Business Plan 2023/24 to 2025/26

For Management Committee Approval
June 2023
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Executive Summary

This document is the Business Plan of Govanhill Housing Association (GhHA) for the period 2023/24 to 2025/26. It describes in detail what GhHA will do to achieve the Association’s vision for the future.

Our vision is:

Quality homes in attractive neighbourhoods and vibrant communities

The Business Plan is the Association’s main strategic planning document and draws on strategies, policies, and analysis from across our business. The main issues addressed in the Plan include:

- GhHA's strategic direction and objectives
- GhHA's operating environment and stakeholders
- Continuing to develop and improve the services our customers receive
- Managing our assets, including investment in tenants’ homes
- Developing and improving how we manage GhHA as a business
- Strategic risks we need to manage
- GhHA's financial plans and projections

About Govanhill Housing Association

GhHA is a community-controlled housing association and an independent not-for-profit social business. We are also the designated community anchor organisation for Govanhill.

GhHA was first set up in 1974 and operates in the Govanhill and Merrylee neighbourhoods of Glasgow. We own and manage 2,804 homes for social rent and we factor a further 1,451 privately owned properties. Our annual turnover from rental income is c £15.42 million, and we employ 66.9 members of staff (full-time equivalent).

GhHA is a community-controlled housing association, led by an experienced and capable Management Committee. The Committee’s members are volunteers who have a wide range of skills including strong local insight into the needs of our customers and community. The Committee is responsible for providing leadership and direction, while operational management is led by the Director and Senior Management Team.

GhHA has one subsidiary, Govanhill Community Development Trust, which has been operating since 1992. The Trust’s business lies in the provision of community support and development services and ownership management of commercial workspaces located throughout Govanhill.
Operating Environment

In preparing the Business Plan, we have identified the external and local factors that will impact our future strategy. This is particularly important at the present time, when businesses of all types are exposed to a wide range of uncertainties and risks. These include:

- The age and built form of GhHA’s housing stock and resulting levels of future investment needed
- Changing demographics in Govanhill
- Remaining poor quality tenement housing in Govanhill (not owned by GhHA)
- The impact of high inflation and the cost of living crisis on GhHA tenants, exacerbated by high levels of pre-existing poverty and the aftershocks of the COVID-19 pandemic.
- The need to set below inflation rent increases in each of the last two years. It is not financially sustainable to continue doing so since inflation and increasing interest rates have impacted GhHA as a business.
- Sharp increases in our property maintenance costs, caused mainly by Brexit and other global economic factors.
- Acceleration in Universal Credit migration for tenants currently receiving legacy benefits.
- The impact of the war in Ukraine, as seen in turbulent global energy markets and rising food prices.
- Cuts in Glasgow City Council budgets for essential neighbourhood services which will likely continue if planned cuts in UK and Scottish Government public spending take place from 2023/24 onwards.
- Ambitious climate change obligations for Scotland’s housing. These will be particularly difficult to achieve for pre 1919 tenements of the type owned by GhHA.
- National and citywide asks for accommodation to be let to homeless households.

The Business Plan shows how GhHA will monitor (and wherever possible seek to address) risks caused by our operating environment. This will be a bigger challenge in areas we cannot control, such as the performance of the economy and future purchasing and procurement costs. In such cases, we will assess the impact and incorporate this in our decision making on those matters we do control, for example our budgets and spending.

GhHA’s Strategic Direction 2022 to 2025

GhHA’s strategic direction during the business plan period has the following elements:

<table>
<thead>
<tr>
<th>Consolidation and improvement</th>
<th>Applicable to our core business as a landlord and property manager</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing our assets and resources well</td>
<td>Applicable to our housing stock and to our organisational assets and spending</td>
</tr>
<tr>
<td>Growth</td>
<td>At a relatively modest scale, through new build opportunities and purchase and repairs to poor quality housing</td>
</tr>
</tbody>
</table>
Supporting the community | Through our role as community anchor organisation and local partnerships
---|---
Resilience | To be addressed in all parts of our business

**Strategic Objectives**

GhHA’s plans for the next three years are based on **six strategic objectives**. These describe the impact we want to make in our core business as a housing provider, as a partner in supporting our community, and in the management of the Association.

<table>
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<td>Provide quality homes and work with our partners to make Govanhill a safer, cleaner, greener place</td>
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<tr>
<td>Assets</td>
<td>Manage our assets well, spend our resources wisely, and plan ahead for decarbonisation of our housing</td>
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<tr>
<td>Communities</td>
<td>As the community anchor organisation for Govanhill, work with the community and with partners to strengthen our community and benefit local people</td>
</tr>
<tr>
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<td>Maintain good governance and a strong financial business plan, to ensure we have the capacity to achieve our objectives.</td>
</tr>
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<td>GhHA’s people and organisation</td>
<td>Make sure GhHA is an effective and efficient organisation and that our staff are well trained, valued and supported, and motivated to provide the best possible services to our customers.</td>
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</tbody>
</table>

While our strategic objectives and direction are largely unchanged since the 2022 Business Plan, we have adjusted our priorities and proposed actions in response to the significant changes in operating environment affecting the wider housing sector, as well as within GhHA’s own business.

**Business Plan: What GhHA Will Do in 2023/24**

This section provides a summary of GhHA’s priorities and actions during the first year of the plan (2023/24), while Appendix 2 provides a longer-term view of priorities over the full three years of the plan (2023/24 to 2025/26). These are set out in detail at Appendix 2 of the Plan.
1. Review GhHA’s methods for providing the Management Committee with assurance that we are meeting regulatory standards and requirements.

2. Approve the business plan and budget of our subsidiary Govanhill Community Development Trust (GCDT), exercising an appropriate level of strategic control commensurate with our status as its parent.

3. Introduce a programme of visits to tenants in their homes every other year.

4. Maintain the affordability of GhHA’s rents particularly for tenants who are in low-paid employment and who pay some or all of their rent charge.

5. Set the 2023 rent increase at 6.75%, several points below inflation. Develop proposals for the 2024 rent increase in way that balances affordability; substantial increases in GhHA’s costs, particularly in relation to repairs and maintenance; and the need to preserve future financial viability.

6. Implement the first year of GhHA’s new rent structure which will reduce rent charges for 70% of tenants.

7. Improve our performance in repairing and re-letting empty properties and in collecting former tenant rent arrears.

8. Maintain an adequately resourced income maximisation service available to GhHA tenants and residents.

9. Review our Allocations Policy for letting GhHA properties.

10. Increase to 50% the proportion of our lets that go to homeless households.

11. Provide an improved, expert service for addressing antisocial behaviour effectively, through a new partnership with GCC’s Neighbour Relations Unit.
Engagement with GhHA Customers

12. Launch a new Customer Engagement Plan, including:
   - The formation of a Customer Panel and a residents environmental panel
   - Commissioning the next three-yearly Customer Satisfaction Survey later in 2023
   - Customer engagement/follow-up actions following completion of the Survey.

Digital Services and Communication

13. Increase the use of digital options for customer access to GhHA’s services, gathering of customer feedback, and providing customers with information. We will achieve this through continued development of the CX-Feedback system and the launch and continued promotion of the new GhHA Customer Portal.

Asset Management

Highly performing Maintenance Service

1. Continue to seek improvements in our Reactive Maintenance Performance in terms of speed of delivery and customer satisfaction.

2. Improve the speed of repairing void properties for return to the letting pool and reduce the level of components requiring renewal out with Major Repair programmes.

3. Ensure the timely delivery of cyclical maintenance including gas, electrical and other safety programmes, painter-work and roof inspection and gutter cleaning.

4. Complete the procurement of GhHA’s Maintenance and Voids contract and all other Contracts due to be reviewed 2023/24.

Investment in our housing stock


6. Complete the review and updating of components on Capita based on our approved strategy to renew kitchens and bathrooms by date and all others by their condition.

7. Component replacements: following the completion of two large remediation projects, refocus major repair activity to bathroom, kitchen, central heating, and window renewals.

Complete SW Govanhill Acquisition & Repair Programme

8. Complete Essential Common Works Contracts and refurbishment of acquisitions in current and programmed projects within the funding available from GCC and GhHA.

9. Work closely with GCC to move forward statutory essential common repair projects as required and complete the repairs of a minority of acquisitions within the closes concerned.
New Build Housing

10. Achieve the following outputs:
   - Complete the development agreement and purchase of 60 units from Link HA on the former Larkfield Garage Site.
   - Tender and let contract to build 24 units at 159 Butterbiggins Road.
   - Seek agreement and development agreement for 20 units at the former Clada Club site in Westmoreland Street with its owner.

Maintain Safe Homes

11. Comply with all Health and Safety Legislation to keep tenants and other customers safe, with use of the ACS Landlord Safety Manual and reviews of GhHA processes.

12. Complete the current remediation works at Butterbiggins Road and Cathcart Road.

Factoring

13. Complete the acquisition of common closes as required to support effective property management particularly in the SW Govanhill locality.

14. Reduce the level of current Factoring debtors to below £200k by 31 March 2024.

15. Improve the level of customer satisfaction through regular meetings of our Owners’ Forum, newsletters, and a rolling programme of customer satisfaction surveys.

Improve Energy Efficiency and Reduce Carbon Footprint of our Housing Stock

16. Continue to carry out insulation retrofit works where possible to our housing stock together with the replacement of older less efficient heating systems.

17. Complete the AECB* Retrofit Project at 97 Westmoreland Street. (* Association for Environment Conscious Building).

18. Review performance of existing internal/external wall insulation systems and their effectiveness and work with GCC and other partners re standardisation of pre-1919 retrofit and participate in pilot studies with GCC.

IT Software

19. Make improved use of Capita Software and mobile technology and increase reporting from it.

20. Continued development of use of CX-Feedback as our default customer feedback tool in Maintenance, Factoring & Development.

GhHA’s Organisational Resources and Management

GhHA’s Future Structures and Costs

1. Ensure that corporate management issues and implications are fully considered in corporate work on value for money and efficiencies.
How GhHA Works

2. Complete works to change the layout of our reception area, to make it a healthy, safe, and welcoming space.

3. Continue to monitor and comply with all public health guidance relating to COVID-19 and any other potential pandemic diseases.

4. Bed in the new Corporate Services staffing structure, including reception services.

Recruitment and Succession Planning

5. Evaluate all job roles before recruiting to vacant posts, to confirm whether alternative options should be considered. Seek smarter solutions that would help to reduce staffing costs, for example combining job roles, student placements, allowing acting up for particular projects.

6. Conduct a scheduled review of GhHA recruitment processes, reflecting on how we can improve these and bring further efficiency.

7. Develop a succession planning process for annual succession review discussions with senior staff who are likely to be approaching retirement.

8. Maximise GhHA’s readiness for change over the next 3 to 5 years, particularly in areas that could have a significant impact on our internal resources (cross-cutting work across GhHA as a whole).

Risks and Financial Position

The strategic risks that impact on the Association’s strategy include:

- The continuing economic crisis and future uncertainty
- Cuts in public spending, compromising community resilience and potentially reducing GhHA’s capacity to meet its objectives
- Failure to meet Government targets regarding decarbonisation of our housing stock
- Failure to meet our legal and duty of care responsibilities for the health and safety of tenants and/or staff
- Continued high inflation, seriously affecting GhHA’s tenants and Association’s business resilience over an extended period.

The Association is well-placed to withstand the financial risks that face us in the near term.

However, the wider economic situation has led us to slow down our investment programme because of the reduction in rental income at a time when costs have increased sharply. Internally, asset management will present our greatest financial risks because of the need for sustained high levels investment in the housing stock. This will cover major repairs and the decarbonisation of the housing stock. Our asset management information and approach will be key to managing these issues, along with rebalancing GhHA’s rental income and costs following the recent sub-inflation rent increases in response to the cost of living crisis and the increases seen in repairs and maintenance costs.
1. Introduction

This document is the Business Plan of Govanhill Housing Association (GhHA) for the period 2023/24 to 2025/26.

The foundation for the Business Plan is the vision set by our Management Committee. This vision is:

**Quality homes in attractive neighbourhoods and vibrant communities**

The Business Plan describes how we will make the vision a reality, by setting out:

- Analysis of our operating environment and our internal strengths and areas for improvement
- Our vision, mission, and values
- Our strategic objectives and the outcomes we will seek to achieve over the three-year period of the Business Plan
- Our priorities and the key actions we will take in our main service and business areas during the first year of the Plan
- Assessment of the major risks associated with our strategy, the level of risk we are prepared to accept, and the means we will use to mitigate the risks we choose to accept.
- Analysis of our future finances, to ensure we have the required resources in place to deliver our strategy and that we use our resources in an efficient and effective way.

The Plan is GhHA’s main strategic planning document and is designed to be used alongside the policies and strategies in place for our various services and business activities. The Plan also guides our relationships with GhHA’s customers, funders, regulators, and partner organisations.

In preparing the Business Plan, the Association has referred to a range of good practice guidance sources on business planning, most notably the Scottish Housing Regulator’s “Recommended Practice” on business planning (2015) as well as SHR’s annual reporting of risk factors affecting social housing providers.
## 2. Key Facts about Govanhill Housing Association

<table>
<thead>
<tr>
<th>Description</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year GhHA was established</td>
<td>1974</td>
</tr>
<tr>
<td>Legal form</td>
<td>Community Benefit Society (non-profit distributing) Scottish Charity</td>
</tr>
<tr>
<td>Number of voluntary Management Committee (MC) members</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>All are unpaid volunteers, living in Govanhill, Merrylee and adjoining areas</td>
</tr>
<tr>
<td>Current number of shareholding members</td>
<td>276</td>
</tr>
<tr>
<td>Number of GhHA properties for rent at 31.3.23</td>
<td>2,804</td>
</tr>
<tr>
<td>Number of factored properties at 31.3.23</td>
<td>1,451</td>
</tr>
<tr>
<td>Tenant satisfaction rate (% of tenants surveyed)</td>
<td>82.8%</td>
</tr>
<tr>
<td></td>
<td>79.1%</td>
</tr>
<tr>
<td>Rental income receivable in 2021/22</td>
<td>£15,393k (incl service charges)</td>
</tr>
<tr>
<td>Average 3 apartment weekly rent 2023/24</td>
<td>2023/24 = £102.67 per week</td>
</tr>
<tr>
<td>Average weekly rent (all properties)</td>
<td>£101.01 per week</td>
</tr>
<tr>
<td>Additional income secured for residents through income maximisation 2022/23</td>
<td>£2.39 million in financial gains for 479 new clients with 785 new benefit cases opened.</td>
</tr>
<tr>
<td>Loan/interest repayments for 2023/24</td>
<td>£1,166k</td>
</tr>
<tr>
<td>Total loans repayable after year 1</td>
<td>£23,383 million</td>
</tr>
<tr>
<td>Office-based staff (full time equivalent)</td>
<td>66.9 FTE</td>
</tr>
<tr>
<td>Budgeted spend for reactive and cyclical maintenance 2023/24</td>
<td>£3,431,020</td>
</tr>
<tr>
<td>Budgeted spend on planned and major repairs 2023/24 (excluding South West Govanhill spend)</td>
<td>£4,790,000</td>
</tr>
<tr>
<td>Budgeted spend on development of new homes 2023/24</td>
<td>£Nil, though since the budget was prepared and approved, several opportunities have developed, which the Association is considering.</td>
</tr>
</tbody>
</table>
3. The Association’s History and Achievements

Areas of Operation

GhHA is a community-controlled social landlord operating in the Govanhill and Merrylee neighbourhoods of Glasgow. We own and manage 2,804 homes for social rent and we factor a further 1,451 privately owned properties.

Govanhill is dominated by tenement housing, mostly built between 1890 and 1912 and with some interwar tenements too. It has been a popular place to settle for people coming to Scotland for well over a century and it is today the most ethnically diverse neighbourhood in Scotland. Govanhill has a high density of people and housing, with considerable transience in the local population.

Acquisition and Improvement of Below Tolerable Standard Tenements

Registered in 1974, GhHA was set up by local people to challenge and reverse Glasgow’s policy of demolishing slum housing in inner-city communities. Resident opposition in communities across Glasgow led to changes in legislation and funding in the mid-1970s. GhHA was part of a new breed of community-controlled housing associations (CCHAs) which acted as buyers, developers, and managers of tenement housing. Led by local residents, CCHAs became renewal agents in working class communities throughout Glasgow and their assets were owned by the community.

For a decade after 1974, most tenement housing in Glasgow involved purchasing individual flats and treating them on a “patch and repair” basis. Funding for a fully comprehensive approach to rehabilitation came onstream a decade later and produced higher physical standards and changes to the mix and size of housing layouts. The difference between patch and repair works and comprehensive improvement is key to understanding Govanhill’s housing stock today, with high levels of investment needed in major repairs for more than 20 years.

Neighbourhood Decline and Improvement in the 2000s

Central and local government support for investing in tenement repair and improvement programmes in Glasgow ended in the early 2000s. This had a profound impact on Govanhill’s housing system and local social and environmental conditions. After many years of campaigning by GhHA and other community interests, GhHA entered into a partnership with Glasgow City Council (GCC) and the Scottish Government to address these issues through the South West Govanhill Acquisition and Repair Programme. The Programme has run from 2015 and is now nearing completion. It has had a major impact in addressing serious housing, environmental and social problems in 18 tenement blocks which were among the worst in Govanhill.

New Housing and Stock Transfers

With limited development opportunities, GhHA has completed over 250 new build houses since the early 1980s. This has helped to increase diversity in house types and sizes, but the scale of the programme has not been sufficient to meet all of the housing needs present in the area particularly among households who need larger or specially designed housing. Accordingly, GhHA continues to seek opportunities that would allow us to provide new homes of the types that are needed, through a development programme that is manageable in scale and in terms of exposure to risk.
GhHA experienced further growth in 2010, when stock transfers from Glasgow Housing Association in Govanhill and Merrylee were finally completed. The former GHA housing in Govanhill is located in our traditional area of operation, while Merrylee is a separate neighbourhood to the south of Govanhill between Newlands and Cathcart.

**Key Achievements**

Community-led governance has been central to GhHA’s work for almost 50 years which is in itself a remarkable achievement. Community leadership has helped to deliver sustainable regeneration, long-term value for public money, and a wide range of other achievements which include:

- Acquiring and improving over 1,600 tenement properties.
- Improving a further 600 properties on behalf of other owners.
- Building new homes in Govanhill and Merrylee to meet a wider range of housing needs.
- Investing nearly £50 million in tenants’ homes since 1999 in comprehensive programmes of major repairs and planned maintenance.
- Bringing community ownership to 586 homes in Govanhill and 123 homes in Merrylee.
- Establishing *Govanhill Community Development Trust (GCDT)* in 1992 as a subsidiary of GhHA, to provide community support services as well as premises for local businesses, entrepreneurs, and social enterprises.
- Establishing the Association as the community anchor organisation for Govanhill.
- Hosting the *Govanhill Service Hub*, which involves a wide range of public service providers working together to respond to local issues raised by members of the public or by the partner agencies themselves.
- Providing residents with financial support and services which have been highly successful in maximising the incomes of those using the service.
- Providing a factoring service to more 1,300 properties in private ownership, a critical service in promoting good standards of neighbourhood management in mixed tenure areas such as ours.

While we take pride in our achievements, there is always more to be done to deliver the best possible results for our tenants and the wider community. This Business Plan sets out how we intend to address this.
4. Vision, Values and Strategic Objectives

GhHA’s framework for planning and performance brings together the following elements:

**Culture and Values**

GhHA’s culture and values stem from our purpose of serving the community. Meeting this purpose requires the active engagement of all our people, committee and staff. When we achieve this, our team is more powerful and our ability to achieve GhHA’s goals is greatly enhanced.

As a charity and a community-controlled housing association, GhHA’s values are based on valuing and respecting our customers; our Committee members; our staff; and our partners.

In everything we do, we will strive to be:

- Effective and efficient
- Inclusive and supportive
- Bold and innovative
- Transparent and accountable
- Trustworthy and fair

Equality and respect for everyone’s rights are central to our values. We will reflect this in our work and promote fair treatment and equal access to services and opportunities when working in our own right and when we are working with others.
Our vision for the future is:

Quality homes in attractive neighbourhoods and vibrant communities

Mission Statement

As a community-controlled housing association, we will serve our community by:

- Continually improving our homes and services so that customers are highly satisfied with what we do
- Doing our best for every individual
- Investing in our tenants' homes to improve standards, reduce fuel poverty and help to combat climate change
- Helping to make our neighbourhoods safer, cleaner, and greener
- Helping to make Govanhill and Merrylee neighbourly communities where residents can access support and opportunities.

Future Direction, Strategic Objectives and Business Strategy

GhHA’s Strategic Direction during the Business Plan period 2023/24 to 2025/26 will be:

- Consolidating and improving our services and homes
- Managing our assets and resources well
- Improving opportunities and the quality of life for local people
- Modest growth, by acquiring and repairing poor quality housing and through new housebuilding
Our Strategic Objectives for the 3-year period are as follows:

<table>
<thead>
<tr>
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While our strategic objectives and direction are largely unchanged since the 2022 Business Plan, the detail of this year’s Plan recognises that there have been significant changes in GhHA’s internal and external operating environments during the last year.

This has produced numerous challenges, risks and uncertainties which are present throughout the housing sector. The 2023 Plan makes significant changes to last year’s Plan, based on a new Strategic Analysis (Chapter 4) and an updated set of priorities for the first year of the Plan as stated in the chapters for our various service and business areas.

We do not intend to carry out a strategic options appraisal of our current organisational form at the present time since we are financially secure, delivering improvements to tenants’ homes and working hard to maintain our rents at affordable levels. Accordingly, we believe that the Association can continue to deliver high standards for tenants.

We may consider carrying out options appraisals for specific initiatives or business areas, where this would add value to our decision making. This will apply particularly to our asset management activities.
5. Strategic Analysis

This chapter describes the local and external environments that GhHA works in, and how these impact the Association and our future strategy.

Local Factors

Area of Operation

Govanhill

GhHA's area of operation in Govanhill is bounded by Victoria Road to the west, the railway line to the north, Aikenhead Road/Polmadie Street to the east, and Dixon Road/Avenue to the south. The Association works only to the east of Victoria Road, whereas Glasgow City Council (GCC)'s mapping of the Govanhill neighbourhood also includes the streets between Victoria Road and Pollokshaws Road.

Merrylee

Our second stock area is in Merrylee, which is a stable and sought after neighbourhood, located between Newlands and Cathcart.

There are 690 homes in Merrylee of which GhHA owns 144 for rent. Merrylee has its own local housing office and there is a registered Residents and Tenants Organisation for the area.

GhHA provides services to factored owners as well as our own tenants. We experience continued challenges in undertaking essential External Fabric and Common works in Merrylee due to private owners who are in the majority within the 3-storey inter-war tenement stock. This in turn has restricted scope to meet the SHQS and EESSH and is likely to create compliance issues when the more challenging Scottish Government (ScotGov) requirements on decarbonising homes take effect. As with factored stock in Govanhill, we anticipate that many owners will be unable to bring their homes up to the required standard without significant financial assistance.

At this stage, ScotGov appears more likely to propose a loans-based financing model rather than grants. ScotGov has stated its intention to expand existing domestic energy efficiency programmes but how this would be done at scale and in accordance with just transition principles continues to lack the certainty that property owners will need.

Population and Households

GCC will publish neighbourhood analysis from the delayed 2022 Census in due course. In the meantime, the 2011 Census data continues to be the best information that is currently available. While the age of the data is less than ideal, it probably still has some residual value in highlighting broad trends within Govanhill.

In 2011, Govanhill’s population was recorded as 14,365 people living in 7,411 households. GCC’s Neighbourhood Profile for Govanhill\(^1\) makes the following points about the area:

\(^1\) Published in 2017 but largely based on 2011 Census data
• The area was attractive to forming single person households of working age.
• Demand for family housing was likely to continue to grow.
• There was likely to be hidden overcrowding among some households.
• The area’s population had one of the lowest proportions of single parent families in the city, including single parent households with dependent children.
• There was a rising child population and one of the highest concentrations in the city of households with dependent children.
• There was a below average proportion of single person households over 65 years of age, and a higher proportion of single person households under the age of 65.
• Govanhill had significantly more one person households (53% of all households) than the city average (43%).

In relation to ethnicity, there are some important factors to note:

• Govanhill has a long-established Pakistani population, accounting for more than one in five of all Govanhill residents.
• In the last 15 years, there has been rapid and sustained growth in migrants from the Slovak and Romanian Roma communities. It is thought that numbers have reduced significantly as a result of the COVID pandemic and Brexit, with local agencies estimating a current Roma population of around 3,000 people.
• The area has also seen the arrival of new residents from a large and diverse set of other ethnicities and nationalities.
• In total, the 2011 Census reported that:
  - 61% of Govanhill residents were of White British or Irish ethnicity (Glasgow 85%)
  - 28% of Govanhill residents were born outside the UK, more than double the rate for Glasgow as a whole.

Population changes over the last decade have brought a number of challenges and the Association’s subsidiary GCDT has been at the forefront of providing practical support services to migrant communities to promote integration and community cohesion.

**Future Population and Household Projections 2014 to 2034**

According to National Records of Scotland (NRS), Glasgow’s population was set to increase by 3% between 2018 and 2028. Growth in the number of households was expected to be higher at around 16,000 (5.5%).

GCC’s 2018 projections for the city’s 23 Multi-Member Wards (MMW) reported the following data
for Southside Central MMW which includes Gorbals, Oatlands, Crosshill and Govanhill. The projections use two scenarios:

- The lower and upper estimates shown incorporate NRS population estimates 2014
- The upper estimates further includes GCC’s estimates of changes in future housing supply.

<table>
<thead>
<tr>
<th>POPULATION</th>
<th>2014 to 2024</th>
<th>2024 to 2034</th>
</tr>
</thead>
<tbody>
<tr>
<td>Glasgow – lower estimate</td>
<td>2.9%</td>
<td>2.7%</td>
</tr>
<tr>
<td>Glasgow - upper estimate</td>
<td>5.6%</td>
<td>5.3%</td>
</tr>
<tr>
<td>Southside Central - lower estimate</td>
<td>Minus 3.3%</td>
<td>Minus 3.8%</td>
</tr>
<tr>
<td>Southside Central - upper estimate</td>
<td>9.5%</td>
<td>8.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>NUMBER OF HOUSEHOLDS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Glasgow – lower estimate</td>
<td>7%</td>
<td>5.8%</td>
</tr>
<tr>
<td>Glasgow - upper estimate</td>
<td>8%</td>
<td>9.1%</td>
</tr>
<tr>
<td>Southside Central - lower estimate</td>
<td>0.5%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Southside Central - upper estimate</td>
<td>11%</td>
<td>11.9%</td>
</tr>
</tbody>
</table>

The GCC projections suggest that under the lower estimate Southside Central ward would most likely experience a significant reduction in population and a very modest growth in the number of households. However, the higher growth scenario suggests that the ward could experience a higher rate of growth than the citywide average forecasts for both population and households. This is assumed to reflect land availability for new housing.

Trends in population and households can have a strong impact at local level. They will influence investment in new housing and can have a direct bearing on the sustainability of schools, medical facilities and other local services and amenities. For example, reduction in population and households in Govanhill could increase the inequality already present in the area and make it more vulnerable at a time of cuts in public spending. Potential reductions in the size of Govanhill’s migrant communities could have a similar effect. GhHA plays an important part in sustaining the viability of the area, but the responsibility, funding and powers for doing so are primarily matters for local and central government.

**Addressing Housing Market Failure in Govanhill**

In the period 2000 to 2015, a lack of investment and absence of effective regulation led to significant deterioration in housing quality in Govanhill, in the owner-occupied and private rented...
sectors. This is turn rapidly triggered a wide range of housing, housing market and social problems including:

- Severe overcrowding
- Poor standards of housing and management at the bottom end of a rapidly expanding private rental market
- A significant exodus of owner-occupiers from the area
- Low levels of factoring and professional property management
- Severe strain on local infrastructure and public services, environmental problems, and other social issues, all of which combined to create tensions within the community.

To address these issues, GCC strengthened its regulation and enforcement of legal standards in the private rented sector. The Council and the Scottish Government also worked closely with GhHA which was the lead delivery agency for the South West Govanhill Property Acquisition and Repair Programme over 18 tenement blocks in South West Govanhill (outside GhHA’s core areas as a landlord and property factor).

The South West Govanhill initiative began in 2015 and will come to an end in 2023/24. While it has not solved all the problems in the area, it has had a high impact in improving housing conditions, neighbourhood management and property factoring. Above all, the initiative showed that investing in a poor quality, marginalised neighbourhood allied with close partnership working could deliver effective solutions to the difficulties that existed 10 years ago. Elsewhere in Govanhill, new businesses are appearing on Victoria Road, reputable private landlords are responding to increased demand for good quality private lets which are in demand by potential tenants, and the market for owner-occupied housing is also recovering.

There are still serious disrepair issues in private housing throughout Govanhill. Moreover, it is now 40 to 50 years since parts of GhHA’s pre-1919 tenement stock were first repaired or improved, with an expectation on the part of funders at the time that the buildings would have a 30 year lifespan. The same issues are found in many other parts of Glasgow, where there is a need for investment in the building fabric and in retrofitting the stock to achieve the much higher standards of energy efficiency now being promoted by the Scottish Government.

**Housing Stock and Tenure**

GCC’s 2018 housing stock estimates provide the most up to date profile of the city’s housing stock, albeit this is only available at multi-member ward rather than neighbourhood level.

<table>
<thead>
<tr>
<th></th>
<th>Owner-occupied</th>
<th>Private Rented</th>
<th>Glasgow HA</th>
<th>Other Social Rented</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Southside Central MMW</strong></td>
<td>4,710 (33%)</td>
<td>3,805 (27%)</td>
<td>134 &lt;1%</td>
<td>5,400 (39%)</td>
<td>14,049</td>
</tr>
<tr>
<td><strong>Glasgow City</strong></td>
<td>134,287 (45%)</td>
<td>59,021 (20%)</td>
<td>39,105 (13%)</td>
<td>68,832 (23%)</td>
<td>301,245</td>
</tr>
</tbody>
</table>
In Govanhill itself, tenement flats account for 90% of all housing, compared with 69% for Glasgow as a whole. Only 7.5% of Govanhill’s housing was detached, semi-detached or terraced in type, compared with the citywide total of 28%.

Each main tenure type (owner occupied, private rented and social rented housing) accounts for a significant share of all housing in Govanhill. This raises particular issues in Govanhill because of the difficulties in keeping the building fabric up to standard in mixed ownership buildings. At its worst this can lead to the rapid neighbourhood decline seen in South West Govanhill, now successfully reversed. Maintaining tenement properties will see new challenges in future due to retrofit works to tenements in mixed ownership, particularly if the financial support on offer is not seen by other owners as sufficient. Any requirement to decant residents during the course of works will be a further challenge.

**Recent House Prices**

Average house prices in Govanhill in the past year to the year ending 30 April 2023 are shown in the table below alongside equivalent information for Glasgow City and for Strathbungo and Shawlands which are close to Govanhill.³

<table>
<thead>
<tr>
<th></th>
<th>GOVANHILL</th>
<th>GLASGOW</th>
<th>STRATHBUNGO</th>
<th>SHAWLANDS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Average selling price</strong></td>
<td>£136,524</td>
<td>£215,020</td>
<td>£215,750</td>
<td>£224,875</td>
</tr>
<tr>
<td><strong>Number of sales</strong></td>
<td>91</td>
<td>4,457</td>
<td>139</td>
<td>205</td>
</tr>
<tr>
<td><strong>Price Trend since 2019</strong></td>
<td>↑ 7%</td>
<td>↑ 22%</td>
<td>↑ 70%</td>
<td>↑ 46%</td>
</tr>
</tbody>
</table>

- Average house prices in Govanhill were much lower than the two nearby areas and the city average, making Govanhill attractive to potential buyers on modest incomes.
- Average prices were only 7% higher than in 2019, indicating a much slower rate of growth than the citywide average and the two “hotspot” areas close to Govanhill.

Local perceptions indicate that that Govanhill is once again becoming more attractive as a place to buy a home to live in. Equally, there is a concern that local people on lower incomes may be priced out of buying in a more buoyant market although the available data suggests that the area has largely avoided the sharp price spikes seen in nearby areas. Also of note is that the number of sales in each of the four areas shown were considerably lower than in the previous year. This is almost certainly due to the difficult economic climate, in particular the rapid growth in the cost of living and increases in interest rates and mortgage repayments.

**Recent Rent Levels for Private Lets**

The best information currently available for properties to let in Govanhill is shown in the table below which lists properties being marketed for rent in Govanhill at 1 May 2023.⁴

---

³ National Records of Scotland data published by Rightmove

⁴ Data source is home.co.uk website which uses search engine technology to publish details of properties for rent from multiple websites on the internet
Properties to let in Govanhill (May 2023)

<table>
<thead>
<tr>
<th>Property Type</th>
<th>Number Bedrooms</th>
<th>Advertised rent per calendar month (pcm)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daisy Street</td>
<td>Pre-1919 flat</td>
<td>2 Bed</td>
</tr>
<tr>
<td>Victoria Road</td>
<td>Post 1945 flat</td>
<td>2 Bed</td>
</tr>
<tr>
<td>Preston Street</td>
<td>Pre-1919 flat</td>
<td>2 Bed</td>
</tr>
<tr>
<td>Allison Street</td>
<td>Pre-1919 flat</td>
<td>1 Bed</td>
</tr>
<tr>
<td>Cathcart Road</td>
<td>Pre-1919 flat</td>
<td>1 Bed</td>
</tr>
<tr>
<td>Westmoreland Street</td>
<td>Pre-1919 flat</td>
<td>1 Bed</td>
</tr>
<tr>
<td>Govanhill Street</td>
<td>Pre-1919 flat</td>
<td>1 Bed</td>
</tr>
<tr>
<td>Coplaw Street</td>
<td>Pre-1919 flat</td>
<td>1 Bed</td>
</tr>
<tr>
<td>Boyd Street</td>
<td>Pre-1919 flat</td>
<td>1 Bed</td>
</tr>
</tbody>
</table>

This is a broad brush analysis due to the number of properties involved and what happens to be on the market at a particular time. Comparing the results with a similar analysis conducted 12 months ago suggests that rental values for 2 apartment flats in Govanhill are broadly similar, whereas there has been some upward movement in rents for 1 apartments at the lower end of the market.

Rents for adjoining areas were considerably higher than those observed in Govanhill:

- Rents for 2 bed flats in Strathbungo averaged £1,200 pcm
- Rents for modern flats in the large new build developments in Barrland Street and adjoining streets averaged £910 pcm for 2 bed flats and £800 pcm for 1 bed flats.

To put this information in a broader context, the Q1 2023 Citylets report on average private rents in Glasgow states that:

- The average rent for 1 bed properties in Glasgow was £830 pcm (14% annual increase)
- The average rent for 2 bed properties in Glasgow was £1,143 pcm (also a 14% increase)

Many applicants for GhHA’s housing do not have the financial means to buy a home or to rent privately. Comparing our rents with those of neighbouring housing associations and sector averages is therefore useful. This is addressed further in Chapter 12, Value for Money.

Poverty and Deprivation in Govanhill

The 2020 Scottish Index of Multiple Deprivation (SIMD 2020) provides statistics for nearly 7,000 small areas (“datazones”) covering the whole of Scotland. Datazones have average populations of around 700 to 800 people. Govanhill has a total of 12 datazones.

The SIMD 2020 shows relative deprivation across the country. All but two of the Govanhill datazones are in the 20% most deprived datazones in Scotland, with 7 datazones in the 10% most deprived and one datazone in the 5% most deprived.
---|---|---|---
5% most deprived in Scotland | 1 | 3 | Minus 2
10% most deprived | 6 | 8 | Minus 2
20% most deprived | 9 | 10 | Minus 1
Not in the 25% most deprived | 3 | 2 | Plus 1

- Compared with the previous SIMD published in 2016, the overall SIMD rank improved for 10 of the 12 Govanhill datazones between 2016 and in 2020.
- The overall SIMD rank improved for 4 of the 6 datazones in South West Govanhill.

While some of these changes were relatively modest, the direction of travel before Covid-19 was more positive than not. Whether this is sustained in the next SIMD due in 2024 may well depend on what lasting harms COVID and the cost of living crisis have caused and whether support for the community has been sufficient.

The SIMD also reports on a detailed set of indicators which provide insight into the reasons why people and families in different areas are affected (or not) by deprivation.

The Indicators show that Govanhill continues to have high levels of deprivation when compared with the city of Glasgow as a whole which is itself Scotland’s most deprived local authority area and with more affluent communities. This is shown in Appendix 4 which compares the average results for all Govanhill datazones and the equivalent results for Glasgow and a datazone in the nearby affluent suburb of West Pollokshields. Govanhill has poorer results than the citywide average for almost all indicators, including those relating to income deprivation and employment deprivation.

**Average SIMD Results for Income and Employment Deprivation (2020 SIMD)**

<table>
<thead>
<tr>
<th></th>
<th>Govanhill Average</th>
<th>Glasgow City Average</th>
<th>Pollokshields West (part)(^5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Deprived (% of people of working age)</td>
<td>30%</td>
<td>20%</td>
<td>3%</td>
</tr>
<tr>
<td>Employment Deprived (% of people of working age)</td>
<td>21%</td>
<td>14%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Lack of income and employment are root causes of poverty, which in turn cause other types of inequality, for example relating to health, poor educational outcomes, and high levels of overcrowding.

As would be expected, Govanhill has much higher levels of deprivation than the West Pollokshields datazone chosen for comparison. However, the SIMD results at Appendix 4 show a shocking level of inequality for every single one of the indicators examined.

\(^5\) DZ ref S01009879
Despite these challenges, Govanhill has substantial community assets. It has a vibrant voluntary sector with dozens of organisations active in areas such as: tackling food insecurity; improving the environment; youth and inter-generational work; promoting integration; tackling addictions; and other arts and education opportunities. It is also home to a thriving creative arts community and a number of faith communities are very active in delivering community services as part of their core work.

**SWOT Analysis 2023 (strengths, weaknesses, opportunities, and threats)**

The SWOT analysis summarises local factors that are significant to GhHA’s future strategy.

<table>
<thead>
<tr>
<th>GhHA Key Strengths</th>
<th>GhHA Key Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. 100% focus on Govanhill and Merrylee – place and neighbourhood are what we do</td>
<td>1. Succeed in managing performance/finances in a challenging operating environment</td>
</tr>
<tr>
<td>2. Track record as a landlord, factor, developer, and community anchor organisation</td>
<td>2. “Housing to 2040”: take opportunities to get in front of the changes being proposed, e.g. with decarbonising agenda</td>
</tr>
<tr>
<td>3. Financially secure, with more borrowing capacity</td>
<td>3. New ways of working and communicating with both tenants and staff</td>
</tr>
<tr>
<td>4. GCC grant availability for SW Govanhill (£5m 2023/24 and 2024/25, potential for a further £1.3m in 2025/26)</td>
<td>4. Tenant interest in joint working, e.g. through a new customer panel</td>
</tr>
<tr>
<td>5. High impact in maximising tenants’ incomes</td>
<td>5. Successfully complete GhHA’s role in improving housing conditions in SW Govanhill</td>
</tr>
<tr>
<td>6. Commitment to tenant participation and good communication with residents</td>
<td>6. Use new build opportunities to contribute to area regeneration and meet housing need</td>
</tr>
<tr>
<td>7. Partnership with GCDT to deliver wider action</td>
<td>7. Further embrace technology to improve services, increasing choice for tenants and enabling smarter working by staff</td>
</tr>
<tr>
<td>8. Responsive to diverse needs of the community</td>
<td>8. Use improved knowledge of GhHA’s asset base and new Asset Management Strategy, to guide strategy and investment in tenants’ homes</td>
</tr>
<tr>
<td>9. Balance between experienced and newer Committee members</td>
<td>9. Continue to develop GhHA’s role as a community anchor organisation</td>
</tr>
<tr>
<td>10. Positive relationships with partners and stakeholders (e.g. GCC, Thriving Places Board, Govanhill Service Hub, GoCA, local schools, elected representatives etc.)</td>
<td>10. Support members of the Management Committee, to ensure committee sustainability and maintain a good skills base</td>
</tr>
<tr>
<td>Weaknesses</td>
<td>Threats</td>
</tr>
<tr>
<td>---------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>1. With exceptions, performance on Charter Indicators and average rent levels do not compare well with average results for our peer group</td>
<td>1. Failure to communicate effectively with our customers and stakeholders</td>
</tr>
<tr>
<td>2. Business Plan is sensitive to reductions in income (e.g. arrears, rent increases, voids and bad debts). Recent GhHA rent increases have been less than inflation and void rent loss is high.</td>
<td>2. High or unaffordable rents are a threat, but so is not raising sufficient income to meet obligations and safeguard financial viability</td>
</tr>
<tr>
<td>3. Speed of housing investment will be slowed as costs are considerably higher than rent/budget increases</td>
<td>3. Inability to de-carbonise older tenement housing</td>
</tr>
<tr>
<td>4. Asset management strategy likely to propose investment moving away from a predictable life cycle approach to a “worst first” method of prioritisation with some exceptions</td>
<td>4. Continued cost increases and economic uncertainty, requiring cost savings/efficiencies or in the worst case scenario review of GhHA’s operating model</td>
</tr>
<tr>
<td>5. Nature of housing stock increases risks (e.g. retrofitting pre-1919 tenements in next 5-10 years)</td>
<td>5. Impact of the wider economy on the community and by extension GhHA (e.g. rising cost of living, increasing poverty, inequalities, unemployment)</td>
</tr>
<tr>
<td>6. Not enough houses of the right type or size to meet demand and promote sustainability</td>
<td>6. Universal Credit migration: threats to household incomes and GhHA rental income and arrears</td>
</tr>
<tr>
<td>7. BTS stock improvement in Govanhill is not complete</td>
<td>7. Substantial cuts in public spending. GhHA is already carrying high transferred costs from GCC for removal of bulk uplift items.</td>
</tr>
<tr>
<td>8. GCDT loss of funding: impact on delivery of group priorities for community support work if this is not reversed</td>
<td>8. Brexit/immigration policy change tenant demographics and possible increased voids</td>
</tr>
<tr>
<td>9. Levels of committee training on strategic topics relating to the Business Plan and operating environment</td>
<td>9. Impact on local environmental standards if GCC continues to reduce neighbourhood spending. Potential additional costs to be met by GhHA to maintain neighbourhood standards.</td>
</tr>
<tr>
<td></td>
<td>10. Poor management of private rented housing, if required standards are not adhered to or enforced</td>
</tr>
<tr>
<td></td>
<td>11. GhHA experiences governance failures followed by regulatory attention or intervention</td>
</tr>
<tr>
<td></td>
<td>12. Taking on activities that present high levels of risk for the business plan</td>
</tr>
<tr>
<td></td>
<td>13. Failure to be assured about the viability of GCDT’s financial business plan and operating model at a time of economic turbulence and uncertainty.</td>
</tr>
</tbody>
</table>
External Factors

PESTLE ANALYSIS
(Political/Legal/Regulatory, Economic, Social, Technological and Environmental factors)

SOCIAL FACTORS

COVID-19

- Shift of focus from social distancing to “living with COVID”.
- Risks remain, depending on variants to the virus and the effectiveness of vaccines. Continued vigilance and risk management measures are needed.
- Lasting effect on people in poorer communities, made worse by cost of living crisis.
- Government action to tackle the social impacts of the pandemic has been lacking.

Social Factors

- Despite its excellent track record in supporting the community, GCDT has recently lost its main sources of funding. Work is in hand to address this, if unsuccessful this will impact the community and GhHA’s role as community anchor organisation.
- The UK Government has approved the uprating of benefits, pensions, and the National Living Wage from April 2023 to fully match inflation (10.1%).
- The Scottish Government (SG) is using its social security powers in a progressive way, for example through the new Scottish Child Payment and Adult Disability Payment.

Homelessness and Tenancy Sustainment

- As part of its Rapid Rehousing Plan, Glasgow City Health and Social Care Partnership (GCHSCP) is seeking increased numbers of lets from social landlords for homeless households (60% in 2022/23).
- The percentage of people referred to GhHA as homeless who receive an offer of housing has been around 67% over the three year period ending in 2021/22. This is less than our peer group average but significantly better than the Scottish average.
- GCHSCP is also operating a new Housing First programme for people with more complex needs, following a pathfinder programme which ran between 2019 and 2022.

POLITICAL, LEGAL AND REGULATORY FACTORS

Scottish Government (ScotGov) Priorities and Funding Support

- The top priorities in the ScotGov’s “Housing to 2040” strategy are to increase new housing supply, reduce homelessness, and reduce carbon emissions from homes.
- The budget for the national “More Homes” programme has reduced to £568m in the 2023/24 Scottish Budget, down from £744m in 2022/23.
• Funding for housing projects in Glasgow comes from a separate SG budget delegated to GCC to manage. The Glasgow budget stays the same at £92 million in 2023/24 which increases GhHA’s prospects of securing funding for sites we are looking to develop.

**Government Controls on Rent Levels**

• Legislation passed in October 2022 allowed ScotGov to set rent increase caps from 0% upwards to be applied to rented housing in the period to 31 March 2024, as well as a moratorium on evictions.

• ScotGov has expired use of these powers for social landlords, based on sector assurances that average rent increases in 2023/24 would be significantly below inflation.

• ScotGov “New Deal for Tenants” bill to be introduced in 2023 and will propose rent controls for private rented housing. ScotGov assurance that this would not affect social landlords pre-dated the rent increase legislation passed in October 2022. Potential for ScotGov to revisit this when social landlords apply real terms rent increases when the cost of living crisis recedes.

**Future Public Spending**

• Deep public spending cuts have been announced by the UK and Scottish Governments and will be followed by further austerity at local authority and community levels.

**Housing Regulation**

• GhHA has a “compliant” rating with SHR, issued in March 2023. We are required to provide SHR with its standard set of monitoring information, with no concerns or additional assurance requirements expressed by SHR.

• SHR published a “Recommended Practice” document on asset management in February 2023. The document proposes criteria for stock appraisals and the use of Net Present Value calculations for all individual properties that social landlords own.

• SHR takes a close interest in landlords’ compliance with tenant and resident safety duties and it is currently working with the sector on the issue of dampness and mould in housing. In England, this issue has prompted the UK Government to legislate for senior housing managers to have mandatory qualifications. While there are no similar proposals yet in Scotland, it would seem unwise to rule this out.

• SHR has stated its intention of reviewing its current Regulatory Framework for Social Landlords, with a new framework to be in place by 1 April 2024. So far, SHR has said the overall shape of the regulatory framework is unlikely to change significantly, while also stating there could be:
  - More emphasis on the importance of landlords listening to their tenants and
  - A stronger focus on the quality of services, quality of homes and tenant/resident safety.

**ECONOMIC FACTORS**

**Cost of Living Crisis**

• The cost of living crisis is having a profound effect on the ability of GhHA tenants to afford
essentials such as food and home energy costs. This has a knock-on effect on GhHA’s rent collection, although GhHA has continued keep arrears low while offering practical support to tenants through income maximisation and other in house services.

- Energy and food costs have risen by far more than the headline rate of inflation. At May 2023, food prices are 19% higher than they were 12 months’ previously. Wholesale gas prices have been reducing for some time, but energy companies and Ofgem are only now passing on reduced prices to the consumer while energy companies continue to make very large profits.

- Unprecedented government intervention has been needed to subsidise households’ energy costs, with additional help also available for those who are vulnerable or on low incomes. Assistance with energy costs (the Energy Price Guarantee) is now higher than the energy price cap announced by Ofgem in May 2023. This means that some consumers who are vulnerable or on low incomes will receive continued Government support but support will end for the majority.

**Wages**

- For most people in work, wages are not increasing in line with inflation. Real incomes are falling when adjusting for rising prices. Public sector pay claims in the public sector in Scotland have been highly contested, resulting in industrial action (actual or threatened) in several sectors.

- The National Living Wage increased from £9.50 an hour in 2022/23 to £10.42 per hour from 1 April 2023, in line with inflation. While welcome, this will still result in many workers doing skilled and essential work being paid the minimum wage and having to apply for benefits to make ends meet.

**Economic Outlook**

- Economic recovery from COVID has been derailed by rampant inflation and the autumn 2022 fiscal crisis. The UK economy has the poorest performance in the G7 for economic recovery from COVID. However, the threat of a recession during 2023 has receded.

**Inflation and interest rates**

- CPI inflation is at levels not seen for 40 years (CPI inflation 10.4% at February 2023). CPI inflation is now reducing slowly (8.7% in the 12 months to April 2023).

- The Bank of England’s base lending rate has risen from 0.1% (December 2021) to 4.5% (May 2023). The purpose of increasing interest rates is to damp down demand in the economy but inflation has continued to increase throughout most of that period.

- In response to inflationary pressures, GhHA has been obliged to agree sub-inflation rent increase for 2022/23 and 2023/24, matching practice across the housing sector.

- GhHA also has a substantial property factoring business and many factored owners will have seen their mortgage payments increase which in turn will affect their ability to pay household costs such as factoring bills.

- The Bank of England’s expectation is that “inflation will be close to our 2% target in around two years”, and to be half what it currently is by autumn 2023.
Economic Policy and Public Spending

- The UK Government’s stated economic priorities are to reduce inflation and the nation’s debt. To support this, income tax payable will increase by freezing thresholds for paying tax and there will be deep cuts in public spending.

- ScotGov’s “protected areas” for spending are the NHS and social security. This means that other areas, including local government and housing, will experience real term cuts.

- GCC will continue to cut funding for non-statutory services such as neighbourhood management. GCC will likely try to transfer responsibility for further local services or facilities to housing associations, without any transfer of resources or allowance for risk.

- GCC has passed responsibility to GhHA for a number of local services such as bulk uplift costs. This places significant pressure on GhHA’s revenue which in turn comes from the rent paid by our tenants who typically have low incomes and pay council tax.

- The Council has recently announced pilot areas for removing waste disposal by residents moving from backcourt bin areas to on-street “hubs” which would be shared by 40 or so households. This is of close interest to GhHA given local issues with flytipping and other disposal practices. It would also raise questions about the future of GhHA backcourts which generally have bin shelters. These could become obsolete, with a future need for investment.

Increased Maintenance and Repairs Costs

- Brexit and global economic stresses have increased costs for repairs and maintenance costs across the housing sector, well in excess of the standard rate of inflation. This is a major element of GhHA’s finances.

- Of particular importance are sharply rising costs for construction materials and components, shortages of some types of materials, and disruption to supply chains. Further information about how cost increases have impacted GhHA is provided in Chapter 10, Asset Management. The scale of increases has been substantial and has led to us reducing the number of component replacements that can be accommodated within our budgets.

Universal Credit (UC)

- UC creates significant challenges in collecting rent and in managing arrears and bad debts. UC is also causing significant hardship for claimants.

- There is concern across the sector that these impacts will increase since full rollout of UC is now planned for accelerated completion by September 2024, other than an extended 2028 deadline for claimants currently receiving Employment and Support Allowance. Aside from the impact on rental income, UC makes substantial demands on GhHA’s staff resources.

- To date our Rent Team has not seen significant changes occurring as a result of the UC rollout but it is recognised as a threat and we will monitor it closely, taking action as appropriate.

Future Uncertainty

The future economic outlook is highly uncertain. Forecasting by the Bank of England and others has become less reliable in recent years because of the number and complexity of the economic factors that must be considered and how they interact. Geopolitical forces, most notably the war in Europe, have also created substantial economic uncertainty.
The Bank of England’s forecasts of sustained reductions in inflation later in 2023 reflect the impact of anticipated reductions in wholesale gas prices and higher interest rates.

- If correct, lower inflation would ease pressures on tenants’ incomes and allow landlords to begin to restore a more sustainable balance between costs and rents.
- The impact of rising prices is not consistent across all areas of GhHA’s business. Increases in repairs and maintenance costs have been greater and of longer duration than increases in general price inflation for at least the last two years. It is difficult to predict future trends in pricing, but in general it would be unusual for prices to return to pre-inflation levels even when inflation starts to fall. Lower inflation will still be accompanied by other cost pressures arising from the UK’s reliance on imported materials and components, the impact of Brexit, the variable performance of sterling and the complexities affecting global trading conditions.

ENVIRONMENTAL FACTORS

ScotGov climate change objectives will create mandatory raising of standards for social housing. Glasgow City Council has stated an ambition that Glasgow should be a net zero city by 2030.

- ScotGov has pledged to invest £1.8 billion to decarbonise one million homes by 2030. Simple arithmetic shows that this is an average of £1,800 per house and represents only 6% of ScotGov’s estimated total cost of £33 billion for decarbonising Scotland’s housing stock.
- In addition to the continuing requirement to comply with the Scottish Housing Quality Standard (SHQS), social landlords must achieve compliance with the Energy Efficiency for Scottish Social Housing (EESSH). As discussed in Chapter 10 (Asset Management), the nature of GhHA’s housing stock presents significant obstacles to meeting both standards.
- ScotGov set a further milestone target that all social rented homes should meet EPC Band B (EESSH2) by 2032 “within the limits of cost, technology and consent”, as a staging post to net zero standards. However, ScotGov has placed EESSH2 on pause, pending a review. The outcomes from this review are expected later in 2023.

There are fundamental issues that need to be resolved at national government level, to give property owners a reasonable basis for planning investment in their homes. These issues include:

- The availability of government grants or other finance, at a level that is financially sustainable for social landlords and that does not result in rents having to be increased to unaffordable levels for tenants who may already be experiencing fuel poverty.
- Identification of appropriate technological solutions at an affordable cost. There is still considerable debate among construction professionals regarding the optimum solutions for the Scottish climate and for different construction types.
- Whether action will be taken at national or regional level to procure materials and/or works contracts.

While all these building blocks need to be put much more firmly in place, the focus on the future of the planet creates unprecedented opportunities to make homes more energy efficient and to reduce fuel poverty among our tenants. Accordingly, GhHA is moving forward with several pieces of work at this stage, as described in Chapter 10.
TECHNOLOGICAL FACTORS

Technology is playing an ever greater part in people’s everyday lives and in the business functions and communications of organisations of all types.

GhHA has for some time offered customers the opportunity to carry out some matters online (for example, repair requests and customer complaints). We launched a new Customer Portal in spring 2023, and this will greatly expand digital options.

68% of respondents to GhHA’s 2020/21 customer satisfaction survey said they had access to the internet. Across the housing sector, there can be a reluctance to interact with landlords even among tenants who are very familiar with the internet from work, shopping, or other activities. Digital exclusion, whether this is due to a lack of skills or resources, is also a factor. As a result, most landlords have adopted a multi-channel approach. This involves persuading customers to use digital if they are able to, in the expectation that more and more tenants will opt for digital with the passage of time.

Technology is also playing a bigger part in how social landlords manage their businesses. Cloud-based software and storage solutions are commonplace and there is growing interest in how technology can automate common tasks or simplify workflows, giving staff scope to work smarter.

Technology also comes with risks. Phishing, data theft and cybercrime have all increased rapidly, and businesses have become increasingly aware of the need to protect their systems and to provide their staff with training to recognise and manage potential risks.

CONCLUSIONS

This Chapter has reviewed the many factors that could impact GhHA’s future strategy and operations to a significant degree. The following are of particular importance.

- The future path of inflation and whether this reduces the cost of living for tenants, allowing the Association to reverse the current pattern of sub-inflation rent increases and return its finances to a more sustainable footing.
- The likelihood that key elements of GhHA’s future costs are likely to remain at unprecedented levels which in turn will place future renewed pressure on rent levels.
- Identifying strategies that will keep the Association’s revenues and costs in balance, with a strong focus on value for money and efficiencies likely to be a key part of the mix.
- The need to accelerate progress on decarbonising the housing stock, although this needs government to provide clarity on key questions relating to strategic and financial frameworks.
- The need for flexibility, risk management, budget planning and control and stress testing, in a highly changeable and often uncertain operating environment.

Many of the issues described are economic or political in nature and as such uncertain and beyond our control. Flexible and adaptable approaches will be needed along with sound management disciplines in areas such as business planning, performance management, budget planning and compliance, and financial planning and stress testing. These will all be part of our toolkit for navigating our way ahead together with sound and stable governance. These have been high priorities in the past and must remain so.
6. Stakeholder Relationships and Priorities

GhHA has a wide range of stakeholders, as shown below.

<table>
<thead>
<tr>
<th>Stakeholders specific to GhHA</th>
<th>Strategic and Regulatory Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>GhHA tenants</td>
<td>Glasgow City Council</td>
</tr>
<tr>
<td>Management Committee members</td>
<td>Glasgow Health &amp; Social Care Partnership</td>
</tr>
<tr>
<td>Local residents and owners</td>
<td>The Scottish and UK Governments</td>
</tr>
<tr>
<td>Housing applicants</td>
<td>The Department of Work and Pensions (DWP)</td>
</tr>
<tr>
<td>Our staff team</td>
<td>The Scottish Housing Regulator (SHR)</td>
</tr>
<tr>
<td>The local community</td>
<td>The Office of the Scottish Charity Regulator</td>
</tr>
<tr>
<td>Local groups and organisations we work with to benefit residents and the community</td>
<td>The Financial Conduct Authority</td>
</tr>
<tr>
<td>Neighbouring housing associations</td>
<td></td>
</tr>
<tr>
<td>Our lenders, auditors, and insurers</td>
<td></td>
</tr>
</tbody>
</table>

The relationships and issues that are of particular importance at the present time are described below.

Resident Involvement

- GhHA’s next Customer Satisfaction Survey will take place in 2023
- We will continue to develop our use of the CX Feedback customer feedback tool to obtain good quality feedback through the use of this user-friendly tool
- The new GhHA Customer Portal will be promoted and monitored on an ongoing basis.

Glasgow City Council (GCC)

The major areas where GhHA will be working with GCC are:

- Bringing the South West Govanhill programme to a successful conclusion
- Securing funding for GhHA’s development programme
- Making lets available for homeless referrals from the Health and Social Care Partnership.
- Starting a new service for dealing with antisocial behaviour, under a contract with GCC Community Relations Unit.

GCC is currently consulting on its next Local Housing Strategy for the period 2023/28. Figure 6.1 shows the five overarching priorities that are proposed. Appendix 5 shows for reference the actions associated with each of the five priorities.
FIGURE 3.1
Local Housing Strategy 2023/28: Top Line Priorities in GCC Consultation Draft

1) Delivering more homes and great places that reduce poverty and inequality and increase opportunity and prosperity for all.
2) Improving the energy efficiency of Glasgow’s homes, reducing fuel poverty, and supporting a Just Transition to Net Zero through decarbonising domestic heating and energy.
3) Improving the condition of Glasgow’s existing homes and preserving Glasgow’s tenements and built heritage.
4) Supporting people to live independently and well at home in the community.
5) Improving housing options, affordability and sustainability for tenants and owners, to prevent and reduce homelessness.

There is a strong alignment between the draft LHS and the priorities set out in the GhHA Business Plan, particularly in relation to decarbonising the housing stock, reducing fuel poverty, preserving tenement housing, supporting vulnerable tenants, and sustaining tenancies. GhHA has worked closely and positively with GCC over many years, and we look forward to continuing this partnership in the future.

Some aspects of GCC policy are of concern to the Association. Budget cuts have led GCC to reduce or withdraw funding for several environmental and neighbourhood services across the city. Services such as the removal of bulk uplift have great importance in Govanhill, and the Association has had no alternative but to meet the substantial costs of service provision. We are concerned that housing associations will face pressure to fund other services in future.

Support for the Community

GhHA is the community anchor organisation for Govanhill. We have a lead role in engaging the community about strategy and services in Govanhill Thriving Places. In addition, our subsidiary GCDT has for many years provided a range of services that benefit the community. 2023/24 will be a year for taking stock and reviewing priorities for the future. Thriving Places funding will come an end in March 2024, and it is likely that an alternative model for locality planning will be proposed. Most of GCDT’s external funding came to an end in March 2023 and the Trust is currently seeking alternative opportunities and funding.

GhHA’s Funders

GhHA attaches the highest importance to compliance with all loan conditions and covenants and to maintaining regular and open communication with our lenders (Barclays, CAF Bank, Charity Bank). This is particularly important during the present financial uncertainties.

Scottish Parliament and Government

As noted in Chapter 5, legislation passed in 2022 saw the Scottish Government assume powers to limit rent increases. While the legislation was expired for social landlords and no announcement has been made to reintroduce the measures, we will keep a watching brief on this issue because of its significance in managing our business.
Regulatory Bodies

GhHA is regulated by the Scottish Housing Regulator (SHR), the Office of the Scottish Charity Regulator (OSCR) and the Financial Conduct Authority.

SHR has the greatest impact on what we do. It regulates compliance with the Scottish Social Housing Charter, Regulatory Standards for RSL governance and financial management and other statutory requirements stated in its Regulatory Framework.

SHR is working on an updated version of its Regulatory Framework, due to be implemented in April 2024. Chapter 5 highlights SHR’s public statements to date about the review.

Insurers

The nature of the buildings GhHA manages and the scale of our operations as a landlord and factor mean that the terms and cost of our property insurance are critical to GhHA’s business.

Economic factors have seen a severe contraction in the insurance market, as became apparent during our most recent tendering exercise earlier in 2023. The Association procured specialist consultancy advice and succeeded in obtaining an acceptable price in return for a substantial increase in excess levels for water ingress claims. In proportionate terms, this is likely to affect factored owners more than the Association but without this change we would have been unable to offer owners a good overall level of cover at a reasonable cost.
7. Business Plan Priorities 2023/24 to 2025/26

All of the activities described in the Business Plan flow from the six GhHA strategic objectives described in Chapter 4.

The Business Plan articulates the Association’s priorities, for each strategic objective.

We do this is on two related but distinct levels.

Three Year Priorities (2023/24 to 2025/26)

The Business Plan is a three-year document, which sets out what we intend to do during that time.

It could be argued that any plan prepared in the present challenging and uncertain times is likely to be quickly overtaken by events. A different view is that this makes clear priorities more important than ever and that flexibility and constant review will keep the plan up to date. The alternative is to be unprepared for change and buffeted by an external environment over which GhHA has little control.

The three year priorities for 2023/24 to 2025/26 are set out in Appendix 1 to the Business Plan. In addition to the priorities themselves, Appendix 1 describes the outcomes we seek to achieve over the three-year period and how we will be able to evidence what we have achieved.

The priorities will be reviewed and if necessary revised when we update the Business Plan each year or sooner if circumstances require this.

Year 1 Priorities (2023/24)

While it is often difficult to be precise about actions over a three-year time period, this can be done with more confidence and certainty for the first year of the Business Plan.

The main chapters of the Plan include a Statement of Priorities for 2023/24. Following MC approval of the Business Plan, more detailed Action Plans are prepared for insertion in the Business Plan (at Appendix 2).

The Action Plans are in “SMART” format, i.e. their contents should be Specific, Measurable, Achievable, Realistic and Time bound. This format makes it clear what we will do and how we will measure achievement.
8. Governance

Strategic Objectives and Context

The need for good governance runs through all parts of GhHA’s business and is reflected in the following strategic objective stated in the Business Plan:

**Leadership and Financial**

Maintain good governance and a strong financial business plan, to ensure we have the capacity to achieve our objectives.

Management Committee

The Management Committee (MC) currently has 11 members, all of whom are volunteers with a majority being tenants or other service users of the Association. MC members bring a diverse blend of skills, experience, and local insight to their roles, as well as a strong commitment to the Association’s objectives and community-controlled ethos.

The MC is supported by several sub-committees including finance and general purposes; tenancy services; development/asset management; and audit and risk. The sub-committees provide a layer of detailed scrutiny that complements the strategic role of the MC.

Appendix 3 provides details of the MC’s current membership and office bearers.

Senior Staff Structure

GhHA’s organisational structure is shown at Appendix 3, along with brief biographical details for members of the Senior Management Team.

The MC delegates responsibility for GhHA’s day to day running to the Director, who is supported by the SMT. The leadership structure is as follows:

![Organisational Structure Diagram](image)

Govanhill Community Development Trust (GCDT)

GhHA works closely with our subsidiary Govanhill Community Development Trust (the Trust), which delivers community support and regeneration programmes as well as managing a portfolio of 32 office and workspace units that are leased as commercial business units.

As Group parent, the Association:
• Sets group objectives and policies
• Exercises strategic control by appointing and removing Trust directors, approving the Trust’s business plan and budget, and ensuring that the Trust continues to be solvent
• Provides senior management and business support services to the Trust under contract.

Further details of the Trust’s services and management are set out in its Business Plan which is reviewed and updated annually. The 2023 Business Plan comes at a time when new external grant funding is being sought for the Trust’s community support services and when the Trust’s Board is examining future options for two of the older buildings in its ownership due to their condition and future maintenance requirements. As group parent, the Association’s MC will take a close interest in this work, as part of its consideration of the Trust’s Business Plan.

**Strategic Context for GhHA’s Governance**

There are a number of strategic factors, both internal and external, that we will need to manage. The most significant factors are shown below.

<table>
<thead>
<tr>
<th>Internal Challenges</th>
<th>External Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. More difficult decisions to be made by the MC, as a result of external pressures</td>
<td>7. Greater complexity in financial decision-making</td>
</tr>
<tr>
<td>2. Ensure strong MC focus on strategic risks</td>
<td>8. New Scottish Housing Regulator regulatory framework due to come into effect in April 2024</td>
</tr>
<tr>
<td>3. Maintain strategic oversight of the Community Development Trust</td>
<td>9. GCC cuts in funding for neighbourhood services and facilities, with further cuts likely to be in the pipeline</td>
</tr>
<tr>
<td>4. Maintain MC commitment to learning and development activities</td>
<td></td>
</tr>
<tr>
<td>5. Succession planning for the MC</td>
<td></td>
</tr>
<tr>
<td>6. Ensure there is a robust approach to self-assurance</td>
<td></td>
</tr>
</tbody>
</table>
**Statement of Progress at 31 March 2023**

**Table 1 summarises progress** in addressing the main Governance priorities described in the 2022 Business Plan.

**TABLE 1: Review of Governance Priorities in 2022/23**

<table>
<thead>
<tr>
<th>Business Plan Priority</th>
<th>Achievements/Progress</th>
</tr>
</thead>
</table>
| 1. Build back our governance practice in response to the easing of the threat presented by Covid-19, while remaining vigilant regarding any future change required. | Achieved  
MC meetings are taking place in person, with the option of remote attendance for those who prefer this. This also applied to our 2022 AGM.  
MC meetings have been held at Elim Church to increase options for social distancing, while the option of remote attendance has been successful in boosting the number of members attending meetings. |
| 2. To continue to review and implement our succession plan for the MC. | Achieved  
2 new MC members were recruited and appointed at the 2022 AGM. The MC currently has 11 members.  
Smooth transition to new Chairperson was achieved following the AGM and new Vice Chair also appointed. |
| 3. To produce an updated self-assurance review of compliance with regulatory standards. | Achieved in part  
Annual self-assurance review carried out. Assurance Action Plan produced, with updates presented to the MC.  
Annual Assurance Statement submitted to SHR.  
GhHA’s approach to self-assurance has been prioritised for review, to assess whether this is robust and proportionate and that the MC is appropriately involved.  
Approach to the review was discussed by the MC and an external consultant selected to lead on the assignment. Now re-scheduled for 2023. |
| 4. To ensure that MC members develop their skills and knowledge through learning and development activities | Achieved in part  
Good levels of attendance at conferences and seminars; use made of written briefings; less take-up of learning activities relating to specific GhHA business priorities and operating environment. |
| 5. To review and refresh our suite of governance policies. | Achieved in part  
Scheme of Delegated authority reviewed and to receive MC approval. Work on other governance policies carried forward to 2023/24. |
### Business Plan Priority

<table>
<thead>
<tr>
<th>Business Plan Priority</th>
<th>Achievements/Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. To work closely with our subsidiary Govanhill Community Development Trust to address group objectives.</td>
<td>Achieved</td>
</tr>
<tr>
<td></td>
<td>Achievement of shared objectives facilitated by senior management services to the Trust and overlapping membership between the Trust’s Board and GhHA’s MC.</td>
</tr>
</tbody>
</table>

### GhHA’s Priorities for 2023/24

#### Statement of Priorities

The following Statement of Priorities describes GhHA’s priorities for the first year of the Plan (2023/24). The Governance Action Plan at Appendix 2 expands on the Statement by setting out the planned actions for delivering on each of the stated priorities during year 1.

The Action Plan is in “SMART” format (Specific, Measurable, Achievable, Realistic and Time bound), so that we are clear about what we will do and how we will measure achievement.

The 2023/24 priorities set for Governance are as follows:

- **Review of GhHA’s Self-Assurance Methods and Outputs**
  1. Conduct a review of GhHA’s processes for providing Assurance to the MC and its members to meet their expectations and those of external regulatory bodies. The review will be led by an external consultant, with input from the MC.

- **Committee Learning and Development**
  2. Increase the level of training held on GhHA’s operating environment, in recognition of the current strategic landscape and its bearing on the MC’s decision-making. Improve the balance between the topics in the MC Learning and Development Plan and the learning activities that MC members undertake.

- **Succession Planning**
  3. Continue to seek interested local residents and provide appropriate pre-joining support.

- **Govanhill Community Development Trust (GCDT)**
  4. Approve GCDT’s Business Plan and budget and exercise an appropriate level of strategic control over the Trust’s activities commensurate with current challenges.

### Key Issues and Pressure Points

**Review of Self-Assurance Methods and Outputs (Priority 1)**

Regulated bodies rather than SHR have the primary responsibility for ensuring their compliance with regulatory standards and requirements and must certify their compliance to SHR in an Annual
Assurance Statement. SHR has stated publicly that this will not change as a result of its review of the Regulatory Framework during 2023/24.

GhHA’s approach to self-assurance takes account of the broad SHR guidance published in 2019 and the much more detailed guidance (100 pages plus) published by sector bodies in 2020. Both sources emphasise that it is the MC rather than senior management that must be assured about compliance and that any areas of material non-compliance are suitably addressed.

The proposed review will address:

a) Committee members’ current involvement in the self-assurance process views and the level of assurance they have from methods in use at present.

b) How committee members should/would like to be involved in future.

c) A short analysis of the systems currently used for self-assurance, including the evidence bank and how conclusions about compliance are reached.

d) How self-assurance is approached for areas needing more qualitative assessments (e.g. committee role in scrutiny, decision making, effectiveness of the committee structure) as well as checking of documents. This will draw on good practice guidance published by SHR in 2022, adapted to GhHA’s context.

The review will be completed so that recommendations can be incorporated in the 2023 round of self-assurance work.

Committee Learning and Development (Priority 2)

MC members are encouraged to select ways of meeting their own learning needs. It is also important that members receive suitable training on topics that are significant in relation to GhHA’s overall business and operating environment, particularly at the present time. Several MC members attend conferences and other external events which will include content on these topics.

We currently provide training on key skills and knowledge areas as part of sub committees (e.g. on financial scrutiny, HR policy and health and safety obligations). The priority described in this part of the Business Plan involves finding the best way of maximising attendance at sessions dealing with major strategic changes and how these are impacting GhHA.

Succession Planning (Priority 3)

Committee numbers currently provide scope to recruit additional members.

GhHA has succeeded in attracting new members in each of the last two years, with all new members bringing new and relevant skills and experience to the MC as well as detailed insight into living in Govanhill. The new members joined as co-optees initially and were elected at the next AGM. Potential new members can also notify their interest by being nominated for election. We will continue to publicise opportunities to join the MC in this way and offer information and support to people who express interest.
GCDT (Priority 4)

The Trust is currently facing challenges as a result of recent loss of external funding for its community support role and asset management issues affecting two of its four commercial property sites. The MC will maintain strategic oversight of how these issues are managed, to make sure that any risks to the group are managed appropriately.
9. Tenancy Services

Strategic Context for GhHA’s Tenancy Services

Tenancy services contribute to meeting the following GhHA strategic objectives and outcomes.

<table>
<thead>
<tr>
<th>Services</th>
<th>Deliver quality, value for money services that meet the varying needs and circumstances of our customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homes and neighbourhoods</td>
<td>Provide quality homes and work with our partners to make Govanhill a cleaner, greener place</td>
</tr>
<tr>
<td>Communities</td>
<td>As the community anchor organisation for Govanhill, work with the community and with partners to strengthen our community and benefit local people</td>
</tr>
<tr>
<td>Our people</td>
<td>Make sure GhHA is an effective and efficient organisation and that our staff are well trained, valued and supported, and motivated to provide the best possible services to our customers.</td>
</tr>
</tbody>
</table>

The most significant strategic factors affecting our work at present are shown below. These cover both internal issues and external issues.

<table>
<thead>
<tr>
<th>Internal Issues</th>
<th>External Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Capacity to keep rents affordable and continue to develop our services at a time of sustained increases in GhHA’s costs</td>
<td>6. Continued pressure to set rent increases at below inflation levels. The risk of renewed government intervention in social landlords’ rent-setting</td>
</tr>
<tr>
<td>2. Maximising our rental income from all sources, including void rent loss</td>
<td>7. Future trends in inflation and the cost of living</td>
</tr>
<tr>
<td>3. Making full use of the technology available to us, to support efficient use of our resources</td>
<td>8. GCC cuts in funding for neighbourhood services and facilities, with further cuts likely. GCC efforts to pass operational and financial responsibility to housing associations.</td>
</tr>
<tr>
<td>4. Seeking efficiencies that will result in cost savings and/or allow us to use our resources differently for the benefit of our tenants</td>
<td>9. Poverty, including high levels of fuel poverty, among tenants</td>
</tr>
<tr>
<td>5. Reducing levels of sickness absence within the Team.</td>
<td>10. Expectations of the Glasgow Health and Social Care Partnership regarding the share of housing association lets to be made to homeless households</td>
</tr>
<tr>
<td></td>
<td>11. Rapid, large-scale movement of tenants from legacy benefits to Universal Credit is a potential threat to GhHA’s income stream.</td>
</tr>
</tbody>
</table>
Statement of Progress at 31 March 2023

Table 1 summarises progress achieved in addressing the main Tenancy Services priorities described in the 2022 Business Plan. This includes tasks due to completed in 2022/23, as well as priorities that will extend over the full period of the Business Plan.

TABLE 1: Review of Tenancy Services Priorities in 2022/23

<table>
<thead>
<tr>
<th>Business Plan Priority</th>
<th>Achievements/Progress</th>
</tr>
</thead>
</table>
| 1. Meet the Scottish Social Housing Charter to a high standard | Partly Achieved and Ongoing  
Performance results are mixed: areas of good performance and areas for improvement  
See Table 2 (trends in GhHA's performance in recent years)  
See Appendix 6 (GhHA's performance benchmarked with peer group and national averages). |
| 2. Implement new rent structure from 1 April 2023, following engagement with tenants. | Achieved  
Year 1 phasing in amounts included in tenants’ rent charges for 2023/24.  
This will be a continuing priority as the new rent structure is based on phasing in changes to rents over a period of 5 years, to provide a smoother transition for tenants. |
| 3. Limit rent increases, due to cost of living pressures for tenants. | Achieved  
2023/24 rent increase was 6.75% (CPI inflation 10.1%). This was the second consecutive year a sub-inflation rent increase was set. |
| 4. Continue to manage rent arrears in line with procedure and ensure early intervention | Achieved (current rent arrears)  
Continued strong performance for gross rent arrears (2.65% for 2022/23), significantly better than peer group and national averages.  
GhHA wrote off 45% of former tenant arrears in 2021/22. This was the highest in our peer group and will receive increased priority in 2023/24. |
| 5. Sustainment of Welfare Rights support and seek funding to employ two Energy Advisors | Achieved (income maximisation)  
Income Maximisation Team secured £2.39 million in financial gains for 479 new clients with 785 new benefit cases opened.  
We applied for funding to Scottish Government to create energy adviser posts but our application was unsuccessful. We will work with local agencies to support tenants suffering from financial hardship due to fuel costs. |
<p>| 6. Achieve improved performance results for void relet times | Not achieved, further improvement needed |</p>
<table>
<thead>
<tr>
<th>Business Plan Priority</th>
<th>Achievements/Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. Seek resident interest in establishing a residents panel. Increase engagement with customers. Develop knowledge of the profile of our tenants and continue to develop our service delivery response to our diverse customer base.</td>
<td>In 2022/23, average re-let time was 61.35 days (56 days in 2021/22). Substantial improvement in percentage of housing offers refused (25% in 2022/23). Achieved Preparatory work completed for Residents Panel High tenant response to rent review consultation (29%, highest level ever achieved). More choice for how tenants could respond including CX-Feedback. Successful resident events at Christmas and Easter Survey work carried out for protected characteristics Adaptation of Capita to ensure the customer portal meets customer and GhHA needs</td>
</tr>
<tr>
<td>9. Develop a new estate and bulk strategy</td>
<td>Establish environmental residents’ panel Continue to find new ways of working with GCC to jointly tackle the environmental issues in the area Tender for new grounds maintenance contractor</td>
</tr>
<tr>
<td>10. Let our housing to people in housing need, including homeless people, and increase the number of lets to section 5 referrals in accordance with the annual Lettings Plan.</td>
<td>Partly achieved 70 GhHA lets (33%) were to section 5 referrals in 2022/23 (GhHA target was 35%). While the Health and Social Care Partnership set a target of 60% of all lets, applicable to all social landlords in Glasgow, the pattern of referrals can vary enormously. In GhHA’s case, the number of referrals by GCHSCP increased to 114 in 2022/23 compared with only 47 referrals made to us in 2021/22.</td>
</tr>
<tr>
<td>11. Successfully introduce our programme of new Tenancy Services initiatives.</td>
<td>Achieved Housing officer budgets, a Crisis Fund and an educational bursary awards scheme for tenants or their household members were all introduced as planned.</td>
</tr>
</tbody>
</table>
Performance Results

Table 2 shows trends in GhHA’s performance in relation to Annual Return on the Charter (ARC) Indicators. The table covers the three-year period from 2020/21 (the peak COVID year) to 2022/23. Areas in the 2022/23 column are summarised using the following colour coding:

**Key**
- 2022/23 result shows improving or stable performance in each of the three years
- 2022/23 result shows mixed performance over the three years
- 2023 result shows material deterioration in performance over the three years

*Note: rows that are not shaded relate to contextual rather than performance information.*

**TABLE 2**
GhHA Charter Indicators Performance 2020/21 to 2022/23

<table>
<thead>
<tr>
<th></th>
<th>2020/21</th>
<th>2021/22</th>
<th>2022/23</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer Satisfaction</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of tenants satisfied with the overall service provided landlord</td>
<td>82.8</td>
<td>82.8</td>
<td>82.8</td>
</tr>
<tr>
<td>% tenants who feel rent represents good value for money</td>
<td>76.1</td>
<td>76.1</td>
<td>76.1</td>
</tr>
<tr>
<td><strong>Empty Homes, Lettings and Tenancy Sustainment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% lettable self-contained houses that became vacant in year</td>
<td>5.5</td>
<td>6.8</td>
<td>6.3</td>
</tr>
<tr>
<td>Number of properties that became vacant</td>
<td>152</td>
<td>179</td>
<td>178</td>
</tr>
<tr>
<td>Number of properties re-let</td>
<td>141</td>
<td>188</td>
<td>182</td>
</tr>
<tr>
<td>% of rent due lost through empty properties</td>
<td>1.9</td>
<td>1.8</td>
<td>2.3</td>
</tr>
<tr>
<td>Average length of time to re-let empty properties (calendar days)</td>
<td>105.1</td>
<td>55.9</td>
<td>61.3</td>
</tr>
<tr>
<td>% tenancy offers refused</td>
<td>46.2</td>
<td>52.8</td>
<td>25%</td>
</tr>
<tr>
<td>Number of section 5 referrals received by GhHA</td>
<td>54</td>
<td>47</td>
<td>114</td>
</tr>
<tr>
<td>% of section 5 and other homeless referrals resulting in a housing offer by GhHA</td>
<td>67%</td>
<td>71%</td>
<td>33%</td>
</tr>
<tr>
<td>% new tenancies sustained more than a year</td>
<td>87.3</td>
<td>96.0</td>
<td>99%</td>
</tr>
<tr>
<td><strong>Rents and Income Management</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% average weekly rent increase to be applied next year (relative to inflation)</td>
<td>1.0%</td>
<td>3.6%</td>
<td>6.75%</td>
</tr>
</tbody>
</table>
The tenant satisfaction results shown in Table 2 are unchanged in each of the last three years because all are sourced from the same large-scale survey carried out in 2020. The fieldwork took place by telephone just as the country went into a further period of full-scale lockdown due to COVID. It is likely that the survey method and timing will both have had an impact on the results.

Table 2 shows how GhHA’s own performance has changed in each of the last three years. GhHA also benchmarks our performance results by comparing our Charter and other results with national averages and a peer group of eight larger community-based housing associations which have pre-1919 tenements making up a significant share of their stock. The benchmarking results are provided in Chapter 12 (Value for Money) and Appendix 6.

In addition to GhHA, the benchmarking organisations are Maryhill, Milnbank, Parkhead, Partick, Shettleston, Southside, and Tollcross Housing Associations.

**Statement of Priorities for 2023/24**

The following Statement of Priorities describes GhHA’s priorities for the first year of the Plan (2023/24).

Following approval of the Business Plan, a Tenancy Services Action Plan will be prepared and inserted in the final Business Plan at Appendix 2. This expands on the Statement of Priorities by setting out the planned actions for delivering on each of the stated priorities during year 1. The Action Plan is in “SMART” format (i.e. its contents are intended to be Specific, Measurable, Achievable, Realistic and Time bound), to provide clarity about what we will do and how we will measure achievement.
The 2023/24 priorities set for Tenancy Services are as follows:

**Rents and Affordability**

1. In developing rent review proposals for 2024/25, seek to ensure that proposed rents remain affordable, using GhHA’s existing test that rent should be no more than 30% of net household income for tenants who are in work, or a suitable alternative metric.

   This will be balanced against the other factors that contribute to decisions about rent-setting including tenant consultation results and assessment of the level of income needed to provide services and to invest in tenants’ homes.

**Tenant House Visits**

2. Introduce biennial house visits. This will include checking for any signs of dampness and mould. We will also carry out such checks during house visits that are carried out on an ongoing basis.

**Income Management**

3. Reduce void rent loss and the average time to re-let empty properties, in accordance with 2023/24 Key Performance Indicators and taking account of benchmarking results.

4. Maintain GhHA’s strong control over current tenant arrears and manage the risks that may occur as a result of the transition from legacy benefits to Universal Credit. Develop a resource plan for reducing former tenant arrears.

**Support for Tenants and Residents**

5. Maintain a local and adequately resourced income maximisation service available to GhHA tenants and residents.

**Lettings and Homelessness**

6. Complete the review of the Allocations Policy that is currently underway.

7. Increase the proportion of lets to homeless households to 50% in 2023/24 (45% section 5 referrals and 5% for “other homeless” cases).

**Antisocial Behaviour**

8. Provide an improved, expert service for addressing antisocial behaviour effectively, through a new partnership with GCC’s Neighbour Relations Unit.

**Customer Engagement and Digital Communications/Access to GhHA Services**

9. Implement a new Customer Engagement Plan including the formation of the proposed Customer Panel, commissioning of the next three-yearly Customer Satisfaction Survey, and customer engagement/follow-up actions following completion of the Survey.
10. Continued promotion of the Customer Portal and monitor how well the portal is working for customers and for GhHA.

11. Continued development of use of CX-Feedback as our default customer feedback tool.

**Environmental and Estate Management**

12. Appoint new environmental contractor for grounds maintenance

13. Appoint new contractor for close cleaning

14. Establish a residents environmental panel

**Key Issues and Pressure Points**

This closing section provides additional information about issues that may affect the priorities set out for 2023/24.

**Maintaining Rent Affordability (Priority 1)**

An assessment of the affordability of GhHA’s current rents is provided in Chapter 12, Value for Money.

As noted throughout the Plan, the pandemic and cost of living crisis have resulted in real terms reductions in GhHA’s annual rental income, consistent with sector-wide trends.

This has occurred at the same time as inflation and other economic pressures have seen GhHA’s costs increase by a significant margin. If, as seems likely, costs continue to rise and sub-inflation rent increases are not financially sustainable, there will be renewed pressure on rent levels and affordability.

Priority 1 assumes that proposed rent increases for 2024/25 will be assessed for affordability using GhHA’s existing rent to income ratio of 30%. We will not know until the budget and rent-setting processes begin in autumn 2023 whether this continues to be achievable.

**Tenant House Visits (Priority 2)**

Visiting tenants in their homes serves many useful purposes, from identifying tenants who are vulnerable and need some extra support, to enforcing tenancy conditions, and providing tangible evidence of our customer care. Placing visits on an agreed two-year programme will enhance our service and our ability to respond to the needs of individual customers.

As a responsible landlord, we wish to respond positively to dealing with dampness and mould in our properties. Staff have been briefed to be alert to the signs of such problems whenever they are visiting tenants’ homes. This will also be a key area of activity during the biennial visits we will carry out to all of our properties.
Income Management (Priorities 3 and 4)

GhHA has achieved strong performance in rent collection and rent arrears for several years, and this has been validated in a recent internal audit. The internal audit report highlighted a need to increase the collection of former tenant arrears and we will address this in 2023/24.

Looking ahead, we know there may be further pressures on rent payments resulting from the cost of living and the growing number of tenants receiving Universal Credit (UC) as a result of the continuing migration from legacy benefits. While there have not been significant impacts on arrears from UC migration to date, we will monitor impacts closely and seek to secure direct payment of UC to the Association in as many cases as possible.

GhHA has had historically high re-let times for empty properties. Significant progress was achieved to address this until 2020 but this was put into reverse as a result of the COVID-19 pandemic. Average re-let times rose to a high of 105 days in 2021/22 with void rent loss also increasing sharply. While performance results have improved since the 2021/22 high, they are still at unsustainable levels and well in excess of peer group and national average levels.

In the present climate, maximising income from all available sources is essential and reducing void losses is a significant opportunity to address. For example, GhHA could achieve an efficiency saving of around £91k per annum if we were able to reduce void losses from 1.8% to 1.2% (the peer group average in 2021/22).

To address this, the key objectives in 2023/24 will be to:

- Accelerate the repairs timescales achieved in returning void properties to the letting pool
- Reducing the level of components that need to be replaced as part of the void management process
- Consolidating recent improvements in matching applicants to properties.

The percentage of housing offers that were refused reduced to 25% in 2022/23, having been in the range of 45% to 60% in the previous 3 years. This is an excellent achievement and we will monitor performance in the coming year to ensure that the improvements are sustained.

Our analysis is that the process of matching properties and applicants has worked well but also needs to be accelerated to achieve maximum effect. The optimum outcome will be acceleration of the matching process while at the same time retaining the higher level of successful offers.

Support for Tenants (Priority 5)

GhHA’s income maximisation service has consistently achieved excellent results for tenants with a high demand for services during the pandemic and the cost of living crisis. The additional income generated for clients in the last two years is shown in Table 1 earlier in this Chapter.

The service can be characterised as “high impact, high value” for both service users and GhHA. The key challenge in 2023/24 is to ensure that it is resourced at a level that is matched to demand. The Management Committee is committed to ensuring that this continues to be the case.
Lettings and Homelessness (Priorities 6 and 7)

The review of the Allocations Policy will consider alternative options for prioritising applications, including a group plus points policy.

The overall pattern of lets made during 2022/23 was as follows:

**TABLE 3**
Distribution of GhHA Lets 2022/23

<table>
<thead>
<tr>
<th>Source of let</th>
<th>Total</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer</td>
<td>31 (14.7%)</td>
<td></td>
</tr>
<tr>
<td>Housing List</td>
<td>106 (50.5%)</td>
<td></td>
</tr>
<tr>
<td>Section 5</td>
<td>70 (33.3%)</td>
<td></td>
</tr>
<tr>
<td>Other GCC Nominations</td>
<td>3 (1.4%)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>210</td>
<td></td>
</tr>
<tr>
<td>Leases</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Mutual Exchanges</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

There is rising demand from the Health and Social Care Partnership (HSCP) for accommodation for homeless households due to its concerns about logjams in temporary accommodation.

We have responded to this by increasing our homeless lets target to 50% of all lets in 2023/24. This represents 45% for section 5 referrals made by the HSCP, and 5% for other homeless cases. While the HSCP has set a target of 60% of all lets for section 5 referrals, the Association wishes to be able to respond to other types of priority housing needs. For this reason, we have increased our section 5 target but not to the full extent requested by the HSCP.

We are also looking into the matching process advocated by the HSCP as a means of matching available supply to the needs and wants of homeless people.

Managing Antisocial Behaviour (Priority 8)

GhHA’s most recent Customer Satisfaction Survey was carried out in 2020 and indicated that around one in three respondents thought there was a problem with antisocial behaviour (ASB) in the area. Dog fouling, vandalism, loitering, rubbish, drug dealing and crime were the areas of concern expressed most often. Tenant feedback on our handling of ASB cases also highlighted some issues to address.

GhHA’s capacity to manage Antisocial Behaviour (ASB) has been a concern for some time, with the reasons ranging from knowledge/experience gaps within our Team to more tenants approaching the Association due to difficulties in accessing local government, health and DWP services as local service points have closed or gone online.
GhHA will introduce major changes in 2023 in how we deal with ASB, by buying in specialist ASB management services from GCC’s Community Relations Unit (CRU). This will provide a comprehensive range of services on our behalf and will also provide training and support to increase skills and confidence among our Team in responding to ASB cases. The CRU provides similar services for a number of other housing associations in the city, and the value of the service can be seen in the case resolution statistics of these associations which are markedly superior to GhHA’s.

The initial period of the contract is for one year, with an annual cost per tenancy of 19 pence.

**Customer Engagement and Digital (Priorities 9, 10 and 11)**

We are giving priority to learning more about our tenants and their priorities for the future, to improve customer experience and develop existing and new services in response to the needs expressed.

We will be using a range of methods to do this, from organised activities such as the Customer Panel and a number of survey-based activities. Our next full-scale customer satisfaction will take place in 2023. We are also using the CX-Feedback system to gather views about GhHA services on an ongoing basis, rather than relying on our past approach which relied on the full-scale customer survey and information from complaints.

We will develop our use of CX-Feedback to cover a wider range of services and consider how the new system fits with the 2023 Customer Satisfaction Survey. Between the two systems, we hope to gather not only satisfaction data but also robust data about what tenant priorities are for the future.

We will continue to hold community events, now restored following the pandemic. The events held in 2022/23 were highly successful as a way of bringing people together and in enabling the Association to engage with tenants and hear their views first hand.

Our customer portal was launched in spring 2023 and promotional work will continue throughout 2023/24.

While there is scope for further digital change and innovations, the immediate priority is to make sure that the changes described (CX-Feedback and the Customer Portal) become fully embedded and are producing tangible benefits for customers and staff.

**Environmental and Estate Management (Priorities 12, 13 and 14)**

Keeping backcourts, closes and common areas clean and tidy is an ongoing challenge in Govanhill because of population and housing density and the behaviours of some residents and businesses. We carry out walkabouts of the area three times a week to address this although the Association is just one of a number of agencies with responsibilities for addressing these issues, alongside GCC services and the Govanhill Service Hub.
The cost to GhHA of providing services is increasing significantly as a result of GCC’s passing financial responsibility for services such as bulk uplift and to the Association. Our budgeted cost for these services in 2023/24 is £242,400.

GCC has recently launched a pilot programme of “on-street hubs” in three parts of the city, including Pollokshields. This involves placing a number of large communal bins for general waste, recycling etc in the street rather than in garden or back court areas. If adopted more widely, this would have major implications for GhHA if as seems likely there would be a resulting need to demolish existing bin stores and landscape or re-purpose back courts. We will follow closely the progress of the pilots and their outcomes.

Priorities 12 to 14 cover a number of activities relating to environmental standards, including procurement of contracts for grounds maintenance and close cleaning and the formation of an environmental residents panel which we hope will provide us with feedback from residents and increased capacity to work jointly to find appropriate solutions.
10. **Asset Management**

**Strategic Context for GhHA’s Development & Property Services**

Development & Property Services contribute to meeting the following GhHA strategic objectives:

<table>
<thead>
<tr>
<th>Services</th>
<th>Deliver quality, value for money services that meet the varying needs and circumstances of our customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Homes and neighbourhoods</td>
<td>Provide quality homes and work with our partners to make Govanhill a cleaner, greener place</td>
</tr>
<tr>
<td>Assets</td>
<td>Manage our assets well, spend our resources wisely, and plan ahead for the decarbonisation of our housing</td>
</tr>
<tr>
<td>Communities</td>
<td>As the community anchor organisation for Govanhill, work with the community and with partners to strengthen our community and benefit local people</td>
</tr>
<tr>
<td>Our people</td>
<td>Make sure GhHA is an effective and efficient organisation and that our staff are well trained, valued and supported, and motivated to provide the best possible services to our customers.</td>
</tr>
</tbody>
</table>

The most significant factors affecting our work at present are shown below. These cover both internal and external issues.

<table>
<thead>
<tr>
<th>Internal Issues</th>
<th>External Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Capacity to deliver component renewal programmes due to costs rising well above increases in rent.</td>
<td>8. Limited development sites available within our operational localities.</td>
</tr>
<tr>
<td>2. Making full use of the technology available to us, to support efficient use of our resources.</td>
<td>9. Future trends in inflation, construction, and maintenance costs.</td>
</tr>
<tr>
<td>3. Full review of component specifications to be undertaken by end of December 2023.</td>
<td>10. Changes in National and Scottish Government agendas regarding carbon neutral agenda, EESSH2, Fire Safety etc and resultant costs to GhHA and common owners.</td>
</tr>
<tr>
<td>4. Seeking efficiencies that will result in cost savings and/or allow us to use our resources differently for the benefit of our tenants.</td>
<td>11. Availability of contractors/workforce to deal with new construction methods/technology and carbon neutral agenda.</td>
</tr>
<tr>
<td>5. Focus on Landlord Safety particularly in relation to gas safety checks, five-year periodic electrical checks, fire safety,</td>
<td>12. Availability and levels of GCC TMDF grants for new build housing.</td>
</tr>
<tr>
<td></td>
<td>13. Poverty, low-income owners, rent restrictions on Private Sector landlords and restrictions</td>
</tr>
</tbody>
</table>

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Govanhill Housing Association  
Business Plan 2023/24 to 2025/26  
Business Plan Page | 44
<table>
<thead>
<tr>
<th>Internal Issues</th>
<th>External Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>legionella, lifts etc.</td>
<td>on availability of GCC Private Sector Housing Grant to owners who require to pay for expensive common repairs such as new roofs etc.</td>
</tr>
<tr>
<td>6. Succession planning for maintenance Team due to several officers nearing retirement age.</td>
<td>14. Resistance by owners to participate in common repair or renewal projects.</td>
</tr>
<tr>
<td>7. Satisfaction surveys and improved engagement required with owners of Factored properties re investment programme.</td>
<td>15. Scarcity of technical staff to fill vacancies.</td>
</tr>
</tbody>
</table>

**Statement of Progress at 31 March 2023**

The below table summarises progress achieved in addressing the main Development & Property Services priorities described in the 2022 Business Plan. This includes tasks to due to be completed in 2022/23, as well as priorities that extend over the full period of the Business Plan.

**Review of Development & Property Services in 2022/23**

<table>
<thead>
<tr>
<th>Business Plan Priority</th>
<th>Achievements/Progress</th>
</tr>
</thead>
</table>
| 1. Deliver property management services to a high standard meeting our tenants’ expectations | **Achieved**  
Responsive Repairs satisfaction has returned to pre-covid levels at 97.2% (22% response rate), 100% satisfaction on our kitchen replacement contract which completed in the operational year and 96.6% in relation to renewal of heating systems. |
| 2. To invest heavily in our housing stock over the plan period | **Partly Achieved**  
All our workstreams have gathered pace following restrictions imposed by the pandemic although impacted on by the increased costs being presented by the market.  
GhHA in the past year has completed heating, window, and kitchen renewal contracts along with upgrading the electrical systems as required following electrical safety checks.  
Contracts have been awarded to carry out combined window, kitchen and bathroom renewals and further window replacements.  
GhHA is also in the final stages of awarding a contract to carry out common structural strengthening works to four closes and fully refurbish the flats involved including energy improvements. |
### Business Plan Priority

<table>
<thead>
<tr>
<th>Priority</th>
<th>Achievements/Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Complete the SW Govanhill Acquisition &amp; Repair Programme</td>
<td><strong>Partly Achieved, will complete in 2024/25</strong> &lt;br&gt;Delays on two contracts due to the contractor going into administration. Other contracts are in the process of being let at the turn of the operational year. &lt;br&gt;Huge success in acquiring 430 flats to date through the programme along with the introduction of our Factoring Service to many closes. Latest acquisitions in progress of being placed in repair projects. Small number will require statutory intervention on essential common repairs by GCC prior to refurbishment.</td>
</tr>
<tr>
<td>4. Build more Homes</td>
<td><strong>In progress</strong> &lt;br&gt;Agreement to proceed with 60 units through turnkey development agreement with Link HA on Larkfield Bus Garage site. &lt;br&gt;Moving to competitively tender 159 Butterbiggins Road late Summer 2023 – 24 units. &lt;br&gt;Active discussions with owner of Clada Club site in Westmoreland Street – 20 units. &lt;br&gt;Feasibility Study under way re Forsyth House/74 Batson Street to reprovision Mental Health Support Project and build 8 to 10 family homes.</td>
</tr>
<tr>
<td>5. Work with GCC &amp; other housing associations to seek new Government Investment in Glasgow’s pre-1919 tenements.</td>
<td><strong>Partly Achieved, ongoing</strong> &lt;br&gt;Participation on numerous meetings regarding tenement repairs and energy retrofit requirements. GCC commitment to preserving Glasgow’s tenements included in the draft Local Housing Strategy.</td>
</tr>
<tr>
<td>6. Restore performance results in the delivery of maintenance repairs to pre-pandemic levels</td>
<td><strong>Improving Position</strong> &lt;br&gt;Emergency Repairs – Target 2 hours, was 1.77 hours pre-pandemic, improvement to 2.39 hours in 2022/23. &lt;br&gt;Non-Emergency Repairs – Target 5 working days, was 5 days hours pre-pandemic, improvement to 7.38 days in 2022/23 &lt;br&gt;Right First Time – Target 95%, was 96% pre-pandemic, improvement to 90.2% in 2022/23 &lt;br&gt;Expect further improvements in current year of Business Plan</td>
</tr>
<tr>
<td>7. Achieve improved performance results for void relet times</td>
<td><strong>Not achieved, further improvement needed</strong></td>
</tr>
<tr>
<td>Business Plan Priority</td>
<td>Achievements/Progress</td>
</tr>
<tr>
<td>------------------------</td>
<td>-----------------------</td>
</tr>
</tbody>
</table>
| **8. Meet legal obligations for the safety of our tenants in their homes** | **Achieved**  
All annual gas safety checks carried out on time.  
All due 5-year electrical safety checks either completed or access sought through no access procedures.  
All lift safety, fire system and legionella checks completed as per schedule.  
All due Fire Risk Assessments completed.  
200 Butterbiggins Road, project to replace the sections of ACM & HPL moving to building warrant and tender.  
Cathcart Road, Structural Strengthening Works Tenders approved with Grant Funding, all tenants decanted, PSHG monies being ingathered to permit site start. |
| **9. Improve our asset management information base so that we have a long-term plan for targeting investment in tenants’ homes as effectively as possible** | **Partly achieved, work continuing**  
Revised component costs received, report to permit programming complete, review has taken place on changes required on IT system to rationalise data with IT consultant along with requirements for live time updating of components. |
| **10. Continue to improve the energy efficiency of our housing stock and develop a plan to comply with EESSH 2** | **Continuing**  
All Acquisitions receiving energy improvements.  
97 Westmoreland Street approaching tender, AECB retrofit standard.  
Flats in Cathcart Road Structural Strengthening Project will receive energy improvements.  
Interest from GCC to review above as Pilot Studies.  
Numerous one-off void properties being evaluated on energy performance and receiving energy improvements. |
| **11. Seek opportunities to stretch our spending power** | **Achieved**  
Use of GhHA and other Frameworks to achieve best price.  
Tender action progressing regarding Electrical Safety Checks, Roof Maintenance, Maintenance & Void Repairs |
Performance Results

The below table shows trends in GhHA’s performance in relation to Annual Return on the Charter Indicators. The table covers the three-year period from 2020/21 (the Covid Peak Year) to 2022/23.

Key
- **2022/23 result shows improving or stable performance in each of the three years**
- **2022/23 result shows mixed performance over the three years**
- **2023 result shows material deterioration in performance over the three years**

<table>
<thead>
<tr>
<th>Charter Indicator</th>
<th>2020/2021</th>
<th>2021/22</th>
<th>2022/23</th>
<th>Target 2023/24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage properties meeting SHQS year-end (%)</td>
<td>81.0</td>
<td>74.8</td>
<td>63.6</td>
<td>80</td>
</tr>
<tr>
<td>Percentage properties meeting EESSH year-end (%)</td>
<td>56.8</td>
<td>85.2</td>
<td>83.3</td>
<td>90</td>
</tr>
<tr>
<td>Percentage tenants satisfied with quality of home (%)</td>
<td>87.2</td>
<td>87.2</td>
<td>87.2</td>
<td>90</td>
</tr>
<tr>
<td>Average hours to complete emergency repairs</td>
<td>2.1</td>
<td>2.6</td>
<td>2.4</td>
<td>2.0</td>
</tr>
<tr>
<td>Average working days to complete non-emergency repairs</td>
<td>10.3</td>
<td>8.3</td>
<td>7.4</td>
<td>5.0</td>
</tr>
<tr>
<td>Percentage reactive repairs completed right first time (%)</td>
<td>85.8</td>
<td>87.9</td>
<td>90.2</td>
<td>95.0</td>
</tr>
<tr>
<td>Percentage tenants satisfied with repairs service (%)</td>
<td>85.0</td>
<td>85.2</td>
<td>97.2</td>
<td>95.0</td>
</tr>
<tr>
<td>Average calendar days to re-let properties</td>
<td>105.1</td>
<td>55.9</td>
<td>61.3</td>
<td>30</td>
</tr>
<tr>
<td>Number of times statutory duty to complete a gas safety check was not met</td>
<td>84</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

The Satisfaction with the quality of your home results is unchanged in each of the last three years because this indicator is sourced from the most recent large-scale survey in 2020. This will be updated as part of the next survey due to take place later in 2023.

The reduction in both the level of properties meeting SHQS and EESSH is as expected due to the impact caused by the Association’s SW Govanhill Acquisition & Repair Programme and acquiring other sub-standard properties from the private sector for improvement.

As the Association is in the final stages of the Programme, many properties are either on site or have had pre-improvement works carried out for example to address rot issues leading to a temporary increase in SHQS and EESSH fails with most currently having no kitchen, bathroom,

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6 The Business Plan also includes (at Appendix 6) benchmarking information showing how GhHA’s performance results compare with our peers.
heating system and their electrical systems require rewired. This is a temporary situation which will reverse through the Business Plan length to passes when the units complete their refurbishment.

We also have an elevated level of SHQS abeyances due to no-access issues to carry out period electrical checks.

Of note is the improving position towards target and pre-pandemic performance in the delivery of responsive repairs and the level of satisfaction expressed by tenants. This is particularly welcome because the delivery of repairs services was among the GhHA services most directly impacted by the pandemic.

The failure in completing 100% of gas safety checks in 2020/21 was due to the strict lockdown controls at that time and resultant access difficulties centred around tenants self-isolating or shielding.

Stock Profile

GhHA Stock Numbers at 31 March 2023

<table>
<thead>
<tr>
<th>Type</th>
<th>Number of Self-contained Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other Flat</td>
<td>23</td>
</tr>
<tr>
<td>4-in-a-Block</td>
<td>69</td>
</tr>
<tr>
<td>House</td>
<td>75</td>
</tr>
<tr>
<td>Tenement</td>
<td>2637</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2804</td>
</tr>
</tbody>
</table>

GhHA Housing Stock by Property Size at 31 March 2023

<table>
<thead>
<tr>
<th>Size</th>
<th>Number of Self-contained Units</th>
<th>Percentage of Self-contained Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Apartment</td>
<td>37</td>
<td>1.32%</td>
</tr>
<tr>
<td>2 Apartment</td>
<td>1300</td>
<td>46.36%</td>
</tr>
<tr>
<td>3 Apartment</td>
<td>1113</td>
<td>39.69%</td>
</tr>
<tr>
<td>4 Apartment</td>
<td>300</td>
<td>10.70%</td>
</tr>
<tr>
<td>5+ Apartment</td>
<td>54</td>
<td>1.93%</td>
</tr>
</tbody>
</table>

GhHA’s total self-contained housing stock at the end of March 2023 was 2,804 units.

60% of the housing stock is pre-1919 tenement flats, rehabilitated and improved by GhHA over the last 45 years through the very successful Housing Action Area for Improvement programme.

The purchase of tenement flats has resumed, with 436 flats purchased in the South West Govanhill Acquisition and Repair Programme area and Albert Road to March 2023.

GhHA has built 274 new houses since 1982 to meet housing needs and address housing mix imbalances. 219 of the new build units are flats and 55 units are 2-storey terraced houses with back and front gardens. We have an agreement to purchase 60 new homes on the former Larkfield Garage site and a current new build project at 159 Butterbiggins Road due to be tendered shortly to hopefully go on site in late 2023/24 and this will provide a further 24 new flatted homes.
The Association is also in active dialogue over the redevelopment of the former Clada Club site in Westmoreland Street with its owner to provide a further 20 new flatted homes.

GhHA acquired 665 homes in Govanhill and Merrylee in 2010 through stock transfers. The housing stock provides a range of adapted, amenity and wheelchair housing and semi- or fully supported accommodation to meet the needs of particular client groups.

**Statement of priorities for 2023/24**

The following Statement of Priorities describes GhHA’s priorities for the first year of the Plan (2023/24).

The Business Plan also includes a Development & Property Services Action Plan at Appendix 2. This expands on the Statement of Priorities by setting out the planned actions for delivering on each of the stated priorities during year 1. The Action Plan is in “SMART” format (i.e. its contents are intended to be Specific, Measurable, Achievable, Realistic and Time bound), to provide clarity about what we will do and how we will measure achievement.

**The 2023/24 priorities set for Development & Property Services are as follows:**

<table>
<thead>
<tr>
<th>Highly performing Maintenance Service</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Continue to seek improvements in our Reactive Maintenance Performance it terms of speed of delivery and customer satisfaction.</td>
</tr>
<tr>
<td>2. Continue to improve the speed of repairing void properties for return to the letting pool and reduce the level of components requiring renewal out with Major Repair programmes.</td>
</tr>
<tr>
<td>3. Ensure the timely delivery of cyclical maintenance including gas, electrical and other safety programmes, painter-work and roof inspection and gutter cleaning.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment in our housing stock</th>
</tr>
</thead>
<tbody>
<tr>
<td>5. Continue to develop and complete Asset Strategy along with a review of Asset Performance/Net Present Values.</td>
</tr>
<tr>
<td>6. Complete the review and updating of components on Capita based on our approved strategy to renew kitchens and bathrooms by date and all others by their condition.</td>
</tr>
<tr>
<td>7. Component replacements</td>
</tr>
<tr>
<td>Following the completion of two large safety projects (200 Butterbiggins Road – partial replacement of cladding &amp; Cathcart Road Structural Strengthening), refocus major repair activity to bathroom, kitchen, central heating, and window renewals.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Complete SW Govanhill Acquisition &amp; Repair Programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>8. Complete and close all issues with “McGill in administration” with the administrators</td>
</tr>
</tbody>
</table>
9. Complete Essential Common Works Contracts in current and programmed projects within the funding available from GCC and GhHA.

10. Complete the refurbishment of acquisitions in current and programmed projects within the funding available from GCC and GhHA.

11. Work closely with GCC to move forward statutory essential common repair projects as required to complete the repairs of a minority of acquisitions within the closes concerned.

**New Build Housing**

12. Complete the development agreement and purchase of 60 units from Link HA on the former Larkfield Garage Site.

13. Tender and let contract to build 24 units at 159 Butterbiggins Road.

14. Seek agreement and development agreement for 20 units at the former Clada Club site in Westmoreland Street with its owner.

**Maintain Safe Homes**

15. Comply with all Health and Safety Legislation in the delivery of our Landlord Services to keep our tenants and other customers safe and continue to utilise ACS Landlord Safety Manual and processes.

16. Carry out the replacement of the partial rainscreen cladding at 200 Butterbiggins Road and complete the structural strengthening works to four closes in Cathcart Road.

**Factoring**

17. Complete the acquisition of common closes as required to support effective property management particularly in the SW Govanhill locality.

18. Reduce the level of current Factoring debtors to below £200k by 31 March 2024.

19. Improve the level of customer satisfaction through regular meetings of our Owners’ Forum, newsletters, and a rolling programme of customer satisfaction surveys.

**Improve Energy Efficiency and Reduce Carbon Footprint of our Housing Stock**

20. Continue to carry out insulation retrofit works where possible to our housing stock together with the replacement of older less efficient heating systems.

21. Complete the AECB Retrofit Project at 97 Westmoreland Street.

22. Review performance of existing internal/external wall insulation systems and their effectiveness and work with GCC and other partners re standardisation of pre-1919 retrofit and participate in pilot studies with GCC.

**IT Software**

23. Make improved use of Capita Software and mobile technology and increase reporting from it.
24. Continued development of use of CX-Feedback as our default customer feedback tool in Maintenance, Factoring & Development.

**Key Issues and Pressure Points**

This section provides further commentary on the Statement of Priorities, addressing those priorities where further explanation or elaboration may be useful.

**Highly performing Maintenance Service (Priorities 1-5)**

The Association saw improvements in its performance against targets in the delivery of its reactive repairs service to tenants in 2022/23. We will continue to work with the contractor MEARS and our new contractor following tender action this year from December 2023 onwards.

Particular focus will also be made on the speed of pre-inspections when required and the speed that customers get a call answered when making a repair request.

The recent introduction of our tenant and owners’ portal will also permit them to review repair history and the status of their repair request.

The undernoted targets are set for the delivery of our Reactive Repairs Service:

<table>
<thead>
<tr>
<th>Charter Indicator</th>
<th>2021/22</th>
<th>2022/23</th>
<th>2023/24 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average hours to complete emergency repairs</td>
<td>2.6</td>
<td>2.4</td>
<td>2.0</td>
</tr>
<tr>
<td>Average working days to complete non-emergency repairs</td>
<td>8.3</td>
<td>7.4</td>
<td>5.0</td>
</tr>
<tr>
<td>Percentage reactive repairs completed right first time (%)</td>
<td>87.9</td>
<td>90.2</td>
<td>95</td>
</tr>
<tr>
<td>Percentage tenants satisfied with repairs service (%)</td>
<td>85.2</td>
<td>97.2</td>
<td>95</td>
</tr>
</tbody>
</table>

We performed well in our section of void turnaround but still required to carry our too many overdue component renewals as part of the process. Prior to the pandemic the Association was close to achieving its 30-day lettable void target. In 2022/23 our performance was 61 days.

To address this, a challenging target is to be set of an average of **15 days to turnaround for normal repair activity** in the current year target to turnaround for void properties with the Maintenance Team. In 2022/23, approximately 69.2% of our void properties were in the “normal repair” category with the remaining 30.8% having one or more major repairs before they could be re-let. Utility issues and dealing with infestations also impacted heavily on the speed of carrying out void repairs.

We will ensure the timely delivery of cyclical maintenance including gas, electrical and other safety programmes, painter-work and roof inspection and gutter cleaning.
Within 2023/24 we will complete the procurement of GhHA’s Maintenance & Void, Periodic Electrical Testing and Roof Inspection, Repair and Gutter Cleaning Contracts.

**Investment in our housing stock (Priority 5)**

GhHA is nearing completion of a detailed review of its assets and will present its Asset Strategy for approval to Management Committee this summer.

A review of stock performance will also be carried out looking at its viability and risk factors including NPV and covering voids, letting, maintenance costs, rental levels, and component renewals. It will also review how each unit may be affected by their location within common property with other owners and its ability to meet EESSH2 when details are available from the Scottish Government.

**Complete SW Govanhill Acquisition & Repair Programme (Priorities 8, 9, 10 and 11)**

Our SW Govanhill Acquisition and Repair programme is now within its closure stage although delayed by one of its main contractors, McGill, failing and being placed within administration. GhHA is actively engaging with the administrators, and we hope this exercise will be complete by March 2024.

All Scottish Government grant funding has been fully drawn down and spent by March 2023. Funding by GhHA and GCC continues with £6.3m of Housing Association Grant available up to 2025/26.

GhHA has a substantial number of Essential Common Works Contracts on site currently and further programmed projects being worked through within the funding available from GCC, GhHA and other common owners.

GhHA has several contracts on site to complete the refurbishment of acquisitions at present with the remainder in programmed works projects within the funding available from GCC and GhHA.

We anticipate all works will be completed within 2023/24 and 2024/25.

There are a minority of closes which require essential common repairs carried out to address disrepair, structural and rot issues where GhHA has failed to gain a voting majority to progress the work on a voluntary basis. GhHA will work closely with GCC to move forward statutory essential common repair projects as required to complete the repairs of the few acquisitions within the closes concerned.

**New Build Housing (Priorities 12, 13, 14)**

GhHA has several sites where it hopes to deliver new build housing in the period up until 2025/26.

We are in the late stages of completing a turnkey development agreement and purchase of 60 units from Link HA on the former Larkfield Garage Site which will be available in October/November 2024 to let.
Following unacceptable costs being proposed by the contractor on the Link HA site, GhHA will tender and hopefully let contract to build 24 units on its 159 Butterbiggins Road site with a completion likely in late 2024/25.

GhHA is also actively engaging to seek an agreement and development of a further 20 units on the former Clada Club site in Westmoreland Street with its owner at present.

GhHA is in the process of acquiring Forsyth House in Coplaw Street from its Development Trust GCDT and has a feasibility study underway to reprovision one of its Adult Mental Health Projects from 74 Batson Street to it and double its size. In tandem the feasibility study is also looking at changing the used of the 74 Batson Street site to 8 to 10 family homes.

**Maintain Safe Homes (Priorities 15 and 16)**

Landlord safety and the safety of the Association’s tenants and other customers is a key priority. GhHA utilise ACS Landlord Safety Manual and processes to guide these activities and ensure compliance.

The Association currently has projects in progress to carry out the replacement of the partial rainscreen cladding at 200 Butterbiggins Road and the structural strengthening works to four closes in Cathcart Road.

GhHA takes any complaint relating to water ingress, dampness or mould seriously and responds quickly through its technical officers, with the aid of external consultants as required such as architects and academics together with GCC Environmental Health Officers to resolve the issue and provide advice to tenants. The most common dampness issue we receive is in relation to water escape from adjacent flats.

We maintain a register of all dampness & mould complaints received, to ensure accurate record keeping and reporting at operational levels, to Senior Management Team and Committee.

**Factoring (Priorities 17 to 19)**

In parallel with the acquisition of flats within SW Govanhill, the Association has been heavily involved in introducing factoring (property management) to many unfactored closes.

In 2023/24 GhHA will complete the Factoring acquisition of common closes as required to support effective property management particularly in the SW Govanhill locality.

We have set a challenging target to reduce the level of current Factoring debtors to below £200k by 31 March 2024 following the Factoring Team successfully beating last year’s target of £250k.

The Factoring Team will seek to improve the level of customer satisfaction through regular meetings of our Owners’ Forum, newsletters, and a rolling programme of customer satisfaction surveys. GhHA will issue its first Factoring Newsletter in June 2023.
Improve Energy Efficiency and Reduce Carbon Footprint of our Housing Stock (Priorities 20 to 22)

GhHA will continue to carry out insulation retrofit works were possible to our housing stock together with the replacement of older less efficient heating systems. Activity is currently focussed in SW Govanhill and other acquisition properties along with detailed evaluations of a number of ground floor flats to look at alternative ways to improve their u-values.

Our AECB Retrofit Project at 97 Westmoreland Street will be tendered in July 2023.

A review of the performance of our existing internal/external wall insulation systems will take place in 2023/24 which will be shared with GCC and other partners regarding the standardisation of pre-1919 retrofit and participation in pilot studies with GCC.

IT Software (Priorities 23 and 24)

Development & Property Services will make improved use of Capita Software and mobile technology and increase reporting from it within 2023/24.

We will continue to develop satisfaction surveys through the use of CX-Feedback as our default customer feedback tool in Maintenance, Factoring & Development.
11. Organisational Resources and Management

Strategic Context

The Association’s people and other organisational resources are key to achieving all of GhHA’s strategic objectives. We recognise this in the following strategic objective:

| Our people | Make sure GhHA is an effective and efficient organisation and that our staff are well trained, valued and supported, and motivated to provide the best possible services to our customers. |

There are a number of strategic factors, both internal and external, that we will need to manage. At the time of preparing the Business Plan the most significant factors are shown below.

<table>
<thead>
<tr>
<th>Internal Issues</th>
<th>External Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The impact of higher costs on our operations, with resulting pressures on budgets and a requirement to achieve efficiencies.</td>
<td>7. Likely continuation of external pressures, with future reductions in inflation unlikely to remove accrued cost pressures altogether.</td>
</tr>
<tr>
<td>2. How the aftermath of the COVID-19 pandemic is continuing to change service delivery, our role as an employer and our facilities management.</td>
<td>8. UK Government plans for legislation that will erode employment rights.</td>
</tr>
<tr>
<td>3. Higher levels of sickness absence and stress-related illness among staff.</td>
<td>9. Forthcoming changes to health and safety requirements.</td>
</tr>
<tr>
<td>4. Ever-increasing legal and regulatory obligations attached to our landlord, employer, and organisational activities.</td>
<td>10. Continuing risks presented by COVID-19 or other new pandemic diseases.</td>
</tr>
<tr>
<td>5. The growth of digital communications and complying with information management law.</td>
<td>11. UK Government legislation requiring housing managers to have specified professional qualifications.</td>
</tr>
<tr>
<td>6. The older age profile of our staff team.</td>
<td>(Not currently applicable to Scotland, although groups such as CIH Scotland are lobbying for similar changes to take place)</td>
</tr>
<tr>
<td></td>
<td>12. Ongoing risk to GhHA if it fails to meet statutory or regulatory requirements relating to employment, information management/ provision or health and safety.</td>
</tr>
</tbody>
</table>
Statement of Progress at 31 March 2023

Table 1 summarises progress in addressing the main priorities described in the 2022 Business Plan for the functions managed by the Corporate Services and HR Team. This includes tasks due to completed in 2022/23, as well as some priorities that extend over the full period of the Business Plan.

TABLE 1: Review of Corporate Services and HR Services Priorities in 2022/23

<table>
<thead>
<tr>
<th>Business Plan Priority</th>
<th>Achievements/Progress</th>
</tr>
</thead>
</table>
| 1. Adapting and developing how GhHA services are delivered | **Achieved and ongoing**  
• Ongoing review of reception services. Physical changes to reception area almost completed.  
• Team locations changed within the building to improve team cohesion and improve customer service.  
• Hybrid working strategy further developed through a pilot project, leading to organisation-wide model of hybrid working. This has now been implemented and will be further reviewed in a year.  
• Learning and preparing for the risk of future pandemics, to protect staff, customers and GhHA’s resilience.  
• Further actions are planned going into 2023/24 (see Statement of Priorities). |
| 2. Move much of our new staff induction process online | **Achieved**  
• Induction materials developed using Learnpro |
| 3. Updating of Terms and Conditions of employment | **Achieved**  
• All job descriptions being reviewed. All required staff notice periods reviewed to achieve greater consistency and also to reflect seniority of post. |
| 4. Review GhHA’s stress management processes using the HSE Standards approach | **Achieved**  
• New approach to stress management introduced, with good results for staff and GhHA  
• Staff stress survey carried out and will be repeated in 2023/24. |
<p>| 5. Provide support to partner organisations to ensure they meet health and safety requirements | <strong>Achieved</strong> |</p>
<table>
<thead>
<tr>
<th>Business Plan Priority</th>
<th>Achievements/Progress</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Support provided to third sector organisations leasing premises from GhHA and GCDT, including checks of their HS compliance.</td>
</tr>
<tr>
<td>6. Review of CSHR documentation and processes</td>
<td>Achieved</td>
</tr>
<tr>
<td></td>
<td>• Review completed of all template documentation and how best to hold and access them.</td>
</tr>
<tr>
<td></td>
<td>• Review our information collection processes to ensure they remain fit for purpose.</td>
</tr>
<tr>
<td></td>
<td>• Review and develop process maps/procedures for information related tasks.</td>
</tr>
<tr>
<td>7. Review and reissue as required GhHA’s suite of fair processing notices</td>
<td>Achieved</td>
</tr>
</tbody>
</table>

**GhHA’s Priorities for 2023/24**

**Statement of Priorities**

The Statement of Priorities describes GhHA’s priorities for the first year of the Plan (2023/24).

The Action Plan at Appendix 2 expands on this Statement by setting out the planned actions for delivering on each of the stated priorities during year 1. The Action Plan is in “SMART” format (Specific, Measurable, Achievable, Realistic and Time bound), so that it is clear what we will do and how we will measure achievement.

The 2023/24 priorities set for Corporate Services and HR (CSHR) are as follows:

**Future Costs and Operating Model**

1) Ensure that corporate management issues are included in GhHA-wide work on value for money, efficiencies, financial viability, and any issues raised for our future operating model.

**How GhHA works and how we will deliver reception services to customers**

2) Continue to develop how we work and how we provide services in a manner that is legally compliant and proportionate. Specific priorities in 2023/24 will include completing the works to change the layout of our reception area, to make it a healthy safe and welcoming space and ensuring we continue to monitor and comply with all public health guidance relating to COVID-19 and any other potential pandemic diseases.

3) Seek views as part of the 2023 Customer Satisfaction Survey on what kind of reception services customers want.
4) Bed in the new Corporate Services staffing structure, including reception services.

**Health and Safety Management**

5) Continue to review the part that the Health and Safety Officer plays in assessing landlord compliance, to bring this up to the same standard as HS compliance for GhHA’s employer role.

**Recruitment and Succession Planning**

6) Evaluate all job roles before recruiting to vacant posts, to confirm whether alternative options should be considered. Seek smarter solutions that would help to reduce staffing costs, for example combining job roles, student placements, allowing acting up for particular projects.

9. Conduct a scheduled review of GhHA recruitment processes to, reflecting on how we can improve these and bring further efficiency.

7) Ensure continued fit with best practice. Review will also consider whether to move recruitment to the People HR software system (pilot project to take place in 2023/24).

8) Develop a succession planning process for annual succession review discussions with staff in management roles (Grade 9 and above).

**Information Management**

9) Commission specialist consultants to audit GhHA’s information processes. Prepare Action Plan with recommended improvements, to be implemented over the next 12 months.

**Self-Assurance**

10) Support the planned corporate review of GhHA’s approach and methods for self-assurance, particularly in relation to the Association’s evidence bank.

**Readiness for Change**

11) Maintain watching brief in areas that may involve significant future change impacting impact GhHA. Currently these include:

- The UK Government’s legislative changes requiring senior housing officers to possess designated qualifications (included on the basis that similar proposals may emerge in Scotland)
- Government reforms to employment rights
- The age profile of GhHA’s staff and likelihood of senior staff retirements (see following section)
- Future threats to GhHA’s resilience, in the event of major public health emergencies such as the outbreak of pandemic disease.
Key Issues and Pressure Points

This section provides additional commentary about the priorities set out for 2023/24.

Value for Money and Financial Viability (Priority 1)

As narrated throughout the Business Plan, the Association is likely to experience considerable pressure in the period ahead as a result of increased costs. The prospect of lower inflation later in 2023 is welcome but will not bring costs back to where they were before the current spike began in late 2021. It is widely expected that higher service and operating costs will be experienced across the housing sector as a whole due to external economic pressures.

GhHA’s current response is to apply value for money disciplines to specific areas of our business. For example, our HR practice includes robust procedures for reviewing if and how vacant posts should be filled.

The cost challenges to be met indicate that we should be looking at change across the Association as a whole as well as within individual service or business areas. The Corporate Services and HR function will have a key part to play in this work, since staffing costs are our largest single area of expenditure. More information is provided in Chapter 12, Value for Money.

How GhHA Works (Priorities 2, 3 and 4)

While public health restrictions associated with COVID-19 have now been lifted in Scotland, all risks caused by the virus have not been eliminated. Strengthening our focus and actions on health and safety, in the interests of customers, committee, staff and contractors has been a lasting and positive impact of the pandemic.

GhHA’s key customer facing staff have worked on a hybrid working pattern since May 2020, combining time spent in the office and time working from home. Since then, staff in other areas have accessed this approach. Following a successful pilot project, GhHA-wide arrangements have been developed and adopted across our teams. The key priority in 2023/24 is to assess the success of this growth and to be assured outcomes for customers have been good.

We will continue to assess the physical layout of the reception area, how it is staffed and whether we are meeting the needs and preferences of customers and make changes as appropriate. We will make our next assessment of customer preferences as part of the 2023 Customer Satisfaction Survey.

Health and Safety Management (Priority 5)

GhHA employs our own Health and Safety (HS) Officer. The post is relatively new and has until recently focused to date on GhHA’s HS obligations an employer where our systems and practice have developed considerably as a result of having a qualified specialist officer.

The postholder’s responsibilities have now broadened in the area of landlord obligations as GhHA also has extensive HS responsibilities as a landlord. This is a high profile and potentially high risk
area of our business, since failure on GhHA’s part could result in harm to tenants, regulatory engagement, or reputational damage.

Many of GhHA’s responsibilities are governed by legislation while other areas such as detecting and treating damp and mould are “duty of care” matters that are also high on the agenda of politicians, the media and regulators.

We will devise new priorities and programmes of work in the year ahead, to further strengthen our systems and working practices relating to landlord duties. The HS Officer will play a critical part in this work by reviewing current performance in meeting landlord responsibilities and supporting our teams to make any improvements that are needed.

**Recruitment (Priorities 6, 7)**

GhHA already follows good practice by evaluating job roles that become vacant or new roles that may be created. Our purpose includes asking whether vacated posts have to be filled or filled in the same way as before or differently. As noted in the wording of this priority, we are already looking at a range of alternative options that would strike a balance between meeting business needs in a way that is effective and that would potentially generate savings.

This approach may need to become more intensive and applied with greater consistency on the part of managers across GhHA, in future in light of current financial pressures and the need to examine scope for efficiencies in all parts of the business.

We will review our recruitment processes during 2023/24. The review is not being taken forward in response to any perceived weakness in our current approach, instead it is about reflecting on How we can improve our processes and bring further efficiency.

**Readiness for Change (Priorities 8, 11)**

The next 3 to 5 years will be a period of significant change for the Association, and this could have a significant impact on our internal resources.

20% of the GhHA staff team are aged over 60. This suggests we could see a significant number of retirements in the near future. The impacts could be mixed. On one hand a loss of skills and experience is inevitable, on another level retirements may give us more scope to restructure our resources whether this is at the level of individual posts or how whole teams are structured.

We are also looking to formalise our processes for staff succession planning, particularly for Senior Management Team posts and posts at the next level of management. At a basic level, we should be holding periodic discussions with our senior people in order to keep informed about their future intentions.

We will also be alert to external changes that could affect our HR management. Two such issues we are following are the UK Government’s intention for senior managers in social housing to have mandatory qualifications and UK Government legislation on employment rights.
12. Value for Money

GhHA’s Strategic Objectives

Achieving value for money (VFM) is relevant to the following GhHA strategic objectives:

- Deliver quality, value for money services that meet the varying needs and circumstances of our customers
- Provide quality homes and work with our partners to make Govanhill a cleaner, greener place
- Manage our assets well, and spend our resources wisely, and plan ahead for decarbonisation of our housing
- Maintain good governance and a strong financial business plan, to ensure we have the capacity to achieve our objectives.

GhHA’s Value for Money Approach

GhHA aims to make sure that:

- Tenants feel that they receive excellent value for money from the Association, and
- We get the best value out of the resources available to us, to maximise investment in tenants’ homes and deliver the best possible services that we can.

Achieving these aims involves several sometimes competing factors.

- There are continued financial pressures on tenants because of the cost of living crisis which in turn has led to real terms reductions in rent increases by the Association.
- There have also been sharp increases in GhHA’s costs, particularly for repairs and maintenance costs, which are likely to continue into the future. The Association has had to reduce the scale of major repairs work carried out due to a combination of high costs and reduced rental income.
- There are increasing expectations placed on the housing sector by both central and local government and a regulatory view that all available options for addressing value for money and efficiencies objectives should be examined.

As a result, a growing imbalance has emerged between housing associations’ costs and income. This is not financially sustainable for any length of time. If not addressed, it will impact landlords’ capacity to invest in tenants’ homes and maintain current levels of service.

Value for money has an important part in addressing these issues. We anticipate that rents will need to increase in real terms to restore funds to the Business Plan, but there are limits to which this is feasible and making efficiencies in expenditure and operating costs may also prove to be
essential. Equally, we must maintain standards of service and maintain good levels of tenant satisfaction.

GhHA’s current approach is to based mainly on pursuing value for money initiatives for individual activities or service areas. This will continue and the Management Committee will also initiate a strategic review of VFM across the Association as a whole. The review would include discussion sessions with the staff team to ensure transparency and to obtain practical suggestions for improvement.

**Customer Satisfaction**

Customer experience and satisfaction are critical measures of value for money. Regulatory guidance requires social landlords to complete a customer satisfaction survey every three years and to report on eight Charter Indicators of customer satisfaction.

GhHA conducted its most recent survey at the height of the pandemic, during the winter 2020/21 COVID lockdown. GhHA’s average results over the three years to 31 March 2022 are shown in Appendix 6, Table 1. In comparison with our peer group averages, GhHA’s results are:

- Better than the peer group average for satisfaction with the repairs service, keeping tenants informed about services and decisions, and opportunities to participate in decision making.
- Poorer for satisfaction with the landlord’s overall service, rent being value for money, management of the neighbourhood, and the factoring service.

Where GhHA’s results were poorer, the margin of difference was generally relatively small (between 3% to 5%). The only exception was satisfaction with the factoring service where the GhHA result was 12% less than the peer group average.

Compared with the previous GhHA survey in 2017/18 the number of satisfaction areas where ratings were greater than 90% reduced from 6 to 2, and 7 of the 8 satisfaction ratings were lower in 2020/21 than in the previous survey. It is likely that the timing of the survey during a COVID lockdown contributed to this, with our survey consultants reporting that they had encountered similar patterns with many of their other clients.

Following completion of the survey, the Association spoke with around 130 GhHA tenants and nearly 80 factored owner to gather qualitative information about customers’ views about where we could better respond to their priorities and aspirations.

Our next customer satisfaction survey will take place later in 2023.

**Benchmarking and Performance Improvement**

GhHA’s approach to assessing value for money includes:

- Setting local targets and performance indicators
- Using Annual Return on the Charter (ARC) data to conduct comparisons (benchmarking) with similar social landlords and with the Scottish Average.
Appendix 6, Table 1 sets out an analysis of GhHA’s performance in relation to value for money indicators drawn from the ARC. Results are shown as an average over the three-year period 2019/20 to 2021/22 to provide a longer-term perspective on performance.

As well as GhHA, the peer housing associations used in the benchmarking analysis were Maryhill, Milnbank, Parkhead, Partick, Shettleston, Southside, and Tollcross Housing Associations. These organisations have a similar profile to GhHA based on stock size and they each have a significant proportion of pre-1919 tenements in their housing stock.

The Charter Indicators were selected because they contribute to one (and sometimes more) of the following well-established value for money principles: Efficiency, Financial Impact and Value. The meaning ascribed to each principle is described in Appendix 6.

3-year average figures for 2019/20 to 2021/22 show that GhHA’s strengths and relative weaknesses compared with the peer group averages (PGA) and national averages (SNA) were as follows.

**TABLE 1**
Summary of Benchmarking Results on Value for Money Indicators

<table>
<thead>
<tr>
<th><strong>GhHA KEY STRENGTHS</strong></th>
<th><strong>GHHA RELATIVE WEAKNESSES</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>VALUE INDICATORS</strong></td>
<td></td>
</tr>
<tr>
<td>• Tenant satisfaction:</td>
<td>• Tenant satisfaction:</td>
</tr>
<tr>
<td>Repairs service: GhHA better than PGA and SNA</td>
<td>Landlord’s overall service and rent with landlord’s overall service and whether rent is value for money: GhHA poorer on both than the PGA and SNA, albeit margins were relatively small (3% to 4%)</td>
</tr>
<tr>
<td>Quality of the home: about the same as the PGA and SNA</td>
<td></td>
</tr>
<tr>
<td>Opportunities to participate: better than PGA</td>
<td></td>
</tr>
<tr>
<td>Being kept informed: slightly better than PGA</td>
<td>• Landlord’s contribution to neighbourhood management: slightly less than the PGA</td>
</tr>
<tr>
<td>Annual rent increases (as % of existing rent): the same as the PGA and SNA</td>
<td>• Owner satisfaction with the factoring service: considerably lower than the PGA</td>
</tr>
<tr>
<td>New tenancy sustainment rates: about the same as the PGA and SNA.</td>
<td>• Compliance with Scottish Housing Quality Standard and Energy Efficiency Standard for Social Housing: both were significantly lower than the PGA and SNA.</td>
</tr>
<tr>
<td>Sustainment rates for former statutory homeless applicants: slightly lower than the PGA and SNA.</td>
<td></td>
</tr>
<tr>
<td><strong>EFFICIENCY INDICATORS</strong></td>
<td></td>
</tr>
<tr>
<td>• Emergency repairs: carried out promptly by GhHA</td>
<td>• Non-emergency repairs: took substantially longer to complete than the PGA and slightly longer than the SNA</td>
</tr>
</tbody>
</table>
| • Completing repairs right first time: good performance achieved by GhHA | • Average time to re-let empty properties: took around 20 days longer than both the PGA and SNA.
### GhHA KEY STRENGTHS

<table>
<thead>
<tr>
<th>Performance has improved dramatically during 2022/23</th>
</tr>
</thead>
</table>

- **Percentage of referrals of homeless households** that resulted in an offer of housing: substantially better than the national average, but well below PGA

- **Staff sickness rates** slightly lower than the PGA. **Staff turnover rate**: well below the PGA

### GHHA RELATIVE WEAKNESSES

| Percentage of annual rental income lost due to voids: almost double the PGA and 50% more than the SNA |

### FINANCIAL IMPACT INDICATORS

- **Rent collected**: GhHA collected more rent due than both the PGA and SNA

- **Gross rent arrears**: GhHA better than the PGA and substantially better than the SNA

- **Direct payments of rent**: Percentage of GhHA annual rent income met through direct payments of Housing Benefit or Universal Credit was the same as the PGA

### Rent Levels and Affordability

The Association’s approach to rent setting is based on:

- Keeping rents affordable to tenants who pay some or all of their rent themselves, in particular working households on low wages

- Keeping annual rent increases to the minimum needed to provide tenants with quality services and investment in their homes

- Ensuring that rental income is sufficient to meet GhHA’s obligations to tenants and lenders, while maintaining sufficient cash balances to manage risks and unforeseen events.

### GhHA Rent Levels and Rental Comparisons

The Association’s **average weekly rents** in 2023/24 are as follows:

- 1 apt. £81.79
- 2apt £94.75
- 3apt £102.67
- 4apt £118.92
- 5apt £135.84

Overall, the average GhHA weekly rent charge across all house sizes is £101.01.
The rent increase set for 2023/24 is 6.75% compared with the Consumer Price Inflation (CPI) rate of 10.4% when the increase took effect. This is the second consecutive year in which the Management Committee has approved a rent increase substantially below inflation, with the 2022/23 increase of 3.6% being approximately half the rate of CPI inflation at the time when the increase took effect.

Rent increases below inflation are not a long-term sustainable option in relation to GhHA’s future cashflows, particularly when viewed alongside the current pattern of maintenance and other costs rising each year at rates well in excess of inflation. Further cost pressures are likely to arise from the climate change obligations set by the Scottish Government, even if some level of government funding is made available towards the costs of retrofitting works which is by no means certain.

**Rental Comparisons**

A comparison of GhHA rents with other housing associations is shown in Figure 1. The comparison is based on average rents at 31 March 2022 which is the most recent comparative data available.

In this case, the comparison is with four of the larger housing associations operating in the south of Glasgow since this local basis of comparison would be most meaningful to current or prospective GhHA tenants. The housing associations in the peer group are:

- Glasgow HA
- Govan HA
- Govanhill HA
- New Gorbals HA
- Southside HA

**FIGURE 1**

*Average Weekly Rents Comparison (31 March 2022)**

** Average rent information is shown in Appendix 7 for each individual peer group member
Weekly Rent Differentials: GhHA and Peer Group Averages (32 March 2022)
(Amount per week and percentage differences)

<table>
<thead>
<tr>
<th></th>
<th>1 Apt</th>
<th>2 Apt</th>
<th>3 Apt</th>
<th>4 Apt</th>
<th>5 Apt</th>
</tr>
</thead>
<tbody>
<tr>
<td>GhHA exceeds peer</td>
<td>£4.75</td>
<td>£6.52</td>
<td>£6.02</td>
<td>£6.44</td>
<td>£9.64</td>
</tr>
<tr>
<td>average by (£)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GhHA exceeds peer</td>
<td>7%</td>
<td>8%</td>
<td>7%</td>
<td>6%</td>
<td>8%</td>
</tr>
<tr>
<td>average by (%)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

GhHA average weekly rents at 31 March 2022

<table>
<thead>
<tr>
<th></th>
<th>1 apartment</th>
<th>2 apartment</th>
<th>3 apartment</th>
<th>4 apartment</th>
<th>5 apartment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Govanhill HA</td>
<td>£75.38</td>
<td>£87.04</td>
<td>£94.51</td>
<td>£107.76</td>
<td>£125.07</td>
</tr>
<tr>
<td>Peer Group Average</td>
<td>£70.63</td>
<td>£80.52</td>
<td>£88.49</td>
<td>£101.32</td>
<td>£114.57</td>
</tr>
<tr>
<td>National Average</td>
<td>£73.63</td>
<td>£79.48</td>
<td>£82.60</td>
<td>£89.81</td>
<td>£115.43</td>
</tr>
</tbody>
</table>

As shown in the graph and tables, GhHA’s rents were higher for both the peer and national averages for each of the five house sizes. They exceeded the peer group average by between £4.75 per week (1 apartments) and £9.64 per week (5 apartments), albeit GhHA has very few larger properties. Excluding 5 apartments, the GhHA average rents exceeded the peer group average by between £4.75 and £6.52 a week.

GhHA’s higher rents reflect the ageing nature of the housing stock and the lower physical standards that public funders were prepared to meet in the 1970s and first half of the 1980s, when much of our tenement stock was purchased and refurbished.

As a result, the Association has had to carry out substantial major repairs programmes in every year since 2000. Rental income has needed to be at a level to support this.

One-third of all housing in Govanhill is privately rented, much of it poor quality and often home to those who have no other options and/or who need to stay in the area for schooling, social and cultural support etc. Some better quality rentals are also coming on to the market on or near to Victoria Road, where a “gentrification” factor is at work and higher rents are being charged.

The following table compares average GhHA rents with average rents for currently advertised private lets in Govanhill, as referenced in Chapter 5 (Strategic Analysis). This comparison shows that renting a GhHA property is a far more affordable option than renting privately:

---

7 GhHA average rents compared with average rents charged by other social landlords operating in south Glasgow and with average rents for all social landlords in Scotland. A full breakdown of the rents summarised above is shown in Appendix 7 of the Business Plan.
<table>
<thead>
<tr>
<th>Size (no. apartments)</th>
<th>Average PRS Rents (per week)</th>
<th>Average GhHA Rents (per week)</th>
<th>Difference per week</th>
</tr>
</thead>
<tbody>
<tr>
<td>2 apartment (1 bedroom)</td>
<td>£151</td>
<td>£87</td>
<td>GhHA lower by: £64</td>
</tr>
<tr>
<td>3 apartment (2 bedrooms)</td>
<td>£215</td>
<td>£95</td>
<td>GhHA lower by: £120</td>
</tr>
</tbody>
</table>

GhHA rents are also substantially lower than the Local Housing Allowance (LHA) set for the Greater Glasgow broad market in 2023/24. The LHA is the mechanism used for deciding financial support toward rents in the private rented sector.

- 1 Bedroom Shared: £80.55
- 1 Bedroom: £113.92
- 2 Bedroom: £149.59
- 3 Bedroom: £172.60
- 4 Bedroom: £322.19

**Rent Restructure**

GhHA commissioned a rent restructuring review some time ago although implementation was paused due to the pandemic, with the first year of the restructure taking place in April 2023.

Looking to the future, the new rent structure will help to keep rents affordable. The main outcomes it will deliver are greater transparency, consistency and fairness in how rent charges are made up for comparably sized properties. The restructure does not seek to increase the Association’s overall rental income, when required this is done through the annual rent review process. Instead the new rent structure is more about a redistribution of rental values across the stock. The review will result in 70% of tenants experiencing a reduction in their rent, and 30% seeing an increase.

Increases and reductions will be phased in over five years to moderate the financial impact on tenants. In addition to changes to rent arising from the rent restructure, all tenants will pay the annual increase amount that is decided by the MC as part of the annual rent review exercise.

**Rent Affordability Assessment**

In assessing the new rents for affordability, the test set by the Association is to achieve a rent: income ratio of no more than 30%, meaning that rent should be no more than 30% of net household income.

The results are shown in the following tables, while Appendix 7 includes a short method statement explaining how the calculations were carried out.
TABLE 1

RENT TO INCOME PERCENTAGES (EARNINGS AT NATIONAL LIVING WAGE)
Percentage of earnings spent on rent (based on average rent for each house size)

<table>
<thead>
<tr>
<th></th>
<th>1 apt</th>
<th>2 apt</th>
<th>3 apt</th>
<th>4 apt</th>
<th>5 apt</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 full-time earner</td>
<td>25%</td>
<td>29%</td>
<td>31%</td>
<td>36%</td>
<td>42%</td>
</tr>
<tr>
<td>2 full-time earners</td>
<td>n/a</td>
<td>14%</td>
<td>16%</td>
<td>18%</td>
<td>21%</td>
</tr>
<tr>
<td>1 part-time earner</td>
<td>39%</td>
<td>45%</td>
<td>49%</td>
<td>57%</td>
<td>65%</td>
</tr>
<tr>
<td>1 full-time and 1 part-time earners</td>
<td>n/a</td>
<td>18%</td>
<td>19%</td>
<td>22%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Despite its name, the National Living Wage is set so low that many low income working households, particularly those with children, have to on topping up their earnings with benefits.

Table 2 shows how the rent as a percentage of income changes, when Universal Credit entitlement is added to household income. The sample of cases shown in Table 2 shows the dramatic change in income that can be involved when earning from employment and IC are combined. In contrast, single people living alone with no dependents are generally unlikely to qualify for help. In the example shown, a single applicant would have received less than a pound a week in Universal Credit.

TABLE 2: RENT TO INCOME PERCENTAGES

GhHA average rents as percentage of earnings at National Living Wage PLUS Universal Credit entitlement

<table>
<thead>
<tr>
<th>Household Type &amp; hours worked</th>
<th>House size</th>
<th>GhHA weekly rent</th>
<th>Earnings pw</th>
<th>UC entitlement pw</th>
<th>Rent as % of earnings only</th>
<th>Rent as % of earnings plus UC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single person (35 hrs pw)</td>
<td>2 apt</td>
<td>£94.75</td>
<td>£326</td>
<td>67 pence</td>
<td>29.1%</td>
<td>29.1%</td>
</tr>
<tr>
<td>Single parent, 3 children (20 hrs pw)</td>
<td>4 apt</td>
<td>£118.92</td>
<td>£208</td>
<td>£334.83</td>
<td>57%</td>
<td>21.9%</td>
</tr>
<tr>
<td>Single parent, 2 children (1 FT, 35 hrs pw)</td>
<td>3 apt</td>
<td>£102.67</td>
<td>£326</td>
<td>£206.07</td>
<td>31.5%</td>
<td>19.3%</td>
</tr>
<tr>
<td>Small family, 2 children (1FT, 35 hrs pw)</td>
<td>3 apt</td>
<td>£102.67</td>
<td>£326</td>
<td>£191.69</td>
<td>31.5%</td>
<td>19.9%</td>
</tr>
</tbody>
</table>
Overall conclusions on rent affordability are as follows:

- The target rent to income percentage (rent is no more than 30% or less of net earnings) is met for 10 out of the 18 scenarios shown, with one further scenario showing a marginal fail.
- The target is most likely to be met if a household has two people earning a wage.
- In contrast, 2 apartments (46% of the housing stock) and 3 apartments (40%) have the best affordability profile.
- Affordability is most pressured for households with only one part-time wage, where working for 20 hours a week at the NLW produces an annual salary of only £10,800 per year. In such cases, the average GhHA rent is between 39% and 65% of household earnings, depending on the house size and rent level.
- Rents are considerably higher than the 30% target for:
  - Larger property sizes (4 and 5 apartments) for households with a single full-time earner (rent is between 36% and 42% of household earnings).
  - In interpreting the results, consideration should be given to the stock profile. 4 and 5 apartments have the highest rent to income percentage in all of the employment scenarios but these account for a relatively small share of GhHA’s housing (11% and 2% respectively).
  - If a working household qualifies for Universal Credit, rent affordability improves considerably. All but one of the 18 scenarios tested comes within the 30% target for income as a percentage of rent, where income is wages plus any UC entitlement.

Costs and Resources

The Association continually considers how it might save money on its service provision costs. In the current economic climate, limiting the extent to which costs increase is sometimes a more realistic making savings.

We regularly tender our maintenance and major repairs works contracts as well as re-tendering services such as insurance and printer suppliers, making savings where we can. This is more challenging due to the current climate of high costs of materials for maintenance and construction of housing and, as we saw earlier in 2023, when re-tendering for buildings and landlord insurance cover

Financial Benchmarking Results

The most recent Annual Financial Statements (AFS) data published by the Scottish Housing Regulator allows us to compare – at a high level - the Association’s operating costs with those of our peer group.
Table 2 shows how GhHA compared with peers on some of the most important financial and efficiency measures. The results are based on SHR reporting of 2021/22 annual accounts data for all housing associations in Scotland, with the exception of the stock: staff ratio indicator marked ** which is taken from the ARC.

**TABLE 2**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Govanhill HA</th>
<th>Peer Group Average (PGA)</th>
<th>GhHA Rank (1 to 8)*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover per unit (£)</td>
<td>£6,810</td>
<td>£4,990</td>
<td>1</td>
</tr>
<tr>
<td>Gross surplus / (deficit) (%)</td>
<td>9.6</td>
<td>11</td>
<td>6</td>
</tr>
<tr>
<td>Net surplus / (deficit) (%)</td>
<td>8</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Staff costs / turnover (%)</td>
<td>15.7</td>
<td>24</td>
<td>1</td>
</tr>
<tr>
<td>Number of tenancies per member of office-based staff%**</td>
<td>40.1</td>
<td>49.7</td>
<td>7</td>
</tr>
<tr>
<td>Management and maintenance administration costs per unit (total)</td>
<td>£1,767</td>
<td>£1,544</td>
<td>5 equal</td>
</tr>
<tr>
<td>Debt per unit (£)</td>
<td>£6,085</td>
<td>£9,547</td>
<td>2</td>
</tr>
</tbody>
</table>

The table shows that:

- GhHA had the highest **turnover per unit** in the peer group, which points to financial strength. The scale of the factoring business will be a factor and may also reflect GhHA’s relatively high rents.
- GhHA was able to make both **gross and net surpluses**. The margins between the peer group members are relatively narrow and change from year to year, so Govanhill’s results should not be regarded as being significantly different to the peer group.
- GhHA was top ranked in the peer group for its **staff costs as a percentage of turnover**. This is widely seen as the most significant measures of efficiency for staffing costs.
- GhHA employed more **office-based per housing unit owned** than all but one of its peers (Southside HA). This is partly because of the treatment of factoring (some HAs will employ staff through a factoring subsidiary, which is not the case for GhHA). In other words, the calculation method is to GhHA's disadvantage compared with some of the other peer group members.
- GhHA’s costs per unit were higher than the peer group average for **management and maintenance admin costs**, essentially the staffing and other internal costs of providing housing and property management services.
- GhHA has a very low **level of debt per unit**, which means that it should have capacity to borrow further.

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8 The peer group in this instance is the same grouping of 8 larger community-controlled housing associations in Glasgow, as shown earlier in this Chapter for ARC Charter Indicators.
Business Plan Priorities for 2022/23

The need for efficiencies arises when future income is insufficient to meet future financial commitments, in any of the short, medium, or long terms. Efficiencies can also be about improving the quality of services and how responsive they are to customers’ requirements.

The priorities described in the earlier chapters of the Business Plan are notable for the large number (more than 25) of priority actions that will contribute to meeting value for money objectives. The list of priorities is shown for reference in Appendix 7.

We will also consider what actions we should take at a strategic level. We will prioritise the following actions:

Identifying Efficiencies

1. GhHA’s budget process is of critical importance and is already subject to a high level of scrutiny. As part of the budget-setting process for 2024/25, the SMT and Finance and General Purposes Committee be asked to bring forward suggestions for a programme of value for money improvements to be achieved in 2024/25. These can either be efficiencies with a monetary value (e.g. reducing void losses) or efficiencies that are about changing services for the benefit of customers. The exercise will add another dimension to the current annual budget review process.

   We will also examine options for achieving efficiencies in high spending or high value areas, such as asset-related procurements through options such as collaborative procurement with other housing providers, creation of GhHA framework agreements, or use of existing external frameworks.

Preparing for Future Change

2. We will explore GhHA’s readiness for change over the next 3 to 5 years, identifying areas where substantial and the types of service or operating models that might be suitable for GhHA. This will be a cross-cutting area of work involving the SMT as a whole and the Management Committee at agreed milestone stages.
13. Strategic Risk Assessment

Context

GhHA’s operating environment involves a number of significant risks due to external and internal factors. Risks caused by external economic factors have intensified since the 2022 Business Plan and the nature of economic risks has led to less reliable economic forecasting, for example where geopolitical as well as economic factors are at stake. For social landlords, it has become clear that managing one strategic risk (such as below inflation rent increases) will often trigger other risks, such as maintaining financial viability and having the resources needed to invest in tenants’ homes.

Strategic Risk Register

Appendix 8 of the Business Plan sets out a detailed analysis of the ten strategic risks we have assessed as having the greatest impact on GhHA’s ability to achieve our purpose and objectives.

The Strategic Risk Register is a snapshot of risks at a given point in time. For example, a global conflict, the pandemic, and the continuing legacy of Brexit have all contributed to a rapid and sustained growth in inflation. Inflation has affected tenants and it is inherent or implicit in the risks assessed in the Register. Current forecasts are that inflation should reduce from autumn 2023, but the forecasts could change depending on numerous factors.

New risks also emerge that may not count in our current “Top Ten”, but these nevertheless require consideration and response where appropriate. At present, this could apply to:

- The employment impacts of government policy, including a lessening of employment and human rights, and restrictions on employing people from other countries as a result of post-Brexit immigration legislation.

- The prospect of mandatory formal qualifications for senior RSL staff (the UK Government is legislating to achieve this, it is possible Scotland could follow).

- Government and regulatory focus on asbestos and dampness and mould in social rented housing.

Accordingly, we recognise the importance of the Register being regularly reviewed and updated, along with continual review of our operational responses.

Risk Scoring Method and Heat Map

GhHA uses the heat map graphic shown below to assess and score strategic risks.

- The likelihood and impact of each identified risk are scored using the descriptions on each axis of the heat map, from 1 (lowest) to 5 (highest). The two scores are then multiplied, to give an overall risk score.
Separate scores are prepared for **inherent risk** (the level of risk if no action is taken) and **residual risk** (the level of risk after measures to control it are applied).

<table>
<thead>
<tr>
<th>IMPACT</th>
<th>Catastrophic 5</th>
<th>10</th>
<th>15</th>
<th>20</th>
<th>25</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major</td>
<td>4</td>
<td>8</td>
<td>12</td>
<td>16</td>
<td>20</td>
</tr>
<tr>
<td>Moderate</td>
<td>3</td>
<td>6</td>
<td>9</td>
<td>12</td>
<td>15</td>
</tr>
<tr>
<td>Minor</td>
<td>2</td>
<td>4</td>
<td>6</td>
<td>8</td>
<td>10</td>
</tr>
<tr>
<td>Insignificant</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

**LIKENOHD**

As a general guideline, the scores shown in the heat map can be described as:

- **Low risk**: 1 to 5
- **Medium risk**: 5 to 10
- **High risk**: 10 to 25

Based on this assessment method, the current top ten strategic risks for GhHA are summarised below. **The most important number to note is the total score for residual risk.**

**STRATEGIC RISKS: SCORING SUMMARY**

1. **GhHA fails to meet Govt. targets regarding decarbonisation of its housing stock**

<table>
<thead>
<tr>
<th>Likelihood</th>
<th>Impact</th>
<th>Total Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inherent Risk</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Residual Risk</td>
<td>3</td>
<td>5</td>
</tr>
</tbody>
</table>

2. **Deterioration in external economic conditions (Global conflict situation, increased Inflation and consequences of the Pandemic and Brexit, shrinking insurance market)**

<table>
<thead>
<tr>
<th>Likelihood</th>
<th>Impact</th>
<th>Total Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inherent Risk</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Residual Risk</td>
<td>4</td>
<td>3</td>
</tr>
</tbody>
</table>
3. GhHA is compromised by the current contraction of underwriters

<table>
<thead>
<tr>
<th></th>
<th>Likelihood</th>
<th>Impact</th>
<th>Total Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inherent Risk</td>
<td>4</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Residual Risk</td>
<td>3</td>
<td>4</td>
<td>12</td>
</tr>
</tbody>
</table>

4. GhHA fails to meet its legal and duty of care responsibilities for the health and safety of tenants, our wider customer base and/or staff, resulting in serious accident or death, reputational damage and/or regulatory intervention

<table>
<thead>
<tr>
<th></th>
<th>Likelihood</th>
<th>Impact</th>
<th>Total Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inherent Risk</td>
<td>3</td>
<td>5</td>
<td>15</td>
</tr>
<tr>
<td>Residual Risk</td>
<td>2</td>
<td>5</td>
<td>10</td>
</tr>
</tbody>
</table>

5. The impact of increased inflation seriously affects cost of living concerns for tenants and weakens business and community resilience over an extended period

<table>
<thead>
<tr>
<th></th>
<th>Likelihood</th>
<th>Impact</th>
<th>Total Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inherent Risk</td>
<td>3</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>Residual Risk</td>
<td>3</td>
<td>3</td>
<td>9</td>
</tr>
</tbody>
</table>

6. GhHA does not provide affordable rents and value for money

<table>
<thead>
<tr>
<th></th>
<th>Likelihood</th>
<th>Impact</th>
<th>Total Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inherent Risk</td>
<td>3</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>Residual Risk</td>
<td>3</td>
<td>3</td>
<td>9</td>
</tr>
</tbody>
</table>

7. Failure to provide a means of Security to counteract against potential Cyber Attack

<table>
<thead>
<tr>
<th></th>
<th>Likelihood</th>
<th>Impact</th>
<th>Total Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inherent Risk</td>
<td>4</td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td>Residual Risk</td>
<td>3</td>
<td>3</td>
<td>9</td>
</tr>
</tbody>
</table>
8. Collective failure by all agencies to improve housing, social and environmental conditions in Govanhill

<table>
<thead>
<tr>
<th></th>
<th>Likelihood</th>
<th>Impact</th>
<th>Total Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inherent Risk</td>
<td>4</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Residual Risk</td>
<td>3</td>
<td>3</td>
<td>9</td>
</tr>
</tbody>
</table>

9. GhHA fails to maintain strong governance and financial management

<table>
<thead>
<tr>
<th></th>
<th>Likelihood</th>
<th>Impact</th>
<th>Total Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inherent Risk</td>
<td>4</td>
<td>5</td>
<td>20</td>
</tr>
<tr>
<td>Residual Risk</td>
<td>2</td>
<td>3</td>
<td>6</td>
</tr>
</tbody>
</table>

10. GhHA experiences sustained and significant reductions in rental income

<table>
<thead>
<tr>
<th></th>
<th>Likelihood</th>
<th>Impact</th>
<th>Total Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inherent Risk</td>
<td>2</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>Residual Risk</td>
<td>2</td>
<td>3</td>
<td>6</td>
</tr>
</tbody>
</table>

Business Plan Priorities for 2023/24

1) In 2023/24:

- The Audit and Risk Committee will receive and discuss GhHA’s top strategic risks as set out in the Strategic Risk Register.

- The Senior Management Team will monitor the Strategic Risk Register and the operational risk register. For the operational register, SMT’s role will be to maintain strategic oversight for example by ensuring that any significant events are reported, that any remedial action is taken, and that any required learning takes place.

2) Over the course of the year, internal audit (The Internal Audit Association) will assess and report on the following services / business areas, as set out in the Audit Strategy and Annual Internal Audit Plan:

- Corporate Governance – Regulatory Standards
- Data Protection and Freedom of Information
- Development (Assurance)
- Asset Management (Assurance)
- Factoring (Assurance)
• Tenant Engagement (Assurance)
• Audit Plan and Strategy

3) In carrying out the 2023 programme of self-assurance across SHR’s regulatory requirements and standards, we will seek to identify any areas where we are not compliant or at risk of non-compliance. The findings will be presented to the Management Committee, to provide it with assurance about how we are managing risks in any such areas. This will be complemented by the Committee’s upcoming review of our overall approach to self-assurance as noted in Chapter 8 (Governance).
14. Financial Performance and Projections

Context

This Chapter provides a narrative overview of GhHA’s future financial position drawing on our 5-year and 30-year projections.

The budgets of the Association are prepared using historical financial results for the year ending 31 March 2023, adjusted to include known changes in staffing and expenditure levels at the time of preparation. The detailed financial data including a table of the key assumptions employed in the preparation of the Association's financial projections is included in the Budgets and 30-year plans (Appendix 6 to this document).

Headline financial performance measures in our two most recent set of audited accounts are as follows:

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2020/21</th>
<th>2021/22</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover</td>
<td>17,920,597</td>
<td>19,659,619</td>
</tr>
<tr>
<td>Operating costs</td>
<td>15,220,718</td>
<td>17,774,787</td>
</tr>
<tr>
<td>Net housing assets</td>
<td>107,291,778</td>
<td>106,354,621</td>
</tr>
<tr>
<td>Cash &amp; current investments</td>
<td>6,634,039</td>
<td>11,620,582</td>
</tr>
<tr>
<td>Bank Loans</td>
<td>16,343,247</td>
<td>17,507,747</td>
</tr>
<tr>
<td>Net assets / capital &amp; reserves</td>
<td>£44,499,943</td>
<td>£47,346,872</td>
</tr>
</tbody>
</table>

The current financial and political climate which the Association is operating in has a significant impact on the assumptions used in the projections and the overall business planning model. Main factors include:-

- Global economic and political climate - including Brexit and war in Ukraine
- Cost of living crisis which has driven up the cost of home energy, food, and other essentials.
- Continuing social and economic Impacts of COVID 19
- Rising materials and component costs for repairs and maintenance
- UK, Scottish and local government strategies
- EESSH 2020 and the next phase of government energy efficiency targets
- Pension fund deficits
- Increasing interest rates, in response to inflationary pressures
Material Assumptions in this Update

- Higher inflation levels in 2023/24 (7.4%) and 3% in 2024/25 (reducing to c 5% second half of 23/24)
- Inflation levels at 2% over the long term (2025/26 onward, per Bank of England forecasts)
- Sub-inflation rent rise of 6.75% in 2023/24, in response to tenants’ cost of living pressures and threatened use of Scottish Government rent caps legislation
- Real rent increases of 1% from 2024/25 onwards
- Void losses reducing to 3% by 2027/28
- Real maintenance cost increases at 1% over 30 years
- Current staffing levels remain
- Real increases of 1% in overhead costs until year 10
- Bank of England Base rate peaks in 2023/24 before dropping back over 2 years to a stable 3.5%
- All currently held loans repaid by year 20

Financial Projections: Analysis of Key Risk Factors

The key financial items monitored within the budgets are:

1. Cash levels held by the Association; and
2. Compliance with our lenders’ covenants on profitability, interest cover and gearing.

Key Financial Risks

The key financial risks in the budgets include:

Rents

- Our rent levels remain the highest within our peer group but are substantially lower than private rents in Govanhill.
• Intervention by the Scottish Government, in the six months leading up to 31 March 2023 cast doubt on the level of increase RSLs would be able to apply. The Management Committee followed Government advice and consulted on rent increases on the basis there would be no Government intervention from 1 April onwards.

• A continued policy of below inflation rent increases is incompatible with the financial structure of RSLs. This would impact long-term viability as well as the capacity to achieve surpluses in the shorter term and likely require savings in service and operating costs.

• A rent restructure exercise which had been carried out prior to the Covid pandemic but not implemented due to the pandemic was implemented. 70% of tenants will experience a reduction in rent. The rent restructure does not reduce our overall rent roll but improves transparency and fairness within our rent structure for different sized properties with different amenities. Rent increases have historically been based upon the September CPI +1% from the preceding year. If followed, this would have resulted in an increase of 11.1%.

Inflation

• The Office for Budget Responsibility predicted inflation will fall rapidly to 3% in the Oct – Dec 2023 quarter as gas & electricity prices fall and the base against which inflation is measured increases following the anniversary of the invasion of Ukraine. The situation remains fluid and all budgeting and spending decisions are taken with affordability and value for money to the fore. The costs of carrying out repairs and maintaining our housing stock has increased significantly since the invasion of Ukraine. Though prices are stabilising, maintenance costs are not expected to decrease to any meaningful extent.

Universal Credit

• The number of tenants now on Universal Credit is increasing steadily. The prudent assumption contained within the budget is that rent debt will be 10% and remain at that level throughout the 30 year plan. It should be noted that this reflects rent due but not yet received, not irrecoverable rent debt.

External Challenges and Uncertainties

• The uncertainty brought by BREXIT, the Covid-pandemic, war in Ukraine and political uncertainty in Whitehall and Holyrood have been considered and are reflected in the Strategic Risk Register. Glasgow City Council is encountering significant pressure to cut costs, which will lead to a cut in services.

Pensions

• The Triennial valuation of the SHAPS DB (Defined Benefit) pension scheme in 2021 showed the past service deficit as having been eliminated by March 2023 with no further deficit contributions due. However, pension valuations are cyclical and the possibility remains that deficit contributions may be necessary in the future. Were the Association to withdraw from the scheme, the debt which would fall due for payment was calculated at £5.655 million as at 30 September 2021.
Planned Maintenance

Planned maintenance has been budgeted based upon known maintenance requirements at the time of budgeting. The Association recognises that this is an evolving situation and as more detailed information becomes available the budgets will be updated to reflect the new spending plans.

Interest Rates and Treasury Management

As inflation has surged, the Bank of England has used its anti-inflationary tool, interest rate rises to attempt to curb current but more importantly, future inflation. GhHA’s loan portfolio currently has 45% of loans on a fixed rate and 55% on a variable rate. At the time of writing, the Bank of England base rate is 4.5%, its expected peak before falling back during the second half of 2023. Interest rates are monitored closely. The rate at which the Association is able to fix interest rates continues to be higher than the rate currently paid on the variable rate loans.

The Association expects to meet lenders’ financial covenants in the foreseeable future as well as maintaining sufficient cash levels for investing in the property stock, both cases are illustrated in the graphs at the end of this chapter.

The Management Committee also continues to consider future risks which cannot yet be quantified and so cannot be included in the budgets; these financial risks include items such as the potential costs of meeting zero-carbon targets. Costs will be incorporated into the budgets and forecasts of the Association immediately they become known.

Value for Money

The Association has a Value for Money policy which is reviewed regularly and sits within the Financial Policies document. The Association seeks to achieve Value for Money through:

- Careful recruitment, development, and training of staff
- Regulation of internal departments
- Maintaining a list of approved consultants
- Maintaining a list of approved contractors
- Regulation of external suppliers and agents
- Providing a statement of value for money as part of the assessment of fixed asset investments

Scenarios/Stress Testing

Though there is always a strong focus on maintaining our rents at an affordable level and balancing against the need to maintain cashflow to meet our commitments to maintain the housing stock. This year, with inflation reaching 10.1% in September 2022, affordability was the Management Committee’s dominant thought.
Budgets and graphs were prepared showing the impact of a 0% rent increase, 6.75% increase and 11.1% increase.

The cash impact on the average rent for the Association’s different sized homes was also considered.

Ultimately, an increase of 6.75% was consulted upon and agreed with a high (33%) return rate.

<table>
<thead>
<tr>
<th>Apartments</th>
<th>Weekly rent 2022/23</th>
<th>Increase 6.75%</th>
<th>Increase 11.1% (CPI)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>£75.38</td>
<td>£5.09</td>
<td>£8.37</td>
</tr>
<tr>
<td>2</td>
<td>87.04</td>
<td>5.88</td>
<td>9.66</td>
</tr>
<tr>
<td>3</td>
<td>94.51</td>
<td>6.38</td>
<td>10.49</td>
</tr>
<tr>
<td>4</td>
<td>107.76</td>
<td>7.27</td>
<td>11.96</td>
</tr>
<tr>
<td>5</td>
<td>125.07</td>
<td>8.44</td>
<td>13.88</td>
</tr>
</tbody>
</table>
Closing bank balances following 2023/24 rent increase 0%, 6.75% and 11.1%
Impact of Inflation only rent increases and short term below inflation rent increases followed by inflation only increases