**GOVANHILL HOUSING ASSOCIATION**

**BUSINESS PLAN 2019-2022**

**EXECUTIVE SUMMARY**

**Introduction**

This document is the Business Plan of Govanhill Housing Association (GhHA). In it we set out GhHA’s objectives and priorities for the future, what we will do to achieve these, and the resources we will deploy to bring our plans to fruition.

**The Association and What We Do**

GhHA is a registered social landlord and a Scottish charity. As a community-controlled housing association, we are led by a Management Committee made up of local residents, all of them volunteers. GhHA was formed in 1974. We now own and manage around 2,700 homes for affordable social rent and factor over 1,400 privately owned residential and commercial properties.

Our strengths include:

* A committed and experienced Management Committee and staff team.
* Positive partnerships with tenants, community groups, Glasgow City Council and other public bodies.
* Good, and improving, results for service delivery and for tenant satisfaction with our services.
* A strong track record in investing in tenants’ homes, and in maximising tenants’ incomes. We have delivered £43 million of major repairs work since 1999, and since 2014 we have helped more than 1,500 clients to obtain more than £4.2 million in unclaimed welfare support.

In the last year, GhHA has been designated as the community anchor organisation for Govanhill’s Thriving Place initiative to regenerate the area. This is welcome confirmation of the leadership role we play in the community, and we continue to work closely with our subsidiary company, Govanhill Community Development Trust, which provides a wide range of community development and support services in Govanhill.

**Business Plan: Strategy for the Next Three Years**

The Management Committee has set clear aims and a clear strategic direction for the future.

The Business Plan articulates the following **vision and mission** for the future:

Everyone living in Govanhill and Merrylee should:

* *Enjoy good quality, warm, safe and affordable housing that contributes to their health and wellbeing and to community pride*
* *Live in a neighbourhood that is clean and well cared for, with excellent neighbourhood services and opportunities for all.*

Our **strategy for the future** has four main strands:

In setting the strategy – and in considering how it will be delivered - we have given careful consideration to the external challenges and risks the Association may need to manage in the years ahead. Not least, the impact that Universal Credit will have on our tenants and the Association’s income, and continued uncertainty about Brexit, and whether this will drive up inflation and interest rates. The Association will manage these risks by ensuring that we have strong governance and financial management, to achieve the best outcomes possible for our tenants and for the Association in potentially challenging circumstances.

**Business Plan Priorities**

**Consolidating and improving our landlord services**

The Association’s performance in meeting the Scottish Social Housing Charter (the standards all social landlords must meet) continues to improve, along with increases in customer satisfaction levels.

We are also aware that there are areas where tenant satisfaction is lower, for example the condition of closes and back gardens and the financial pressures many tenants face in paying their rent.

Our priorities for 2019/20 include:

* Keeping lost rental income under control, as more tenants move to Universal Credit
* Providing tenants with expert support through the Govanhill Welfare Reform & Financial Literacy Hub
* Improving our performance in managing empty homes
* Implementing our new contract for responsive and void repairs, and completing the procurement of our remaining maintenance contracts.

**Investment in our tenants’ homes and in new homes**

GhHA will produce a comprehensive, organisation-wide Asset Management Strategy. This will help us to understand demand for our houses better and what options we should be considering for future management and investment. Overall, the Strategy will help us to carry out the analysis that is needed to make future decisions based on firm evidence.

GhHA will continue to prioritise investment in our tenants’ homes. In the 2018 Customer Satisfaction Survey (1050 interviews), 91% of respondents told us that improving tenants’ homes was a top priority for them.

The Business Plan proposes an investment programme of c. £2.8 million each year, including work to renew kitchens and bathrooms, install energy efficient boilers, replace single glazed windows, as well as carry out other work that will help to reduce tenants’ fuel bills.

**Investment in new homes**

Following the completion of GhHA’s new build projects at 195-201 Victoria Road and 134 Inglefield Street, our next development at 159 Butterbiggins Road is scheduled for a site start in the final quarter of 2019/20. Together the three new build projects will provide 88 new homes, including homes for people whose needs cannot be met in the traditional tenements, such as larger families, older people and wheelchair users.

We will consider further development opportunities on their merits as they arise. There are competing demands on the Association’s cashflow during the next five years, so we will consider viability and sustainability carefully before committing to new developments.

**Tackling poor housing conditions in South West Govanhill (18 tenement blocks)**

GhHA has secured £34 million funding from Glasgow City Council and the Scottish Government for an Acquisition and Repair Programme to be completed between 2017/18 to 2020/21. GhHA will use the funding to purchase properties in South West Govanhill and to carry out an appropriate level of works, which may be internal works; more comprehensive major repair, common works and internal works; or common repair schemes. In the first year of the Business Plan (2019/20), GhHA anticipates:

* Acquiring circa 60 flats
* Completing internal improvements and repairs to circa 100 acquired flats
* Establishing the Association as factor in around 10 additional tenements

During 2018/19, the Association was successful in obtaining a review of the terms and conditions of funding and scope of works with Glasgow City Council and the Scottish Government, resulting in a more positive and strategic progression of the 4 year programme. The Association can now confidently proceed with future property acquisitions and work contracts having addressed this key risk area.

**Value for Money and Rent Levels**

In our recent Customer Satisfaction Survey, 84% of respondents said that GhHA’s rents represented good value for money. This is a 25% increase since 2015.

At the same time, the Management Committee is aware that GhHA rents are relatively high compared with other social landlords. The reasons are mainly to do with the age of much of our housing stock, and the need for a steady injection of cash each year to bring tenants’ homes up to present-day standards.

The Business Plan is based on a policy of annual rent increases of inflation (Consumer Price Index) plus 1%, apart from 2019/2020 which has been restricted to a CPI-only increase on the understanding that this will delay some of the home improvements planned in our major repairs expenditure.

GhHA has examined the feasibility of “inflation only” increases, but this is not possible as a long-term policy for several reasons:

* GhHA’s cashflows would be negative every year, with a cumulative deficit of £19.7 million by year 30
* We would need to borrow more to address this, and this would fail to meet lending covenants
* Major repairs spending would be unsustainable at current levels (£2.8 million per annum).

The Management Committee has been able to approve “inflation only” rent increases in each of the last three years and it will continue to look carefully at what can be achieved on a year-to-year basis. We are also conducting a review of our rent policy and structure during 2019/20. This will seek to harmonise our rent levels for similar accommodation, improve transparency and fairness, and address affordability pressure points.

**Tackling poverty and inequality**

GhHA’s work will have a strong anti-poverty focus, through our own welfare rights and financial advice services, the tenancy information and support services we are providing in South West Govanhill, and the wide range of community development and support services carried out by GCDT. This work will continue to be a high priority during the Business Plan period. Our designation as community anchor organisation for the Govanhill Thriving Place initiative provides a welcome opportunity for the Association.

## Governance of GhHA

## Following a recent governance review, we will implement the priorities set out in the accompanying Governance Development Plan. We will ensure that the Management Committee has a strong blend of skills and experience, and we will seek to attract more tenants and more people from ethnic minorities to serve on the Committee. Learning and development and succession planning will both be high priorities for the Management Committee. Consistent with the new Regulatory Framework for registered social landlords, we will also review and develop our approach to self assurance.

**Financial Management**

The Business Plan demonstrates that, with close monitoring and careful management, the Association has the financial resources needed to deliver its strategy; will be financially viable over the next 30 years; and will be able to meet its loan covenants.

Our ambitious programme of investment in major repairs, South West Govanhill and new developments means that annual cash flows are projected to be negative until 2022/2023, and will then become mainly positive for the remainder of the 30-year projections. The cashflows have also been tested to take account of a range of future scenarios, some internal to Govanhill and some that reflect external risks and uncertainties such as increases in inflation and interest rates.

The Association secured £8.2 million in new loan funding in 2017 to support our investment programmes and the loan funding will be used to support the Association’s cashflows during the next two years while the investment programmes are at their peak. Tight control of costs and income, proactive risk management, strong financial controls and reporting, and maintaining the confidence of lenders will all be essential as we implement our strategy.

Maintaining the Association’s healthy financial position will depend on how we manage risks. The key risks we have identified include the impact of Welfare Reform measures; the risks associated with the South West Govanhill investment programme; future trends in inflation and interest rates; void losses; the volatility of Govanhill’s housing market; and the uncertainty around the potential impact of Brexit on the Association, our client base and our maintenance contractors. These factors, and our proposed responses, are addressed in the Business Plan.