



# **Govanhill**

HOUSING ASSOCIATION

## **Business Plan Update 2024/25**

**Approved by the Management Committee  
June 2024**

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## Overview and Summary

This document is the first Annual Update of the Business Plan approved by the Management Committee of Govanhill Housing Association (GhHA) in June 2023. The Business Plan covers the period from 2023/24 to 2025/26, with Annual Updates of the Plan taking place in 2024/25 and then 2025/26. The 2024/25 Annual Update serves a number of purposes:

- It confirms the strategic direction and objectives that will guide our work in the year ahead
- It provides an updated analysis of GhHA's operating environment and stakeholders, identifying the strategic risks we need to manage
- It reviews progress in achieving the priorities set out in the 2023 Plan and describes what we will do in relation to:
  - 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
  - Providing our customers with value for money.
- It sets out our updated financial plans and projections for the period starting 2024/25

## 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.

**Our vision is:**

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

GhHA was first set up in 1974 and operates in the Govanhill and Merrylee neighbourhoods of Glasgow. We own and manage 2,811 homes for social rent, and we factor a further 1,461 privately owned properties. Our annual turnover from rental income is c £15.42 million, and we employ 68.4 members of staff (full-time equivalent, staff working for the RSL).

GhHA is a community-controlled housing association, led by an experienced and capable Management Committee (MC). The MC's members are volunteers who have a wide range of skills including strong local insight into the needs of our customers and community. The MC is responsible for providing leadership, direction and scrutiny, 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 ownership and management of commercial workspaces located throughout Govanhill, and the provision of community support and development services.

## 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. Some factors are specific to GhHA, but the majority are issues that are impacting the wider social housing sector. These factors include:

- The age, condition and built form of GhHA's housing stock and levels of future investment needed
- Poor quality tenement housing in Govanhill (not owned by GhHA)
- The continued impact of the cost of living crisis on GhHA tenants, despite the recent downward trends in inflation.
- Wage growth is lagging behind for people on the lowest incomes and this is exacerbated by high levels of pre-existing poverty and the aftershocks of the COVID-19 pandemic.
- The cost of living crisis has obliged GhHA to set below inflation rent increases in each of the last two years. This has had a detrimental impact on financial business plans across the sector and has weakened the long-term financial position of social landlords.
- Sustained sharp increases in property maintenance costs, caused mainly by inflation, Brexit and other global economic factors, and shortages of skilled labour within the construction and property management sectors. Industry forecasts suggest these trends are likely to continue.
- The migration of tenants to Universal Credit is accelerating which may lead to slower rent collection and increased rent arrears.
- The war in Ukraine has caused turbulence in global energy markets and rising food prices. There is potential for future shocks caused by geopolitical or economic pressures.
- Cuts in UK and Scottish Government public spending have led to reduced budgets for housing and in Glasgow City Council budgets for essential neighbourhood and other services which will likely continue as if planned take effect.
- The Scottish Government has yet to finalise standards and target timescales for the decarbonisation of the nation's housing. Decarbonisation will be particularly difficult to achieve for pre 1919 tenements of the type owned by GhHA.
- The declaration of housing emergencies at city and national levels has resulted in social landlords being asked to make two-thirds of their lets to homeless households in 2024/25.

The Business Plan describes 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 rising property management 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:

<b>Consolidation and improvement</b>	Applicable to our core business as a landlord and property manager
<b>Managing our assets and resources well</b>	Applicable to our housing stock and to our organisational assets and spending
<b>Growth</b>	At a relatively modest scale, through new build opportunities and repairs to poor quality housing we have purchased
<b>Supporting the community</b>	Through our role as community anchor organisation and local partnerships
<b>Resilience</b>	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.

<b>Services</b>	Deliver quality, value for money services that meet the varying needs and circumstances of our customers
<b>Homes and neighbourhoods</b>	Provide quality homes and work with our partners to make Govanhill a safer, cleaner, greener place
<b>Assets</b>	Manage our assets well, spend our resources wisely, and plan ahead for decarbonisation of our housing
<b>Communities</b>	As the community anchor organisation for Govanhill, work with the community and with partners to strengthen our community and benefit local people
<b>Leadership and Financial</b>	Maintain good governance and a strong financial business plan, to ensure we have the capacity to achieve our objectives.
<b>GhHA's people and organisation</b>	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.

While our strategic objectives and direction are unchanged since the 2023 Business Plan, we have updated our priorities and proposed actions, including where significant changes in the operating have taken place or are anticipated.

## **Business Plan: What GhHA Will Do in 2024/25**

Appendix 1 describes GhHA's priorities and intended outcomes over the full three years of the Plan (2023/24 to 2025/26). Key actions proposed during 2024/25 are summarised below and then in full in the workplans in Appendix 2 to the Annual Update.

### **Business Plan Priorities 2024/25**

#### **Governance**

1. Implement our revised approach to providing the Management Committee (MC) with assurance that GhHA is meeting regulatory standards and requirements.
2. Seek additional potential MC members and provide appropriate pre-joining support. Aim to recruit at least two new members during 2024/25.
3. Review our committee meetings and structures, to update and streamline our current approach.
4. Increase training and briefing for MC members on GhHA's operating environment, where this impacts on Business Plan priorities.
5. 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 and the Trust's current agenda for change.

#### **Tenancy Services**

##### **Knowing our Tenants**

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

##### **Rents and Rent Affordability**

7. Maintain the affordability of GhHA's rents within the affordability range of 30% of income to rent ratios. Set the 2025 rent increase proposals in a way that balances affordability; increases in our costs and the need to preserve future financial viability. Consult with Tenants on what is required in the Business Plan with due consideration to CPI.

##### **Management of GhHA's Income**

8. Reduce void rent loss and the average time to re-let empty properties, in accordance with 2024/25 Key Performance Indicators and taking account of benchmarking results.
9. 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 and recharges.

## Support for Tenants and Residents

10. Maintain our internal income maximisation service available to GhHA tenants and residents. Maintain our long-term partnership with Glasgow South East Foodbank and host a new partnership project with South Seeds providing energy advice to GhHA tenants. Continue to seek further opportunities for partnership working to meet community needs in challenging times. 01

## Lettings and Homelessness

11. Complete the current review of the GhHA Allocations Policy.
12. Increase the proportion of lets to homeless households to 50% in 2024/25 to combine Section 5 referrals and other GCC nominations.

## Antisocial Behaviour

13. Keep improving expert service for addressing antisocial behaviour effectively, through partnership working with GCC's Neighbour Relations Unit.

## Resident Engagement and Digital Communications/Access to GhHA Services

14. Implement a new Resident Engagement Plan including the formation of the Customer Panel, creating tangible actions from the three-yearly Customer Satisfaction Survey, and resident engagement/follow-up actions following completion of the Survey.
15. Continued promotion of the Customer Portal and monitor how well the portal is working for customers and for GhHA.
16. Continued development of use of CX-Feedback as our default customer feedback tool.

## Environmental and Estate Management

17. Ensure the new environmental contracts for estate and grounds maintenance run well and are managed by appropriate teams.
18. Ensure the new contract for close cleaning runs well and are managed by appropriate teams.
19. Support and develop the newly established Residents Environmental Group.
20. Create an Environmental newsletter highlighting services and improvements in the area.

## IT Software

21. Continue to review use of Capita Software within Tenancy Services and contribute to overall SMT review of GhHA's business and information management systems, with key issues and options to be reported to the MC during 2024/25.

## Asset Management

### Highly performing Maintenance Service

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

23. Improve our performance in repairing void properties for return to the letting pool and reduce the level of components requiring renewal out with Major Repair programmes.
24. Ensure the timely delivery of cyclical maintenance including gas, electrical and other safety programmes, painter-work and roof inspection and gutter cleaning.
25. Complete the procurement of GhHA's Maintenance and Voids contract and all other Contracts due to be reviewed 2024/25.

### **Investment in our housing stock**

26. Implement the GhHA Asset Strategy along with a review of Asset Performance/Net Present Values.
27. Complete the review and updating of components on current or pending IT systems (currently Capita) based on our approved Strategy to renew kitchens and bathrooms by date and all others by their condition.
28. Component replacements: Following the completion of two large safety projects (200 Butterbiggins Road – partial replacement of cladding & Cathcart Road Structural Strengthening), refocus major repair activity to bathroom, kitchen, central heating, and window renewals.

### **Complete SW Govanhill Acquisition & Repair Programme**

29. Complete Essential Common Works Contracts in current and programmed projects within the funding available from GCC and GhHA.
30. Complete the refurbishment of acquisitions in current and programmed projects within the funding available from GCC and GhHA.
31. 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**

32. Complete purchase of 60 units on the former Larkfield Garage Site through the development agreement we have with Link HA.
33. Tender and let contract to build 24 units at 159 Butterbiggins Road.

### **Maintain Safe Homes**

34. 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.
35. 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**

36. Reduce the level of current Factoring debtors to below £200k by 31 March 2025.

37. Maintain the level of customer satisfaction (82%) 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**

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

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

40. 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**

41. Review use of Capita Software and mobile technology and increase reporting from it to deliver best IT support to improve services.

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

## **GhHA's Organisational Resources and Management**

### **Future Costs and Operating Model**

43. 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.

### **Health and Safety Management**

44. Continue to review the work the Health and Safety Officer carries out in assessing landlord compliance, to bring this area up to the same standard as HS compliance for GhHA's employer role.

45. Temporary Supported Project Coordinator post recruited internally to review and improve this high risk area of work.

### **Recruitment and Succession Planning**

46. 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, modern apprentice, student placements, allowing acting up for particular projects.

47. Extend the application of GhHA's succession planning process which involves annual succession review discussions with staff in management roles (Grade 9 and above). Will be rolled out to other Grade 9s in 2024/25.

## Self-Assurance

48. Support the implementation of GhHA's updated approach and methods for self-assurance, and act in lead officer role in supporting the Assurance Working Group and co-ordinating required input from senior staff.

## Readiness for Change

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

- Monitor progress of lobbying activity calling for a national strategy on housing workforce development, professional development, and careers.
- 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 or epidemic disease.

## Business Software and Systems

50. SMT to establish a GhHA-wide review of the effectiveness of current software and systems examination in relation to business and information management needs. Review to be complete during 2024/25 and conclusions and possible future options to be presented to Management Committee for consideration.

## Risks and Financial Position

### Risk Management

51. Maintain watching brief in areas that may involve significant future change impacting impact GhHA.

52. Strategic Risk Register to be reviewed by Audit and Risk sub committee.

53. The MC and/or a delegated sub committee will receive a quarterly composite risk register report in 2024/25, covering all of GhHA's major asset management activities and contracts, in recognition of the increased scale of activity during the year, high levels of expenditure, and potential risks arising from external factors and the complexity of some asset management activities.

54. Procurement of new internal audit contract to be followed by agreement of the internal audit strategy and programme with the appointed service provide.

## 1) Introduction

The Business Plan approved in June 2023 by the Management Committee of Govanhill Housing Association (GhHA) set out the Association's strategy and priorities for the three-year period from 2023/24 to 2025/26.

Our planning cycle involves a comprehensive review of strategy and priorities in year 1 (the 2023/24 Plan), with annual updates of the Plan then taking place in years 2 and 3 (2024/25 and 2025/26). This **Business Plan Update for 2024/25** takes stock of progress in the first year of the Plan and sets the priorities for the year ahead. The Update continues to be a substantial document, reflecting the risks, uncertainties and of course the opportunities now in front of us.

The Update refreshes key aspects of the original Business Plan by setting out:

- Analysis of GhHA's 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 second 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.
- GhHA's main stakeholders and how we will work with them
- 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 Business Plan and this Update are GhHA's main strategic planning documents, to be used alongside the policies and strategies in place for our various services and business activities.

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

The base Business Plan approved in 2023 included a chapter on GhHA's history and achievements. The chapter content has not changed, with the very important exception that 2024 marks the fiftieth anniversary of the establishment of the Association. Last year's history and achievements chapter has not been repeated in this year's Update but is still available for reference purposes.

The following table helps set the context for the Update by setting out some key facts about GhHA.

<b>Year GhHA was established</b>	1974
<b>Legal form</b>	Community Benefit Society (non-profit distributing) Scottish Charity
<b>Number of voluntary Management Committee (MC) members</b>	9 All are unpaid volunteers, living in Govanhill, Merrylee and adjoining areas
<b>Current number of shareholding members</b>	259
<b>Number of GhHA properties for rent at 31.3.24</b>	2,811
<b>Number of factored properties at 31.3.24</b>	1,461
<b>Tenant satisfaction rate (% of tenants surveyed)</b> <b>GhHA's overall service</b> <b>Rent represents good value for money</b>	87% (+4% since last survey) 88% (+12% since last survey) <i>Based on Customer Satisfaction Report (2024).</i>
<b>Rental income receivable in 2024/25</b>	£14.647 million (incl service charges)
<b>Average 2 apartment weekly rent (c 46% of stock)</b> <b>Average 3 apartment weekly rent (c 40% of stock)</b>	£107.40 per week £ 115.53 per week
<b>Additional income secured for residents through income maximisation 2024/25</b>	£1.86 million in financial gains for 837 new clients with 1,310 new benefit cases opened.
<b>Loan/interest repayments for 2024/25</b>	£1,320k
<b>Total loans repayable after year 1</b>	£23.383 million
<b>Office-based staff (full time equivalent)</b>	76.5 FTE
<b>Budgeted spend for reactive and cyclical maintenance 2023/24</b>	£3,431,020
<b>Budgeted spend on asset management activities 2024/25</b>	Planned maintenance: £5.66 million New homes: £10.5 million South West Govanhill: £8.8 million

### 3) Mission, Vision and Values

The Association's Vision, Mission and Values are unchanged in this Update. These are the foundation of GhHA's Business Plan and the strategic point of reference for this Update, so they are repeated below.

#### **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.

#### **Culture and Values**

GhHA's culture and values are rooted in our ethos as a community-controlled housing association. Both are critical to achieving our Vision and Mission Statement:

The Association's fundamental purpose is to serve our tenants, other customers, and the Govanhill and Merrylee communities. This 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.

GhHA places the highest priority 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.

## 4) Future Direction, Strategic Objectives and Business Strategy

GhHA's Strategic Direction describes the essential features of our strategy for the period 2023/24 to 2025/26. A key aim of the Business Plan is to ensure that the strategic objectives and priorities set for our work are consistent with our Strategic Direction. The Management Committee is satisfied that this is the case.

### Strategic Direction 2023/24 to 2025/26



The supporting **Strategic Objectives** for the Business Plan period are as follows:

<b>Services</b>	Deliver quality, value for money services that meet the varying needs and circumstances of our customers.
<b>Homes and neighbourhoods</b>	Provide quality homes and work with our partners to make Govanhill a safer, cleaner, greener place.
<b>Assets</b>	Manage our assets well, spend our resources wisely, and plan ahead for decarbonisation of our housing.
<b>Communities</b>	As the community anchor organisation for Govanhill, work with the community and with partners to strengthen our community and benefit local people.
<b>Leadership and Financial</b>	Maintain good governance and a strong financial business plan, to ensure we have the capacity to achieve our objectives.
<b>GhHA's people and organisation</b>	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.

While our Strategic Direction and Objectives are unchanged, the detail of this year's Business Plan Update recognises that there are continuing risks and uncertainties (as well as some opportunities) in GhHA's operating environment. Some of these relate to local or internal factors, while many others relate to challenges that are experienced across the social housing sector. Accordingly, the issues raised for GhHA are set out in updated versions of:

- Our **strategic analysis** (Chapters 5 and 6 of the Update, covering the operating environment at both local level and city/national levels)
- **Strategic risk assessment** (Chapter 14)
- **Financial plans and projections** (Chapter 15).

In addition, the updated set of priorities for our main service, investment and corporate management activities take account of how the changing operating environment is impacting the delivery of our priorities.

Since we are just one year into our three-year strategy and have not altered our strategic direction or objectives in this Update, we do not intend to carry out a strategic options appraisal of our current organisational form at the present time.

GhHA is financially secure, delivering improvements to tenants' homes, and working to maintain good standards of service and affordable rents. 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, where different approaches may be possible depending on matters such as programme content and scale, phasing, procurement methods, and funding. The Association's proposals on asset management are set out in Chapter 11 of this Update.

## 5) Strategic Context in Govanhill and Merrylee

This Chapter describes the local environment that GhHA works in, and how this impacts the Association and our future strategy.

### GhHA's History and Achievements

These were set out in some detail in the 2023 Business Plan. The content is still relevant to understanding GhHA and the present Update, and so is reproduced in Appendix 9 for reference purposes. An important factor to highlight is that the Association celebrates its fiftieth anniversary in 2024.

### SWOT Analysis 2024 (strengths, weaknesses, opportunities, and threats)

The SWOT analysis draws on the Management Committee's input to the planning process and summarises local factors that are significant to GhHA's operating environment and future strategy.

GhHA Key Strengths	GhHA Key Opportunities
<ol style="list-style-type: none"> <li>1. 100% focus on Govanhill and Merrylee – place and neighbourhood are what we do</li> <li>2. Track record as a landlord, factor, developer, and community anchor organisation</li> <li>3. Financially secure, with more borrowing capacity</li> <li>4. GCC grant availability to complete the South West Govanhill programme (ending 2025/26)</li> <li>5. High impact in maximising tenants' incomes</li> <li>6. Commitment to resident engagement and good communication with residents</li> <li>7. Partnership with GCDT to deliver wider action</li> <li>8. Responsive to diverse needs of the community</li> <li>9. Balance between experienced and newer Committee members</li> <li>10. Positive relationships with partners and stakeholders</li> <li>11. Resilience and business continuity</li> <li>12. Tenants' views on rent being Value for Money have improved.</li> </ol>	<ol style="list-style-type: none"> <li>1. Take opportunities to get in front of external changes, e.g. with decarbonising agenda</li> <li>2. New ways of working and communicating</li> <li>3. New borrowing to accelerate housing investment</li> <li>4. Tenant interest in joint working, e.g. through a new resident panel. Follow-up work based on Customer Survey.</li> <li>5. Successfully complete GhHA's role in improving housing conditions in SW Govanhill</li> <li>6. Use new build opportunities to contribute to area regeneration and meet housing need</li> <li>7. Further embrace technology to improve services, increase choice for tenants and enable smarter working by staff</li> <li>8. Improved knowledge of GhHA's asset base and new Asset Management Strategy will guide strategy and investment in tenants' homes</li> <li>9. Continue to develop GhHA's role as a community anchor organisation</li> <li>10. Support members of the Management Committee, to ensure committee sustainability and maintain a good skills base</li> </ol>

Weaknesses	Threats
<ol style="list-style-type: none"> <li>1. Benchmarking results on rent levels and aspects of the Charter do not compare well with peers</li> <li>2. Recent GhHA rent increases have been less than inflation and void rent loss is high.</li> <li>3. Complexity of asset management, which is not compatible with a conventional, predictable life cycle approach for some elements</li> <li>4. Nature of housing stock increases risks (e.g. retrofitting pre-1919 tenements in next 5-10 years)</li> <li>5. Not enough houses of the right type or size to meet demand and promote sustainability</li> <li>6. BTS stock improvement in Govanhill is not complete</li> <li>7. GCDT loss of funding: impact on delivery of group priorities for community support work</li> <li>8. Recent loss of some experienced committee members due to changes in personal circumstances</li> </ol>	<ol style="list-style-type: none"> <li>1. Failure to communicate effectively with our customers and stakeholders</li> <li>2. High or unaffordable rents versus risk of not raising sufficient income to meet obligations and safeguard financial viability</li> <li>3. Inability to de-carbonise older tenement housing</li> <li>4. Continued cost increases and economic uncertainty, requiring cost savings/efficiencies or review of GhHA's operating model</li> <li>5. Impact of the wider economy on the community and by extension GhHA (e.g. rising cost of living, increasing poverty, inequalities, unemployment)</li> <li>6. Universal Credit migration: threats to household incomes and GhHA rental income and arrears</li> <li>7. Substantial cuts in public spending. GhHA is already carrying high transferred costs from GCC for removal of bulk uplift items.</li> <li>8. Impact of Brexit/immigration policy changes on tenant demographics, possible increased voids</li> <li>9. Impact on local environmental standards if GCC continues to reduce neighbourhood spending.</li> <li>10. Poor management of private rented housing, if required standards are not adhered to or enforced</li> <li>11. GhHA experiences governance failures followed by regulatory attention or intervention</li> <li>12. Taking on activities that present high levels of risk for the business plan</li> <li>13. Failure to be assured about the viability of GCDT's financial business plan and operating model at a time of economic challenges.</li> </ol>

## 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 Albert Road to the south. The Association works only to the east of Victoria 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 are good levels of engagement with Tenants.

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 ESSH for rented properties in these blocks and this 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

The 2023 Business Plan provides information about population and households forecasts for the city of Glasgow and the Southside Central multi-member ward. There are no changes to report in this Update.

The 2023 Plan also set out a range of information from the 2011 Census. This continues to be the most recent data available until GCC has the data needed to carry out neighbourhood analysis from the delayed 2022 Census. While the age of the 2011 Census data reduces its reliability, it has some residual value in highlighting broad patterns and trends within Govanhill. The GCC Neighbourhood Profile for Govanhill (2017)<sup>1</sup> refers to the 2011 Census results in making the following points about the area:

### Households in Govanhill

- Significantly more one person households (53% of all households) than the city average (43%).
- Area is attractive to forming single person households of working age.
- Demand for family housing is likely to continue to grow.
- Likely to be hidden overcrowding among some households.
- One of the lowest proportions of single parent families in the city
- One of the highest concentrations in the city of households with dependent children.
- 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.

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<sup>1</sup> Published in 2017 but largely based on 2011 Census data

### Ethnicity in Govanhill

- The 2011 Census reported that:
  - 61% of Govanhill residents were of White British or Irish ethnicity (Glasgow 85%)
  - Govanhill has a long-established Pakistani population, accounting for more than 20% of residents.
  - 28% of Govanhill residents were born outside the UK, more than double the rate for Glasgow as a whole.
- In the last 10 to 15 years, there has been rapid and sustained growth in migrants from the Slovak and Romanian Roma communities. It is thought that the COVID pandemic and Brexit have led to significant reduction in numbers, to an estimated current Roma population of around 3,000 people.
- The area has also seen the arrival of new residents from a large and highly diverse set of other ethnicities and nationalities.

GhHA's 2024 Customer Satisfaction Survey provides new information about the profile of the Association's tenants.

Age of Respondents	Disability (n= 354)
<ul style="list-style-type: none"> <li>• 14% were aged under 35</li> <li>• 50% were aged 35-54</li> <li>• 30% were aged 55-74 and</li> <li>• 6% were aged 75 and over</li> </ul>	49%: Physical impairment 14%: Mental health condition 9%: Autoimmune disease

Ethnicity of Respondents	% (n=1,120)
White: Scottish	43.8%
Pakistani, Scottish Pakistani or British Pakistani	21.8%
White: Polish	7.7%
Indian, Scottish Indian or British Indian	7.6%
Other, please write in	7.1%
White: Roma	3.8%
African, Scottish African or British African	2.1%
Any mixed or multiple ethnic groups	1.5%
All other responses (aggregate total for 10 stated ethnicities)	4.6%

### Addressing Housing Market Failure in Govanhill

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

In response, GCC strengthened its regulation and enforcement of legal standards in the private rented sector. The Council and the Scottish Government (ScotGov) 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 located outside GhHA's core areas as a landlord and property factor.

GhHA's role in property purchase and repairs in South West Govanhill will come to an end in 2025/26, although there will be an ongoing role in relation to tenancy services, neighbourhood management and property factoring. While the South West Govanhill initiative has been very successful, there are still serious disrepair issues in private housing throughout the wider Govanhill area. Moreover, it is now 40 to 50 years since parts of GhHA's pre-1919 tenement stock were first repaired or improved. The same issues are found in many other parts of Glasgow, where there is a need for re-investment in the building fabric and in retrofitting homes to achieve the much higher standards of energy efficiency now being promoted by ScotGov.

### Housing Stock and Tenure

Tenement flats account for 90% of all housing in Govanhill, compared with 69% for Glasgow as a whole. Only 7.5% of Govanhill's housing is detached, semi-detached or terraced in type, compared with the citywide total of 28%.

Mixed tenure and ownership cause particular challenges in maintaining the common parts of tenements in Govanhill, as seen in the rapid neighbourhood decline previously seen in South West Govanhill. Retrofit works will create further issues, particularly if financial support for other owners is not sufficient and/or if reasonable exemptions criteria are not set. Any requirement to decant residents during the course of works would present further challenges. Recent ScotGov consultations on the path to net zero do not provide solutions to these complexities, but they will need to be faced by ScotGov if its policy objectives including a just transition are to be achieved.

### Recent House Prices

Average house prices in Govanhill show a mixed picture for sales registered in the last 12 months. Rightmove statistics<sup>2</sup> for the 12-month period ending on 28 May 2024 state an average house price for Govanhill of £149k, an annual increase of 10% on the previous year.

The average price includes a number of higher value properties (sales prices in the range of £300k to £460k) located outside GhHA's area of operation, and the format of the data does not allow calculations to be carried out just for GhHA's area. To provide an indication of trends in the last year, the following table shows all sales data for a number of streets within GhHA's area.

#### Average House Prices in a Sample of Streets in GhHA's Area of Operation

(Sales recorded by National Records of Scotland in the 12-month period ending 28 May 2024)

	Average selling price	Number of sales	Price Trend last 12 months
<b>Allison Street</b>	£106k	20	No change
<b>Annette Street</b>	£162k	5	Plus 45%
<b>Calder Street</b>	£98k	10	Minus 12%

<sup>2</sup> National Records of Scotland data published by Rightmove UK

	Average selling price	Number of sales	Price Trend last 12 months
<b>Govanhill Street</b>	£61k	6	Minus 32%
<b>Langside Road</b>	£138k	16	Plus 5%

Average house prices in Govanhill continue to be much lower than the nearby “hotspot” areas of Strathbungo and Shawlands and the city average, making Govanhill attractive to potential buyers on modest incomes.

### Recent Rent Levels for Private Lets

The best information available is shown in the following table which is based on properties being marketed for rent in Govanhill at 10 April 2024.<sup>3</sup> No properties with more than 2 bedrooms were being marketed at that time.

### Sample of Property Rents per calendar month (pcm) in or adjacent to Govanhill

(source: home.co.uk website)

Property Size	No. of properties	Average rent pcm	Highest Rent	Lowest Rent
One bedroom	7	£778 pcm	£1,100 pcm (Victoria Rd)	£650 pcm (Calder Street)
Two bedrooms	6	£1,083 pcm	£1,250 (Barrland Court)	£900 (Dixon Avenue)

These figures are substantially higher than those reported in last year’s Business Plan which were:

- Rents ranging from £550 to £750 pcm for 1 bed private lets in Govanhill (average £653 pcm)
- Rents ranging from £850 to £1,050 for 2 bed private lets (average £932 pcm).

The increase in average rents from 2023 to 2024 is:

- £125 pcm (19%) for one-bed properties
- £151 pcm (16%) for two-bed properties.

Citylets data on private lets indicates that the Govanhill average rent of £1,083 is around £200 pcm less than the citywide average.

The rents for individual properties indicate that rents for 6 of the 7 one bed properties could be met from Local Housing Allowance (LHA), while 4 of the 6 two bed properties have rents in excess of the LHA rate which is the maximum financial support that can be paid by GCC for private lets.

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 13, Value for Money.

<sup>3</sup> The **home.co.uk** website uses search engine technology to publish details of properties for rent from multiple websites on the internet

## Scottish Index of Multiple Deprivation (SIMD) 2020

Govanhill has a total of 12 SIMD datazones. These are small areas typically with an average population of around 700 to 800 people. There are nearly 7,000 SIMD datazones in Scotland.

The 2023 Business Plan reported that all but three of the datazones in Govanhill were in the 20% most deprived in Scotland, including 7 datazones in the 10% most deprived and one datazone in the 5% most deprived. There must be a concern that deprivation and inequalities in Govanhill will have worsened since 2020 due to the COVID pandemic and the cost of living crisis. It has been well documented that both factors have impacted poorer communities to the greatest extent.

As well as the rankings, the SIMD also reports on a **detailed set of indicators that quantify inequalities in incomes, employment, health, education and other factors**, as shown in Appendix 4 of this Update. The indicators show that Govanhill continues to have high levels of deprivation when compared with the city of Glasgow which is itself Scotland's most deprived local authority area. Comparative results relating to **income deprivation and employment deprivation** are shown below.

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

	Govanhill Average	Glasgow City Average	Pollokshields West (part) <sup>4</sup>
Income Deprived (% of people of working age)	30%	20%	3%
Employment Deprived (% of people of working age)	21%	14%	2%

Lack of income and employment are root causes of poverty, which in turn causes 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. The detailed set of SIMD indicator results at Appendix 4 show a shocking level of inequality for every single one of the indicators examined.

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 work; promoting integration; tackling addictions; and other arts and education opportunities. It is also home to a thriving creative arts community and several faith communities are very active in delivering community support services as part of their core work.

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<sup>4</sup> DZ ref S01009879. Shown here to illustrate the difference between Govanhill and an affluent neighbourhood nearby

## 6) The Wider Operating Environment

### Chapter Summary

This Chapter provides an updated analysis of the external factors that could impact the achievement of GhHA's future strategy and the priorities we have set for 2024/25. The review takes the form of a **PESTLE Analysis** which draws on **Political/Legal/Regulatory, Economic, Social, Technological and Environmental factors**.

The following factors are of particular importance.

- The future path of inflation, whether this reduces the cost of living for tenants, and whether housing associations can return their finances to a more sustainable footing following a period of enforced sub-inflation rent increases.
- The likelihood that key elements of GhHA's future costs are likely to remain at unprecedented levels. Increased costs will in turn place future pressure on rent levels and on the level of investment that can be made in stock improvements.
- 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 develop and finalise key questions relating to standards and 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.

### PESTLE ANALYSIS

#### POLITICAL, LEGAL AND REGULATORY FACTORS

##### Scottish Government (ScotGov) Priorities

- Top priorities in ScotGov's "Housing to 2040" strategy include **increasing new housing supply, ending homelessness, and eliminating carbon emissions from homes**. The impact being achieved in these areas has been much less than hoped for.
- For example, on **new housing supply**:
  - ScotGov has made deep cuts to its 2024/25 budget for the construction of new homes. The cost of meeting new physical standards and financial risks have also caused some social landlords to review whether they can afford to develop on present terms.

- Following widespread pressure, ScotGov declared a National Housing Emergency in May 2024. It has not yet announced its plan for addressing this, but there is general agreement from across the housing sector and beyond that the housing budget must be increased significantly.
- In Glasgow, funding for new social homes is met from a separate ScotGov budget administered by the local authority. The Scottish Budget for 2024/25 indicates Glasgow will be protected from the scale of cuts proposed for the rest of Scotland. GCC also tends to show greater flexibility in approving projects which exceed standard grant benchmark levels.
- On **homelessness**, ambitions have changed from “ending homelessness” to resolving the housing emergencies declared by GCC, a number of other Scottish councils, and ScotGov itself (see commentary on Social Factors, below).
- ScotGov work on decarbonising housing has been piecemeal and many aspects of standards, delivery and financing are still evolving.

- A series of consultation proposals were published by ScotGov towards the end of 2023. The consultations include reforms to Energy Performance Certificates reforms and a draft Social Housing Net Zero Standard (SHNZS) which would replace the previous EESSH2 standard.
- The SHNZS proposals are broad brush and do not yet represent a credible, holistic framework. The areas where certainty is needed include the standards to be met and associated timescales, funding, ensuring a just transition, exemptions criteria, technical solutions that are sustainable and affordable, buildings in multiple ownership, and requirements for hard to treat properties such as the stone-built tenements which are so prevalent in areas such as Govanhill.
- ScotGov has said it will not finalise the SHNZS proposals until 2025 at the earliest, which suggests this may not take place until after the next Scottish Parliament elections in 2026.

- ScotGov’s 2022 legislation giving it temporary powers to cap rent increases has now expired. The legislation set a concerning precedent for government intervention in rent-setting by social landlords.
- ScotGov has introduced a housing bill in 2024. This will deal mainly with the private rented sector, including rent controls, and is not expected to have a significant impact on the social sector other than on important matters such as domestic abuse.
- Deep public spending cuts were announced by both UK and Scottish Governments at the end of 2023. Cuts will lead to further austerity at local authority and community levels.

### Scottish Housing Regulator

- SHR introduced an updated Regulatory Framework in April 2024. While changes to the previous Framework are limited, SHR will continue to issue guidance and take a close interest on specific matters. For example, SHR published detailed guidance on asset management in 2023 and new guidance on housing association business plans is expected in 2024.
- Issues of particular interest to SHR in 2024/25 include landlords’ compliance with their legal duties for ensuring tenant and resident safety and how they are responding to the current economic climate and future uncertainties in their financial planning and projections.

## ECONOMIC FACTORS

### Cost of Living Crisis

- The cost of living crisis has had a profound effect on the ability of GhHA tenants to afford essentials such as food and home energy. GhHA has continued to keep rent arrears low while offering practical support to tenants through income maximisation, cost of living support, and other in-house services.
- Energy and food costs have risen by far more than the headline rate of inflation. Food prices rose by 19% in 2023. While they have since reduced from this level, there is financial pressure on consumers. Food prices are now increasing more slowly than before but they have not returned to previous levels.
- Energy costs are different in that they have reduced from the highs of 2022-23. However, the reduced Energy Price Cap is still substantially greater in real terms than prices prior to the present crisis. It is expected that the Energy Price Cap will increase again later in 2024.
- All government intervention to subsidise household energy costs has now been ended, including additional help that was available for those who were vulnerable or on low incomes.
- Further commentary on the social and economic impacts of the cost of living crisis is provided in the Social Factors section of this Chapter.

### Wages and Benefits

- In response to high inflation, there was above average growth in earnings in Scotland in 2023, particularly in parts of the public sector. Looking at earnings over the last decade, the lowest rates of increase have been for the bottom 10% and 25% of all earners in Scotland. Many if not most of GhHA tenants in work will fall into these low earnings brackets.
- Data published by the Scottish Parliament states that the real-terms growth in median gross weekly pay was less than 3% in the period 2019 to 2023. Viewed alongside the recent trajectory of inflation and unprecedented home energy costs, trends in earnings explain exactly why there has been a cost of living crisis.
- The National Living Wage increased to £11.44 per hour from 1 April 2024, 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 pay rent and make ends meet.
- The UK Government has maintained the index-linking of working age benefits for 2024/25, but with new sanctions for claimants deemed to be making insufficient effort to find work.

### Economic Outlook

- The UK's economic resilience has been severely tested by COVID-19, international and global economic factors, Brexit, the war in Ukraine, and the aftershocks of the fiscal crisis caused by the short-lived Truss Government in autumn 2022.
- The economy remains vulnerable to a number of threats and uncertainties, as well as the fact that the UK has seen lower levels of growth than comparable economies. In turn, all of these factors contribute to strong pressure for sustained cuts in public spending and to reduced opportunities and living standards for citizens.

## **Inflation and interest rates**

- CPI inflation reached levels not seen for forty years in late 2022 and early 2023. Inflation has since reduced slowly but steadily and was 3.4% at February 2024.
- The Bank of England's expectation is that inflation will continue to reduce slowly with some ups and downs for the next 2 years and that it will be 1.9% (within the target level of 2%) in three years' time. This is best seen as an estimate rather a firm projection.
- The Bank of England's base lending rate has risen from 0.1% (December 2021) to the current level of 5.25% (April 2024) with the aim of bringing inflation under control.
- The Bank increased the rate on 14 consecutive occasions before reaching the current level. While inflation has been reducing for some time, the Bank has not yet reduced interest rates due to concerns that this could impede efforts to consolidate the return to lower inflation.
- At the peak of inflationary pressures, all social landlords in Scotland were effectively compelled by ScotGov to set sub-inflation rent increases for 2023/24. Landlords been able to return to rent increases for 2024/25 that at least match inflation.
- GhHA has a substantial property factoring business. 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.

## **Economic Policy and Public Spending**

- The UK Conservative Government's stated economic priorities have been to reduce inflation and the nation's debt. To support this, income tax payable has increased by freezing thresholds for paying tax (i.e. more people on low pay will have to pay 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, have experienced substantial real terms cuts in spending.
- 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 and infestation 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 announced plans to remove domestic waste disposal 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. This could create a need to re-purpose backcourts, 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.
- Maintenance costs have been influenced by many factors including variable levels of increase

construction materials and components, the availability of skilled labour, and disruption to supply chains. The Scottish Housing Regulator has recently estimated that cost increases in the previous 12 months have been in the range of 10% to 20%, although actual increases are difficult to establish because of the range of factors involved and the interplay between them.

### Universal Credit (UC)

- UC creates challenges in collecting rent and in managing arrears and bad debts. It also causes significant hardship for claimants and for some, digital access remains an issue due to the affordability of mobile data and lack of the necessary digital skills.
- There is concern across the housing 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 Welfare Rights and Rent Team has not seen significant changes as a result of the UC rollout, but it is recognised as a potential threat and we will continue to closely monitor and support customers while also taking action as appropriate.

### Future Uncertainty

The future economic outlook continues to be 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 Ukraine, have shown the extent of energy insecurity in the UK and are a major cause of future economic uncertainty. GhHA will track changes, taking timely and effective mitigating actions where feasible, although we cannot reverse the underlying economic trends or events.

The Bank of England's forecasts of inflation stabilising and then moving to target levels will likely depend on several key factors, such as reduction on geopolitical tensions, ongoing reductions in wholesale gas prices, and the success of its policy on interest rates. If the inflation forecasts are correct, lower inflation would ease pressures on tenants' incomes and allow landlords to achieve a more sustainable balance between costs and rents than has been possible in recent years.

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 other business areas. It is difficult to predict future trends in pricing, but industry bodies such as BCIS are forecasting continued increases in costs over the next four years.

## SOCIAL FACTORS

### Cost of Living Crisis

- As already described, home energy and food prices rose by far more than the headline Consumer Price Index (CPI) rate of inflation which peaked at 11% in late 2022. As a result, the cost of living crisis has created serious, sustained hardship for poorer households, with energy prices in particular rising by unprecedented amounts.
  - While the Energy Price Cap has reduced significantly to £1,690 per year (as at April 2024), this is still 63% higher than the average household energy bill in 2020 and far in excess of increases in wages or benefits.

- Fuel poverty remains a major issue among GhHA tenants. There is a need for government to lead systemic change to strengthen the UK's energy security, and to introduce new social energy tariffs and to re-balance the costs of electricity and gas.
- The Scottish Government's Fuel Insecurity Payment scheme ended in March. This Scheme allowed community-based organisations such as housing associations to access funding that was used to help households in crisis.

## Poverty

- Govanhill residents experience high levels of deprivation and inequality, as described in Chapter 5 of this Plan. This is seen in outcomes for working households on low pay, health inequalities, benefit claims levels and child poverty.
- Shortly before calling the 2024 General Election, the Prime Minister announced plans to tackle the UK's "sick note culture", for example by withdrawing individuals' Personal Independence Payments and replacing them with access to talking therapies, to get people off benefits and into work. Scotland will be spared this reform, but cuts to the welfare budget at Westminster would translate into cuts to the Scottish block grant.
- ScotGov is using its social security powers in a progressive way, for example through the Scottish Child Payment and Adult Disability Payment. In the Budget for 2024/25, ScotGov has been unable to increase the amount of the Scottish Child Payment as planned. Around one in four children in Scotland lives in poverty, substantially in excess of ScotGov targets. 69% of Scottish children in poverty live in working households.

## Homelessness

- Rapid Rehousing Programmes and Housing First have led to significant changes in homelessness policy in recent years.
  - Both schemes aim to reduce the use of temporary accommodation and maximise moves into settled accommodation.
  - Housing First has the additional objective of meeting the support and accommodation needs of vulnerable homeless people.
  - To assist with the implementation of Rapid Rehousing and respond to the declared housing emergency, Glasgow City Council (GCC) is seeking increased levels of assistance from housing associations via section 5 referrals.
- There were further major changes in the homelessness landscape in 2023/24. In response to rising homelessness numbers and failure to meet its statutory duties, GCC declared a housing emergency in the city at the end of 2023, stating that its homelessness service is under "unprecedented pressure".
- A number of other local authorities have also declared housing emergencies, followed by the Scottish Government itself declaring a national housing emergency in May 2024.
  - The Scottish Housing Regulator (SHR) has said that there is systemic failure preventing GCC from meeting its statutory duties towards homeless people and that it should address this by using its "best endeavours" to meet those duties where possible.

- Shelter Scotland has strongly contested this analysis. It has stated that “Local authorities are breaking the law on an industrial scale every day” in relation to their duties to provide temporary accommodation and to prevent the use of unsuitable accommodation.
- The Home Office’s clearance of backlog asylum claims has created more pressure. GCC has reported that there was a 76% increase in 2023/24 in homeless applications by applicants granted leave to remain compared with 2022/23. In addition, an average of 125 households granted leave to remain are reported to be moving to Glasgow each month to make an application for homelessness assistance. Clearly, these numbers will substantially add to pre-existing demand for both temporary and settled accommodation.
- GCC is seeking a range of solutions to address the pressures described. These includes a proposed increase in the target all social landlords receive for section 5 referrals. In 2024/25, GCC is proposing that referrals should account for 67% of every landlord’s total number of lets.

### **Pandemic and Epidemic Diseases**

- While rates are much lower than during the 2020-2022 crisis, Public Health Scotland continues to report significant numbers of COVID-19 cases, emergency hospital admissions and hospital in patients with the virus. There are continuing risks particularly for older people and those who are shielding or who have underlying health conditions. The scientific community continues to investigate potential variants to the virus, as well as the possibility of new pandemic or epidemic diseases.
- Since risks remain, continued vigilance and risk management measures are needed.
- The pandemic has had a lasting effect on poorer communities, made worse by the cost of living crisis. ScotGov has not met its commitment to address the structural inequalities that made poorer communities more vulnerable to harms caused by COVID-19. This means poorer communities will continue to be more vulnerable in the event of pandemic or epidemic disease.

## **ENVIRONMENTAL FACTORS**

### **Scottish Government Policy on Energy Efficiency, Net Zero and Just Transition**

ScotGov climate change objectives will create mandatory raising of standards for all of Scotland’s housing, with variations to be developed for social rented, private rented and owner-occupied homes. GCC stated an ambition during the pandemic that Glasgow should be a net zero city by 2030 but it has recently conceded that this target will not be met.

- A series of proposals were published by ScotGov for consultation at the end of 2023. These included. Proposals on reforms to Energy Performance Certificates and a draft Social Housing Net Zero Standard (SHNZS) which would replace the previous EESSH2 standard.
- Proposals for a Heat in Buildings Bill (applicable to all housing in private ownership) were published for consultation at the same time.
- The main ScotGov proposals include the following:

- Social rented homes to meet a **Fabric Efficiency Rating** based on the annual amount of energy for heat consumed by the property and measured in kilowatt hours per square metre.

ScotGov is seeking views on whether the target should be set as a range and whether it should be met by 2033 or in two stages (an initial 2033 target then a more demanding level by 2040).
- **Replacing fossil/direct emissions heating systems** with a clean heating alternative by a backstop date of 2045.

ScotGov's stated options include staged milestones requiring proportions of each landlord's stock to have clean heating installed by target dates, working up to 100% by 2045, or whether 2045 should be the backstop date in every case.
- The need for alignment with the **roll-out of heat networks**, in parts of Scotland with high proportions of flats that will not be suitable for heat pumps.
- The consultation asks whether social landlords should be **prevented from re-letting properties** which cannot meet the Fabric Efficiency Ratings requirements of the Standard. Content relating to exemptions and works to buildings in multiple ownership is limited.
- Simultaneously, ScotGov has consulted on proposals to reform **Energy Performance Certificates (EPCs)** with a new emphasis on the efficiency of the building fabric in contributing to low emissions. Current ratings for homes with gas boilers would likely be downgraded.

Overall, the SHNZS proposals are broad brush and some way from being a credible, holistic framework for future action. More work will be needed to resolve and encompass a wide range of factors, many of them interlinked and some of them competing or at odds with other factors.

- The areas where greater certainty is needed include the standards to be met and associated timescales; the availability of funding; ensuring a just transition for tenants; exemptions criteria; technological solutions that are sustainable and affordable; buildings in multiple ownership; large-scale procurement support; and requirements for hard to treat properties such as the stone-built tenements which are so prevalent in areas such as Govanhill.

ScotGov has said it will not finalise the SHNZS proposals until 2025 at the earliest, which suggests this may not take place until after the next Scottish Parliament elections in 2026. It is assumed that the proposed Heat in Buildings Bill will run to a similar timescale. This will be important for landlords such as Govanhill that manage buildings with different tenures/multiple owners.

Social landlords have been diligent in raising the need for government funding to help social landlords meet the Standard. This is key to the principle of a just transition, otherwise substantial rent increases may be needed to pay for mandatory retrofit works.

GCC's 2023 Local Heat and Energy Efficiency Strategy (LHEES) states that GCC has "identified concentrations of pre-1919 domestic properties in the city to support project identification and the evidence from these will be used to develop a retrofit strategy". GhHA is actively involved in the Council's discussions with housing associations. GCC has also issued initial plans for the development of local heat networks, which all social landlords will wish to discuss with the Council.

While the strategic aspirations of ScotGov and GCC are clear, the necessary tools to support detailed planning or delivery are not yet in place. It is not yet possible for landlords to develop

realistic and comprehensive implementation plans, and there will be increased risks for those that decide to proceed with retrofitting works at scale ahead of standards being finalised.

## **TECHNOLOGICAL FACTORS**

**Technology is a key issue in the journey to net zero** described above.

The key issues for property owners are being assured that the solutions they invest in are affordable, effective and sustainable. There is a real risk that solutions that seem to meet these criteria now could be overtaken by better solutions in the relatively near future. Developing a workforce that has the right skills to undertake retrofit work is also a key challenge.

**Technology is playing an ever greater part in how social landlords communicate with and provide services to tenants.**

GhHA has for some time offered customers the opportunity to carry out some service transactions online (for example, repair requests and customer complaints). We launched a new Customer Portal in spring 2023, to expand digital options for customers. The potential benefits this offers are not yet being fully realised, in relation to tenant take-up and smarter working for our teams.

- In our 2024 Customer Satisfaction Survey, 82% of respondents said they use the internet in some way (68% in 2021 and 57% in 2017/18). There is scope for more tenants to make greater use of digital methods for transactions or other communications with GhHA.
- Across the housing sector, there can be hesitancy among tenants about interacting with their landlord using the internet, even among tenants who are very familiar with the internet from work, shopping, or other activities.
- Individual tenant preferences are key. Many tenants may simply prefer to use the telephone when speaking to their landlord, even if they choose to see digital as their first choice for activities such as shopping or banking. Age and digital exclusion, whether this is due to a lack of skills or financial resources, can also be contributing factors.
- GhHA like most landlords uses a multi-channel approach that gives tenants the choice of communicating in the way that best meets their preferences. Just as internet access has grown substantially in recent times, GhHA's expectation is that more and more tenants will opt for digital with the passage of time, in how they choose to interact with us.

**Technology plays a critical 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.
- GhHA will conduct and complete in 2024/25 a review of the performance of current software in our main service and activity areas. This will examine if business needs are being met effectively and efficiently and what operational or strategic improvements may be needed.

**Technology also comes with risks.**

- Phishing, data theft and cybercrime have all increased rapidly in recent years, 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.

## 7) Stakeholder Relationships and Priorities

### Stakeholder Map

The following diagram shows GhHA's main stakeholders according to the level of power they have in relation to the Association and the degree of interest they take in our work.

<p style="text-align: center;"><b>High Power and High Interest</b></p> <p style="text-align: center;">Engage, keep satisfied, consult, involve in decision-making</p>	<p style="text-align: center;"><b>High Power and Low Interest</b></p> <p style="text-align: center;">Meet their expressed needs, engage and consult</p>
<ul style="list-style-type: none"> <li>• GhHA tenants and service users</li> <li>• The Govanhill and Merrylee communities</li> <li>• Our staff team</li> <li>• Glasgow City Council</li> <li>• Glasgow City Health and Social Care Partnership</li> <li>• Our funders</li> <li>• Scottish Housing Regulator</li> <li>• Our auditors, legal advisers, and insurers</li> </ul>	<ul style="list-style-type: none"> <li>• Scottish Government</li> <li>• UK Government</li> <li>• Office of the Scottish Charity Regulator</li> <li>• Financial Conduct Authority</li> <li>• Department Work and Pensions</li> </ul>
<p style="text-align: center;"><b>Low Power and High Interest</b></p> <p style="text-align: center;">Show consideration, keep informed, work together to address shared aims</p>	<p style="text-align: center;"><b>Low Power and Low Interest</b></p> <p style="text-align: center;">Keep informed</p>
<ul style="list-style-type: none"> <li>• Local groups and organisations we work with to benefit residents and the community</li> <li>• Govanhill Community Development Trust (GCDT)</li> <li>• Registered Tenants Organisations</li> <li>• Local residents and property owners</li> <li>• Housing applicants</li> <li>• Neighbouring housing associations</li> <li>• Local volunteers and interest groups</li> </ul>	<ul style="list-style-type: none"> <li>• Agencies to which we refer tenants and residents for advice and assistance</li> <li>• Membership bodies (SFHA, EVH, GWSF)</li> </ul>

#### Working with Stakeholders: Priorities in 2024/25

- **Completion of, and follow-up to, the Association's 2024 Customer Satisfaction Survey.**  
This provides extensive data about how tenants and factored owners regard our performance and what their priorities for the future are. We will also continue to use the CX Feedback customer feedback tool to obtain good quality feedback through the use of this user-friendly tool.
- **Continued partnership working with organisations advocating or delivering community services in our area.** This will include our subsidiary GCDT and Govanhill Community Action..
- **Working with funders** to enable capital works to proceed in accordance with GhHA's preferred programming, without breaching loan covenants.

- **Working closely with GCC** on the delivery of the final stage of the South West Govanhill programme, the funding and delivery of our development programme, and initiatives to promote greater energy efficiency
- **Networking and partnership working with GCC and social landlords from across the city** on net zero strategy, funding opportunities, and the recent GCC plan on developing heat networks across the city.
- **Working closely with Glasgow City Health and Social Care Partnership on the referral and rehousing of homeless households**, against the backdrop of the housing emergency that has been declared for Glasgow.
- Seeking to **influence the future form of locality planning** in our role as the designated community anchor organisation for Thriving Places which is now in its final year.
- Continued development of our **service for dealing with antisocial behaviour**, under a contract between GhHA and GCC Community Relations Unit.
- **Managing the pressures on GhHA (and all housing associations in the city) to take over neighbourhood services previously provided by GCC.** These pressures result from the continuing cuts in GCC budgets and its need to prioritise statutory services. However, it is unrealistic to expect other organisations to take on responsibility for service provision, particularly when no transfer of resources is involved.
- **Compliance with the revised SHR Regulatory Framework** for social landlords which took effect in April 2024, and paying close attention to regulatory advice and requirements on key matters such as ensuring tenant safety and managing financial resilience.
- **Refreshing our approach to landlord self-assurance**, to ensure continued compliance with SHR requirements in this area.

## Strategic Level Stakeholders

### Glasgow City Council

GCC has published the final version of its latest Local Housing Strategy (LHS) since the 2023 GhHA Business Plan was prepared. The LHS covers the period from 2023 to 2028 and includes five overarching priorities which the Association must address when seeking financial or other support from the Council.

There is a strong alignment between the LHS and the strategic priorities set out in the GhHA Business Plan and this Update, particularly in relation to:

- Decarbonising the housing stock
- Reducing fuel poverty
- Preserving tenement housing in the city
- 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.

## **Scottish and UK Governments and Parliaments**

The Scottish Government is responsible for legislation and policy on housing and other devolved matters. Current issues are described earlier in Chapter 6 of the Update. Following a return to minority government at Holyrood, we can expect to see less certainty about new legislation and policy decisions.

The UK Government is responsible for most aspects of welfare benefits policy and administration. Other matters reserved to Westminster also affect us, such as the law on data protection and health and safety; macro-economic policy; taxation and public spending via the Barnett Formula; some aspects of energy policy and infrastructure; and Brexit. This means we must be mindful of events and pipeline changes from both legislative bodies.

A General Election will take place in July 2024 and significant change can be expected from Westminster, regardless of which party/parties form the new government.

## 8) Introduction to Business Plan Priorities 2024/25

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

Future priorities are described on two levels:

### Three Year Priorities (covering the full Plan period 2023/24 to 2025/26)

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

The three year priorities for 2023/24 to 2025/26 are reproduced in updated form at **Appendix 1** to the Business Plan Update. In addition to the priorities themselves, Appendix 1 describes the outcomes GhHA is seeking to achieve over the three-year Plan period and how we will be able to evidence and measure what we have achieved.

As a result of this Year's Update, some relatively minor changes have been to the original version that was included in the 2023 Business Plan.

### Annual Priorities for the next 12 Months (2024/25)

While it is often difficult to be precise about actions over a three-year time period, this can be done with more certainty for 2024/25 which is the period covered by the Update.

The main chapters of the Plan conclude with a Statement of Priorities for 2024/25. Following MC approval of the Business Plan, more detailed Action Plans are prepared for insertion in the Business Plan at Appendix 2).

## 9) Governance

### Strategic Objectives and Context

The importance of 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 9 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.

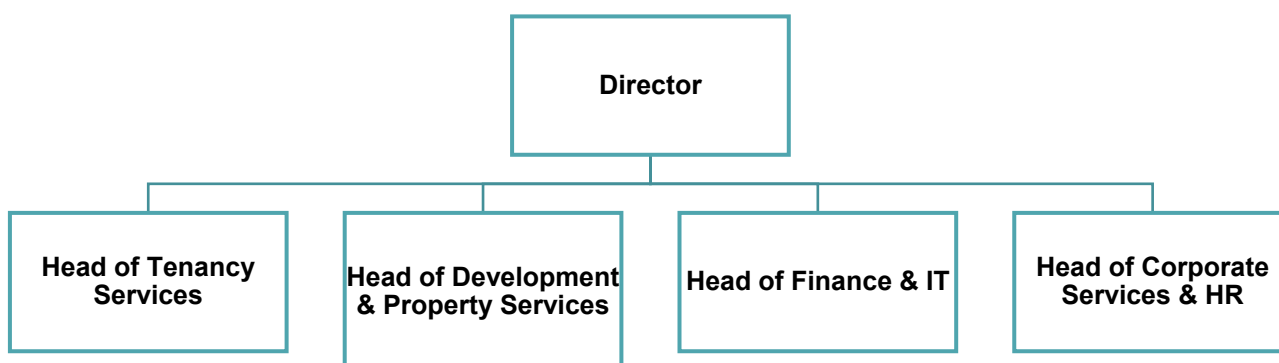
The MC is supported by several sub-committees including finance and general purposes; tenancy services; development and property services; and audit and risk. The sub-committees provide a layer of detailed scrutiny that complements the strategic role of the MC.

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 (SMT).

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:



### 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 by the Trust's Board and then presented to the Association's Management Committee for approval.

Currently, the top strategic priorities for the Trust are to:

- Seek new external grant funding for its community support services, and
- Implement significant changes in asset management strategy for two of the four sites in the Trust's ownership, due to their condition and future maintenance requirements.

The second of these priorities has moved forward significantly in the last year. One building (Forsyth House) has been transferred to GhHA at nil value for development as supported accommodation. An asset management plan has also been put in place for the second building (Govanhill Workspace) to control expenditure in a way that will allow it to continue to operate as a viable commercial landlord business.

As group parent, the Association's MC will take a close interest in the major aspects of the Trust's work, as part of its consideration of the Trust's 2024 Business Plan.

### Strategic Context for GhHA's Governance

There are several strategic factors, both internal and external, that we will need to manage. The most significant factors relating to governance are shown below.

Internal Challenges	External Challenges
<ol style="list-style-type: none"> <li>1. Ensure strong MC focus on strategic risks</li> <li>2. Ensure meetings and decision-making structures are effective and make best use of resources</li> <li>3. Maintain strategic oversight of the Community Development Trust</li> <li>4. Maintain MC commitment to learning and development activities</li> <li>5. Succession planning for the MC and senior team</li> <li>6. Ensure there is a robust approach to self-assurance</li> </ol>	<ol style="list-style-type: none"> <li>1. Greater complexity in financial decision-making</li> <li>2. More difficult decisions to be made by the MC, as a result of external pressures</li> <li>3. New Scottish Housing Regulator regulatory framework now in place, with additional requirements specified for particular business/ risk areas</li> <li>4. GhHA's response to GCC cuts in funding for neighbourhood services and facilities, with further cuts likely to be in the pipeline</li> </ol>

## Statement of Progress at 31 March 2024

**Table 1 summarises progress** in addressing the main Governance priorities described in the 2023 Business Plan.

**TABLE 1: Review of Governance Priorities in 2023/24**

Business Plan Priority	Achievements/Progress
<p><b>Review of GhHA’s Self-Assurance Methods and Outputs</b></p> <p>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.</p>	<p><b>Achieved</b></p> <p>Annual self-assurance review carried out. Assurance Action Plan produced, with updates presented to the MC.</p> <p>Annual Assurance Statement submitted to SHR.</p> <p>New process and plan produced to ensure that our future approach is robust and proportionate, and that the MC is appropriately involved.</p> <p>Assurance Working Group formed to oversee implementation of the new approach throughout 2024.</p>
<p><b>Succession Planning</b></p> <p>2) Continue to seek interested local residents and provide appropriate pre-joining support.</p>	<p><b>Achieved in part</b></p> <p>New Chair and Vice Chair appointed. Transition process worked smoothly.</p> <p>No new MC members were appointed during the year, to compensate for the loss of two MC members due to personal circumstances. MC numbers have reduced to 9 so promotion and recruitment activity is a high priority for 2024/25.</p>
<p><b>Committee Learning and Development</b></p> <p>3) Increase the level of training held on GhHA’s operating environment. Improve the balance between the topics in the MC Learning and Development Plan and the learning activities that MC members undertake.</p>	<p><b>Achieved in part</b></p> <p>Half-day session held to provide members with updates on health, and safety, finance and governance topics. A similar session is expected to be incorporated in the calendar of meetings for 2024/25.</p>
<p><b>Govanhill Community Development Trust (GCDT)</b></p> <p>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.</p>	<p><b>Achieved in part</b></p> <p>Work carried out to:</p> <ul style="list-style-type: none"> <li>• Sustain the Commercial Property element of the Trust.</li> <li>• Seek new funding opportunities for the community development programme.</li> </ul> <p>Preliminary work carried out on 2024 Business Plan, due to be completed summer 2024.</p>

## GhHA's Priorities for 2024/25

### Statement of Priorities

The following Statement describes GhHA's priorities for the second year of the Plan (2024/25). 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 2.

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.

### Statement of Priorities for Governance in 2024/25

#### Complete GhHA's Self-Assurance Exercise for 2024

- 1) Revise GhHA's self-assurance using the new GhHA process and plan, and with the active involvement of the Assurance Working Group. Submit outputs and draft SHR Annual Assurance Statement to the MC for approval.

#### Succession Planning (MC Membership)

- 2) Continue to seek interested residents and provide appropriate pre-joining support. Consider additional methods for promotion and recruitment, as set out in the Succession Planning Strategy for the MC.
- 3) Attract two new resident members of the MC by the end of 2024 (elected or co-opted members).

#### Committee Meetings and Structures

- 4) Review the number of MC and sub committee meetings, to agree and implement a more streamlined approach which retains effective arrangements for accountability and scrutiny while reducing the number and frequency of meetings where possible.
- 5) Increase attendance levels at MC and sub committee meetings.

#### Govanhill Community Development Trust (GCDT)

- 6) MC approval of GCDT's 2024 Business Plan and budget and ensure an appropriate level of strategic control over the Trust's activities commensurate with current priorities, i.e. embedding the restructuring of the commercial property element of the Trust's business and reconsideration of community development priorities in accordance with external funding made available.

## 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. This has not changed as a result of SHR's revised Regulatory Framework which went live in April 2024.

GhHA reviewed its approach to self-assurance in the second half of 2023/24, resulting in a new policy and plan for future self-assurance work. Key elements of the updated approach include:

- a) Setting up an Assurance Working Group (AWG) made up of MC members. The Group will oversee the self-assurance process and report its conclusions for MC approval.
- b) Introduction of a rolling three-year assurance programme, to ensure that all regulatory standards and requirements are assessed at least once every three years.
- c) In addition, annual reviews will take place for the most significant regulatory standards and requirements, while focused reviews may be carried out for other standards and requirements where required

For example, if there has been significant change in the compliance profile, if additional risks have been identified, or if the AWG or MC seek additional assurance on particular standards or requirements).

### **Succession Planning (Priorities 2 and 3)**

GhHA has succeeded in attracting new committee members in two of the last three years, but we have also lost some of our most experienced members in that time due to changes in personal circumstances. The number of committee members now stands at nine members and recruiting additional members is therefore an important priority. Promotional activity and meetings with interested individuals are currently taking place to address this.

GhHA's Succession Planning Strategy involves promoting committee membership within the community, seeking interest from people who have the local insight that comes from living in Govanhill or Merrylee, along with a commitment to serve.

In doing this, we seek to identify residents who have skills and experience that would benefit GhHA's work. However, possession of particular skills or experience is not a pre-condition of being nominated for election to the MC and we provide all new MC members with training.

The Succession Planning Strategy allows for the possibility of recruiting new MC members who live outside the area of operation and who have relevant skills and experience to offer. While there are already committee members who meet these criteria, our main focus as a community-based housing association is to promote committee membership to residents of Govanhill and Merrylee.

### **Review of Committee Structures and Meetings (Priorities 4 and 5)**

The Association is reviewing its committee meeting structures and timetables, including numbers of sub groups to identify future solutions that help to provide the assurance the Management Committee needs to fulfil its governance obligations.

The review recognises that the present number of sub committees and meetings across the governance structure as a whole places considerable demands on committee members and senior staff. Our work to address this will be designed to make our approach to business management more sustainable and more effective.

The review is intended to confirm the level of commitment required of a Committee member, the level of preparation required of staff to inform Committee members appropriately and thereafter the number of subgroups and formal meetings needed to ensure sound governance.

## **GCDT (Priority 6)**

As described earlier in this Chapter, the Trust has developed plans to manage future investment in Govanhill Workspace. The building is fully occupied by tenants but may require substantial component replacement works in the years ahead due to the age and condition of the building.

This will present ongoing risks depending on the future performance of major building elements, particularly if difficulties arise with the structure or the roof. The Trust's Board will be responsible for monitoring the asset plan and the continued viability of Govanhill Workspace. This will also require GhHA's Management Committee to maintain strategic oversight of the Trust's implementation of its Business Plan.

The Trust's Board is tasked with developing a new set of strategic priorities for community support activities.

- Most of the Trust's external funding for community development activities ended in early 2023.
- The Trust has made progress in the last 12 months in securing new external funding, particularly for employability projects.

As the Trust's parent organisation, GhHA's Management Committee will review the Trust's 2024 Business Plan to ensure that the Trust's priorities are compatible with group objectives. The MC will also examine how the priorities align with GhHA's work as a provider of housing and property management services.

## 10) Tenancy Services

### Strategic Context for GhHA's Tenancy Services

Tenancy services align with following GhHA strategic objectives and outcomes.

<b>Services</b>	Deliver quality, value for money services that meet the varying needs and circumstances of our customers
<b>Homes and neighbourhoods</b>	Provide quality homes and work with our partners to make Govanhill a cleaner, greener place
<b>Communities</b>	As the community anchor organisation for Govanhill, work with the community and with partners to strengthen our community and benefit local people
<b>Our people</b>	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.

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

Internal Issues	External Issues
<ol style="list-style-type: none"> <li>1. Capacity to keep rents affordable and continue to develop our services at a time of sustained increases in GhHA's costs</li> <li>2. Maximising our rental income from all sources, including void rent loss</li> <li>3. Need to conclude and follow up a GhHA wide review of the main business software available to us, to support efficient and effective use of our resources</li> <li>4. Seeking efficiencies that will result in cost savings and/or allow us to use our resources differently for the benefit of our tenants</li> <li>5. Reducing levels of attendance absence within the Team.</li> </ol>	<ol style="list-style-type: none"> <li>6. Continued pressure to set rent increases at below inflation levels. The risk of renewed government intervention in social landlords' rent-setting</li> <li>7. Future trends in inflation and the cost of living</li> <li>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.</li> <li>9. Poverty, including high levels of fuel poverty, among tenants</li> <li>10. Expectations of the Glasgow Health and Social Care Partnership regarding the share of housing association lets to be made to homeless households</li> <li>11. Rapid, large-scale movement of tenants from legacy benefits to Universal Credit is a potential threat to GhHA's income stream.</li> </ol>

## Statement of Progress at 31 March 2024

Table 1 summarises the progress made in addressing the main Tenancy Services priorities described in the Business Plan. This includes tasks that will extend over the full period of the Business Plan.

**TABLE 1: Review of Tenancy Services Priorities in 2023/24**

Business Plan Priority	Achievements/Progress
1. Meet the Scottish Social Housing Charter to a high standard	<p><b>Partly Achieved and Ongoing</b> Performance results have areas of good performance and areas for improvement</p> <p>See Table 2 (trends in GhHA's performance in recent years)</p> <p>See Appendix 6 (GhHA's performance benchmarked with peer group and national averages).</p>
2. Implement new rent structure from 1 April 2023, following engagement with tenants.	<p><b>Achieved</b> Year 1 and Year 2 have been implemented.</p> <p>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.</p>
3. Limit rent increases, due to cost of living pressures for tenants.	<p><b>Achieved</b> 2023/24 rent increase was 6.75% (CPI inflation 10.1%). This was the second consecutive year a sub-inflation rent increase was set.</p> <p>2024/25 we set rent at 7.7% which was CPI of 6.7% +1%</p>
4. Continue to manage rent arrears in line with procedure and ensure early intervention	Continued strong performance for gross rent arrears (2.65% for 2022/23 and 2.48% in 2023/24), significantly better than peer group and national averages.
5. Sustainment of Welfare Rights support and seek funding to employ two Energy Advisors	<p><b>Achieved (income maximisation)</b> Income Maximisation Team secured £1.86 million in financial gains for 837 new clients with 1,310 new benefit cases opened.</p> <p>We have entered into a partnership with The Foodbank and South Seeds to provide a 3 day a week Energy Advice Service within our offices for Govanhill customers over 2024-2026, fully funded by the Lottery.</p>
6. Achieve improved performance results for void relet times	<p><b>Further improvement needed</b> In 2022/23, our average re-let time was 61.35 days, in 2023/24 this reduced to 47.9 days. While this is an improvement, we recognise this has to be better to get nearer to already high target of 45 days.</p>

Business Plan Priority	Achievements/Progress
<p>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.</p>	<p><b>Achieved</b>            Preparatory work completed for Residents Panel            High tenant response to rent review consultation            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</p>
<p>8. Continue to develop our digital offering, by introducing the Customer Portal promoting its usage.</p>	<p><b>Achieved</b>            Customer portal launched in Spring 2023.</p>
<p>9. Develop a new estate and bulk strategy</p>	<p>Established Environmental Residents' Panel            Continue to find new ways of working with GCC to jointly tackle the environmental issues in the area            Implemented new estate and grounds maintenance service and close cleaning service from March 2024.</p>
<p>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.</p>	<p><b>Partly achieved</b>            In 2022/23, 33% of lets were made to section 5 referrals against our target of 35%.            In 2023/24 40% of lets made were to Section 5 and other GCC nominations against the target of 45%. For 2024/25, the Management Committee have agreed to 50% of lets with specific stipulations to help us manage referrals.</p>
<p>11. Successfully introduce our programme of new Tenancy Services initiatives.</p>	<p><b>Achieved</b>            Housing officer budgets, a Crisis Fund and an educational bursary awards scheme for tenants or their household members were all introduced as planned.            Tenancy Support Service introduced in April 2023 providing an enhanced service to tenants at risk within their tenancy.</p>

## 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 2021/22 (COVID year) to 2023/24. The following colour coding is shown in the first column of the Table:

## Key

2023/24 result shows improving or stable performance over the three year review period

Mixed performance results over the three years

Material deterioration in performance and cause for concern (void rent loss), or improving performance but remains a cause for concern (time to re-let voids)

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

**TABLE 2**  
**GhHA Charter Indicators Performance 2021/22 to 2023/24**

Charter Indicator	2021/22	2022/23	2023/24	All Years Avg
<b>Customer Satisfaction</b>				
% of tenants satisfied with the overall service provided landlord	82.8%	82.8%	87%	84%
% tenants who feel rent represents good value for money	76.1%	76.1%	88%	80%
<b>Empty Homes, Lettings and Tenancy Sustainment</b>				
% lettable self-contained houses that became vacant in year	6.8%	6.3%	5.9%	6%
Number of properties that became vacant	179	178	167	175
Number of properties re-let	188	182	176	182
% of rent due lost through empty properties	1.8%	2.3%	2.4%	2.2%
Average length of time to re-let empty properties (calendar days)	55.9 days	61.3 days	47.9 days	55 days
% tenancy offers refused	52.8%	25.4%	24.7%	34.3%
Number of section 5 referrals received by GhHA	47	114	106	89
% of section 5 and other homeless referrals resulting in a housing offer by GhHA	71%	33%	88.2%	64.1%
% all new tenancies sustained more than a year	96.0%	99%	95.2%	96.7%
% new tenancies sustained more than a year (homeless referrals)	94.4%	97.9%	95.7%	96.0%

Charter Indicator	2021/22	2022/23	2023/24	All Years Avg
<b>Rents and Income Management</b>				
% average weekly rent increase to be applied next year (relative to inflation)	3.6%	6.75%	3.1%	4.5%
% of rent due in year met by direct housing costs payments to GhHA	53%	53%	54%	53%
% collected of rent due	102.0%	101.61%	100.1%	101.2%
% gross rent arrears of rent due	3.9%	2.65%	2.3%	3.0%
<b>Tenancy Management</b>				
% Anti-social behaviour cases resolved	81.0%	78.5%	93.5%	84.3%
Number of court actions initiated	20	26	18	21
% of court actions initiated resulted in eviction	40%	27%	28%	32%

The **tenant satisfaction results** shown in Table 2 have been updated for 2024. The fieldwork took place by face to face and some telephone calls.

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 eleven 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 13 (Value for Money) and Appendix 5.

In addition to GhHA, the benchmarking organisations are Govan, Govanhill, Maryhill, Milnbank, North Glasgow, Parkhead, Partick, Queens Cross, Shettleston, Southside, and Tollcross Housing Associations.

## Statement of Priorities for 2024/25

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

Following approval of the Updated Business Plan, a Tenancy Services Action Plan will be prepared setting out the planned actions for delivering on each of the stated priorities during 2024/25. 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 2024/25 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.
2. 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

3. Introduce biennial house visits to include checking for any signs of dampness and mould and other tenant safety issues during house visits that are carried out on an ongoing basis.

### Income Management

4. Reduce void rent loss and the average time to re-let empty properties, in accordance with 2024/25 Key Performance Indicators and taking account of benchmarking results.
5. 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 and recharges.

### Support for Tenants and Residents

6. Maintain our internal adequately resourced income maximisation service available to GhHA tenants and residents.

### Lettings and Homelessness

7. Complete the review of the Allocations Policy that is currently underway.
8. Increase the proportion of lets to homeless households to 50% in 2024/25 to combine Section 5 referrals and other GCC nominations.

### Antisocial Behaviour

9. Keep improving expert service for addressing antisocial behaviour effectively, through partnership working with GCC's Neighbour Relations Unit.

### Resident Engagement and Digital Communications/Access to GhHA Services

10. Implement a new Resident Engagement Plan including the formation of the Customer Panel, creating tangible actions from the three-yearly Customer Satisfaction Survey, and resident engagement/follow-up actions following completion of the Survey.

11. Continued promotion of the Customer Portal and monitor how well the portal is working for customers and for GhHA.
12. Continued development of use of CX-Feedback as our default customer feedback tool.

### **Environmental and Estate Management**

13. Ensure the new environmental contracts for estate and grounds maintenance run well and are managed by appropriate teams.
14. Ensure the new contract for close cleaning runs well and are managed by appropriate teams.
15. Support and develop the newly established Residents Environmental Group.
16. Create an Environmental newsletter highlighting services and improvements in the area.

## **Key Issues and Pressure Points**

This closing section provides additional information about issues that may affect the priorities set out for 2024/25.

### **Maintaining Rent Affordability (Priority 1)**

An assessment of the affordability of GhHA's current rents is provided in Chapter 13, 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 costs continue to rise, as seems likely, there will be renewed pressure on rent levels and affordability.

### **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 and other tenant safety issues 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 continue to address this in 2024/25.

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).

During 2023/24, we managed to reduce the turnaround time of void relets to 47.9 days, however, this is still an area of concern.

To address this, the key objectives in 2024/25 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 continued to be the case in 2023/24 with a 24.7% refusal rate which shows some stability.

## **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 COVID-19 pandemic and the cost of living crisis. The additional income generated for clients in the last three 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 2024/25 is to ensure that it is resourced at a level that is matched to demand. During the latter part of 2023/24, all posts were filled with permanent staff in place. The Management Committee is committed to ensuring that this continues to be the case.

We have entered into a partnership with the Glasgow South East Foodbank and South Seeds to provide a 3 day a week Energy Advice Service within our offices for Govanhill customers over 2024-2026, fully funded by the Lottery.

## 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 2023/24**

Source of let	Total in 2022/23	Total in 2023/24
Transfer	14.7%	21.6%
Housing List	50.5%	38.5%
Section 5	33.3%	39.4%
Other GCC Nominations	1.4%	0.5%
Total	210	208

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 responded to this by increasing our homeless lets target to 45% of all lets in 2023/24. This represented 40% for section 5 referrals made by the HSCP, and 5% for other GCC referrals. As noted earlier, in response to the housing emergency, for 2024/25, RSL's in Glasgow have been asked to provide 67% of lets. We have agreed to 50% for the coming year.

## Managing Antisocial Behaviour (Priority 8)

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 introduced a major change in 2023 in how we deal with ASB with the introduction of a specialist ASB management service from GCC's Community Relations Unit (CRU). This has provided a comprehensive range of services on our behalf and has also provided 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 in the past were markedly superior to GhHA's. This is our second year of the service and we have seen a greater impact on resolution of complaints and customer satisfaction.

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

We have worked at prioritising getting to know and learning more about our tenants and their priorities for the future. In 2024/25 we want to focus more on improving the 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 events to survey-based activities. Our Customer Satisfaction survey has provided us with insights to current tenant needs and areas of improvement will come with our telephone and housing software being updated and enabling us to deliver efficient and effective approaches to customers.

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

Keeping backcourts, closes and common areas clean and tidy is an ongoing challenge in Govanhill, we have a population and housing density that does not always encourage the best behaviours of some residents and businesses. Our staff are out on regular walkabouts of the area to address issues arising on the estate, however, the problems require a joined up, multi-agency approach and our focus remains on ensuring we take action and work alongside GCC services and the Govanhill Service Hub.

Priorities 12 to 14 cover a number of activities relating to environmental standards, including the management of new, enhanced contracts for estate and grounds maintenance and close cleaning and the support of the Environmental Residents Group which we hope will provide us with ongoing feedback from residents and increased capacity to work jointly to find appropriate solutions.

GCC has launched a pilot programme of “on-street hubs” in three parts of the city, including Pollokshields which has been found to be successful. Govanhill will have the on-street hubs installed during 2024/25. 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 successful, we may be looking at re-purposing existing bin stores and back courts. We will follow closely the progress of the pilots and their outcomes.

## 11) Asset Management

### Strategic Context for GhHA's Development & Property Services

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

<b>Services</b>	Deliver quality, value for money services that meet the varying needs and circumstances of our customers
<b>Homes and neighbourhoods</b>	Provide quality homes and work with our partners to make Govanhill a cleaner, greener place
<b>Assets</b>	Manage our assets well, spend our resources wisely, and plan ahead for the decarbonisation of our housing
<b>Communities</b>	As the community anchor organisation for Govanhill, work with the community and with partners to strengthen our community and benefit local people
<b>Our people</b>	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.

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

Internal Issues	External Issues
<ol style="list-style-type: none"> <li>Capacity to deliver component renewal programmes due to costs rising well above increases in rent.</li> <li>Making full use of the technology available to us, to support efficient use of our resources.</li> <li>Procurement of maintenance &amp; void repair contractor, component replacement contractors and current new build programme to be concluded by end of March 2025.</li> <li>Seeking efficiencies that will result in cost savings and/or allow us to use our resources differently for the benefit of our tenants.</li> <li>Focus on Landlord Safety particularly in</li> </ol>	<ol style="list-style-type: none"> <li>Limited development sites available within our operational localities.</li> <li>Future trends in inflation, construction, and maintenance costs.</li> <li>Changes in National and Scottish Government agendas regarding carbon neutral agenda, plans for Social Housing Net Zero Standard, Fire Safety etc and resultant costs to GhHA and common owners.</li> <li>Availability of contractors/workforce to deal with new construction methods/technology and carbon neutral agenda.</li> <li>Availability and levels of GCC TMDF grants for new build housing.</li> <li>Poverty, low-income owners, rent restrictions</li> </ol>

Internal Issues	External Issues
<p>relation to gas safety checks, five-year periodic electrical checks, fire safety, legionella, lifts, dampness and mould etc.</p> <p>6. Succession planning for maintenance Team due to several officers nearing retirement age.</p> <p>7. Satisfaction surveys and improved engagement required with owners of Factored properties re investment programme.</p>	<p>on Private Sector landlords and restrictions on availability of GCC Private Sector Housing Grant to owners who require to pay for expensive common repairs such as new roofs etc.</p> <p>7. Resistance by owners to participate in common repair or renewal projects.</p> <p>8. Scarcity of technical staff to fill vacancies.</p>

## Statement of Progress at 31 March 2024

The below table summarises progress achieved in addressing the main Development & Property Services priorities described in the 2023 Business Plan. This includes tasks to due to be completed in 2022/24, as well as priorities that extend over the full period of the Business Plan.

### Review of Development & Property Services in 2023/24

Business Plan Priority	Achievements/Progress
<p>1. Deliver property management services to a high standard meeting our tenants' expectations</p>	<p><b>Achieved</b></p> <p>83% satisfaction received through our most recent Customer Satisfaction Survey.</p> <p>Repair exit interview with tenants by MEARS &amp; City Technical Services in Q4 were 87% &amp; 99%.</p>
<p>2. To invest heavily in our housing stock over the plan period</p>	<p><b>Achieved</b></p> <p>All our workstreams have gathered pace although inflation in 2023/24 impacted on by the increased costs being presented by the market.</p> <p>GhHA in the past year has completed heating, window, and kitchen and bathroom renewal contracts along with upgrading the electrical systems as required following electrical safety checks.</p> <p>GhHA have a large common structural strengthening project on site to four closes and fully refurbish the flats involved including energy improvements.</p> <p>Component replacements, structural and energy works carried out to void properties as required.</p>

Business Plan Priority	Achievements/Progress
3. Complete the SW Govanhill Acquisition & Repair Programme	<p><b>Partly Achieved, will complete in 2024/25</b>  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.</p> <p>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.</p>
4. Build more Homes	<p><b>In progress</b></p> <p>Agreement to proceed with 60 units through turnkey development agreement with Link HA on Larkfield Bus Garage site. First Handovers May/June 2024 (15 Units) with three further handovers by end of 2024.</p> <p>Competitively tendered 159 Butterbiggins Road Spring 2024 – 24 units.</p> <p>Acquired flats at 127/129 Albert Road (6 units) on site with completion due June 2024.</p> <p>Feasibility Study being developed re Forsyth House/74 Batson Street to re-provision Mental Health Support Project and build 8 to 10 family homes. Discussions under way with GCC regarding funding.</p>
5. Work with GCC & other housing associations to seek new Government Investment in Glasgow's pre-1919 tenements.	<p><b>Ongoing</b></p> <p>Participation on numerous meetings regarding tenement repairs and energy retrofit requirements. GCC commitment to preserving Glasgow's tenements included in the Local Housing Strategy.</p>
6. Restore performance results in the delivery of maintenance repairs to pre-pandemic levels	<p><b>Improving Position</b></p> <p>Emergency Repairs – Target 2 hours, 2.25 hours in 2023/24 (2.39 hours in 2022/23).</p> <p>Non-Emergency Repairs – Target 5 working days, was 6.38 days in 2023/24 (7.38 days in 2022/23).</p> <p>Right First Time – Target 95%, was 93.51% in 2023/24 (60.16% in 2022/23). Expect further improvements in current year of Business Plan</p>
7. Achieve improved performance results for void relet times	<p><b>Not achieved, further improvement needed</b></p> <p>Target of 45 days, 47.9 days in 2023/24 (61.3 days in 2022/23).</p>

<b>Business Plan Priority</b>	<b>Achievements/Progress</b>
<p>8. Meet legal obligations for the safety of our tenants in their homes</p>	<p><b>Achieved</b></p> <p>All annual gas safety checks carried out on time.</p> <p>All due 5-year electrical safety checks either completed or access sought through no access procedures. (71 outstanding at 31.03.24 will be completed through Forced Access Procedures by end of July 24).</p> <p>All lift safety, fire system and legionella checks completed as per schedule.</p> <p>All due Fire Risk Assessments completed.</p> <p>Policy, register and processes in place to deal with reports of dampness or mould.</p> <p>Asbestos Management Plan in place to manage asbestos</p> <p>200 Butterbiggins Road, project to replace the sections of ACM &amp; HPL moving to delivery stage 2024/25.</p> <p>Cathcart Road, Structural Strengthening Works Tenders approved with Grant Funding, all tenants decanted, PSHG, monies gathered, and project now being delivered. Completion date of August 2024.</p>
<p>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</p>	<p><b>Ongoing</b></p> <p>Asset Strategy 2024 -2029 approved May 2024</p> <p>Condition surveys proceeding Q3.</p> <p>Programming of large scale kitchen &amp; bathroom contract in progress.</p> <p>Procurement to follow following private finance being put in place.</p>
<p>10. Continue to improve the energy efficiency of our housing stock and develop a plan to comply with EESSH 2</p>	<p><b>Continuing</b></p> <p>All Acquisitions receiving energy improvements.</p> <p>97 Westmoreland Street possible AECEB retrofit standard, costs inhibitive, options appraisal under way.</p> <p>Flats in Cathcart Road Structural Strengthening Project are receiving energy improvements. GCC Pilot Energy Retrofit Flats within project with assessment by Strathclyde University. Numerous one-off void properties being evaluated on energy performance and receiving energy improvements.</p>

Business Plan Priority	Achievements/Progress
11. Seek opportunities to stretch our spending power	<p><b>Achieved</b></p> <p>Use of GhHA and other Frameworks to achieve best price.</p> <p>Tender action progressing regarding Electrical Safety Checks, Roof Maintenance, Maintenance &amp; Void Repairs, Pest Control</p>

## Performance Results

The below table shows trends in GhHA's performance in relation to Annual Return on the Charter Indicators.<sup>5</sup> The table covers the three-year period from 2021/22 to 2023/24.

### 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
- 2023/24 result shows deterioration in performance over the three years

Charter Indicator	2021/22	2022/23	2023/24	Target 2024/25
Percentage properties meeting SHQS year-end (%)	74.8	63.6	69.9	75.3
Percentage properties meeting EESSH year-end (%)	85.2	83.3	82.0	85
Percentage tenants satisfied with quality of home (%)	87.2	87.2	84.6	90
Average hours to complete emergency repairs	2.6	2.4	2.3	2.0
Average working days to complete non-emergency repairs	8.3	7.4	6.4	5.0
Percentage reactive repairs completed right first time (%)	87.9	90.2	93.5	95.0
Percentage tenants satisfied with repairs service (%)	85.2	97.2	82.8	95.0
Average calendar days to re-let properties	55.9	61.3	47.9	30
Number of times statutory duty to complete a gas safety check was not met	0	0	0	0

<sup>5</sup> The Business Plan also includes (at Appendix 6) benchmarking information showing how GhHA's performance results compare with our peers.

The Satisfaction with the quality of your home results has dropped slightly in our most recent Satisfaction Survey. Reference is made by respondents to their kitchen and bathrooms. Our Asset Strategy which was approved in May 2024 specifically focussed on these components and introduces a large scale renewal programme starting in April 2025.

Movement 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. Through our upgrading of the properties concerned the level of compliance will improve.

We also have an elevated level of SHQS abeyances due to no-access issues to carry out period electrical checks although this is lower than in March 2023. Forced access procedures have been put in place to ensure these tests are completed to the 71 homes concerned by the end of July 2024.

## Stock Profile

### GhHA Stock Numbers at 31 March 2024

Type	Number of Self-contained Units
Other Flat	23
4-in-a-Block	69
House	75
Tenement	2644
<b>TOTAL</b>	<b>2811</b>

### GhHA Housing Stock by Property Size at 31 March 2024

Size	Number of Self-contained Units	Percentage of Self-contained Units
1 Apartment	37	1.32%
2 Apartment	1302	46.32%
3 Apartment	1116	39.70%
4 Apartment	300	10.67%
5+ Apartment	56	1.99%

GhHA's total self-contained housing stock at the end of March 2024 was 2,811 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 443 flats purchased in the South West Govanhill Acquisition and Repair Programme area and Albert Road to March 2024.

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 which is now in its handover stage and a current new build project at 159 Butterbiggins Road recently tendered following delays in statutory consents to hopefully go on site in late 2024/25 and this will provide a further 24 new flatted homes.

GhHA acquired homes in Govanhill and Merrylee in 2010 through stock transfers with 665 remaining in our ownership following the end of Right to Buy legislation.

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 2024/25

The following Statement of Priorities describes GhHA's priorities for year 2 of the Business Plan period (2024/25).

The Business Plan will mirror the Association's newly developed Asset Strategy and 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 2024/25. 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 2024/25 priorities set for Development & Property Services are as follows:**

### Highly Performing Maintenance Service

1. Continue to seek improvements in our Reactive Maintenance Performance in terms of speed of delivery and customer satisfaction.
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.
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 & Void, Periodic Electrical Testing and Roof Inspection, Repair and Gutter Cleaning Contracts.

### Investment in our housing stock

5. Implement the Association's Asset Strategy along with a review of Asset Performance/Net Present Values.
6. Complete the review and updating of components on current or pending IT systems (currently Capita) based on our approved Strategy to renew kitchens and bathrooms by date and all others by their condition.
7. Component replacements
8. Following the completion of two large safety projects (200 Butterbiggins Road – partial replacement of cladding & Cathcart Road Structural Strengthening), refocus major repair activity to bathroom, kitchen, central heating, and window renewals.

### **Complete SW Govanhill Acquisition & Repair Programme**

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 purchase of 60 units on the former Larkfield Garage Site through the development agreement we have with Link HA.
13. Tender and let contract to build 24 units at 159 Butterbiggins Road.

### **Maintain Safe Homes**

14. 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.
15. 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**

16. Reduce the level of current Factoring debtors to below £200k by 31 March 2025.
17. Maintain the level of customer satisfaction (82%) 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**

18. Continue to carry out insulation retrofit works where possible to our housing stock together with the replacement of older less efficient heating systems.
19. Complete the AECB Retrofit Project at 97 Westmoreland Street.
20. 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**

21. Review use of Capita Software and mobile technology and increase reporting from it to deliver best IT support to improve services
22. 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 2023/24. We will continue to work with the contractor MEARS and our new contractor following tender action this year from October 2024 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-

Charter Indicator	2022/23	2023/24	2024/25 Target
Average hours to complete emergency repairs	2.4	2.0	2.0
Average working days to complete non-emergency repairs	7.4	5.0	5.0
Percentage reactive repairs completed right first time (%)	90.2	95	95
Percentage tenants satisfied with repairs service (%)	97.2	95	95

The Association has made progress in 2023/24 reducing its void turnaround time our performance reduced to 47.9 days. The current target collectively between Development & Property Services and Tenancy Services is 45 days.

To build on this progress a 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. Utility issues and dealing with infestations have 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 2024/25 we will complete the procurement of GhHA's Maintenance & Void, Periodic Electrical Testing and Roof Inspection, Repair, Gutter Cleaning Contracts and Pest Control.

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

GhHA has completed a detailed review of its assets, with its Asset Strategy approved by Management Committee in May.

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 the Social Housing Net Zero Standard (SHNZS) when details of the final Standard are available from the Scottish Government, which is expected to be in 2025 at the earliest.

## **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 had hoped this exercise would be complete by March 2024, but it is likely that these matters will not be completed until the end of 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 that most works will be completed within 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 from summer in 2024 to let.

Following increased costs being proposed by the contractor on the Link HA site, GhHA has retendered and intends to let contract to build 24 units on its 159 Butterbiggin's Road site with a completion likely in late 2025/26.

GhHA has acquired Forsyth House in Coplaw Street from its Development Trust GCDT and has a feasibility study underway to re-provision 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 use of the 74 Batson Street site to 8 to 10 family homes. Discussions are underway with GCC regarding the availability of grant assistance.

### **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.

We have set a challenging target to reduce the level of current Factoring debtors to below £200k by 31 March 2025

The Factoring Team will seek to maintain the high level of customer satisfaction (82%) 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 (Priorities 20 to 22)**

GhHA will continue to carry out insulation retrofit works where 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 is under review due to the high costs in the original proposal seeking alternative specifications to meet the standard. We will likely re-tender this project in December 2024.

A review of the performance of our existing internal/external wall insulation systems will take place in 2024/25 to assist in the Association's response to SHNZS when set by the Scottish Government which we expect to be published some time in 2025.

The Association is participating in the Retrofit Advisory Group chaired by GCC along with other partners regarding the standardisation of pre-1919 retrofit and have a pilot project/study with GCC on site in our Cathcart Road Project.

### **IT Software (Priorities 23 and 24)**

Development & Property Services will continue to make improved use of Capita Software and mobile technology and review its benefits within 2024/25.

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

## 12) 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.

Internal Issues	External Issues
<ol style="list-style-type: none"> <li>1. The impact of higher costs on our operations, with resulting pressures on budgets and a requirement to achieve efficiencies.</li> <li>2. Ever-increasing legal and regulatory obligations attached to our landlord, employer, and organisational activities.</li> <li>3. The growth of digital communications and the resources needed to comply with information management law.</li> <li>4. The older age profile of our staff team.</li> </ol>	<ol style="list-style-type: none"> <li>1. Likely continuation of external financial pressures, with future reductions in inflation unlikely to remove accrued cost pressures altogether.</li> <li>2. UK Government plans for legislation that will erode employment rights.</li> <li>3. UK government changes to flexible working, rights for care givers (given age of staff likely to affect)</li> <li>4. Forthcoming changes to health and safety requirements.</li> <li>5. Continuing risks presented by COVID-19 or new pandemic or epidemic diseases.</li> <li>6. CIH Scotland calls for a national strategy on workforce development, professional development and careers. (This replaces CIH Scotland's previous calls for a statutory or mandatory qualification for senior social housing managers, as in England).</li> <li>7. Ongoing risk to GhHA if it fails to meet statutory or regulatory requirements relating to employment, information management/ provision or health and safety.</li> </ol>

## Statement of Progress at 31 March 2024

Table 1 summarises progress in addressing the main priorities described in the 2023 Business Plan for the functions managed by the Corporate Services and HR Team. This includes tasks due to completed in 2023/24, 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 2023/24**

Business Plan Priority	Achievements/Progress
1. Adapting and developing how GhHA services are delivered	<p><b>Achieved and ongoing</b></p> <ul style="list-style-type: none"> <li>• Physical changes to reception area completed.</li> <li>• Team locations changed within the building to improve team cohesion and improve customer service.</li> <li>• Hybrid working strategy now in place.</li> <li>• Learning and preparing for the risk of future pandemics or epidemics, to protect staff, customers and GhHA's resilience.</li> <li>• Further actions are planned going into 2024/25 (see Statement of Priorities).</li> </ul>
2. Move much of our new staff induction process online	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>• Induction materials developed using Learnpro</li> </ul>
3. Updating of Terms and Conditions of employment	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>• All job descriptions being reviewed. All required senior staff notice periods have been reviewed to achieve greater consistency and also to reflect seniority of post.</li> </ul>
4. Review GhHA's stress management processes using the HSE Standards approach	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>• New approach to stress management introduced, with good results for staff and GhHA. Stress absence reduced.</li> <li>• Staff survey carried out and will be repeated in 2024/25.</li> </ul>
5. Provide support to partner organisations to ensure they meet health and safety requirements	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>• Support provided to third sector organisations leasing premises from GhHA and GCDT, including checks of their HS compliance.</li> </ul>

Business Plan Priority	Achievements/Progress
6. Review of CSHR documentation and processes	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>Review completed of all template documentation and how best to hold and access them</li> <li>Review our information collection processes to ensure they remain fit for purpose</li> <li>Review and develop process maps/procedures for information related tasks</li> </ul>
7. Review and reissue as required GhHA's suite of fair processing notices	<p><b>Achieved</b></p>
8. Analysis of increase in complaints	<p>50% increase in number of customer complaints received, mostly maintenance related. Percentage of complaints upheld has not increased. More detailed analysis will be provided to the MC in the first quarter of 2024/25.</p>

## GhHA's Priorities for 2024/25

### Statement of Priorities

The Statement of Priorities describes GhHA's priorities for year 2 of the Business Plan (2024/25).

The Action Plan at Appendix 2 expands on the Statement by setting out the planned actions for delivering on each of the stated priorities during the year ahead. 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 2024/25 priorities set for Corporate Services and HR (CSHR) are as follows:**

<p><b>Future Costs and Operating Model</b></p> <ol style="list-style-type: none"> <li>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.</li> </ol> <p><b>Health and Safety Management</b></p> <ol style="list-style-type: none"> <li>Continue to review the work the Health and Safety Officer carries out in assessing landlord compliance, to bring this area up to the same standard as HS compliance for GhHA's employer role.</li> <li>Temporary Supported Project Coordinator post recruited internally to review and improve this high risk area of work.</li> </ol>
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### **Recruitment and Succession Planning**

4. 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, modern apprentice, student placements, allowing acting up for particular projects.
5. Extend the application of GhHA's succession planning process which involves annual succession review discussions with staff in management roles (Grade 9 and above). Will be rolled out to other Grade 9s in 2024/25.

### **Self-Assurance**

6. Head of CS/HR to support the implementation of GhHA's updated approach and methods for self-assurance, and act in lead officer role in supporting the Assurance Working Group and co-ordinating required input from senior staff.

### **Readiness for Change**

7. Maintain watching brief in areas that may involve significant future change impacting impact GhHA. Currently these include:
  - Monitor progress of lobbying activity calling for a national strategy on housing workforce development, professional development, and careers.
  - 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 or epidemic disease.

### **Business Software and Systems**

8. SMT to establish a GhHA-wide review of the effectiveness of current software and systems in relation to business and information management needs. Review to be complete during 2024/25 and conclusions and possible future options to be presented to Management Committee for consideration.

## Key Issues and Pressure Points

This section provides additional commentary about the priorities set out for 2024/25.

### 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. Reductions in inflation over the last year are taking place 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 13, Value for Money.

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. Hybrid working is now embedded through policy in our working practices.

We have given priority to assessing 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. The results of the most recent customer satisfaction survey earlier in 2024 suggest we have got this right, with 99% of survey respondents agreeing that the reception area is clean and tidy and 97% agreeing that our reception staff are friendly and helpful. We are in the process of introducing a unified communications system which will improve of telephone services.

### Health and Safety Management (Priorities 2 and 3)

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 as 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.

We have identified the support required for our supported projects as a key risk for us and have recruited a specialist officer to develop our work in this area, give us assurance and develop systems to better provide this support

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.

We have given priority to assessing 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.

The results of the most recent customer satisfaction survey earlier in 2024 suggest we have got this right, with 99% of survey respondents agreeing that the reception area is clean and tidy and 97% agreeing that our reception staff are friendly and helpful.

We are in the process of introducing a unified communications system which will improve our telephone services.

### **Recruitment (Priorities 4 and 5)**

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, in future in light of current financial pressures and the need to examine scope for efficiencies in all parts of the business.

### **Self-Assurance (Priority 6)**

We are implementing a new approach to self-assurance this year working with the Management Committee to ensure continued compliance while refreshing how we self-assure.

### **Readiness for Change (Priority 7)**

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 and a further 41% over 50. 37% of staff have been with the Association for over 10 years and 70% of this group are over 50. 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 will hold 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 CIH Scotland's calls for a national strategy on housing workforce development, professional development and careers and UK Government legislation on employment rights.

## 13) 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, 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 good 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.

- Tenants' incomes
- Rent levels and annual increases that are reasonable and sustainable
- Continued increases in GhHA's costs, particularly for repairs and maintenance
- The scale of housing investment needed versus achievable rental income and borrowings
- Increasing obligations 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.

VFM has an important part in addressing these issues. Our assumptions are 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 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 obtain practical suggestions for improvement.

### Customer Satisfaction

Customer feedback 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 during February/March 2024, updating the previous survey that was carried out by telephone during the winter 2020/21 COVID lockdown. The results for the eight Charter Indicators are shown below.

### 2024 Customer Satisfaction Results for GhHA and Comparison with 2021 Survey Results

Source: surveys conducted independently by Research Resource (2024 sample: 1,120 GhHA tenants).

Survey Question	2021	2024	% change
Taking everything into account, how satisfied or dissatisfied are you with the <b>overall service provided</b> by GhHA? ( <i>% very/ fairly satisfied</i> )	83%	87%	+4%
Taking into account the accommodation and services GhHA provides, to what extent do you think that <b>the rent for this property represents good or poor value for money?</b> Is it... ( <i>% very good value/ fairly good value</i> )	76%	88%	+12%
How good or poor do you feel GhHA is at <b>keeping you informed</b> about their services and decisions? ( <i>%very good/ fairly good</i> )	91%	97%	+6%
How satisfied or dissatisfied are you with the <b>opportunities given to you to participate</b> in GhHA's decision making process? ( <i>% very/ fairly satisfied</i> )	95%	98%	+3
Thinking about the LAST time you had repairs carried out, how satisfied or dissatisfied were you with <b>the repairs and maintenance service</b> provided by GhHA? ( <i>% very/ fairly satisfied</i> )	85%	83%	-2%
Overall, how satisfied or dissatisfied are you with <b>the quality of your home?</b> ( <i>% very/ fairly satisfied</i> )	87%	85%	-2%
Overall, how satisfied or dissatisfied are you with <b>GhHA's management of the neighbourhood</b> you live in? ( <i>% very/fairly satisfied</i> )	79%	79%	No change
Taking everything into account, how satisfied or dissatisfied are you with <b>the factoring service</b> provided by Govanhill Housing Association	60%	82%	+22%

The results show improved satisfaction levels for GhHA's overall service and the factoring service, along with a substantial increase of 12% in satisfaction that rent is value for money.

Among tenants who expressed dissatisfaction with GhHA's overall service (6.6% of all survey respondents), the factors stated most frequently were:

- Dissatisfaction with the repairs service (27%)
- Home is in need of repair work (14%)

- Problems with vermin (12%)
- Poor customer service (11%)
- Need to move home (11%).

The 2024 Survey shows slight reductions in satisfaction with the repairs service and the quality of the home, and no change in satisfaction with GhHA’s management of the neighbourhood. Improvement work is taking place in each of these areas, as described in Chapters 10 and 11. GhHA will now follow up the Survey findings and develop an improvement plan in these and other areas in consultation with tenants and factored owners.

Comparisons with other landlords are based on the 2023 ARC results, and do not take account of the 2024 GhHA Survey. The 2023 results are shown in full in Appendix 6, Table 1 and summarised below. Comparisons are with the “Glasgow CBHA 11” peer group (see footnote <sup>6</sup>) and Scottish averages.

### Comparison of Customer Satisfaction Results (source: SHR, ARC dataset 2023)

GhHA’s 2023 customer satisfaction results for the 8 Charter Indicators of customer satisfaction were:

- **Better than**
  - The peer group and Scottish averages for satisfaction with the repairs service, the quality of the home, keeping tenants informed about services and decisions, and opportunities to participate in decision making.
- **Slightly poorer than**
  - The peer group average for satisfaction with the landlord’s overall service\*\*, rent being value for money\*\* and management of the neighbourhood.
  - The Scottish average for satisfaction with the landlord’s overall service\*\*, and the factoring service.\*\*
- **Significantly poorer than**
  - The peer group average for satisfaction with the factoring service.\*\*
  - The Scottish average for rent being value for money\*\* and management of the neighbourhood.

*As shown in the table on the previous page, GhHA’s 2024 Survey results are now significantly better for the measures marked \*\*. We would expect benchmarking comparisons to improve when the 2024 ARC results are published by SHR.*

## Benchmarking and Performance Improvement

Appendix 5, Table 1 sets out a benchmarking analysis of GhHA’s performance in relation to value for money indicators drawn from the ARC.

<sup>6</sup> CBHA 11 peer group members are **Govan, Govanhill, Maryhill, Milnbank, North Glasgow, Parkhead, Partick, Queens Cross, Shettleston, Southside, and Tollcross Housing Associations**. These organisations are comparable based on stock numbers and levels of pre-1919 tenements owned.

- The Charter Indicators were selected because they contribute to one (and sometimes more) of the following value for money principles: **Efficiency, Financial Impact, Housing Quality and Value**. The meaning ascribed to each principle is described in Appendix 5.
- Results are shown as an average over the three-year period 2020/21 to 2021/23 to provide a longer-term perspective on performance. Peer group comparisons are again based on the average results for the CBHA 11 peer group.

Based on the 3-year average results for 2020/21 to 2022/23, GhHA's strengths and relative weaknesses compared with the CBHA 11 peer group averages (**PGA**) and the Scottish national averages (**SNA**) are shown in the following table.

### Summary of Benchmarking Results for VFM Indicators

Average Results 2020/21 to 2022/23 (source: SHR, ARC datasets 2021 to 2023)

GhHA KEY STRENGTHS	GHHA RELATIVE WEAKNESSES
<b>VALUE INDICATORS</b>	
<ul style="list-style-type: none"> <li>• <b>Tenant satisfaction:</b>  <b>Repairs service:</b> GhHA better than PGA and SNA  <b>Quality of the home:</b> GhHA slightly better than the PGA and SNA  <b>Opportunities to participate:</b> GhHA better than PGA and SNA  <b>Being kept informed:</b> GhHA slightly better than PGA and SNA</li> <li>• <b>Annual rent increases (as % of existing rent):</b> GhHA about the same as the PGA</li> <li>• <b>New tenancy sustainment rates (all new tenants):</b> better than the PGA and SNA.</li> <li>• <b>Sustainment rates for former statutory homeless applicants:</b> GhHA better than the PGA and SNA.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Tenant satisfaction:</b>  <b>Landlord's overall service and whether rent is value for money:</b> GhHA poorer on both than the PGA and SNA (margins (4% to 6%)</li> <li>• <b>Landlord's contribution to neighbourhood management:</b> GhHA poorer than the PGA (by 4%) and SNA (by 7%)</li> <li>• <b>Owner satisfaction with the factoring service:</b> GhHA significantly poorer than the PGA and SNA</li> <li>• <b>Compliance with Scottish Housing Quality Standard:</b> GhHA significantly poorer than the PGA and SNA.</li> </ul>
<b>EFFICIENCY INDICATORS</b>	
<ul style="list-style-type: none"> <li>• <b>Emergency repairs:</b> carried out promptly by GhHA (same result as PGA, considerably better than SNA)</li> <li>• <b>Completing repairs right first time:</b> GhHA about the same as the PGA and SNA</li> <li>• <b>Staff sickness rates</b> slightly lower than the PGA.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Housing offers refused:</b> GhHA slightly poorer than PGA (by 4%) and poorer than the SNA (by 9%)</li> <li>• <b>Percentage of referrals of homeless households that result in an offer:</b> GhHA substantially poorer than PGA, but substantially better than SNA</li> </ul>

GhHA KEY STRENGTHS	GHHA RELATIVE WEAKNESSES
	<ul style="list-style-type: none"> <li>• <b>Non-emergency repairs:</b> GhHA took significantly longer to complete than the PGA and slightly longer than the SNA</li> <li>• <b>Average time to re-let empty properties:</b> GhHA took 27 days longer than PGA and 25 days longer than the SNA. However, results for 2023/24 were significantly better than in the previous year</li> </ul>
<b>FINANCIAL IMPACT INDICATORS</b>	
<ul style="list-style-type: none"> <li>• <b>Rent collected:</b> GhHA collected more rent due than both the PGA and SNA</li> <li>• <b>Gross rent arrears:</b> GhHA better than the PGA and substantially better than the SNA</li> <li>• <b>Direct payments of rent:</b> Percentage of GhHA annual rent income met through direct payments of Housing Benefit or Universal Credit was the same as the PGA</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Percentage of annual rental income lost due to voids:</b> GhHA almost double the PGA and 50% more than the SNA</li> </ul>
<b>HOUSING QUALITY INDICATORS</b>	
	<ul style="list-style-type: none"> <li>• <b>Properties meeting SHQS:</b> GhHA (63%) significantly poorer than PGA (72%) and SNA (80%)</li> <li>• <b>Stock fully assessed for SHQS compliance in last 5 years:</b> GhHA (32%) significantly poorer than PGA (45%)</li> </ul>

## 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.
- The annual income needed to provide quality services and investment in tenants' homes
- Meeting GhHA's obligations to 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 2024/25 are as follows:

House Size	Average Weekly Rent
1 Apt	£92.14
2 Apt	£107.40
3 Apt	£115.53
4 Apt	£131.88
5+ Apt	£149.96

The average weekly rent increase set for 2024/25 is 7.7%, based on the Consumer Price Inflation (CPI) rate of 6.7% in September 2023 plus 1%.

- The MC has determined that this will generate the minimum income required to meet Business Plan priorities.
- The CPI rate used by GhHA is the same as the UK Government has followed in uprating benefits and inflation-linked tax credit elements for 2024/25.
- The formal consultation with tenants indicated a preference for an inflation only increase. However, the 1% real increase approved by the MC follows two years in which the Association set rent increases substantially below the rate of inflation. The housing investment programme to be undertaken in 2024/25 is considerably bigger than in recent years and this has been highlighted by tenants to be one of their top priorities.

Rent increases below inflation are not a sustainable option in relation to GhHA's future cashflows, particularly at a time when maintenance and other costs rising are 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 those of individual peer housing associations is shown in Appendix 7. This is based on average rents at 31 March 2023, which is the most recent data available. SHR will publish average rents data to March 2024 later this year.

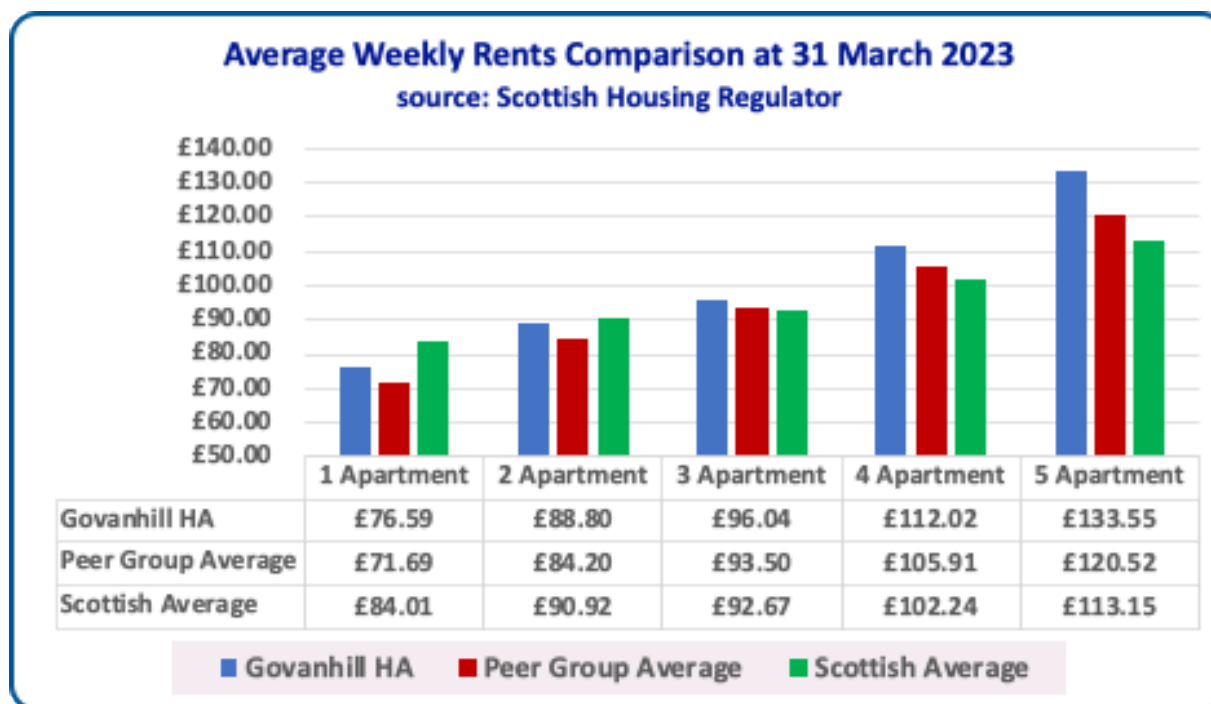
The peer group organisations chosen for comparing rent levels consists of:

- Govan HA
- Govanhill HA
- New Gorbals HA
- Southside HA
- Wheatley Homes Glasgow (formerly known as Glasgow Housing Association).

Each of these organisations operates in the south of Glasgow. Since tenants are generally most interested in rents charged in areas close to where they live, basing comparisons on geographical proximity to Govanhill makes the most sense when benchmarking rent levels.

The chart and table below aggregates the peer group information for the Glasgow south individual landlords and also includes data about Scottish Average rents.

### Average Weekly Rents Comparison at 31 March 2023



### Weekly Rent Differentials: GhHA and Peer Group Averages (31 March 2022) (Amount per week and percentage differences)

	1 Apartment	2 Apartment	3 Apartment	4 Apartment	5 Apartment +
Govanhill HA	£76.59	£88.80	£96.04	£112.02	£133.55
Peer Group Average	£71.69	£84.20	£93.50	£105.91	£120.52
<b>% of GhHA stock of this size</b>	1%	46%	40%	11%	2%
GhHA exceeds Peer Group Average by (£)	£4.90	£4.60	£2.54	£6.11	£13.03
GhHA exceeds Peer Group Average by (%)	7%	5%	3%	6%	11%
Rank (1 to 5) 5 = highest rent in peer group	5	5	4	4	5

In summary, GhHA's average rents by house size were:

- Higher than the peer group averages for all 5 house sizes.

- The margin of difference was **lowest** for 3 apartments (£2.54 per week, or 3%) and 2 apartments (£4.60 per week, or 5%). These house sizes account for 86% of GhHA’s total housing stock.
- The margin of difference was **greatest** for 4 apartments (£6.11 per week, or 6%) and 5 apartments or larger (£13.03 per week, or 11%). 4 apartments account for 11% of the housing stock and 2% of the stock are 5 apartments or larger.
- GhHA average rents by house size were lower than the Scottish average for RSLs for 1 and 2 apartments (47% of the GhHA housing stock) and higher than the Scottish average for the remaining house sizes.
  - The margin of difference was lowest for 3 apartments (£3.37 per week/40% of the GhHA stock) and greatest for 5+ apartments (£20.40 per week/2% of the GhHA stock).
  - Average rents for 47% of the GhHA housing stock were less than the Scottish average and a further 40% had average rents that exceeded the national average by less than 4%.

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 level of investment.

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 (Local Context). This comparison shows that renting a GhHA property is a far more affordable option than renting privately:

Size (no. apartments)	Average PRS Rents (per week)	Average GhHA Rents (per week)	Difference per week
2 apartment (1 bedroom)	£179	£107	GhHA lower by: £72
3 apartment (2 bedrooms)	£250	£115	GhHA lower by: £135

GhHA rents are also substantially lower than the monthly Local Housing Allowance (LHA) rates set for the Greater Glasgow broad market area in 2024/25. The LHA is the mechanism used to decide the maximum financial support toward rents for tenants in the private rented sector.

Property	LHA rate	Property	LHA rate
1 Bedroom Shared	£450	3 Bedroom	£970
1 Bedroom	£695	4 Bedroom	£1,800
2 Bedroom	£850		

## GhHA Rent Restructure

GhHA began implementation of a new rent structure in April 2023.

The restructure does not seek to increase the Association's overall rental income, 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 are being 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

### Tenant Feedback

The 2024 Customer Satisfaction Survey provides an up to date tenant perspective of rent affordability.

The proportion of respondents finding it very or fairly easy to afford rent has remained constant in the last three satisfaction surveys (58% in 2018; 57% in 2021 and 59% in 2024). A more detailed comparison of the survey results for 2020 and 2024 is shown in the following table:

### Tenant Views on Rent Affordability (GhHA Customer Satisfaction Survey 2024, n = 586)

Tenant views of rent affordability	2021 Survey (% responses)	2024 Survey (% responses)	% Change since 2021 Survey
Very easy to afford	16%	6%	Minus 10%
Fairly easy to afford	42%	53%	Plus 11%
Just about affordable	34%	38%	Plus 4%
Fairly difficult to afford	7%	3%	Minus 4%
Very difficult to afford	2%	0%	Minus 2%

In summary:

- There was an increase of 11% in the proportion of tenants reporting that their rents were fairly to afford rather than easy to afford
- Almost four in ten tenants said that their rents were just about affordable (an increase of 4% since 2021)
- Lower shares of tenants said that their rents were very or fairly difficult to afford, and no tenants said their rents were very difficult to afford.
- Tenants receiving housing benefit or Universal Credit were more likely to say that their rent was affordable, compared with tenants who were not receiving any financial support towards their housing costs.

## Testing of Rents for Affordability

In assessing rents for affordability, GhHA's test 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 Association carries out a rent affordability review each year. Based on the Average Weekly Rent (AWR) amounts for 2024/25, we have used the SFHA Rent Affordability Tool to calculate rent to income ratios for a variety of household types and house sizes, to conform whether the 30% affordability target would be met.

The calculations have been carried out at two income levels:

- **Earnings at the 30<sup>th</sup> percentile of average earnings data for Glasgow.**

This is based on the Annual Survey of Household Earnings (ASHE) published by the Office for National Statistics for each local authority area in the UK. In effect, the 30<sup>th</sup> percentile lies just over midway between the lowest levels of earnings and average earnings in an area.

- **Earnings at the National Living Wage (NLW)** applicable to workers aged 21, based on 2024/25 NLW rate of £11.44 per hour.

The SFHA Tool has been used to calculate both sets of affordability results.

- The Tool uses ASHE data at November 2023 (the latest available). This means that it is not fully consistent with using 2024/25 rents and it would be expected that the rent affordability percentages for ASHE 30<sup>th</sup> percentile will improve when the next set of ASHE data becomes available later in 2024. Improvement in the rent affordability percentages should be more likely than not, since wages have begun to rise for many people over the last year.
- The NLW method used in the SFHA Tool is based on the NLW rate quoted above, and the Tool also makes allowance for any benefits the household type may be entitled to. This is based on average benefit payments rather than calculations for individual households whose detailed circumstances will vary.

### Moderate Income (ASHE 30<sup>th</sup> at November 2023) and GhHA Average Weekly Rents (May 2024) Rent as a Percentage of Net Income (GhHA Target: 30%)

Average Weekly Rent. (AWR)	£92.14	£107.40	£115.53	£131.88	£149.96
	1 Apt	2 Apt	3 Apt	4 Apt	5+ Apt
Single person	25%	29%	31%	35%	40%
Couple 2 x full time		14%	16%	16%	20%
Couple 1 part time 1 full time		19%	21%	24%	27%
Single Parent 2 children			19%	22%	25%
Small Fam 2 children			15%	17%	19%
Pensioner Single	23%	26%	28%	32%	36%
Pensioner Couple	17%	19%	21%	24%	27%

**National Living Wage and GhHA Average Weekly Rents (at May 2024)  
Rent as a Percentage of Net Income (GhHA Target: 30%)**

Average Weekly Rent	£92.14	£107.40	£115.53	£131.88	£149.96
	1 Apt	2 Apt	3 Apt	4 Apt	5+ Apt
Single person	26%	31%	33%	38%	43%
Couple 2 x full time		15%	17%	19%	21%
Couple 1 part time 1 full time		21%	22%	25%	29%
Single Parent 2 children			21%	24%	27%
Small Fam 2 children			16%	18%	20%
Pensioner Single	24%	28%	30%	34%	39%
Pensioner Couple	18%	21%	22%	25%	29%

### 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 way of 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. We have also seen substantial cost increases 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 allow us to compare – at a high level - the Association’s financial profile with the CBHA 11 peer group operating costs with those of our peer group.

The following table shows how GhHA compared with peers <sup>7</sup> on some of the most important financial and efficiency measures. The results are based on SHR reporting of 2022/31/22 annual accounts data for all housing associations in Scotland.

<sup>7</sup> The peer group in this instance is the same grouping of 11 larger community-controlled housing associations in Glasgow, as shown earlier in this Chapter for Charter Indicators. These are referred to in the Business Plan as the CBHA 11 Peer Group.

**Financial Efficiency Measures: SHR Reporting of Annual Financial Statements for 2022/23**  
GhHA results compared with the CBHA 11 peer group averages

Measure	Govanhill HA	Peer Group Average (PGA)	GhHA Rank (1 to 11)
Units owned and managed at year end	2,876	2,724	4 <sup>th</sup> largest
Costs per Unit - Management and maintenance administration - Total	£1,842	£1,602	8 <sup>th</sup> best
Ratios - Responsive repairs to planned maintenance	3.7	1.8	Poorest rank
Ratios - Turnover per unit (£)	£6,238	£5,209	Best rank
Ratios - Staff costs / turnover (%)	18.1	25.1	Best rank
Ratios - Voids (%)	3.2	1.3	Poorest rank
Ratios - Gross surplus / (deficit) (%)	10.6	9.8	6 <sup>th</sup> best
Ratios - Net surplus / (deficit) (%)	11.4	4.2	5 <sup>th</sup> best
Ratios - Debt per unit (£)	£7,904	£9,906	5 <sup>th</sup> best
Ratios - Gross arrears (%)	3.0	4.7	3 <sup>rd</sup> best

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 the result may also reflect GhHA's relatively higher rents.
- GhHA was able to make both **gross and net surpluses** and these have remained relatively constant over the last three years.
- GhHA has the best result in the peer group for its **staff costs as a percentage of turnover**. This is generally seen as the most significant measures of efficiency for staffing costs and GhHA's results have remained at around the same level over the last three years
- 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. 2022/23 costs per unit were 9% higher than 2020/21 costs.
- GhHA's weakest areas in relation to the peer group continue to be void rent loss and the balance between reactive and planned maintenance spending. Trends in both areas have shown improvement over the last three years and the increased scale of the planned maintenance programme in 2024/25 should allow further improvements to be made.
- GhHA had a low level of **debt per unit**, giving it capacity to borrow further for investment in tenants' homes.

## **Business Plan Priorities for 2024/25**

The priorities described in the earlier chapters of the Business Plan include actions that will contribute to meeting GhHA's value for money objectives. These include actions to deliver better outcomes for tenants, making efficiencies to strengthen GhHA's financial resilience, and ensuring that our organisational management is efficient and effective. A listing of these actions is provided at Appendix 6.

### **Preparing for Future Change**

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.

## 14) Strategic Risk Assessment

### Context

GhHA's business involves significant risks, typically as a result of the external and internal factors that make up our operating environment.

Risks caused by economic headwinds have been prominent since 2020. The UK's exit from the European Union finally took place at the start of 2020 and this was followed swiftly by a global pandemic, war in Ukraine, then by inflation rising to a 40-year high, spiralling food and energy costs, and sustained increases in low interest rates. The combination of these factors has led to higher levels of risk and uncertainty, less reliable economic forecasting, and more complex decision-making and management.

### Strategic Risk Register

Appendix 7 of the Business Plan Update sets out our analysis of the top ten strategic risks that have the greatest potential impact on GhHA's ability to achieve our objectives in an effective and sustainable way.

The Risk Register is a snapshot of risks at a given point in time. At a time of continual change and considerable uncertainty, GhHA will regularly review and update the Risk Register, along with our operational responses.

### Risk Scoring Method

GhHA uses a scoring method to identify and rank the materiality of the risks we need to manage. The scoring criteria are shown in Appendix 7 of the Plan. The method follows HM Treasury guidance by:

- Identifying the **likelihood and impact** of each identified strategic risk.
- Preparing separate scores 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).

We treat residual risk as the primary method for ranking risks since it takes account of both the inherent risk and the application of available mitigations.

Risks are then subject to individual assessment to show:

- The assessed risk score (inherent and residual)
- The potential consequences arising from the risk
- Factors that could trigger the risk or cause it to crystallise
- Mitigations in place.

For risks that could have substantial financial consequences, we have sought where feasible to estimate financial impacts, albeit this is often difficult to do with confidence.

## Strategic Risks: Scoring Summary

1. Deterioration in external economic conditions			
	Likelihood	Impact	Total Score
Inherent	4	3	12
Residual Risk	4	2	8

2. The impact of increased inflation seriously affects cost of living concerns for tenants and weakens business and community resilience over an extended period			
	Likelihood	Impact	Total Score
Inherent Risk	3	4	12
Residual Risk	2	3	6

3. GhHA experiences sustained and significant reductions in rental income			
	Likelihood	Impact	Total Score
Inherent Risk	2	4	8
Residual Risk	2	3	6

4. Collective failure by all agencies to reverse the decline of housing, social and environmental conditions in Govanhill			
	Likelihood	Impact	Total Score
Inherent Risk	4	4	16
Residual Risk	4	3	12

5. GhHA does not provide affordable rents and value for money			
	Likelihood	Impact	Total Score
Inherent Risk	2	4	8
Residual Risk	1	3	3

6. 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			
	Likelihood	Impact	Total Score
Inherent Risk	3	5	15
Residual Risk	2	5	10

<b>7. Failure to provide a means of Security to counteract against potential Cyber Attack</b>			
	<b>Likelihood</b>	<b>Impact</b>	<b>Total Score</b>
<b>Inherent Risk</b>	<b>4</b>	<b>5</b>	<b>20</b>
<b>Residual Risk</b>	<b>3</b>	<b>3</b>	<b>9</b>

<b>8. GhHA fails to maintain strong governance and financial management</b>			
	<b>Likelihood</b>	<b>Impact</b>	<b>Total Score</b>
<b>Inherent Risk</b>	<b>4</b>	<b>5</b>	<b>20</b>
<b>Residual Risk</b>	<b>2</b>	<b>3</b>	<b>6</b>

<b>9. GhHA fails to meet Government targets regarding decarbonisation of its housing stock</b>			
	<b>Likelihood</b>	<b>Impact</b>	<b>Total Score</b>
<b>Inherent Risk</b>	<b>3</b>	<b>5</b>	<b>15</b>
<b>Residual Risk</b>	<b>2</b>	<b>5</b>	<b>10</b>

<b>10. GhHA is compromised by the impact of climate change</b>			
	<b>Likelihood</b>	<b>Impact</b>	<b>Total Score</b>
<b>Inherent Risk</b>	<b>4</b>	<b>4</b>	<b>16</b>
<b>Residual Risk</b>	<b>3</b>	<b>4</b>	<b>12</b>

Appendix 7 sets out a detailed analysis of each of the risks shown above.

## **Risk Appetite**

The Association has no plans to seek opportunities for further growth beyond Govanhill and Merrylee. Overall, the Management Committee has a moderate and prudent appetite for risk, with consolidating and improving the performance of our core business being its top priority.

Risk levels will be higher than normal during 2024/25 as a result of the convergence of a number of asset management priorities including:

- Completing the final stages of the South West Govanhill Acquisition and Repair Programme
- The final development project in our current programme going on site, at Butterbiggins Road
- Increased scale of major repairs activity, following a period of reduced activity as a result of the pandemic and increasing costs
- Tender actions for a large-scale kitchen and bathroom replacement programme, to be implemented over a number of years

- Completion of remedial works contracts at Cathcart Road and Butterbiggins Road.

Reflecting this level of activity and the risks that are involved in construction and maintenance contracts, the Association will introduce enhanced risk reporting to the Management Committee and the Audit and Risk subcommittee for 2024/25.

### **Business Plan Priorities for 2024/25**

1) In 2024/25:

- 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.
- We will review the strategic risk assessment content in the Scottish Housing Regulator's forthcoming update to its 2015 recommended practice guidance on business planning and make any required changes to within GhHA's approach to business planning.

2) The Management Committee and the Audit and Risk subcommittee will receive a quarterly composite risk management report in 2024/25, covering all of GhHA's major asset management activities and contracts.

3) The Association is in the process of procuring a new contract for Internal Audit services for 2024 – 2027. Once procured, the internal auditors will assess and report on several key business areas as agreed by the Audit and Risk Committee and set out in the annual Internal Audit Plan.

3) In carrying out the 2024 programme of self-assurance across SHR's regulatory requirements and standards, we will implement GhHA's new policy and plan for self-assurance and seek to identify any areas where we are not compliant or at risk of non-compliance. The findings of the Assurance Working Group will be presented to the Management Committee, to provide it with assurance about how we are managing compliance and risks (see Chapter 9, Governance).

## 15) Financial Performance and Projections

### Context

This Chapter provides a narrative overview of Govanhill Housing Association'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 2024, 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 9 to this document).

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

	2021/22	2022/23
<b>Indicators</b>		
Turnover	19,659,619	17,940,992
Operating costs	17,774,787	16,062,758
Net housing assets	106,354,621	107,241,328
Cash & current investments	11,620,582	17,838,658
Bank Loans	17,507,747	22,730,720
Net assets / capital & reserves	£47,346,872	£49,189,447

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 the war in Ukraine and elections being held in major democracies
- Cost of living crisis which has driven up the cost of home energy, food, and other essentials
- Continuing social and economic impacts
- Rising materials and component costs for repairs and maintenance
- UK, Scottish and local government strategies
- Future Scottish Government energy efficiency targets
- Highest interest rates for a generation, in response to inflation

- Increased lender and SHR interest
- Tenant expectations of service level improvements.

## Material Assumptions in this Update

- Inflation stabilises and returns to the Bank of England 2% target by the beginning of 2026/27
- Rent increases are based on CPI in the preceding September +1%
- Void losses reducing to 3% during 2027/28
- Real maintenance cost increases at 1% above CPI over 30 years
- Current staffing levels remain
- Bank of England Base rate stabilises at 3.5% from 2026/27 onwards
- All currently held loans repaid by year 20. Additional borrowing has been built into the budget, the terms of which will be agreed between lenders and the Management Committee as the need for the borrowing approaches.
- No major decarbonisation costs are included as they are not yet quantifiable. ScotGov targets and compliance timescales have still to be finalised, along with a policy on exemptions which may have a major impact on older tenement stock.
- Spending on new housebuilding and on major repairs in South West Govanhill are planned to come to an end in 2024/25.

## Financial Projections: Analysis of Key Risk Factors

The **key financial items** monitored within the budgets are:

1. Cash levels held by the Association
2. Compliance with our lenders' covenants on profitability, interest cover and gearing.
3. Expenditure against budget.

### Key Financial Risks

The **key financial risks** in the budgets include:

#### Rents

- Our rent levels remain the highest within our peer group, but margins of difference are lowest (between £2.50 to £4.50 per week) for 2 and 3 apartment properties which account for 86% of our total housing stock. GhHA rents are substantially lower than private rents in Govanhill and reflect the future investment needs of the housing stock.

- 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 housing stock investment and in service and operating costs.
- A rent restructure exercise originally planned for introduction in April 2021 was put on hold until April 2023 as a result of the pandemic. 70% of tenants will experience a reduction in rent as a result of the new rent levels. 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. 2024/25 is the second year of this phased restructure. Rent increases have historically been based upon the September CPI +1% from the preceding year.

### **Inflation**

- Inflation fell to 2.3% in April 2024. This is predicted by the Bank of England and other analysts to continue to decrease towards 2%. However, instability remains around the globe which has the potential to feed back into inflation in the UK.

### **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 Strategic Risk Register reflects the greatest strategic risks the Management Committee and senior management team believe face the Association. These risks reflect the wider economic and geopolitical situation, risks arising from climate change and our response as well as local issues such as our Local Authority being unable to fund vital 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 £2.857 million as at 30 September 2023.

### **Planned Maintenance**

Planned maintenance has been budgeted based upon known maintenance requirements at the time of budgeting. There is a substantial amount of work budgeted to be carried out in 2024/25. We have budgeted for the completion of major works such as the structural strengthening of the building at 456 – 484 Cathcart Road and the Major Repairs 5 contract which will deliver 46 fully refurbished homes. Other repair and refurbishment works supplement these major contracts as the Association continues to repair and improve the

areas of Govanhill and Merrylee. 2024/25 will also see the completion of the Southwest Govanhill program. This project fell behind during the Covid lockdown and subsequent problems faced by the main contractor. However, contracts are now in place to complete the project. 2025/26 will see work to replace kitchens and bathrooms gather pace.

Proposed spending levels in 2024/25 on asset management priorities will bring significant benefits for tenants, while also addressing GhHA's strategic priorities. The volume of activity will be substantial which increases GhHA's exposure to risks and will require an appropriate governance response on the Association's performance and risk exposure.

We will address this by introducing a specific risk register for 2024/25 covering our various asset management activities, with an enhanced level of risk reporting to the MC or an appropriate sub committee. This approach was previously used for the South West Govanhill programme, ensuring that the Management Committee was sighted on key issues and risks. in what was a significant area of work for the Association.

## **Development**

A development of new homes on the site of the Larkfield bus depot off Butterbiggins Road is nearing completion and the Association will take ownership of sixty new homes during the course 2024/25. Another site, owned by the Association on Butterbiggins Road is ready to commence work to build a further twenty four new homes. The budgeted cost of these eighty four homes in our community is £7.23 million after grants have been received.

**Once these developments are complete, the Association's strategic focus is on consolidating and continuing to improve the existing estate.**

## **Interest Rates and Treasury Management**

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 5.25%. The financial markets in London expect two reductions in interest rates by the end of 2024, with further reductions in 2025. 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 plans to continue to invest in Govanhill and Merrylee. Those plans include a significant investment in housing stock which could breach one of the Association's lenders' financial covenants. As soon as this became clear, the Management Committee was made aware and positive discussions with the lender commenced.

If the Association is unable to agree to waive certain covenant conditions with its lender, work on major repairs contracts will be slowed and the time taken to complete the work extended to allow the covenant conditions to be met. However, the Association has built a significant cash balance, largely due to spending on major repairs contracts being delayed due to Covid and then a major contractor entering administration. The Management Committee has remained aware of the level of cash held and of the plans to spend once the work in question recommenced.

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.

However, of the current property list of 2,811 homes, roughly 60% were built prior to 1919 - 1,687 homes. Working on a broad assumption that energy improvement works could cost in the region of £100,000 per unit, including fabric repairs, we arrive at a cost of £168.7 million. Assuming 60% grant funding, the Association's share of these energy improvement works could be £67.48 million for some of its housing stock. This is a huge financial challenge, and one that is shared by all social landlords. ScotGov has done very little work to assess how the costs of net zero can be met in a sustainable way in the social housing sector, while ensuring a just transition for social housing tenants. This must be addressed and financial support prioritised, if ScotGov's aspirations are to be met.

## 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

Efficiencies are sought as part of the budget development process and as part of developing future plans and strategies.

	Govanhill	Sector Average
• <b>Reactive maintenance/turnover</b>	<b>4.5%</b>	<b>13.4%</b>
• <b>Staff costs/turnover</b>	<b>18.1%</b>	<b>23.8%</b>
• <b>Key management/staff costs</b>	<b>11.3%</b>	<b>16.5%</b>
• <b>Gearing</b>	<b>9.9</b>	<b>91.5</b>
• <b>Net Debt per unit (£)</b>	<b>7904</b>	<b>11874</b>

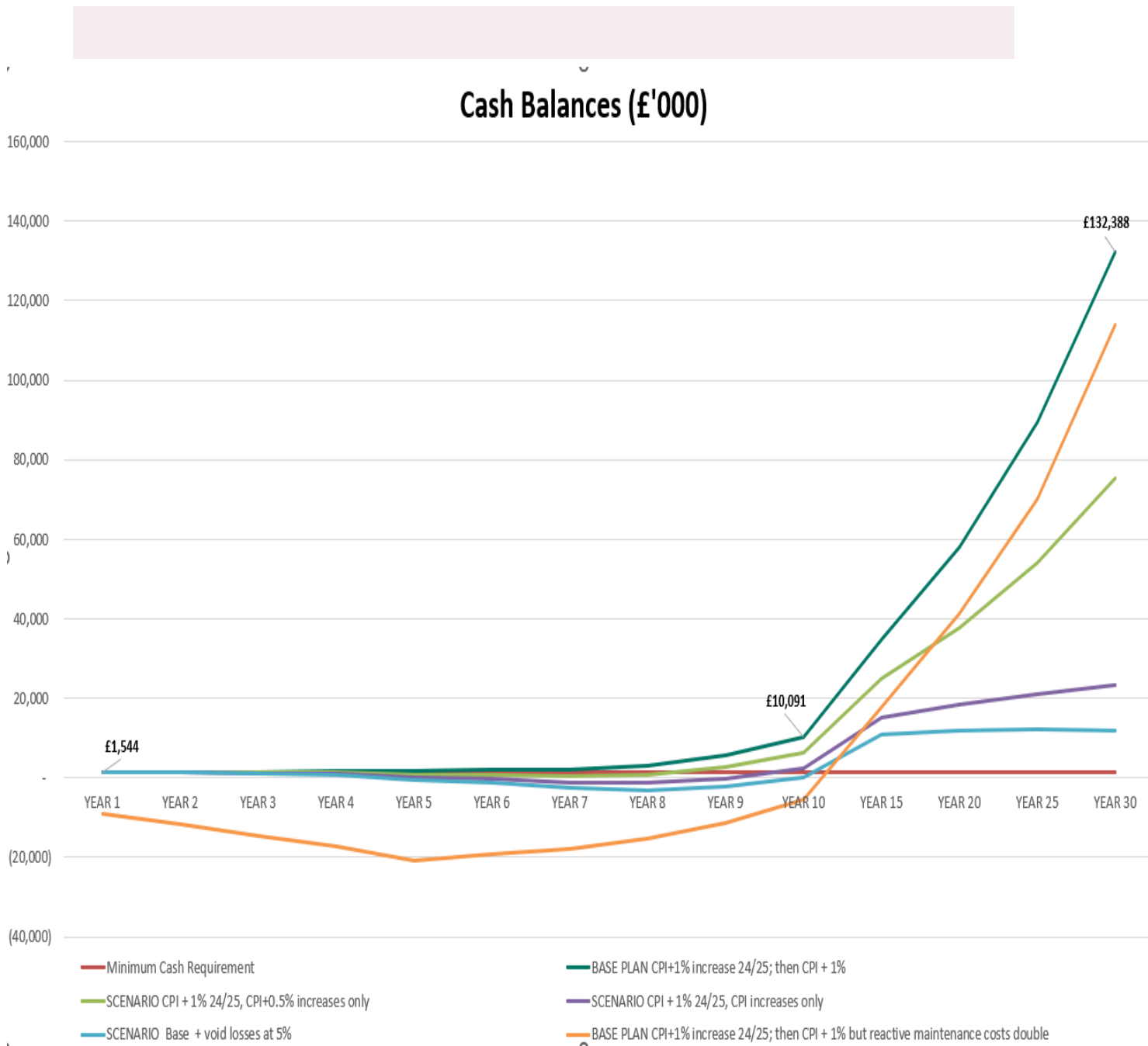
## Scenarios/Stress Testing

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.

Budgets and graphs were prepared showing the impact of a rent increase of 6.7%, 7.7% increase and 8.7% increase.

A number of different scenarios were considered, considering how different levels of rent and cost increases would affect the Association's finances.

Ultimately, an increase of 7.7% was agreed upon. This allows the Association to continue to fund improvements in its housing stock and back courts.



The most severe stress test (orange line) assumed rent increases of CPI +1% and a doubling of reactive maintenance costs. If this were to come to pass, the Management

Committee would take action to ensure the sustainability of the Association over the next 10 years.

The above stress testing recognises the need to raise external finance. The Association has committed 772 housing units as security against existing loans, leaving 73% of housing stock unencumbered. Based on the 2022/23 accounts, this represents £77.8 million based on a historic cost valuation. At the point of borrowing, specific properties would be valued and offered as security against any additional bank borrowing.

The 30 year cashflow approved by the Management Committee shows that net cash flows are either negative or subdued until year 8 when the kitchen and bathroom replacement program is due to have caught up on the backlog for replacements, per the Association's Asset Strategy. In year 9 of the cash flow projections, net cash flows increase to £2.5 million and remain in a positive state for the remainder of the 30 year plan.

GOVANHILL HOUSING ASSOCIATION FINANCIAL PLANS FOR THE THIRTY YEARS ENDING 31 MARCH 2054											
	YEAR 1 Budget 2024/2025	YEAR 2 Budget 2025/26	YEAR 3 Budget 2026/27	YEAR 4 Budget 2027/28	YEAR 5 Budget 2028/29	YEAR 6 Budget 2029/30	YEAR 7 Budget 2030/31	YEAR 8 Budget 2031/32	YEAR 9 Budget 2032/33	YEAR 10 Budget 2033/34	
	£	£	£	£	£	£	£	£	£	£	
<b>STATEMENT OF CASHFLOWS</b>											
Net (Outgoing) / Incoming Resources	(13,816,166)	(21,460)	(13,045)	337,660	(270,828)	336,349	216,164	991,771	2,521,145	4,449,355	

YEAR 11 Budget 2034/35	YEAR 12 Budget 2035/36	YEAR 13 Budget 2036/37	YEAR 14 Budget 2037/38	YEAR 15 Budget 2038/39	YEAR 16 Budget 2039/40	YEAR 17 Budget 2040/41	YEAR 18 Budget 2041/42	YEAR 19 Budget 2042/43	YEAR 20 Budget 2043/44
£	£	£	£	£	£	£	£	£	£
3,269,333	4,759,816	5,275,973	5,102,856	6,382,488	6,981,922	2,641,331	4,145,861	4,020,981	5,338,708

YEAR 21 Budget 2044/45	YEAR 22 Budget 2045/46	YEAR 23 Budget 2046/47	YEAR 24 Budget 2047/48	YEAR 25 Budget 2048/49	YEAR 26 Budget 2049/50	YEAR 27 Budget 2050/51	YEAR 28 Budget 2051/52	YEAR 29 Budget 2052/53	YEAR 30 Budget 2053/54
£	£	£	£	£	£	£	£	£	£
7,764,570	5,688,889	4,372,486	6,174,996	7,477,933	5,701,858	9,568,728	9,455,699	3,409,666	14,762,257