. The Council agrees a baseline service agreement to ensure the BID doesn't replace statutory council services as it is for additional activity. The ballot for the BID area completed in March 2022 with a successful ballot and the BID is now operational in the area.

Funding of circa £350,000 has been granted from Glasgow Town Centre Action Plan fund for a shop front improvement programme.

Social

Our social regeneration focuses on community development, capacity building and community cohesion. These themes are supported by a range of community charities, local volunteers, schools, colleges, and universities vital to the delivery of local projects and initiatives.

Cultural Integration

We continue to maintain and develop our cultural integration programmes. There has been a strong element of cross-cultural integration through our engagement with various communities and their associated organisations. Activities include weekly, monthly, and larger multicultural community events. Our engagement in this area of work has been recognised by the presentation of awards for work in promoting cultural integration.

Cultural integration has a strategic fit with the New Scots Refugee Integration Strategy. Our activities meet and complement strategic outcomes such as Refugees and Asylum Seekers living in safe, welcoming, and cohesive communities and able to build diverse relationships and connections. The associated objective is that refugees can share their language and culture with local communities.

Climate Challenge

As a socially responsible and ethical Registered Social Landlord, we are committed to undertake our business activities in a sustainable and ethical manner.

Throughout our partnership with Keep Scotland Beautiful Climate Challenge programme we have increased opportunities and access for residents to recycle and reduce waste going to landfill. We have a local distribution unit where we operate our textile and furniture re-use and recycling project.

A key priority within our Climate Challenge actions was to address issues around energy efficiency, energy awareness and fuel poverty. Our future investment programme aims to deliver significant reductions in greenhouse gas emissions and energy consumption. We will achieve this by addressing how people live in their homes. Using the latest technology and working closely with tenants, we will support them in adopting energy-saving behaviours and educate them on how best to use their new systems.

The projects in the multi-storey flats will generate social and economic benefits down through the years by a reduction of fuel poverty in a deprived area of Glasgow. Our upgrades will do this by:

- Saving households up to £6.8 million in fuel bills
- Supporting vulnerable tenants to manage fuel poverty
- Improving tenants' health & wellbeing

Support During Covid-19 and beyond

External grant funding is extremely important to our regeneration efforts; aligned with ng homes' own regeneration budget. We continue to source funding opportunities harnessing a powerful combination of internal and external funding for the benefit of the community.

The range of ongoing external funding and additional Covid supported activities allowed an increase in ng homes direct role in providing community support services during the Covid-19 pandemic. The National Lottery Community Fund: Supporting, Connecting and Building Resilience of North Glasgow Community is funded for a period of three years. The main elements of this project include maintaining and building on the furniture and furnishing referral service and it also includes a 'wrap around' support model working alongside a wide range of community partners. There is a substantial amount of partnership involved within this project with an overall partner groups and thematic groups to link in with regeneration themes.

Other funding received through the Scottish Government and other bodies has allowed a substantial amount of fuel support and cost of living measures to be supported over the last year.

Asset Management Strategy

A major objective for ng homes was to complete a comprehensive Asset Management Strategy for all our stock. This resulted in carrying out a full stock condition survey of over 80% of our stock which included a voluntary social survey. This has allowed us to make an informed assessment of the future maintenance requirements over the next 30 years, for business planning and investment purposes. The survey has taken full account of the Energy Efficiency Standard for Social Housing (EESH) and the Scottish Housing Quality Standard (SHQS)

The Association's interim Asset Management Strategy will be replaced by a new more comprehensive strategy and will have several key objectives-including:

- Strategic Aims
- Stock Condition Survey Plan
- Investment Plan
- Dealing with Hard to Let Stock
- Risk Management
- NPV model Update
- Disposal/ Demolitions Strategy
- Tenemental Strategy
- Energy Efficiency Plan
- Housing Sustainability Plan
- Road Map to Net Zero 2040
- Tackling Fuel Poverty
- Funding Opportunities
- Budget
- Action Plans

Planned Maintenance

The anticipated planned maintenance spend-over the Business Plan period is as follows:

- 2023/24 - £ 8.8 million
- 2024/25 - £ 6.9 million
- 2025/26 - £ 6.9 million

All future investment priorities will be determined by the following key strategic drivers:

- Legislative Requirements
- Regulatory Requirements
- Stock Condition
- Health and Safety

EESSH

The Scottish Government requirements for EESSH 2032 has provided targets for social housing to be EPC Band B by 2032 (within the limits of cost, technology, and consent). As a result of this and due to the large leap required for some of the properties to move from their current EPC rating to Band B, significant investment has been undertaken and planned for future years. Additionally, no social housing EPC Band D and below is to be re-let from December 2025. The business case for doing this is dependent upon the savings made by the tenants to ensure that the investment required is not disproportionate to the benefits for the tenants. To achieve this, we need more data on the positive effects that this will have on fuel poverty and the health and wellbeing of our tenants. We also identified, based on the budgets which had been set within our 30-year Business Plan, that we would need to access financing/grant funding to achieve our aspirations.

Following the launch of the new Scottish Government District Heating Support Unit, the Association has applied for grant funding for feasibility studies. If successful, this will support future phases of EESSH and Net Zero projects and enable projects to be ready to progress should grant funding become available. The Association will continue to actively pursue all funding opportunities.

Risk Management

The operational and strategic risks are monitored on an ongoing basis and the Strategic Risk Register was approved by the ng homes' Board.

Our Audit Committee has specific responsibility for overseeing the work of external and internal auditors, conducting reviews, and implementing procedures necessary to maintain internal control. This is done to ensure that the internal control arrangements are systematically reviewed and that any weaknesses in control are identified, reported, and corrected. As part of this the Audit Committee produces annual reports for the Board, commenting on the internal control system, the external auditor's Audit Findings Report and the internal audit annual report.

The role of the auditors is only part of the internal control process and management of risk. The Board, staff and external consultants contribute to the process of risk management through a variety of different reports and reviews that are presented to the Board. When significant decisions are being made these are always accompanied by appropriate reports outlining the options relating to that decision and what effect this will have on ng homes.

We proactively work to contain and limit the risks to which our organisation is exposed. Each activity we undertake will bring its own area of risk. We will regularly identify and appraise risks, taking a prudent approach to managing them.

In our management of risk, we:

- Recognise that ultimate responsibility rests with the Board, with high quality advice and support from the management team and auditors
- Recognise that everyone in the organisation has a role to play in identifying, managing, and mitigating risk
- Comply with all statutory, regulatory, and good practice requirements
- Adopt structures which delegates authority to the appropriate level for risk management of various activities
- Adopt, implement, and regularly review key policies

- Support Board members and staff with risk and business continuity training
- Employ a programme of internal audit to assist in risk identification
- Obtain verification from external auditors of the statements of internal control

To enable risk management reporting, identified risks need to be assessed and evaluated in terms of the likelihood or probability of the risk occurring and the impact that such an occurrence would have.

We have developed a high-level Strategic Risk Register that identifies the risks to our Business Plan and the achievement of our strategic goals. This includes the actions that we undertake to mitigate these risks. The operational risk registers are reviewed on a regular basis by all Boards and Sub-Committees to assess whether any new risks should be added, evaluate existing risks, and agree on any action required.

Progress Monitoring and Reporting

The ongoing monitoring, review, and reporting of performance against the Business Plan are key components of the business planning process at ng homes.

We will assess our performance in a variety of ways with a comprehensive rolling programme implemented to ensure that progress is measured and evaluated as follows:

- Managers will work with and support teams and individuals to achieve their objectives – this will be achieved through regular team and departmental progress review meetings, individual discussions and via the performance review process
- Performance will be reviewed with staff at the operational level monthly
- An internal review will be undertaken on a quarterly basis reviewing progress/status reports and financial information
- A six-monthly update report will be provided to the Board on performance and progress against the Business Plan
- A Business Plan review and update session will be held with the Board and staff every 6 months to report and examine performance against the business objectives, review achievements, discuss any issues that have impacted on the plan and explore any new opportunities that have emerged.

The approach outlined above reinforces the importance of the Business Plan as a strategic planning tool and will ensure that we respond quickly to any changes in the internal and external environment and are able to take the appropriate action in line with our strategic plan.

Appendix 1

Detailed financial management and scenario planning

1. Operating Environment

NGH has withstood difficult economic and operating conditions for several years. Their strong liquidity means they remain in a strong position to respond to the financial challenges ahead, although those challenges are significant and show no sign of lessening. NGH will have to continue to manage their resources to ensure their financial well-being, while maintaining rents at a level that tenants can afford to pay and invest in their homes.

Inflation rose to more than 11% in October 2022 and while it has started to fall, (it rose again unexpectedly in February from 10.1% to 10.4%) it remains high with food and energy prices continuing to put pressure on household incomes. While the prediction is that inflation will reduce significantly in the remainder of this year, that does not mean that prices are going to come down.



U.K. energy prices have begun to fall away when compared with prior highs, which has provided a significant easing of inflation pressure across several sectors. The BoE believes this will be a factor in the U.K. avoiding a technical recession in 2023.

However rising prices of major components, energy and wages will inevitably put a break on the investment plans as a way of saving money. This can never be in the best interests of tenants but is part of a strategy to ensure the future viability of the Association. The business plan now assumes inflation + 1% rent increases until year 9 of the plan as we try and recover some of the “lost” rental income from below inflation rent increases.

Our focus going forward is to ensure the financial well-being of the Association. How financially healthy we are and how well we use our money with a focus on best value, viability, and our ability to remain resilient against the economic challenges. It is important for our tenants that rents remain affordable, investment is delivered, and ng homes continues to look after their health and safety.

We recognise that to maximise the benefits for tenants, ng homes must also develop a strategy that delivers efficiencies and focuses on budgetary control. This is key to the future success of the Association. However, we cannot do all this ourselves without help from Government. The economic challenges we face are unprecedented; if targets are to be met relating to affordable rents, Net Zero and new build housing it is inconceivable that this will not involve assistance from the Scottish Government in relation to grants.

2. Economic Outlook

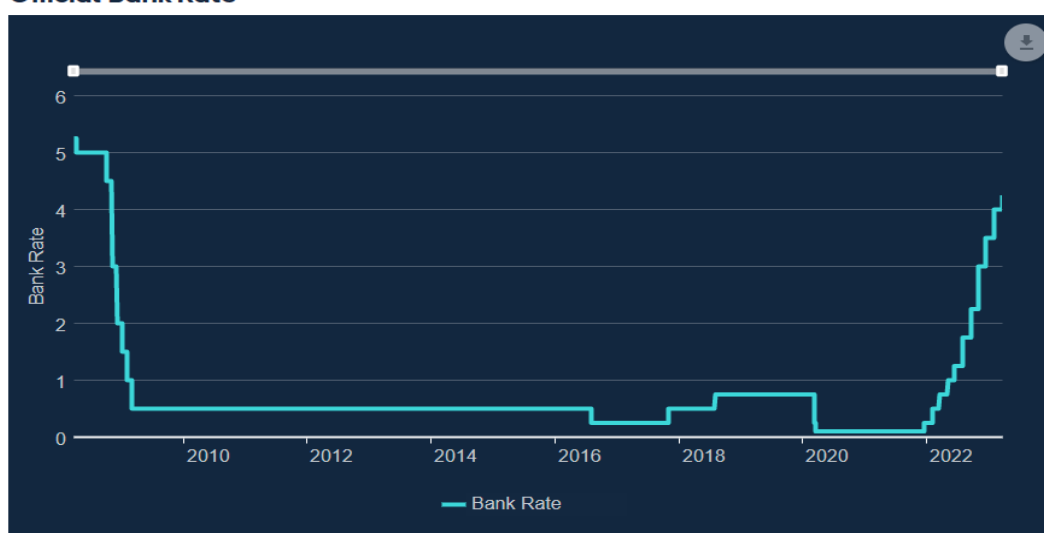
There have been large and volatile moves in global financial markets, since the failure of Silicon Valley Bank and in the run-up to UBS's purchase of Credit Suisse, and reflecting market concerns of a collapse similar to that of Lehman Brothers in 2008.

The Bank of England's Financial Policy Committee (FPC) has briefed the MPC about recent global banking sector developments. The FPC judges that the UK banking system maintains robust capital and strong liquidity positions and is well placed to continue supporting the economy in a wide range of economic scenarios, including in a period of higher interest rates. The FPC's assessment is that the UK banking system remains resilient.

Reflecting these developments, bank wholesale funding costs have risen in the United Kingdom. The MPC will continue to monitor closely any effects on the credit conditions faced by households and businesses, and hence the impact on the macroeconomic and inflation outlook.

The Committee recently voted to increase Bank Rate by 0.25 percentage points, to 4.25%. CPI inflation increased unexpectedly in the latest release, but it remains likely to fall sharply over the rest of the year. Services inflation has been broadly in line with expectations. Although nominal wage growth has been weaker than expected, cost and price pressures have remained elevated. The MPC has indicated that they will adjust Bank Rate as necessary to return inflation to the 2% target sustainably in the medium term.

Official Bank Rate



The business plan has assumed a variable rate of 5% in 2023/24, 4.5% in 2024/25 and 4% from 2025/26 onwards.

Over recent years, large shocks and their aftermath have resulted in significant revisions to the business plan. We therefore continue to emphasise the uncertainty around our financial projections, with the very real possibility that any of several key assumptions within the business plan could prove too optimistic or pessimistic.

We will therefore continue to monitor the economic environment, amend our assumptions within the plan and take the necessary action to ensure our viability.

3. Asset Management

We are a property business and we understand that an effective Asset Management Strategy is key to the delivery of our business objectives and ensure continued financial viability, compliance with obligations to lenders and safeguarding the interests of all our stakeholders.

Simply put it is essential that the performance of existing assets continues to be effectively monitored and managed. We will be updating our asset management strategy with the aim of us in our assessment of whether the current or future homes are fit for purpose which means that our homes are: -

- managed efficiently and generating demand;
- in good condition with a costed, affordable maintenance programme;
- making a positive contribution to the landlord's business plan;
- delivering value and amenity.

3.1 Asset Management Strategy Objectives and Responsibilities

The current Asset Management Strategy will be replaced by a new more comprehensive strategy and will have several key objectives including:

1. Ensuring that ng homes have accurate information that enables structured and rigorous planning and analysis to support good decision making.
2. Ensuring that ng homes houses are fit for purpose, compliant and supports the business objectives.
3. Making the right decisions about homes that are either underperforming or failing to reach their full potential in line with the n g homes objectives; and
4. Protecting and enhancing income streams by ensuring properties continue to meet customer expectations.

The new strategy will assist us in: -

1. Developing systems to ensure our homes are not affected by mould and dampness; reported cases are dealt with timeously, if identified.
2. Complying with the Energy Efficiency Standard for Social Housing and if financially sensible EESSH2 guidance.
3. Continued compliance with Scottish Housing Quality Standards (SHQS) and
4. Compliance with relevant regulatory inspection and servicing regimes (Including gas, water hygiene, fire, asbestos, and electrical testing).

The asset management objectives will be monitored, and compliance reported to the Regeneration Committee throughout the year. All future investment decisions should be taken based on the principles Best Value, Financial Viability and Customer Satisfaction and evidenced to the Board.

We do not underestimate the challenge that we face in delivering energy efficiency and carbon reduction measures to our homes. As stated previously, we believe that this will require financial support from the Scottish Government if these targets are to be met.

The Strategy will:

1. Give greater certainty for planned investment.
2. Provide a clear understanding of the financial implications of investment
3. Increase consultation and satisfaction with tenants and other stakeholders

3.2 Financial Appraisals

There are several reasons why a property may cease to meet strategic requirements and become worthy of appraisal. This can include issues relating to

1. Tenant satisfaction
2. Costs of regulatory compliance
3. Long-term sustainability

We will develop an appraisal model that will scrutinise the performance of our homes considering a set of inputs effectively a measure of property performance, or cost benefit analysis. This would consider a range of inputs, such as income, demand, management, and projected maintenance costs (including health and safety).

It is important that we assess the performance of our assets based upon up to date, comprehensive and reliable information. Using this information, we can identify those assets that make a positive financial contribution to the business plan and those which do not.

Financial Appraisals will be undertaken by the calculation of a positive Net Present Value (NPV), indicating long-term financial sustainability. NPV will be calculated for all properties, with updated NPVs calculated for all properties in identified clusters, or which have been identified by operational or maintenance teams and posing an “asset issue with an uncertain future.

Assessment of the necessary course of action can always be completed on a house-by-house basis, if required or by identified groups of homes. When assessment suggests that property assets performance is not sustainable, ng homes will consider:

1. additional reinvestment, as determined by stock condition data.
2. use for an alternative customer or client group to improve financial viability.
3. Partnerships with developers for mixed tenure developments/regenerated blocks
4. Disposal to other affordable housing providers; or
5. Disposal on the open market.

Any disposals will need to take account of loan security issues or HAG conditions relating to the properties in question.

4. Financial Headroom

To survive in this complex economic environment, it is important that we provide appropriate and sustainable headroom in the financial projections. This should demonstrate that loans are repaid timeously, covenants are complied with, and we can handle any risks that arise. We do not underestimate the scale of the challenges we face.

The Board must ensure that it is able to detect timeously any serious risk to the financial sustainability of the Association and take quick and appropriate corrective action. We need to be candid about our finances and realistic about the implications of:

- Conflict in Europe
- Recovery from the effects of the Pandemic

- Brexit
- Affordable rents
- Demand for properties
- Welfare reform
- Cost of living crisis
- Costs of energy
- Building cost inflation
- Increases in interest rates
- Covenant compliance

The Board must consider all the risks in the business plan, model the financial effects of changes to key assumptions and have contingency plans in place as appropriate. The operating environment will remain complex and challenging for the foreseeable future. We understand that we must continue to adopt a prudent approach to financial management and provide an efficient service. These include:

- Bad debts assumed to be 3% for Yrs. 1 to 5 and then 2%. Voids 2%. The void rate for the Association for the year to March 2021 was 1.3% and the bad debts write off was 1.3% of the rental income.
- Capitalised and non capitalised repairs increased by 20% from 2024/25
 - Including EESSH investment and MSF cladding and
- Cost uplifts above inflation of 0.5% in the long term for all maintenance and salary costs
 - In 2023/24 maintenance costs are assumed to increase by 2% above inflation (5%) and in 2024/25 increases of 0.5% above inflation.
 - In 2023/24 salary costs are assumed to increase by 1% above inflation (5%) and in 2024/25 increases of 0.5% above inflation.
- Variable Interest rates assumed to be 5% in 2023/24 and decreasing to 4% by 2025/26.

5. 5 year and 30-year financial plans

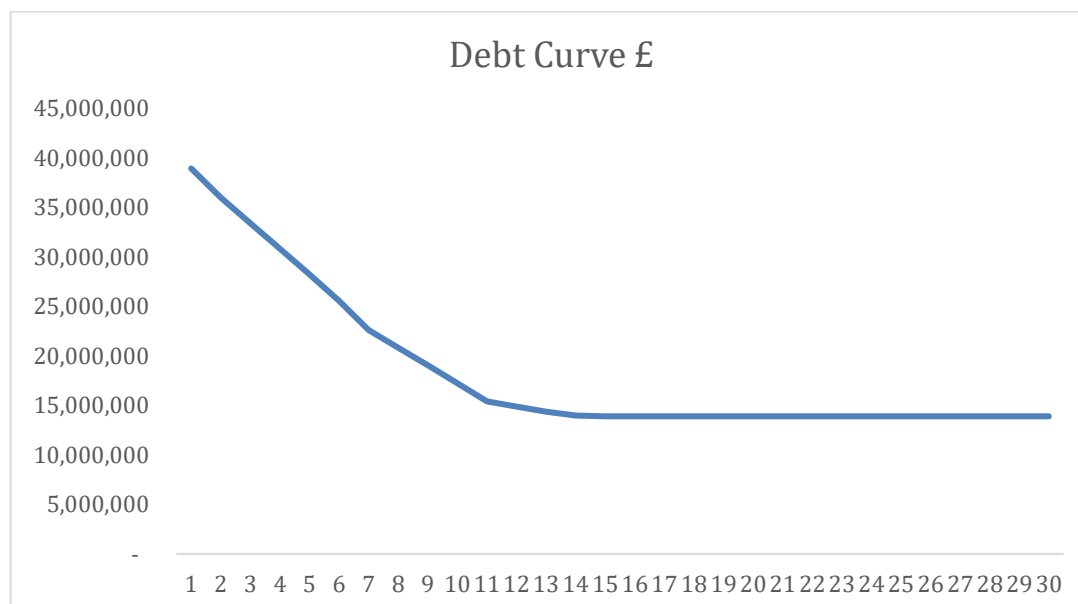
Our 5-year financial projections show us generating the following results for years 1-5 (2024 - 2028). The projections show that we are covenant compliant and viable. The impact on projected operating spending and cash is noted below:

Year March	2024	2025	2026	2027	2028
Net surplus	£186,200	£3,775,100	£2,372,800	£1,037,600	£3,255,500
Cash balances	£18,381,800	£16,470,100	£15,217,700	£14,406,200	£12,752,300
Loan Balances	£38,947,800	£35,998,600	£33,431,200	£30,840,400	£28,230,800

Our 30-year projections indicate that we are viable in the long term and fully compliant with current lending covenants and loans repaid within the required term

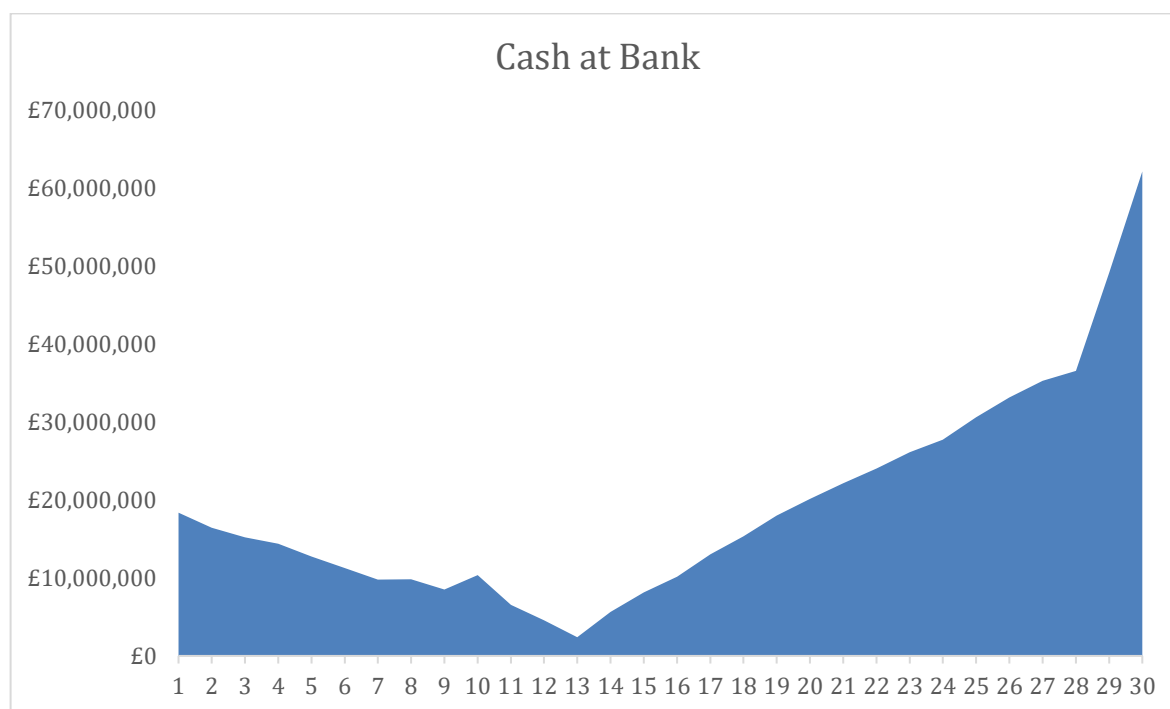
Key Assumption	Business Plan 2023/24
Opening stock	5,451
Average rent	£5,058 per unit
Annual rent increase	+ 1% year 2 to year 9, then inflation only increases (2%) years 10-30
Void loss/ bad debt/	1.1% Voids; 1.5% bad debts Yr. 1 2% Voids; 2% bad debts Yrs. 2 to 30
staff costs	£5.637m yr. 1 with 6% increase in yr. 2 (inflation + 1%) and then uplifts of 0.5 % above inflation from year 3.
planned maintenance	Average spends per year £7.5m with 2% uplift above inflation in yr. 2 and then uplifts of 0.5 % above inflation.
cyclical maintenance	£2.311m yrs.1 -30; + 2% (above inflation) cost Y2 +0.5% cost growth Y2-30
reactive maintenance	£3.463m yrs. 1-30: + 2% (above inflation) cost Y2 +0.5% cost growth Y2-30
Opening loan balance	£45.9m
Opening cash at bank	£21.3m
SONIA	5% year 1 falling to 4% by 2026
Annual inflation rate	5% year 2 (2024/25) 2% Year 3 to 30

The baseline plan is viable in the short, medium, and long term.



The current loans with THFC will be repaid by year 6 and NBS by year 10. The debt curve above illustrates the GBSH bond finance secured recently being repaid in 2038. The increased costs of maintenance has amplified the need for additional private finance. A loan balance of £13.9m remains outstanding in 2053 which demonstrates an increased need for private finance to support the increased costs of the planned maintenance programme. The average cash at Bank projected over

the next 5 years is £15.4m. The lowest cash balance is £2.4m in 2036. We appreciate that we must have a strong focus on cost control in this complex economic environment.



6. Sensitivity analysis

We have undertaken sensitivity analysis on our plan, the outcome of this is highlighted in the table below.

Sensitivity	Year 30 Cash	Peak Debt	Y/E	Year 30 Debt	Min Cash
Base	£62.2m	£39m	2024	£13.9m	£2.4m (2036)
Base Voids 5% Bad debts 5% (5 Years)	£47.8m	£39m	2024	£13.9m	-£8.4m (2036)
Major Repairs + 10%	£17.6m	£39m	2024	£13.9m	-£13.0m (2036)
SONIA 6% (5 Years)	£60.9m	£39m	2024	£13.9m	£1.6m (2036)
Inflation 1% and inflation only rent increase	-£12.5m	£39m	2024	£13.9m	-£25.3m (2051)
Major repairs + 10% and inflation only rent	-£50.8m	£39m	2024	£13.9m	-£66.6m (2051)
Staff cost +10%	£30.1m	£39m	2024	£13.9m	£7.4m (2036)

Some of the scenarios above would cause significant stress to the Association No lender would accept continuing outflow of funds without remedial action being taken. At the time of preparing the Business Plan, few of these scenarios are anticipated. However, the situation will be continually monitored closely and in the event of one or more changes in the assumptions made, appropriate action will be taken to ensure the Association remains viable and fully compliant with lenders' covenants.

7. Loan portfolio covenant structures

Our main loan facilities are with three mainstream lenders to the RSL sector, Nationwide Building Society (NBS), The Housing Finance Corporation (THFC) and GBSH. Each lender sets covenants over their lending and we must satisfy these conditions of lending ongoing. Lenders apply their own definitions and covenants. NBS sets an interest cover and asset cover testing.

We monitor these covenants against the set definitions on a quarterly basis within our management accounts. Interest cover tests the ability to repay interest back to the lender and asset cover tests the level of security (property) to be given to the lender to support their facility.

THFC have no specific accounting covenants but simply require their loan security to be met and net income from their rented properties to be greater than their interest payable. Therefore, Business Plan movements do not impact on these covenants.

GBSH have no specific accounting covenants but simply require their loan security to be met and net income from their rented properties to be greater than their interest payable. Therefore, Business Plan movements do not impact on these covenants.

We have fully considered the implications of the different covenant structures over the 30-year plan. Full compliance is evidenced throughout. The Income and Expenditure worksheet in the business plan model contains all covenant calculations for gearing, interest cover and debt per unit. We continue to monitor these covenants on a quarterly basis, and are also tested and reported to the Board and lenders annually.

Appendix 2









30 Year financial projections








This is contained in a separate document (attached)

Appendix 3

Key Performance Indicators

The table below provides a detailed breakdown of our performance for 2021/22:

1.	Key Performance Indicators (KPIs):				
	Indicator	Out turn 20/21	Target 21/22	Year to Date April 21 – March 22	Risk
	Voids				
	Vacancies in lettable stock	8%	10%	493 (9%)	
	Lets	429	No Target	410 +New Build 438	
	Section 5 Homeless Lets	26%	35%	32%	
	Average re-let timescale	36.4 days (27.2 exc. Covid)	25 days	18.1 days	
	Offers Refused	44%	30%	15%	
	Rent & Arrears				
	Void rent loss	0.9%	0.7%	0.5%	
	Gross rent arrears (Current, Former & W/Off)	5.8%	5.5%	5.6%	
	Non-Technical Arrears	4.2%	4%	3.7%	
	% of tenants with arrangements.	65% £588,966	No Target	68% (£641,668.99)	
	Tenancy Sustainment				
	Tenancies Sustained for more than 12 months	89%	85%	89%	
	Anti-Social Behaviour				
	No of Anti-Social Cases received in the year	99	No Target	71	
	Indicator	Out turn 20/21	Target 21/22	Year to Date April 21 – March 22	Risk

No of Anti-Social Cases resolved in the year & within timescale	93%	90%	67 Resolved 100%	
Court Action & Evictions				
New Court Actions	19	No Target	31	
Court Actions that resulted in Evictions	1 ASB	No target	4 (Rent Arrears)	
Repairs				
Average timescale to complete emergency repairs	2.63 hrs (8804)	24 hrs	3 hrs (8447)	
Average timescale to complete non-emergency repairs	4.68 days (5715)	5 days	5.6 days (10552)	
Reactive Repairs completed right first time.	94%	90%	92%	
Gas Safety Certificate Compliance				
% with current gas safety certificate	100%	100%	100%	
Properties with gas cert' renewed within 12 months	99.8%	100%	100%	
Adaptations				
Application brought forward from 20/21	5 (3 cancelled)	No Target	5	
Applications approved YTD	95 New (1 Cancelled)	No Target	110	
Number of medical adaptations completed.	105	No Target	106	
Average days taken to complete adaptations	15.35 days	25 days	17.4 days	
Indicator	Out turn 20/21	Target 21/22	Year to Date April 21 – March 22	Risk
Customer Satisfaction				
Overall Service Level	90%	90%	94.8%	