



Business Plan

2021-2024

***“Leading the creation of a
community with excellent homes
where we are proud to live.”***

Reviewed March 2022

Contents

Our Executive Summary	3	3.4 Covid	27
Section 1 - Introduction	4	Section 4 - Our Business Strategy	29
1.1 A bit about us	4	4.1 Our vision	29
1.2 Purpose of our Business Plan	4	4.2 Our strategic direction	29
1.3 The Business Plan Process	5	4.3 Our social impact	29
Section 2 - About us & where we are now	6	4.4 Our values	30
2.1 Our structure	6	4.5 Our strategic objectives	30
2.2 Our governance	6	Section 5 - Our priorities and plans	31
2.3 Our staff	7	5.1 Our strategic plans	31
2.4 Our story	9	5.2 Our delivery plans	31
2.5 Our track record	9	5.3 Three year improvement plan	32
2.6 Our community	10	5.4 Annual Improvement plan	37
2.7 Our homes and other assets	12	Section 6 - Our Finances	41
2.8 Our rents	15	6.1 Our principles	41
2.9 Our contracts	16	6.2 Our resources	41
2.10 Our consultants	16	6.3 Our long term view	41
2.11 Our partners	17	6.4 Our medium term view	43
2.12 Our costs	17	Section 7 - Risks	46
2.13 Our performance	19	7.1 Our approach	46
2.14 Our appraisal of options	22	7.2 Our risk framework	46
2.15 Our stakeholder analysis	22	7.3 Our audit sub-committee	47
2.16 Our strengths	23	7.4 Our risk register	47
2.17 Our weaknesses	24	7.5 Our internal audit	47
2.18 Our compliance & assurance	24	Section 8 - Review	49
Section 3 - Our Operating Environment	26	8.1 Monitoring and review	49
3.1 Our approach	26	8.2 Performance management	49
3.2 The positives and opportunities	26	8.3 Our targets	49
3.3 The negatives and threats	26		
Tables			
1. Management Committee members	6	9. Comparisons of Management costs	18
2. Members of staff	8	10. VFM comparisons	20
3. Position of SIMD	10	11. Future assumptions	42
4. Comparison with other areas	11	12. Statement of financial position	43
5. Breakdown of housing stock	12	13. Consolidated statement of financial position	44
6. Proposed investment	14	14. Consolidated statement of cash flow	44
7. Consultants	16	15. Covenant performance	45
8. Breakdown of costs	18		
Appendices held in technical document			
Staff Structure	A	Option Appraisal	K
Asset Management Strategy	B	Stakeholder Analysis	L
Stock Valuation	C	SWOT	M
Stock condition Survey	D	Assurance Dashboard	N
5 year investment plan	E	PESTLE	O
Contracts register	F	VFM Strategy	P
Procurement Strategy	G	30 year financial plan	Q
Financial Appraisal	H	Sensitivity Analysis	R
SHN report	I	Risk Register	S
Tenant Satisfaction Survey	J		

‘Where are we now and how did we get here,

Our Executive Summary

Hawthorn Housing Co-operative has produced this Business Plan to set out our mission and values, alongside our objectives, plans and resources for the future. The Plan takes account of the Scottish Housing Regulator's 2015 Recommended Practice on business planning.

This is the first annual review of the Business Plan. The annual review is important to allow us to consider any changes in our operating environment, in our knowledge and in our priorities. It also includes the annual plan for the year

The intention of The Plan is to show what the Co-op is doing to achieve and maintain our vision of "Leading the creation of a community with excellent homes where we are proud to live". It builds on our success in service improvement, investment delivery and regeneration. Our key achievements to date have included:

- Investing in our members' homes,
- Building 48 high quality new homes,
- Achieving the Scottish Housing Quality Standard (SHQS),
- Working with partners to improve the quality of life of our members,
- Obtaining grants to improve the facilities, services, and events available for our members,
- Arranging support and advice to assist our more vulnerable tenants,
- Continuously improving our housing services, resulting in high levels of tenant satisfaction in our large-scale tenant surveys.

The Plan sets out our programme for change and improvement with priorities for the next three years. We will strive to:

- Improve our members' homes – installing new kitchens, bathrooms, and replacement windows,
- Let our houses more quickly,
- Improve the way we manage arrears,
- Ensure more of our members are digitally connected with affordable broadband,
- Develop a high-quality recreational facility for all the community around Bardowie Street park,
- Ensure the road network and bus service is improved and feels safer,
- Develop a strategy for replacing our heating systems,
- Implement a strategy to ensure our homes are as affordable as possible to keep warm and meet the targets set by Government,
- Keep our rents affordable by not increasing it by more than Cpi,
- Ensure we have the most appropriate IT systems in place,
- Obtain grants to improve the quality of our members' homes, opportunities and lifestyles.

This review reports on progress against these targets.

where we want to be and how we are going to get there'

1. Introduction

1.1 A bit about us

The Co-operative owns 364 houses, a mix of the 191 tenement flats that were originally transferred to the Co-operative and have been renovated and 173 low rise houses built over the last 20 years following the demolition of a number of the original tenements. This includes 48 houses completed in 2019.

The newer houses are in very high demand, in generally good condition and rarely become available for let. The older tenements are structurally sound, with the common areas maintained to a high standard by our estate caretaking team and have very large rooms. The individual flats benefit from new heating systems and bathrooms installed over the last 3 years. We recognise they need new kitchens to bring them up to the standard people now expect and some of the internal joinery, plasterwork and decoration is 'tired'. There is a higher turnover of these flats and there is a lower demand for the 3 apt flats in particular.

The area is maintained to a high standard by the Co-op's estate maintenance team; however, it is surrounded by a ring of derelict land. This is a legacy of the wholesale demolition of social housing in Possilpark towards the end of the 20th Century. It is a mark of the success of the Co-operative that the last remaining segment of the community clung on in this area. The wider Possilpark area has social challenges with the Saracen Street area being particularly unattractive. Only 7% of homes in Possilpark are occupied by owners.

The area has improved dramatically since the Co-op was formed. This is illustrated by the continued improvement every four years when the Scottish Government publishes its Scottish Index of Multiple Deprivation [SIMD]. The Co-op has houses in two 'datazones'. While these have changed over time and each of them includes houses out with our area, both areas have significantly improved their position since 2012.

1.2 Purpose of our Business Plan

Our business plan is our central strategic document which sets out our vision and objectives and how we will achieve those objectives. The plan articulates the strategic direction and ambition of the Management Committee as the governing body of the organisation. It provides a framework for action which communicates to our members, customers, staff and key stakeholders what the Co-operative aims to achieve over the period of the Plan. It also provides an overview of where we want to get to and how we will take our first steps to get there via our Annual Plan to October 2021.

In preparing this Plan we have considered the Scottish Housing Regulator's (SHR) Recommended Practice for Business Planning of December 2015, the

'Where are we now and how did we get here,

Regulatory Standards of Governance and Financial Management and new Regulatory Framework launched in April 2019.

The purpose of the Plan is to help us understand **where we are, how we got there, where we want to be and how we are going to get there**. It will:

- help us understand the opportunities and threats inherent in our operating environment as well as our own internal strengths and weaknesses,
- clarify and communicate our strategic objectives and priorities and set out the key actions we will take to achieve these objectives,
- demonstrate that we have the resources needed to carry out these actions,
- help us to identify and mitigate risks we face delivering these actions,
- provide a strategic overview for our other strategies and plans,
- provide a framework with which we can monitor our progress and measure our success.

1.3 The Business Plan Process

We reviewed our Business Plan process in January 2019 when the Management Committee agreed:

- a timetable for producing the plan. This identified the key steps to be taken,
- the style of the SWOT and PESTLE analysis to be used,
- the template for the Plan and its contents,
- a draft stakeholder questionnaire and form of stakeholder analysis to be adopted,
- to review our vision, values and objectives and
- an outline of a Value For Money statement that we should consult on and develop.

Our Tenant Consultation Panel were involved in the SWOT and PESTLE analysis and agreed the proposed layout of the Business Plan.

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2. About us and where we are now

2.1 Our Structure

Hawthorn Housing Co-operative is a fully mutual housing co-operative. This means that every tenant is a member and that every member is a tenant. It is therefore controlled by the community that it has grown from. We are a Registered Social Landlord and a society under the Co-operative and Community Benefit Societies Act 2014. We employ 10 staff. The staff structure is shown at appendix A to this plan.

The Management committee consists of up to 15 tenants. It meets 11 times a year and has established various sub-committees to help ensure the Co-operative runs smoothly and complies with all its obligations. These are -

- Operations and Corporate sub-committee which meets 10 times a year,
- Audit sub-committee which meets 4 times a year,
- Health and Safety and Human Resources sub-committee. This has two scheduled meetings each year but will meet more often if required.

2.2 Our Governance

The Co-operative is led by the members of the Management Committee, all of whom are also tenants of the Co-operative. Being fully mutual, the Co-operative recruits its committee members from a small pool of tenants. It recognises that it is essential that it recruits talent from every sector of the community. It recognised that the committee was under-represented by males, working tenants, young tenants and tenants from minority ethnic groups. The Committee has been strengthened by recruiting members from these groups.

The members of the Management Committee are listed in table 1. During the course of the year we lost two hardworking members. We have filled one casual vacancy recruited two observers who we hope will be elected as full members at the AGM in September 2022.

Name	Post	Notes
Helen Graham	Chair	Works locally with Glasgow Life and has a particular expertise in Health and Safety. Previously volunteered with Summer Camp, was a Board Member with Young People's Futures and a member of Possilpark Community Council.
Mattie McGeouch	Vice-chair	Mattie was one of the original members of the Steering group that set up the Co-op in 1989. She was a nurse and now cares for a family member. Mattie has previously been Chair of the Co-op.
Cathie Ritchie	Secretary	Brought up in the area, previously a member of the school council. She has been an office bearer since 2014 and has been a chair of various sub-committees, during which time she has developed her scrutiny skills.
Gillian Spence		A Committee Member at Hawthorn Housing Co-operative for 19 years. For many years during this time Gillian has held the position of Treasurer. Gillian has worked within the housing sector since 2012 undertaking both a housing assistant role and

'Where are we now and how did we get here,

		more recently, corporate governance officer. Gillian has a HND level 4 in housing practice and has undertaken extensive training since joining the Co-operative.
Eileen Wallace		Eileen has lived in the area for 46 years and previously worked in hospitality and as a carer. She joined the Committee to assist the Co-op in continuing to make the area a better place to live.
Lambert Iku		Over 15 years working in the Oil and Gas sectors as procurement and environmental specialist. Procuring Oil and Gas equipment for Offshore and Onshore Oil and Gas operations. Specialised in land contamination and health and safety. Lambert has a B.Eng. in Chemical/Petrochemical Engineering and a MSc in Energy and Environmental Management.
Nesbah Frempong		Nesbah has an MSc in international project management, Post graduate diploma in Electrical and Electronic engineering, BSc (Hons) in Telecommunication Engineering and HND in Electronics. Worked as an assistant site manager(intern) with McTaggart construction and as a support worker with Fair Deal and Domestic Assistant with Glasgow western infirmary. Nesbah is treasurer of Hawthorn Community Action Group.
Kevin Wallace		Kevin was a volunteer with CalGael and is now the Chair of Hawthorn Community Action Group. He is particularly keen in improving social facilities for the community.
Ola Opanike		Ola is a qualified teacher and is employed with the DWP. She previously worked as an insurance adviser and has volunteered in a charity shop.
Adebimpe Ademosu		Associate director on Possilpark People's Trust. Bimmy was previously employed as a Case coordinator with AXA PPP Healthcare Insurance and is now employed with HMRC as a customer service consultant
Rae Bowman	Casual	Rae was formerly a member of the management committee and has been co-opted with a view to being formally appointed at the 2022 AGM.
Liz Smith	Observer	Liz has been a tenant of the Co-op since 1994. She works for the Fire Brigade Union.
John Zhang	Observer	John is a gas engineer and was previously employed in marketing by Coca-Cola

Table 1

2.3 Our staff

We have a team of 10 staff to ensure our community receives the best services possible. The staff team provides all the main landlord and estate caretaking services. The caretaking team was introduced in 2009 when it was demonstrated that it provided better value than buying in these services from contractors. This was confirmed in a further review in June 2016.

In 2018 the staff team was organised into three small teams – Corporate Services, Housing Services and Asset Management. This was done to provide greater clarity on roles and ownership while ensuring we did not lose the focus of cross-team working that is essential for such a small organisation.

where we want to be and how we are going to get there'

In October 2020, we made another change when a member of staff returned from maternity leave on reduced hours. We took this opportunity to review the staff team to address some of the gaps and weaknesses we identified – increasing our in-house financial capability and providing support for front line service delivery across the Co-operative.

The staff team is augmented by external agents providing a level of expertise that a Registered Social Landlord of our size cannot directly employ. This is shown at 2.10.

The members of the staff team are shown in table 2. This incorporates the changes in staffing since the Business Plan was approved in March 2021:

Name	Post	Started	Notes/qualifications
Colin Turnbull	Director	2015	Colin has worked with a range of local authority housing departments and Registered Social landlords in operational, strategic and leadership roles. He is a member of the Chartered Institute of Housing, has a diploma in Management Studies and is a board member of TPAS Scotland and of GWSF. He was previously a board member of Linstone Housing Association.
Peter Kelly	Asset Manager	2005	Peter worked in the Private Sector in Building Surveying Practices from 1987 to 1992 and since then in Social Housing in asset management. He has a Diploma in Building Surveying and a Post Graduate Professional Diploma in Housing Studies.
Pauline Maguire	Housing Officer	1988	Pauline started working with the Co-op in 1988 as YTS trainee. She has been promoted through the ranks to clerical assistant, then Housing Assistant and now Housing Officer. She obtained the CIH level 4 in Housing qualification in 2017.
Ceara Robertson	Corporate Services Officer	2016	Ceara is employed on a part time basis and came to the Co-op in 2016. She has a BSc Hons in Environmental Health and obtained a merit pass in CIPFA Certificate in Corporate Governance, obtained in February 2018.
Audrey Johnston	Maintenance Assistant	2021	Audrey has previously worked with other RSLs in a similar role.
Lisa Viola	Housing Assistant	2022	Lisa has previously worked with other RSLs in a similar role.
Emma Lynass	Customer & Financial Services Assistant	2019	Emma was appointed to her current post in October 2020. Prior to joining the co-op Emma worked with Hilton International.
Des Williams	Estate Caretaker Supervisor	2015	Des previously worked in the private sector, mainly with landscaping firms.
Darryl Bell	Estate Caretaker	2020	Darryl previously worked with the City Council as a caretaker.
Robert Anderson	Estate Caretaker	2021	Robert previously worked with GHA in a similar role.

‘Where are we now and how did we get here,

Table 2

2.4 Our Story

We need to understand our history as it is unique, and it has deeply influenced our distinct ethos and values. The history of this area and this community also continues to affect the challenges that the Co-operative faces – many of them being complex and deep-rooted.

Historically the area has suffered from a poor reputation and has had its fair share of challenges, usually being one of the most deprived neighbourhoods in the country. In each of the last three Scottish Indicators of Multiple Deprivation the ranking of the two datazones within which this community sits have improved significantly.

The Co-op was formed in September 1987 [originally as Possil Housing Co-operative] after a three-year campaign by local residents. It led to the first ever stock transfer from a local authority to a fully mutual Housing Co-operative. The Co-op was therefore a pioneer of community empowerment and ownership that the Scottish Government is now promoting.

This ethos of self-help and the community solving problems itself rather than getting others to do it and being brave and ambitious underpins the Co-operative and leads it to believe that a small community can have big ambitions and can achieve them. The Co-op believes these values remain relevant today and continue to inform all we do and the way we do it.

We recognise that the deep, complex issues that this community has faced means that the solutions will also have to be deep and broad. As a result, the Co-op has worked in partnership with others to deal with the wider challenges that the community faces though the top priority issue remains to ensure every family has a good quality, warm and secure home.

This has led the Co-operative to work with partners to set up Possilpark People's Trust in September 2017 to provide the community with a vehicle to address some of the wider issues including economic deprivation. The Trust has obtained a £1.9m Capital Regeneration Grant from the Scottish Government towards the cost of building a new family and community centre for Possilpark.

This has been achieved at no risk to the Co-operative which recognises that it does not have the financial strength or scale to take on that level of risk on its own.

2.5 Our Track Record

The Co-op has always been more than a landlord. While our priority remains providing good quality homes, we have worked closely with partners to improve

where we want to be and how we are going to get there'

the quality of life for our community. We prefer that is delivered in partnership with other agencies to reduce the risk to the Co-operative.

We buy-in Welfare Benefit Services from Gemap [two days a week] and, working in partnership with other RSLs, we provide grant-funded Tenancy Support and Financial Inclusion services for our community. These provide a level of service that we believe is appropriate to a landlord of our size.

We have recognised the need to develop the capacity and competence of our people. In 2018 we obtained a double award from Investors in People - the Platinum award for Investors in People and the Gold Award for Investors in Young People. In 2017 we obtained 'Developing Remarkable Boards' accreditation.

In 2019 we commissioned SHARE to assess the collective skills of the Management Committee and EVH to assess the collective skills of the staff team. In both cases they were asked to identify gaps in these collective skills so we knew which areas we should develop to ensure the good leadership and governance of the Co-operative.

In 2018 and 2019 the Committee structure was reorganised - with an audit sub-committee created to ensure the Co-operative was fit to face its new challenges.

2.6 Our Community

All our homes are located within a compact, discrete area of Possilpark. It is part of Ward 16 [Canal]. It is ringed by derelict land – a legacy of the widespread demolition of Council housing in the area that resulted in a massive depopulation of the area.

The houses are within two Scottish Index of Multiple Deprivation [SIMD] Datazones. Both datazones also contain other houses so they do not properly describe the Hawthorn community. The Co-operative also has concerns that the measure does not reflect the richness and quality of living in this community. We feel that walking around the community gives a much better understanding of the respect people have for the area, the way they look after it and that (while it has its challenges) it is a very nice place to live.

Despite our reservations we do recognise that the indicators are important, and we are pleased to note that both datazones have improved their position over the last three surveys. Both are still however close to the bottom of the deprivation table. This is shown in table 3 below:

	Position on most deprived datazone list	
Year	Area with approx. 40 of our homes	Area with approx. 320 of our homes
2012	2	74
2016	7	41
2020	11	98

Table 3

‘Where are we now and how did we get here,

Care does have to be taken in interpreting this data [e.g., a large care home was built in one of the datazones], but it does strongly suggest there is a continuing improvement in our community - which has also been reflected in a significant improvement across Glasgow between 2016 and 2020.

Despite this, the area still performs poorly in some areas [particularly health and income] and it has found it difficult to shrug off the reputation/stigma from the past. The reputation of the area has improved amongst people who know it, but it is yet to reflect the quality-of-life people have in the area which has very few issues with anti-social behavior and a strong supportive community.

The community is very close knit but is in transition. A significant proportion of the population are from large extended families that have lived in the area for generations. There is also a growing ethnic minority population [roughly 10%], mainly West African that have moved into the area. This gradual change has been achieved relatively smoothly with very little friction between these sections of the community. The closeness of the community is illustrated by the continuing practice of residents routinely carrying outdoor-to-door collections for bereaved families.

Hawthorn is 'well connected', it is within walking distance of the City Centre and close to the M8. There is an excellent bus service from nearby Saracen Street (although residents would like to see a bus stop closer to the community) and a railway station close by. It does however suffer from the absence of facilities in Possilpark e.g., supermarkets, football park, play park, cafes etc.

All this means is we do need to consider the wider needs of our community and the need to improve the wider Possilpark area. When we explore the make-up of our community, we find that we differ from the Glasgow and Scottish averages in several areas. This is shown in table 4 below.

	Hawthorn tenants At 31/03/2020	Glasgow ave.	Scottish ave.
Ethnicity			
White Scottish	90.2%	79%	84%
White non-Scottish	0.3%	10%	13%
Mixed ethnic background	0	0	0
Asian	0	8%	3%
Chinese	1.3%		
Black	7%	4%	1%
Other	1.2%		
Benefits received			
	HHC at 22.10.20	Glasgow RSL 01/04/2019	
No benefits	33.3%	42%	
Partial housing benefit	3.6%	9%	
Full housing benefit	45.6%	46%	
Universal Credit.	17.3%	3%	

Source: HHC ARC return and records from the 2011 Census

where we want to be and how we are going to get there'

Table 4

Although the data is not directly comparable, as it has been taken at different points in time, and it considers our tenants rather than all family members for the Glasgow and Scottish averages, it does show that the community has become more diverse and has a high reliance on benefits to assist with housing costs - 2/3rds of our tenants require benefit to help towards their rent.

This suggests that the Co-op's strategy to build a cohesive community by celebrating its diversity and supporting our community to maximise their incomes are well founded.

In addition, our specialist support staff – Welfare Advice, Tenancy Support and Financial Inclusion officers - tell us that increasingly our tenants have zero hour contracts which creates uncertainty around their income and complicates the claiming of benefits. They further advise that many tenants are failing to claim benefits they may be entitled to because of the difficulty in submitting claims.

2.7 Our Homes [and other assets]

Table 5 provides some information on our houses:

Type	Number	Condition
Interwar tenements	191	Built from 1932 to 1939. Refurbished and remodelled from 1987 to 1993. Most of the ground floor flats now have own-doors and even the 3 storey tenement have no more than 6 flats using each close. New heating systems and bathrooms installed from 2016 to 2020 and new kitchens being installed from 2021 to 2024. Houses have excellent space standards though internal joinery and plastering is pretty tired in a number of cases. All have cavity wall insulation or EWI and all meet EESSH. All meet SHQS apart from 1 that is in abeyance. These houses are the focus of our asset management strategy as they have the greatest need for investment to maintain to current standards and they have the lowest demand [though this remains reasonably healthy].
Houses built between 1995 and 2005	125	These traditional brick and/or rendered houses were built on land created by the demolition of interwar tenements. All are two-storey apart from 4 bungalows for disabled people. 40 are flats (20 flats, 20 4in block). Most were developed through design and build and virtually all have their own gardens. A few problems have arisen due to poor detailing [e.g., concealed cisterns and plastic heating pipework] but they remain in good condition and high demand with the design issues being resolved as new heating systems and bathrooms are fitted. No requirement for remodelling, require only ongoing cyclical maintenance.
Houses built since 2000	48	Traditional brick built two storey housing developed through design and build in 2019. These meet the Glasgow Silver standard and have an Energy Efficiency rating of at least 86(B). No significant investment planned until 2034.

Table 5

While we have a balanced stock profile, our biggest concern is our interwar tenements, consequently our asset management strategy [appendix B] focusses on these. Demand for the flats is reasonable, however we do have concern about the continuing demand in the long term. We are committed to installing new kitchens in these houses over the next three years. We will be

‘Where are we now and how did we get here,

installing replacement windows, but we do not intend to carry out any further remodelling of these properties.

This is because the cost of bringing these up to the standards people are likely to accept in 20 to 30 years [improved insulation, internal joinery work and plastering, enclosed verandas, additional toilets in 5 apts flats etc.] We estimate this would cost [depending on the scale of the work] between £20k and £55k a house. This is unlikely to be viable unless significant grant funding is available.

Our preferred option is to demolish and replace with front door houses on a phased basis if the opportunity arises. We are also now carrying out more work to void houses and providing décor vouchers to make these flats more attractive to new tenants. In January 2021, JLL valued our housing stock [appendix C] as follows –

On the basis of Existing Use Value for Social Housing	£13,490,000
On the basis of Market Value subject to Tenancies	£20,740,000
Reinstatement cost of the stock	£54,000,000

We have a debt of £8,415 per unit.

Our office was built in 2009 and is located on the northern edge of our community. It contains a large multi-use office that provides flexibility to accommodate social distancing requirements. It has sufficient space to accommodate additional staff if required, has a large board room that was sufficient for our board meetings up until the pandemic and has extensive storage space in the attic. It can be easily converted to housing if this was required. In January 2021, JLL valued the office as follows:

On the basis of Market Value (“MV”)	£150,000
Reinstatement valuation of	£350,000

In 2017 we acquired a piece of land from the tenant that lives next to the office. We obtained a Co-operative Development Grant from Glasgow City Council that enabled us to install a container, fencing and parking bay that provides a secure compound for our estate caretaking team.

We own two pockets of land that are not developed. The first is a narrow, land locked, steeply-sloping strip that was formerly back courts to the older tenements. One part of this is the ‘Glasgrow’ site that has two sheds and growing beds. We have funding for a feasibility study to further develop this area for community use including outdoor learning. It is unlikely that any houses could be built on this site. This land is leased to a community group who have started on a plan to improve the site for the community.

The second site is adjacent to Bardowie Street park. It has the potential of having a small number of houses on it.

where we want to be and how we are going to get there’

Brown and Wallace carried out a stock condition survey in March 2019 [appendix D]. Committee and staff considered this at a strategic event in October 2019 and agreed the 5 year investment plan shown at appendix E.

The stock condition survey found that, "... the properties are generally in a good state of repair with a programme of replacement of major elements having been carried out when elements life expired".

All our houses meet the Scottish Housing Quality Standard apart from one which is in abeyance as the tenant has refused to have additional kitchen storage installed. In late 2020, following the installation of improved roof insulation to six maisonettes with 'rooms in the roof', all our houses now meet EESSH1. However, EESSH2 presents a greater challenge. Brown & Wallace have concluded that,

"With the exception of a small number of properties "affordable improvement measures such as increased attic insulation, EWI or more efficient heating systems will not be sufficient to bring any of the properties up to B rating (81-91) to meet EESSH2 requirements by 2032 as the EPCs that have been undertaken indicate that a maximum C rating is achievable with affordable measures".

Our investment programme has also considered 'recently emerged priorities' such as smoke alarms and it will be reviewed once we have the results of a review of our investment to ensure tenant safety. We will carry out an option appraisal before we start any new heating system contracts to ensure that we properly consider the life span of the systems and the security of the energy supply. Interconnected smoke detectors have been installed in all our houses.

Our proposed investment plan is outlined in table 6. This has been amended due to the poor performance of a contractor and covid resulting in fewer kitchens being installed in 2021/22 than was planned. These costs include fees and VAT at the current rate.

	Work	Cost	Reason
2021/22	Kitchens/consumer units <i>cyclical</i>	£448k £186k	End of economic life
2022/23	Kitchens/consumer units Bathrooms <i>cyclical</i>	£780k £219 £174k	End of economic life.
2023/24	Kitchens/consumer units <i>cyclical</i>	£317k £162k	End of economic life
2024/25	Windows <i>cyclical</i>	£507k £373k	End of economic life
2025/26	Fascias, paths, lighting, kitchens, bathrooms, doors, windows, consumer units <i>cyclical</i>	£955k £166k	
2026/27-2030/31	Close floors, paths, lighting, kitchens, bathrooms, boilers, windows, detectors <i>cyclical</i>	£2233k £1120k	

'Where are we now and how did we get here,

2031/32 – 2035/36	Paths, lighting, kitchens, bathrooms, boilers, doors, windows, detectors, external fabric, rewires <i>cyclical</i>	£3719k £1068k	
2036/37 - 2040/41	Paths, lighting, kitchens, bathrooms, boilers, doors, windows, detectors, external fabric, rewires <i>cyclical</i>	£4288k £1122k	
2041/42 - 2045/46	Paths, lighting, kitchens, bathrooms, boilers, doors, windows, detectors, external fabric, rewires <i>cyclical</i>	£8288k £1122k	
2046/47 - 2050/51	Paths, lighting, kitchens, bathrooms, boilers, doors, windows, detectors, external fabric, rewires <i>cyclical</i>	£3198k £1096k	

Table 6

Over the next 30 years the Co-op will be investing heavily to ensure our homes are maintained to a high standard and are safe and comfortable for our tenants. This is shown if we look at the highest areas of projected expenditure:

£2,523k	Kitchens
£2,009k	UPVC windows
£1,528k	Boilers
£1,517k	Bathrooms
£1,483k	Gas servicing
£981k	External decoration
£1,108k	Rewiring
£992k	External fabric
£816k	Radiators
£713k	Electrical checks
£662k	Masonry paint
£585k	Fencing
£573k	Smoke detectors

This also illustrates the substantial amount of money that the Co-op now spends on routine safety checks [gas servicing, electrical checks etc].

2.8 Our Rents

In 2014/15 the Co-op's rents were between 10% [for a 4 apt] and 20% [for a 2 apt] lower than the Scottish average. The Management Committee recognised that these were not sustainable and carried out a rent restructuring to simplify the rents and to generate sufficient income to finance an ambitious investment programme without requiring expensive borrowing.

The Co-op had a three year strategy to bring the rents to the Scottish average. By 2017/18 our rents for each size of house equalled or were slightly higher than the Scottish average [our 4 apts had the highest divergence from the Scottish average +1.2%].

where we want to be and how we are going to get there'

Putting our rents on a sounder footing has allowed the Co-op to review its approach, particularly around affordability. The Co-op recognises that this is a community where many people have lower or insecure income, and the Business Plan is built on annual rent increases of CPI with the aim of bringing our rents down to the average for small urban RSLs.

The Co-op also improved the services/products it provided to reflect the higher rents it was charging. It introduces a caretaking service, accelerated its investment programme and repaired voids to a higher standard.

In the last two years the rent increase has been confined to CPI. The Co-op will be increasing its rents in April 2021 by CPI plus 0.8%. This additional charge is required to finance a new ongoing service that was previously provided free of charge by the Council – bulk uplift.

In 2017/18 our average rent for a 3 apartment was £1.54 a week higher than the average for our peer group of small urban RSLs, this had increased to £1.84 a week higher in 2018/19 and fell to 20p a week higher in 2019/20.

In April 2022 we are implementing a rent increase significantly below CPI that appears to be around the average of Glasgow RSLs.

2.9 Our Contracts

The Co-operative maintains a register of its contracts. This is shown at appendix F in the technical document. The Co-op has a procurement strategy [at appendix G] that it reviews annually and its underlying aim is to shift our procurement from ‘maverick’ towards contracts procured collaboratively or through a framework.

The Co-op is a founding member of the Scottish Procurement Alliance and a member of Scotland Excel. The Co-op received a positive audit from Scotland Excel in January 2018 and from this audit we implemented a strategy to improve our procurement practices.

2.10 Our Consultants

The Co-op makes extensive use of consultants as our size means it is not cost-effective to directly employ expertise in various areas.

We utilise expertise on an ongoing basis in some critical areas [e.g. finance and welfare advice] with other expertise procured as required. We believe this enables us to keep our staff structure at the optimum level, with flexibility to expand and contract as workload changes. Where possible we try to obtain grants to cover these costs. This is detailed in table 7 below.

Area	How procured	Name	Grant funded?	Comments
Financial services	On recommendation	FMD	No	Replaced AC Davidson

‘Where are we now and how did we get here,

Welfare Advice	Price comparison	Gemap	No	Subject to annual review of effectiveness
Financial Capability	Collaboratively	Gemap	Primarily	Acquired collaboratively
Quantity surveying	Competitively	Various	No	
Governance	None	Mulholland Associates	No	Used as required
ICT	Support - volunteered	David Byfield	No	Used as required
Insurance procurement	On recommendation and reference	M. Batten	No	Used at every renewal
Legal Services	Competitively	TC Young	No	
Finance	Direct on recommendation	Campbell-Thompson	No	
Internal Audit	Competitive tender	Quinn	No	
Auditors	Competitive tender	French Duncan	No	
Governance audit	Collaborative tender	NorthStar	No	
Tenant Safety	Collaborative tender	Housing H&S Compliance	No	
Governance development	Recommendation from Share	Ideal Outcomes	No	

Table 7

2.11 Our Partners

The Co-op believes in building 'powerful partnerships' to most effectively improve the quality of life of its community. Partnership underlies our approach in delivering 'wider role' in the area, reducing the risk to the Co-op and drawing on the expertise of others. The Co-op was a founder member of the 'Positive Possilpark Partnership' which brought together the Co-op, Young People's Futures, Stepping Stones for Families and Barnardo's. The Partnership obtained over £500,000 in grant funding to provide services to the people of Possilpark.

The Possilpark People's Trust then developed from this partnership. It is controlled by local people and the Co-operative is an associate member. In 2019 it was awarded £1.9m of Capital Regeneration Grant Fund from the Scottish Government towards the construction of a new Family and Community Centre.

2.12 Our Costs

Table 8 breaks down our costs in 2019/20 and compares this with some other similar sized RSLs. While this benchmarking is helpful, we believe it should be used mainly to identify areas that require to be explored further as it is not always comparing like-for-like e.g. the Co-operative does not provide a factoring service. We do therefore need to be very careful about reading too

where we want to be and how we are going to get there'

much into this information – particularly as it is only for one year where maintenance expenditure for that year could be atypical.

	Hawthorn H C		Copperworks H A		Garrion H C		Cathcart H A	
Invested in Houses	Total	Per House	Total	Per House	Total	Per House	Total	Per House
Cyclical & Planned Maintenance	163,745	450	129,733	480	71,222	283	207,582	352
Reactive Maintenance	265,101	728	120,321	446	133,488	530	503,927	854
Component Replacements	250,913	689	0	0	49,505	196	179,132	304
Caretaking Service	82,361	226	26376	98	33963	135	83627	142
Total	762,120	2094	276430	1024	288178	1144	974268	1651
Management								
Salary Costs	325,903	895	203,654	754	290,541	1,153	400,784	679
Purchase of Services	12,000	33	121,243	449	32,720	130	12,600	21
Total	337,903	928	324,897	1,203	323,261	1,283	413,384	701
Loan Repayments	96,781	266	56,469	209	142,983	567	259,753	440
Loans Outstanding	3,062,889	8,415	875,526	3,243	3,023,094	11,996	4,486,129	7,604

Table 8

This shows that 64% of our expenditure was on improving the quality of homes of our members and that our level of investment in our houses was significantly higher than these other RSLs. We recognise that expenditure that year on maintenance was inflated by the high number of voids. Two of the RSLs have a senior officer shared with another RSL. Our total cost per unit [for salary costs and purchase of services] was the second lowest of these RSLs.

This suggests that our management costs are reasonable compared to the other RSLs and are not at a level that causes undue concern.

This does suggest that our management costs are not unreasonable and while we do not intend to carry out any restructuring to reduce these costs we will keep this under review and have no plans to increase our management costs.

Table 9 compares our management costs and other indicators in a bit more detail.

RSL	M&M Admin Costs	Ratio of Stock to staff	M & M Admin Costs per unit.	Spend on stock for every £1 of admin costs
Hawthorn HC	£508,565	1:46	£1,397	£1.50
Copperworks HA	£373,498	1:45	£1,383	£0.74
Garrion HC	£607,071	1:42	£2,409	£0.47
Cathcart HA	£818,478	1:37	£1,387	£1.19

Table 9

‘Where are we now and how did we get here,

This tells us that:

- Our houses to staff ratio is comparable with this sample of RSLs,
- Our management costs are £1,397 per house which gives no cause for concern,
- We are particularly efficient in investing in our stock. We invest significantly more compared to our cost of management and maintenance cost.

As previously mentioned, this analysis is used to help us identify if there are any issues we should explore further. We accept that this analysis is based on a small sample and over a short period of time. While it gives no cause for concern at this stage we will benchmark against a broader range of RSLs through the Scottish Housing Network. However, this limited analysis does suggest that there is no urgent need for us to take urgent action to reduce our management costs.

2.13 Our Performance

• Financial performance

In September 2020, Campbell Thompson Associates Ltd produced an independent financial analysis of the Co-operative and briefed members on his findings. The report is attached at appendix H. He reported on four indicators of financial health.

1. Financial Capability
2. Efficiency
3. Liquidity
4. Profitability

Overall, he advised that the Co-operative was in 'a very strong financial position' with strong cash reserves. He identified however that the Co-operative needs to improve our financial efficiency through the management of voids and arrears.

• Service delivery

1 ARC return and benchmarking

Hawthorn Housing Co-operative are members of the Scottish Housing Network [SHN]. This provides the Co-op with invaluable benchmarking data which helps make our performance more meaningful. We have set targets to achieve the average for small urban RSLs if we don't currently meet that level of performance. In November 2020 and November 2021, the Scottish Housing Network carried out Performance Appraisal Visits. These looked at our performance in the previous year. Their November 2021 report is attached at appendix I.

This report highlighted that we have the following strengths [these were the same the year before unless highlighted] –

where we want to be and how we are going to get there'

- Overall Satisfaction with the Co-op
- Keeping our tenants informed
- The opportunities we provide to participate
- Achieving EESSH
- Achieving SHQS
- Getting repairs right first time
- Gas safety
- Lets to homelessness [new]
- Low rents [new]
- Tenancy sustainment [new - was a weakness the year before]

It also confirmed that we need to improve in the following areas –

- Abandonments remain high [new]
- Arrears management
- Re-let times
- Void rent loss

The report also compared our service with our value for money compared to our peers. This is shown in table 10 below:

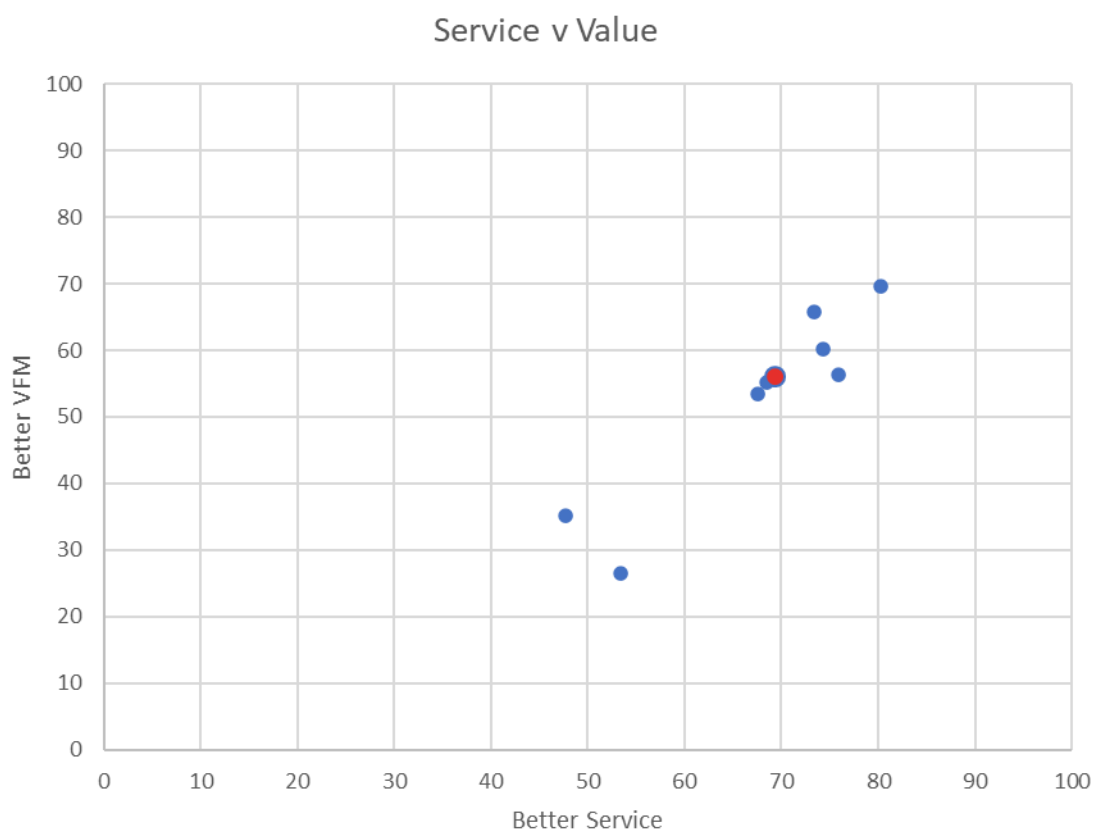


Table 10

Analysis -

‘Where are we now and how did we get here,

The poor performance in relet times and void loss was mainly due to the effect of lockdowns when we were unable to carry out repairs and to difficulties with the management of meters.

The report confirms our poor performance in managing arrears and this continues to be our top priority for the year and our performance will be reviewed by a formal internal audit.

2 Tenant perspective

The Co-op commissioned an independent survey of tenant satisfaction in August 2020. The full report is shown at appendix J in the technical document. The following should be considered when assessing the results against previous surveys -

- Although carried out by the same company, it was carried out by telephone rather than face-to face,
- The survey was carried out after four months of lockdown,
- The tenant base had significantly changed since the last survey with around a quarter of current tenants not being tenants when the last survey was carried out.

Despite this, we decided to carry out the survey at this time as we felt it provided essential information to inform this business plan as well as allowing us to get our tenants views of the impact of the pandemic and how we dealt with it.

The survey results are attached at appendix J. Overall, there has been a small drop in satisfaction levels though levels are generally higher than Scottish averages but slightly lower than our peer group.

What is more concerning is that there has been a significant shift from 'very satisfied' to 'fairly satisfied' across many of the indicators, though there is anecdotal evidence that this is a trend that affected other RSLs that carried out their survey during the lockdown.

Having analysed the results of the satisfaction survey, the Co-operative has prioritised the following–

- Continuing with three issues a year of the newsletter and encouraging tenants to use our Facebook page,
- Encouraging tenants to get involved in the Tenant Consultation Panel and Hawthorn Community Action Group,
- Ensuring our telephone system is as accessible and easy to use as possible,
- Aiming to limit rent increases to CPI, unless a new service is being funded,
- Budgeting to introduce a regular bulk uplift service,
- Dealing with anti-social behaviour.

where we want to be and how we are going to get there'

2.14 Our appraisal of options

The Co-operative carried out an option appraisal in 2015 following the resignation of the previous Chief Executive. The Co-operative appointed Mulholland Housing Consultancy Limited to refresh the option appraisal for this Business Plan.

The option appraisal is attached as appendix K in the technical document. The Option appraisal concludes that:

“Looking back to the option appraisal carried out in 2015 it can be argued strongly that the outcome of the study to appoint a new Director and retain independence was the correct decision for Hawthorn Housing Co-operative.

The organisation remains financially secure and has expanded its housing stock and performed well in almost all areas in recent years. It retains local commitment and expertise amongst its voluntary management committee and has in place a committed, skilled and experienced staff team.

The current situation is challenging for all landlords and measures are in place to deal successfully and professionally with the situation. The organisation is currently reviewing the business plan and preparing itself for the further challenges which will emerge in the coming years.

The management committee and staff should be congratulated for their work over the years and their honesty in carrying out the options appraisal conscientiously and progressing the outcome successfully.”

2.15 Our Stakeholder Survey and Analysis.

We carried out a survey of our stakeholders in March 2020. The results and the analysis are shown at appendix L. The survey told us that:

- Our partners view us more positively than we view ourselves,
- We are seen to live by our values, though staff don't think we are particularly innovative or go the extra mile,
- We are seen as least successful in ensuring our members have the best possible quality of life,
- Staff think we are best at keeping the organisation safe but perform least well in raising our peoples' aspirations, telling the world what we do and developing a strong volunteering ethos in the community,
- Our partners think we are good at building a strong supportive community, being financially secure and living by our values,
- We are particularly strong in punching above our weight and being well led,
- The biggest gaps between the views of staff and partners are around our performance in expanding the range of services our community receives, ensuring our people have high aspirations, having a strong volunteering ethos within the community and punching above our weight.

‘Where are we now and how did we get here,

The stakeholder analysis identified three groups as having high power and highly interested. This has confirmed that we try to work closely with the Scottish Housing Regulator, the Management Committee and staff. We do this by regularly contacting the regulator regarding potential notifiable events etc.

We aim to keep satisfied - the Health and Safety Executive, and our lenders [The Charity Bank and the Bank of Scotland]. This is because at this time the lenders appear comfortable with the Co-operative, but we recognise that this could change and if their interest increases, we would intend to increase our contact with them.

We will keep informed – The Casework team, Councillors, Tenants, homeless organisations, other RSLs and our day-to-day maintenance contractors.

2.16 Our Strengths

We review our operational performance every quarter; benchmarking against similar Registered Social Landlords and return annually on how we meet the Scottish Housing Charter standards. We publish our performance in our annual report to tenants. We carried out a SWOT analysis as part of the business planning process. This is attached at appendix M. The Business Plan did take over a year to complete and during the final phases of the plan we identified further issues that have been included in the summary below and these are shown in italics. We identified our organisational strengths as:

Our financial viability - we can generate sufficient rental income over the next 30 years to meet required investment with affordable rents. We have a low level of borrowing.

Our location and demand for our houses - we have a healthy and growing demand for our houses which are close to the city centre.

Small and compact - our community, like the Co-operative is very small and compact. This means we can be nimble, efficient and accessible to all our members. We have a meaningful relationship with all these members.

Our relationship with our community – The Co-op is controlled by members of the community and is the heart of the community. This helps ensure we know what our community's needs and priorities are and allows us to respond quickly to this.

Our caretaking service - allows us to respond quickly and provide value for money in ensuring this area is maintained to a high standard, providing a service that is highly valued by members.

No owners - as a Co-operative, every home in our small community is owned collectively. This allows us to provide efficient services, to focus on our core customers and we can invest in our stock without the complications of obtaining other owners' consent.

where we want to be and how we are going to get there'

Our Business Plan aims to build on these strengths.

2.17 Our Weaknesses

Our operational performance - our performance in voids and arrears management is unacceptable. Our process for managing arrears was formally reviewed by our internal auditor with no areas for improvement recommended. However, our poor performance in arrears management is however longstanding and systemic.

Our small pool to select Committee members from - as a fully mutual Co-operative we have to select our committee from the tenants occupying our 364 houses. This is a very small pool and only a small proportion of those people will possess professional qualifications. The sudden loss of two of our most experienced committee members has meant that we cannot assess 'strong governance' as a particular strength at this time and that we need to sharpen our focus on recruitment of new committee members.

Small staff team - because the team is so small it inevitably lacks expertise in some areas. We assess that this is particularly apparent in ICT, Welfare Benefits and Finance.

Limited digital service - we were one of the first RSLs to develop an app to be used on smartphones. This was not well used by tenants and we removed it as the benefits could not justify the costs. Our tenants are unable to access services digitally and we have had no demand from tenants to develop digital services.

2.18 Our compliance and assurance

We submitted our third assurance statement to the Scottish Housing Regulator in October 2021. Our assessment is that while we had improved our level of compliance over the year, there continues to be areas where we can improve our compliance with the legislation, regulation and regulatory standards that apply to us. However, there are no areas where we assessed this non-compliance as material.

We have a one year plan to improve our compliance with the regulatory standards. Progress against this plan is monitored at each monthly management committee meetings.

While the Assurance statement is only one page long, it is underpinned by a mass of detailed evidence to demonstrate and justify the level of compliance the Co-operative is claiming to achieve.

To make sense of this of we have adopted two levels of assurance to organise and order all the data. Each level uses a traffic light system to indicate the grade of compliance.

'Where are we now and how did we get here,

- The highest level is a dashboard – summarising our compliance against the Scottish Social Housing Charter, the Regulatory Standards and Regulatory requirements and legislation,
- Second level – details the Co-op's assessed level of compliance against each indicator from the SFHA guidance on self-assessing against the Regulatory standards

An electronic evidence bank underlies all this with the evidence categorised and our claimed level of compliance. Progress made since the first statement was submitted meant that nine areas identified as being 'compliant with room for improvement' in 2019 were re-assessed as being 'fully compliant'. The 2020 return and the position in 2021 are summarised below –

	2020	2021
• Fully compliant	39	42
• Compliant but with areas for improvement	8	5
• Materially non-compliant	0	0

The Co-operative wants to ensure that the resources it commits to ensuring compliance is proportionate and does not unduly impact on the services we provide.

where we want to be and how we are going to get there'

3. Our Operating Environment

3.1 Our Approach

It is essential that we understand the environment we are operating in - the local, national and international contexts. We carried out a SWOT and PESTLE analysis, a stakeholder appraisal, and a survey of our stakeholders. These are attached as appendixes in the technical document with the key points highlighted in this section.

3.2 The main 'positives' and Opportunities from our Environment

The Scottish Government is mitigating some of the biggest challenges posed by austerity and we have historically low rates of interest and inflation. Locally, there is a continuing high demand for social housing in Possilpark and the area is scheduled to receive significant investment. This should lead to growth in the population and of disposable income in Possilpark which will increase the pressure for improved facilities and services in the area making it a more attractive place to live.

Possilpark currently has a very low level of owner-occupation [7%]. There are plans to build over 2000 houses in Possilpark over the next 10 years. The vast majority of these will be for owner-occupation or mid-market rent which we believe will not reduce the demand for our homes.

After many years of neglect, demolition and depopulation in Possilpark, there is an emerging consensus of the need for investment in Possilpark. It is a designated 'Thriving Place' and while it was not one of the eight original 'Transformational Regeneration Areas' in Glasgow, the Saracen Street area is a 'Business Improvement District'.

All this provides opportunities the Co-operative with opportunities to achieve its vision by -

- developing new housing on the adjacent derelict land,
- benefiting from the broader economic regeneration of the area and
- working with existing adjacent industry and house builders to explore options for sustainable district heating.

3.3 The main 'Negatives' and Threats from our Environment

We could have less flexibility to increase our income stream from rents due to pressure to keep rents as affordable as possible, the Council is likely to further cut services and welfare reform is likely to further impact on our tenants. Demand for our older 3 apt flats is unlikely to increase and we will be expected to house a higher proportion of homeless applicants. Our tenants' aspirations will grow and there may be higher requirements regarding tenant safety [some of which we fear may be disproportionate]. We will have to find alternatives to

'Where are we now and how did we get here,

fossil fuels which will impact heavily on the Co-op as every one of our houses have individual gas boilers.

We have seen a dramatic increase in the number of our tenants who receive Universal Credit in recent months' and this is likely to increase with the migration of tenants who receive housing benefit. This has brought significant challenges as applicants who apply for Universal Credit receive no income for the first five weeks of their claim.

We recognise that the Regulator may have concerns about the lack of 'professionals' on our governing board. We are also concerned that covid and Brexit can create significant uncertainty for contractors in terms of the future costs of their supplies and working practices and that this could be reflected in increasing costs.

All this gives rise to threats to the Co-operative achieving its vision by

- having to devote a disproportionate amount of our resources to demonstrate our compliance with regulatory standards,
- responding to regulative and legislative changes about our houses,
- the increasing threat to our cyber security,
- the continuing deterioration of Saracen Street and derelict land in the area,
- the continuing shift to insecure employment for many of our tenants,
- Increasing cost of investing in our stock
- The shift from historically inexpensive heating systems in our homes.

3.4 Covid

Covid affected our operating environment like no other issue since the Co-operative was formed. It resulted in the closure of our office to the public and staff working from home.

The Co-operative adapted quickly and effectively, with staff being fully operational from home within 10 days of the office being closed.

We are assuming that we are likely to face further localised lockdowns or other disruptions and while we had not foreseen nor planned for an incident of this magnitude, the changes made mean that we have all the foundations in place to cope effectively with further restrictions - from covid or severe weather etc.

We are also changing the way customers access our services and the way we provide our services in the future. This will make the services more accessible but will be more dependent on communication channels rather than direct contact. We recognise that it is critical that we listen to our customers and learn from others in the way we operate in future.

We are also building our community's resilience and its capacity to interact digitally by increasing the number of households that are digitally connected by having the equipment and skills they require and by having affordable connectivity.

where we want to be and how we are going to get there'

Fundamentally, we are now able to deliver services effectively without the office being open to the public. This capability provides us with significant flexibility should staff be unable to attend the office in the future.

This does indicate that being flexible and having the ability to react quickly and effectively is critical as it can be difficult to accurately predict unprecedented events.

The capacity and resilience developed by the Co-op in response to Covid have allowed us to deal with further lockdowns and variants without a significantly adverse impact on the core services we provide. This was confirmed by a positive internal audit review of business Continuity.

‘Where are we now and how did we get here,

4. Our Business Strategy – What we want to do

4.1 Our Vision

We see our vision as **“Leading the creation of a community with excellent homes where we are proud to live”** and doing this by being **“For the Community, from the Community”**.

4.2 Our Strategic Direction

The Co-operative grew from members of this community having the bravery, ability, resilience, and confidence to create a better community through self-help and taking control of its own future. The Co-operative believes this ethos remains as valid today but has to be refined to deal with the challenges we now face.

While the Co-op remains committed to providing its community with the best homes and quality of life we can, it recognises that it has to keep the organisation safe and secure in order to achieve this and has to demonstrate that it provides value for money to ensure its homes are as affordable to its members as possible.

There are therefore three strands to the Co-op’s strategic direction, and this is reflected in the three strategic objectives detailed in this plan. We also recognise that, due to our size, we need to work collaboratively with others to attract more services and investment into our community.

4.3 Our Social Impact

We wish to develop an outcome-based approach to service planning and to align our planning to the Scottish Government’s National outcomes. The outcomes are:

- A. We grow up loved, safe and respected so that we realise our full potential
- B. We live in communities that are inclusive, empowered, resilient and safe
- C. We are creative and our vibrant and diverse cultures are expressed and enjoyed widely
- D. We have a globally competitive, entrepreneurial, inclusive and sustainable economy
- E. We are well educated, skilled and able to contribute to society
- F. We value, enjoy, protect and enhance our environment
- G. We have thriving and innovative businesses, with quality jobs and fair work for everyone
- H. We are healthy and active
- I. We respect, protect and fulfil human rights and live free from discrimination
- J. We are open, connected and make a positive contribution internationally
- K. We tackle poverty by sharing opportunities, wealth and power more equally

We will link all our priority actions in this plan to these outcomes.

where we want to be and how we are going to get there’

We also recognise the significant impact that can be achieved by using grants effectively. The Lintel Trust calculated that the £10,000 of grant they awarded us in 2019 generated a social benefit of £180,152.

4.4 Our Values

We have six values that underlie all we do and guide our behaviour. We use these values to assess competencies in recruitment and in assessing performance and behaviour in appraisals.

- **We do the right thing**
- **We show respect to our members and our community**
- **We recognise the importance of the team**
- **We try new ideas**
- **We go the extra mile**
- **We ensure our community is treated fairly**

4.5 Our Strategic Objectives

We have identified three strategic objectives for achieving our vision of “leading the creation of a community with excellent homes where we are proud to live”. In our previous Business Plan the Co-operative had a strategic Objective of ‘Letting people know what we are doing’.

The Co-operative has removed this strategic objective because the management committee feels [as demonstrated by the stakeholder analysis] that we have largely achieved this objective and enables us to focus on the other key priorities for the Co-operative. The remaining strategic objectives are:

- **Ensuring our members have the best possible quality of life,**
- **Keeping the Co-operative safe and secure,**
- **Getting the most from our resources and delivering value for money.**

We have identified strands for achieving each of these objectives – these are covered in the next section.

‘Where are we now and how did we get here,

5. Our Plans – how we will do it

5.1 Our Strategic Plans

The Co-operative has some long term strategic plans and strategies to provide direction in areas that are particularly important or particularly complex.

They therefore help to provide a route to achieving our long term objectives. These are attached as appendices to this report and include –

- Our Asset management strategy [appendix B]
- Our Value For Money Strategy [appendix P]
- Our Procurement Strategy [appendix G]
- Our 30-year financial plan [appendix Q]

These plans are consistent with, inform and are developed from this Business Plan.

5.2 Our Delivery Plans

The strategic plans are augmented by our three year delivery plan and by an annual plan that shows where we should be if we want to achieve our three year plan.

The plans are derived from our three objective strategies. Each of which has a number of strands. This is shown below. Each of the strands have specific actions we need to complete to achieve the objective.

A. Ensuring our members have the best possible quality of life, by

1. Providing good quality well maintained homes
2. Providing high quality, continually improving services
3. Expanding the range of services our community receives
4. Ensuring our people have high aspirations re what they can achieve in life
5. Building a strong, supportive community
6. Ensuring the area is a safe, attractive place to live
7. Providing homes that are easy to heat and at an affordable rent
8. Encouraging others to invest in and provide services for this community
9. Keeping our members well informed about what we do and how to access our services

B. Keeping the Co-operative safe and secure, by

1. Complying with legislation and regulation
2. Submitting assurance statement as required
3. Being financially secure in the long term
4. Having systems that are secure and robust

C. Getting the most from our resources and delivering value for money by

1. Having clear, simple integrated plans

where we want to be and how we are going to get there'

2. Having a clear statement and strategy for providing our members with value for money
3. Having a happy, engaged effective staff team
4. Getting the most from our people
5. Having a strong volunteering and self-help ethos within the community
6. Obtaining best value from our suppliers through our procurement strategy
7. Having strong, committee leadership of Co-op and Community
8. Maximising the grant we receive

In our annual and three year plans we have categorised each of the actions against these strands to ensure that every action assists us to achieve our strategic objectives.

We have also identified which of the Scottish Government outcomes they contribute to. We recognise in our ambitious plans there are some tasks that will be delivered primarily by other organisations. We will have a marginal role, and, in some cases, our role will be limited to encouraging others to deliver. These tasks are shown in italics in the plans.

5.3 Three year improvement plan to 31.03.2024

A. Ensuring our members have the best possible quality of life, by

1. Providing good quality well maintained homes

Action	Scottish Govt Outcome	Progress
Every rehab property to have had kitchen and bathroom installed by 31.03.24	B	24 kitchens installed
New bathrooms fitted to 85 new-build properties by 31.03.24	B, H	X bathrooms
SHQS fully compliant by 31.03.24 subject to Abeyances	B, H	Fully compliant [1 abeyance]
28 Closes painted by 31.03.24	B, F	X closes
Satisfaction with quality of home increased to 90.4% by 31.03.24	B	Survey Sept 22
Improvements from tenant safety audit fully implemented	B	Significant
Strategy for older tenements reviewed by 31.03.24	B	Members of HubWest
Obtained access for all tenants to affordable, fast broadband 31.03.23	A, B, C, E, H, J, K	No progress

2. Providing high quality, continually improving services

Action	Scottish Govt Outcome	Progress
Average void period of 19 days by 31.03.24	B, G	Impacted by covid
Current tenant arrears at 2.7% by 31.03.24	B, G, K	Little improvement

‘Where are we now and how did we get here,

Proportion of tenants very satisfied to have improved against every indicator by Sept 2022	B, F, G, I, K	Await survey
Our services are fully accessible to all our customers	I	105 computers provided
We can demonstrate that we are following best practice in managing and learning from complaints	B, G	New quarterly report

3. Expanding the range of services our community receives

Action	Scottish Govt Outcome	Progress
Provided equipment to enable 100 households to get digitally connected by 31.03.24	A, B, C, E, I, K	Complete
Reviewed the level of welfare advice being provided by 31.12.23	B, H, K	None
Considered feasibility of scheme for essential furnishings by 31.12.21	B, K	Emergency fund established + starter packs

4. Ensuring our people have high aspirations re what they can achieve in life

Action	Scottish Govt Outcome	Progress
Provided equipment to enable 100 households to get digitally connected by 31.03.24	A, B, C, E, I, K	Complete
Programme of 'taster' sessions developed by 31.12.23 to provide opportunity for new experiences	A, B, D, E, I, K	None
Set up new 'child achievement' award with local primary schools by 31.12.22	A, E, J, K	Young Co-operator award made Dec 21

5. Building a strong, supportive community

Action	Scottish Govt Outcome	Progress
A programme of well-attended social events for all the community	A, B, C, D, E, H, I, K	Possible recruitment of Link Up worker
Implement a digital community campaign by 31.03.22	A, B, K	None

6. Ensuring the area is a safe, attractive place to live

Action	Scottish Govt Outcome	Progress
Bardowie St park masterplan fully implemented by 31.03.24	A, B, C, F, H, I, K	GC preparing plans & contributing £52k

where we want to be and how we are going to get there'

Road network to access the area has been improved by 31.03.24	B, F, H	None
Condition of roads and paths improved with safer road crossings by 31.03.24	B, F, H	None
Saracen St has been improved as a shopping experience by 31.03.24	B, D, F, H	None
Improved local job opportunities available by 31.03.24	A, B, C, D, E, F, G, H, I, K	None

7. Providing homes that are easy to heat and at an affordable rent

Action	Scottish Govt Outcome	Progress
Every home to have an energy efficiency rating of at least a C by 31.03. 2024	B, F, H, I, K	None
Replacement heating strategy agreed by 31.03.24	A, F, K	Joined HubWest

8. Encouraging others to invest in and provide services for this community

Action	Scottish Govt Outcome	Progress
Area has a more convenient bus stop by 31.03.24	B, E, H, I, K	None
Outreach community flat set-up by 31.03.24	A, B, C, E, H, I, K	None

9. Keeping our members well informed about what we do and how to access our services

Action	Scottish Govt Outcome	Progress
2/3rds of our tenants obtaining information about us on Facebook by 31.03.24	B, C, E, K	Will be surveyed Sept 22
Improved the options for accessing our services	B, C, E, K	Review starting

B. Keeping the Co-operative safe and secure, by

1. Complying with legislation and regulation

Action	Scottish Govt Outcome	Progress
To fully comply with all legislation and regulation at 31.03.24	G	Self-assessed as compliant with some areas for improvement. External scrutiny has confirmed this so far.

‘Where are we now and how did we get here,

2. Submitting assurance statement as required

Action	Scottish Govt Outcome	Progress
All statements to have been submitted on time by 31.10.23	G	All on time so far

3. Being financially secure in the long term

Action	Scottish Govt Outcome	Progress
All anticipated investment can be funded without resorting to borrowing	G, F	Review by FMD planned for Oct 2022
We have reviewed reserves to ensure they are being deployed effectively	G	No progress

4. Having systems that are secure and robust

Action	Scottish Govt Outcome	Progress
Reviewed our housing management software package by 31.10.24	G	No progress
Obtained Cyber essentials + by 31.03.24	G	No progress
Fully implemented our IT strategy by 31.03.2024	G, I, J	No progress

C. Getting the most from our resources and delivering value for money by

1. Having clear, simple integrated plans

Action	Scottish Govt Outcome	Progress
All plans flow from and contribute to this one	C, D	All plans have been incorporated into annual plan

2. Having a clear statement and strategy for providing our members with value for money

Action	Scottish Govt Outcome	Progress
Rent increase no higher than CPI [other than to fund additional services/selected as an option by tenants]	G, K	2022 increase below CPI
Carry out an appropriate VFM exercise for day to day repairs by 31.10.23	G, K	No progress
VFM strategy reviewed and more than 86% of tenants feel we provide vfm by September 2023	G, K	Await survey results

where we want to be and how we are going to get there'

3. Having a happy, engaged effective staff team

Action	Scottish Govt Outcome	Progress
Have obtained accreditation from appropriate Organisation development model by 31.03.24	D, E, G	Replaced with SHN self-assessment tool

4. Getting the most from our people

Action	Scottish Govt Outcome	Progress
Reviewed staff structure and skills with plan in place to address any gaps/issues by 31.10.23	D, E, G	Gap in finance expertise has been addressed

5. Having a strong volunteering and self-help ethos within community

Action	Scottish Govt Outcome	Progress
Providing a range of opportunities to enable volunteering	A, B, C, D, E, G, H, I, K	HCAG provides these opportunities

6. Obtaining best value from our suppliers through our procurement strategy

Action	Scottish Govt Outcome	Progress
Noncompetitively tendered spend only where deemed as appropriate by 31.03.24	G	Steady progress
We have reviewed reserves to ensure they are being deployed effectively	G	No progress

7. Having strong, committee leadership of Co-op and Community

Action	Scottish Govt Outcome	Progress
Completed a review of committee skills and implemented a development programme by 31.10.23	A, E, G	New appraisal process introduced

8. Maximising the grant we receive

Action	Scottish Govt Outcome	Progress
Have obtained £100,000 in grants by 31.03.24 to benefit this community	A, B, C, E, F, H, I, J, K	Obtained £47,248 in 21/22
Explored options to grants to improve our houses by 31.03.23	A, B, G, K	No progress. joined HubWest

‘Where are we now and how did we get here,

5.4 Annual Improvement Plan to 31.10.22

Source of Action	Regulatory standard etc impacted	Action	SG Outcome
March 2022			
Collaborative Governance Review	3.2, 3.3, 3.5, 4.3	Review Risk Management Policy – particularly section 5.2 - by comparing with other RSLs [ours is a bit brief]	G
Collaborative Governance Review	1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7	Consider whether may be more practical to breakdown standing orders into separate documents	G
Collaborative Governance Review		Consider adopting Clydebank HAs self-assessment framework	G
Collaborative Governance Review	2.4, Charter1	Shift to individual electronic consultations with Tenants Circle [surveys & dialogue], compare with other RSLs	B, E, G, J
Collaborative Governance Review	4.5	Add to evidence bank the remit of audit sub committee	G
Collaborative Governance Review	6.2	Copy evidence from 6.1 into 6.2	G
Collaborative Governance Review	FOISA	Review minute taking protocol to mention FOISA	G
Collaborative Governance Review		Consider adopting CHAs method for calculating number of committee members to be re-elected at AGM and include statement of suitability for position	G
City Council	C, charter 5	60% of lets to section 5 referrals	A, D, I
Business Plan	C, charter 5	Void days to let reduced to 40 days	G
Carried forward	Charter 4	Reviewed allocations policy implemented	B, I
Business Plan	C, charter 5	Rent arrears reduced to 4%	G
Business Plan	C2 charter 5	Rent increase no higher than CPI	K
Equalities Plan		Collect equalities data in accordance with regulations	B, I
Ideal Outcomes		Produce a summary quarterly report on Tenant safety	A, B
Ideal Outcomes		Survey committee members to assess how virtual meetings could be improved and on training re improving compliance	G
April 2022			
Business Plan	B4, charter 5	Made decision re additional pyramid modules and agreed programme for introduction if appropriate.	G
Ideal Outcomes		Produce new arrears report	G
Business Plan	C3	Have completed two SHN self-assessments	B, G
May 2022			
Collaborative Governance Review	6.1, 6.2, 6.3, 6.4, 6.5	Consider changing title of Committee appraisal process to something more positive	G
Collaborative Governance Review	5.6 & Regulatory Requirements	Amend typo to Whistleblowing policy	G
Business Plan	C8, A4, A3	Obtained funding to enable continuation of young people's group organised by YPF	A, B, C, E, F, H, I, J, K

where we want to be and how we are going to get there'

Equalities Plan		Encourage residents from minority groups to take part in Social Activities	A, B, C, D, H, I
Northstar		Review section 5.2 of Risk policy	G
Internal Audit Plan		Report to Audit Sub on Assurance Statement	G
Carried forward	3.3, 3.4, charter 5	Ensure there is a half yearly review of expenditure against budget.	G
June 2022			
Business Plan	A9, B1	New website fully operational	G, J
Equalities Plan		Encourage members of minority groups to get involved in in groups and to take positions of responsibility in the groups	A, B, C, D, H, I
Ideal Outcomes		Include in dashboard our compliance with the constitutional regulatory requirements	G
Collaborative Governance Review	FOISA,	Review of website to include improved signposting and a search function.	G, J
Internal Audit plan		C and T report on pensions liability	G
July 2022			
External audit	4.6	Ensure that all actions recommended by external audit have been implemented	G
Business Plan	A3, 6.3 Charter 4 & 5	Started review of level of welfare advice	G, K
August 2022			
Carried forward	6.7	Review arrangements other RSLs have where Senior Officer provides advice in an issue they have an interest in	G
Business Plan	A1	Majority of Improvements from Tenant Safety plan fully implemented	A, B, G
Equalities Plan / Tenant Involvement Plan		Improve representation of under-represented groups on Committee	A, B, C, I, J
Customer Feedback Plan/ Equalities Plan		Carry out large scale tenant satisfaction survey to obtain meaningful feedback [And utilise to gather equalities data]	A, B, G
Ideal Outcomes		Develop AAS dashboard to explain why an area has been assessed as having areas for improvement ie where the gaps are and what will done t improve compliance	G
Internal Audit Plan		Report [with support from FMD] on improved monitoring of budgets	G
Equalities Plan		Hold 'one-community' event to welcome newcomers and strengthen community relations	A, B, I, J
September 2022			
Internal Audit Plan		Internal Audit report to Audit sub on Tenant Safety	G
October 2022			
Collaborative Governance Review	Governance policies	Review policies of other RSLs to consider whether we should develop including [NB Recruitment and Succession Planning Policy have been reviewed]	G
Collaborative Governance Review	5.2	Review approach of other RSLs [re code of conduct and Declarations of Interest] to consider whether we should make any changes	G

‘Where are we now and how did we get here,

Collaborative Governance Re-view	5.1, 5.4	Review approach of other RSLs re Entitlements etc to consider whether we should develop any	G
Collaborative Governance Re-view	1.2, 1.5	Consider adopting SFHA models for role descriptions for office bearers and committee members	G
Collaborative Governance Re-view	6.5	Review effectiveness of induction policy and whether 'new' members have received appropriate induction.	G
Collaborative Governance Re-view	2.5	Review notifiable events registers of other RSLs to ensure we are not 'missing any'	G
Collaborative Governance Re-view		Review registers used by other RSLs to identify best practice Review best practice amongst the other RSLs & review DOI template	G
Business Plan	C charter 5	Void days to let reduced to 37 days	G
Business Plan	C charter 5	Rent arrears reduced to 3.7%	G
Business Plan	A1	45 of pre-2005 houses to have new bathrooms	A, B, K
Business Plan	A1	130 of renovated flats to have new kitchens	A, B, K
Business Plan	A1	All houses to have had EICR inspections within last 5 years	A
Business Plan	A1	All houses to have smoke detectors that comply with legislation	A
Business Plan	A1 charter 2	7 closes & externals painted. & 20 houses/flats	A
Business Plan	A1	200 tenants have access to affordable broadband	B, D, J, K
Business Plan	B4 charter 5	Started review of software package	G, J, K
Business Plan	C2 charter 5	Start VFM exercise for day-to-day repairs	G
Equalities Plan/communications Plan		Held four meetings with Chinese tenants	A, B, C, J
Equalities Plan		Maximise grant to carry out adaptations	A, B, H
Equalities Plan		Arrange for play equipment that is accessible to children with a disability	A, B, C, F, H
Equalities Plan		Carry out Equality Impact Assessments where required	A, B,
Equalities Plan		Empower members of the community to participate electronically and gain benefits of being digitally connected	
Equalities plan		Ensure that participation in governance of the Co-op is as easy as possible	B, G
Communication plan		Use community events to promote involvement in the Co-op	B, G, J
Equalities Plan/communications Plan		Explore possibility of providing translated newsletters/calendars	A, B, G, J
Customer Feedback Plan		Develop Tenants Circle to routinely obtain feedback	A, B, G, J
Customer Feedback Plan		Introduce suggestion box into reception	A, B, G, J
Customer Feedback Plan		Include comments/suggestion form with newsletters	A, B, G, J

where we want to be and how we are going to get there'

Tenant involvement Plan / Scrutiny Plan		Tenants to participate in 4 walkabouts	A, B, G ,J
Tenant involvement		Encourage tenant involvement in review of policies	A, B, G, J
Scrutiny Plan		Tenants Circle to have reviewed two policies	A, B, G,J
November 2022			
Internal Audit Plan		FMD to report on ability to meet long term commitments to Audit sub	G
Internal Audit Plan		Review arrangements for detecting Fraud	G

‘Where are we now and how did we get here,

6. Our Finances

6.1 Our Principles

The Co-operative has adopted five financial principles that underlie our approach to managing the Co-operative's finances. Stating them and having consensus around them assists the Co-op in decision-making and in ensuring decisions are consistent with each other and realistic. The principles are:

- When we balance risk against return, the Co-operative is more concerned to avoid risks than to maximise returns [from Treasury Management policy],
- We try to ensure we invest and procure ethically [in line with our value of 'we do the right thing'],
- We provide the best possible services from a reasonable rent by getting the most from our resources [from Value For Money strategy],
- We aim for our annual rent increases not to exceed CPI,
- We aim to generate sufficient income to meet the investment needs of our stock over the next 30 years with minimal borrowing [from Asset Management Strategy].

6.2 Our Resources

Achieving our strategic objectives requires the ability to understand and control costs. This is important to maintain an affordable rent structure, invest in the development of the Co-operative and have the strength and flexibility to adapt to external challenge. This is vital if we are to achieve our purpose and make a difference in the community.

Our long-term financial forecasts prepared by our external finance agent include comprehensive scenario planning and stress testing, assessing the impact of different assumptions and identifying alternative strategies.

A key priority is to understand and adapt to the challenge of welfare reform. The potential for an increase in bad debt continues to present a significant and serious financial challenge.

We will ensure that our financial forecasts have the headroom to meet external challenges, achieve loan covenant compliance and deliver the services to support tenants and sustain tenancies.

6.3 Our Long-Term View

The Co-operative needs a robust business plan underpinned by a 30-year financial model which provides reassurance to the Committee, SHR and lenders that we can meet our long-term maintenance and debt repayment obligations. At Appendix Q is a summary of the output from our 30-year financial forecasts.

where we want to be and how we are going to get there'

Whilst we cannot expect to be absolutely precise over such a period of time, it is sensible to project forward based on realistic assumptions of likely trends and expectations. The bottom-line cash position of the Co-operative provides an indication of the level of comfort available to manage risk and changes in circumstances.

In October 2022 we will review/scrutinise our long term financial forecasts with our recently appointed financial consultants in the light of increasing maintenance costs etc.

A key element to the foundations of such a model is a set of realistic cost assumptions. The annual budget provides a starting point for this based on current experience of actual costs across the organisation.

A second key element is the assumptions on how costs are likely to increase over the lifetime of the plan. Inflation obviously needs to be considered (and we have assumed an annual increase of 2% in line with the government's guidance from 2025), but also differential real cost increases need to be considered. The following table sets out the key assumptions used in this business plan followed by some commentary on the rationale for their use.

Year	1	2	3	4	5	6-10	11-30
Assumption	2022	2023	2024	2025	2026	2027-31	2032-51
Inflation	0.7%	1.25%	1.75%	2.0%	2.0%	2.0%	2.0%
Voids	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Bad Debts	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Rent increase*	0.7%	1.25%	1.75%	2.0%	2.0%	2.0%	2.0%
Real increase - repairs	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Real increase – management costs	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Base Rate	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%

Table 11

*existing high rent levels allowed the business plan to assume inflation only rent increases for the duration of the 30 year forecasts.

Clearly, any predictions about the future must be treated with care. However, our belief is the above assumptions are prudently realistic. The figure for inflation will clearly have an impact on the plan but from the analysis undertaken, any significant increase has a positive impact on the business plan.

Historic levels of bad debts have varied between 1% and 2.7%. The figure of 1% used in the forecasts takes into account high levels of rents and arrears and possible adverse effects of welfare reform.

The most significant of the above assumptions have been subject to stress testing to see where the greatest exposure to risk exists. The results of this can be seen in Appendix R on Sensitivity Analysis.

‘Where are we now and how did we get here,

In the Financial appraisal carried out by Campbell Thomson Associates (CTA) in September 2020, they assessed the Co-op' Value At Risk (VAR). This demonstrates the impact of a sharp deterioration in cash generation given certain levels of confidence in generating that cash.

As we, by and large, have only one income stream. It follows that CTA measured the impact of that income stream falling short i.e. the biggest risk we face is the loss of rental income. CTA calculated the VAR as 1.25%, they concluded that:

This is a very low figure indeed demonstrating HHC can absorb this particular shock very easily.

In addition, given the nature of the assets of the business (housing stock), a long-term investment plan needs to be factored in to take account of the cyclical nature of maintenance costs. The housing stock was surveyed in 2019 and the plans arising from that survey have been reflected in this Business Plan.

In brief, the 30-year accounts summarised in Appendix Q would seem to indicate that the Co-op is a financially strong organisation with steadily increasing levels of cash and reserves, even after implementing a substantial programme of cyclical and major repairs, including component replacements.

The value of loans outstanding at 31st March 2020 was £3m and it anticipates all borrowings being cleared by 2044.

In the Financial appraisal carried out by Campbell Thomson Associates in September 2020, they state that:

HHC is in a very strong financial position with fairly low, easily sustainable and reducing borrowing. It has strong cash reserves and provides service levels beyond its peers. It therefore has no need to maximise Return On Capital Employed. Therefore there is a greater probability of rents being kept as affordable as possible and housing being in the best possible condition.

6.4 Our Medium Term View

Table 12 below sets out the position over the next three years in relation to the statement of comprehensive income. This is based on the current levels of rent. This shows that even with the prudent assumptions on voids, bad debts and interest rates, the average net surplus over the 3 years is planned to be £297k.

Period: 01 April 2022 – 31 March 2024	2022	2023	2024
Total Turnover	£1,653k	£1,673k	£1,701k
Operating Expenditure	£1,501k	£1,528k	£1,536k
Other income	0	0	0
Operating Surplus/(deficit)	£152k	£145k	£165k
Interest and financing costs	-£109k	-£103k	-£91k
Net Surplus	£43k	£42k	£74k

where we want to be and how we are going to get there'

Table 12

The Statement of Financial Position as set out in Table 13 below, shows reserves increasing in each of the three years to December 2024. The value of housing assets increases over the period as planned maintenance exceeds depreciation charges. Cash balances will fluctuate depending on the extent of any planned maintenance works in the year. Loan balances will continue to decrease as further capital payments are made and deferred income will continue to decrease as further amounts are released back into reserves.

Cash remains relatively strong throughout the period, in excess of £1m in each of the three years. However, the balance will fluctuate depending on the extent of any planned maintenance programmes in the year. This assumes that the current levels of rent will still apply.

Consolidated Statement of Financial Position 2022 BP Plan			
Period: 01 April 2019 - 31 March 2022	2022	2023	2024
Fixed Assets	£13,799k	£14,222k	£13,717k
Tangible fixed assets	£408k	£386k	£364k
Fixed Assets Total	£14,207k	£14,608k	£14,081k
Current Assets			
Trade and other debtors	£127k	£127k	£127k
Cash and cash equivalents	£1,559k	£1,031k	£1,448k
Current Assets Total	£1,686k	£1,158k	£1,575k
Less - Creditors - amounts due within 1 year	-£344k	-£344k	-£344k
Net current assets/liabilities	£1,342k	£814k	£1,231k
Assets less current liabilities Total	£15,549k	£15,422k	£15,312k
Creditors - amounts due after more than 1 year	£6,250k	-£6,081k	-£5,898k
Net assets Total	£9,299k	£9,341k	£9,414k
Reserves			
Income and Expenditure Reserve	£9,299k	£9,341k	£9,414k
Total reserves	£9,299k	£9,341k	£9,414k

Table 13

Our projected cash flow figures for the three years to 31 March 2022 are shown in Table 14 below:

Consolidated Statement of Cash Flow 2022 BP			
Period: 01 April 2022 - 31 March 2024	2022	2023	2024
Surplus Per Statement of Comprehensive income	£43k	£42k	£74k
Add Depreciation	£472k	£527k	£527k
Less			
Expenditure on housing properties	(£510k)	(£928k)	(£0)
Amortisation of SHG & Pension Deficit	(£127k)	(£75k)	(£75k)

‘Where are we now and how did we get here,

Financing Activities			
Loan capital repaid	(£94k)	(£94k)	(£10k)
Net Change inflow/(outflow)	(£216k)	(£528k)	£417k
Cash & cash equivalents at the end of year	£1,559k	£1,031k	£1,448k

Table 14

The Co-op has loans with two lenders: The Bank of Scotland and the Charity Bank.

The financial covenants are set out in table 15 along with the projected performance for the three years to March 2024. This shows that the Co-op can satisfy all covenants with all lenders over the period. The Co-op's strong performance against all of the covenants is also recognised in the financial analysis carried out by CTA, who notes that the Co-op "*easily meets*" all its covenants.

Lender	Covenant	Required level	2022	2023	2024
Bank of Scotland	Interest cover	>110%	359%	491%	585%
	Asset cover	>110%	560%	610%	631%
Charity Bank	Interest Cover	>110	359%	491%	585%
	Asset Cover	>110%	560%	610%	631%
	Debt Per Unit	<£15,000	£8,174	£7,918	£7,659

Table 15

where we want to be and how we are going to get there'

7. Risks

7.1 Our approach

Risk is present throughout the Co-operative - in our buildings, equipment, policies, systems, processes, staff, tenants and visitors. We recognise that the management of risk is vital to our success and resilience. It must be an integral part of all the functions and activities of the Co-operative.

We fundamentally reviewed our Risk Management Strategy in November 2015 to ensure a consistent approach towards risk across the organisation. Our Strategy detailed the processes for recognising, analysing and dealing with risks as well as assuring the effectiveness of the identified processes. In addition, we believe risk management should actively support the achievement of our agreed objectives and not simply be to avoid risk.

We further reviewed our approach in May 2019, following training for Committee members. We simplified our framework to ensure that we were focussing on the key strategic risks and that our approach was appropriate to our size and complexity and supported us in achieving our objectives. Our approach was amended following the annual review in January 2022, taking on board recommendations from the governance review etc.

Our approach to risk management is designed to enable us to minimise the frequency and effect of adverse incidents arising from risks and to identify improvements in procedures and service delivery to ensure the efficient and effective use of funds. Risk management extends to the culture, processes and organisational structures, which contribute to the effective management of potential opportunities, threats and adverse incidents.

We also recognise that risk management has to be dynamic and nimble – it is not possible to foresee and mitigate every risk [e.g. covid] and it is essential that plans are flexible and will be reviewed to deal quickly with emerging risks.

7.2 Our risk framework

Each year the staff team carry out a full, detailed review of the risk register. In doing this they also consider risk registers from two other RSLs to ensure the process is outward looking. The staff team identify the key strategic risks, their causes and consequences. They assess and score the raw risks, identify the mitigation, score the residual risk and then recommend further action to be taken.

This report and the risk plan are then reported to and discussed with the Management Committee. Each quarter the staff team further review the plan and then report an amended risk register to the Audit Sub-committee. This excludes the raw risk scores to ensure the Sub-committee is focussing on the risks as they exist after all the mitigation is in place.

‘Where are we now and how did we get here,

7.3 Our audit sub-committee

The Co-operative established an audit sub committee in September 2018 to support the Management Committee in the discharge of its duties relating to risk management, control, governance and the external and internal audit functions. It meets four times a year.

7.4 Our risk register

The current risk register as reviewed in February 2022 is attached at appendix S. The Co-operative considers the risk register when identifying issues to audit. It will generally audit the risk that has the biggest gap between the raw and residual risk scores.

7.5 Our internal audit

At its meeting in January 2019, the Management Committee agreed in principle that instead of employing one company to carry out internal audits, that committee would decide the topics for audit and then employ specialists in the chosen field to carry out an audit. This was based largely on the limited benefits it had obtained from the previous internal programme.

Committee agreed therefore it would achieve assurance through a range of methods - peer audits, benchmarking, appointing specialists. It did however recognise that this meant the function would be more fragmented and reporting would be less structured/formal.

It subsequently appointed an internal audit company to carry out an audit of our approach to internal audit to give Committee members assurance that our arrangement is fit for purpose and provides them with adequate assurance.

The internal audit company advised that our arrangements did not provide the governing body members with sufficient assurance and that the Co-op should appoint a single internal audit company to provide this assurance.

The Co-op accepted this recommendation and has appointed an internal auditor following a competitive tendering exercise. However, this will augment rather than replace the other forms of review carried out by the Co-op.

Reviews are now categorised by the level of assurance they are deemed to provide:

- Formal internal Audit – provided by an internal auditor – high level of assurance
- Review by an external consultant procured collaboratively – high level of assurance,
- External consultant procured by the Co-op – medium level of assurance,
- Peer review – medium level of assurance,
- A review carried out by a member of staff or through informal benchmarking – low level of assurance.

where we want to be and how we are going to get there'

This framework provides the Co-op with clarity on the level of assurance being provided, value for money, flexibility, and a range of methods to provide an appropriate level of assurance.

In 2021/22 we carried out the following planned audits –

Topic	Outcome
Arrears incl. ARC return	Reported to Nov audit sub- full assurance with no recommendations.
Covid - Business continuity	Reported to Sept audit - full assurance with one recommendation that has been implemented
Annual Review	Completed, awaiting report.
Governance	Reported to MC in November. Generally positive with recommendations considered and included in 2022 annual plan.
Tenant safety	Reported to audit sub in May 21. Action Plan being implemented to improve performance and monitored by Operations sub.
Disposals etc	Policy approved by MC in July.
Monitoring of budgets by Audit sub	Not implemented due to change of Financial Advisor. More rigorous budget process being developed.
Arrangements for detecting fraud	To be carried forward.

In addition, further assurance was provided with the following unplanned review-

Topic	By	Outcome	Level of Assurance
'Emerging from Lock-down'	Ideal Outcomes	Report to this Committee - provides assurance re AAS, governance etc	Medium

The audit programme for 2022/23 is -

Topic	Method/To be carried out by	Why	Level of assurance	Date to go to committee
Assurance Statement	Quinn	AP	High	May [Audit]
Tenant Safety	Quinn	AP	High	September [Audit]
Responsive Repairs	Quinn	AP	High	November [Audit]
Ability to meet Financial Commitments over long term	FMD	Level of residual Risk	Medium	November [MC]
Pensions liability	Chienne & Tait	Level of risk & complexity	Medium	June [MC]
Monitoring of budgets by Audit sub	In house - benchmarking		Low	August [AS]
Arrangements for detecting fraud	In house - benchmarking	C/F	Low	November [AS]

'Where are we now and how did we get here,

8. Review

8.1 Monitoring and review

The general direction of the Co-operative is set each October/November by the Management Committee when they agree the plan for the following year. The annual plan includes actions the Co-op intends to take to:

- improve our compliance with the regulatory standards following our self-assessment and
- improve progress against our Business Plan objectives.

Progress against this plan is then reported to the Management Committee each month with a focus on any targets that have not been achieved. This annual plan is then broken into plans for each of the Co-op's three staff teams. Progress against these plans is monitored at 1.2.1 meetings with line managers.

8.2 Performance management

The Co-operative recognises that it has not had sufficient focus on operational performance and should significantly improve performance in housing management - particularly arrears and void control.

The Co-operative has joined the Scottish Housing Network to provide information on the performance of others which enables reports on performance to be more meaningful. Operational performance on arrears and voids is reported each month to the Corporate and Operations sub-committee and details on repairs performance is reported every quarter. The Director monitors performance on arrears and void management every week.

The Co-op has agreed a programme to self-assess all aspects of our performance using the SHN framework. The first self-assessment, on customer engagement, is due to be completed by June 2022.

In addition, to ensure the Management Committee has an appropriate overview of performance, a comprehensive report on operational performance will be made every quarter to the management committee.

8.3 Our Targets

We set targets for the overall direction and priorities for the Co-op each October/November and incorporate them into an annual plan. We set specific targets for service delivery once we obtain the annual report from the Scottish Housing Network on the performance of landlords across Scotland.

Our peer group is 'small urban RSLs', this group tends to perform better than other groups. If we do not achieve the performance of the peer group average we set this as our target. Where our performance is significantly poorer than this average [e.g., in arrears] we will aim to achieve this target in two or three years.

where we want to be and how we are going to get there'