



BUSINESS PLAN
2023-26

Business Plan 2023-26

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Executive Summary

The Business Plan is a key document that sets out Easthall Park Housing Co-operative's (Co-operative) strategic direction through our Vision, Values, Mission and a suite of Strategic Objectives. The Plan is mainly an internal working document, owned and used by the Management Committee and staff to assist our planning, implementation, monitoring and evaluation of the work programme.

The Co-operative has brought forward the full review of the Business Plan 2021-24 to re-set our strategic direction following a period of strategic review associated with governance and organisational matters, also to reflect the change in the management of the Co-operative and the operating environment.

The Co-operative is based in Easterhouse and owns and manages 749 properties in the Easthall and Kildermorie communities. These areas have been transformed by the Co-operative during a period of community regeneration and new build housing in the 1990s and 2000s and the delivery of local, high quality and responsive services to meet the needs of our tenants and other residents. There are high levels of deprivation in our communities, which is evidenced by the Scottish Government's Scottish Indices of Multiple Deprivation (S.I.M.D). The communities are broadly within the worst 5% most deprived in Scotland, in specific areas of income and poverty, employment, education and health. The Co-operative partners with Easthall Residents Association to deliver wider role activities, services and support to our tenants and other residents to tackle the causes and impact of deprivation in our communities.

We have undertaken strategic analysis of our internal operation and our place as a community-based housing co-operative based in one of Scotland's most deprived areas and a Registered Social Landlord, to inform the key factors we need to consider in the development of our Strategic Objectives and Delivery Plans for their achievement.

The key internal and external factors are listed in section 4 of the Plan and they include;

- The hardship being experienced by our tenants and other residents living in our communities through the cost of living crisis, as well as the on-going roll out of Universal Credit within the UK Government's Welfare Reforms and high levels of unemployment and poverty.
- Our business is being adversely affected by the economy and high inflation and interest rates, which are increasing our costs for works, services and supplies. Our aim is to manage these costs and mitigate rent increases for our tenants, although this is challenging and compounded by the Climate Change agenda.
- The Co-operative is a member of the Easterhouse Regeneration Alliance (EHRA) and works with other housing organisations in Easterhouse to manage common challenges and pursue opportunities for our communities and businesses. We recognise the benefits of working with EHRA and to pursue opportunities for joint working and sharing services.

- It has been a challenging period for the Co-operative in recent years due to governance and organisational matters, which has resulted in engagement with the Scottish Housing Regulator. The Co-operative has significantly improved its governance and there is now improved leadership of the Co-operative and more stability in the staff team to attend to the work programme.
- Our repairs and maintenance service has been impacted by the Covid pandemic and a turnover of contractors. We will have a strategic and operational focus, specifically to undertake a stock condition survey to set a new investment plan in 2023-24, which will inform a full review of our Asset Management Strategy in 2024-25. To improve the operation of our repairs service and to achieve best value we will tender our contracts for re-active, cyclical and planned major repairs. We recognise there has been a delay in attending to cyclical and planned major repair works and our aim to re-start these programmes in 2023-24.

The Delivery Plans in our Business Plan provide a focus to attend to key areas affecting our tenants and other customers and our business through the following:

- Improving our housing management services, particularly in resident engagement and the factoring managing service. We will also assess the affordability, comparability and viability of our rents;
- Improving our maintenance services through our network of contractors and completion of cyclical and planned major repair works to our properties and tenants' homes. We will undertake a strategic review of our maintenance position through the stock condition survey and a new investment plan in the year. A key aim will be to further strengthen our compliance in landlord safety to keep our tenants' safe in their homes;
- To further strengthen our governance arrangements through a review of our fully mutual status with a view to becoming a housing association and registered charity; to complete the review of the staff structure; and to continue to meet the Committee and Regulator's expectations in compliance with our legal and regulatory obligations;
- To achieve best value for money through partnership working, procurement of contracts and streamlining of processes with a focus on empowerment and outcomes; and
- To continue to work closely with Easthall Residents Association and EHRA to tackle the high levels of deprivation in our communities.

A key objective of the Co-operative is to continuously improve and we have reviewed our corporate targets / key performance indicators with the aim to set challenging targets to improve our performance and business efficacy.

The Co-operative has robust risk management arrangements through our new Risk Management Policy and the annual review of our Corporate Risk Register (CRR). The CRR has been jointly developed by the Committee and Senior Management Team and in summary reflects the impact of the cost of living crisis and UK Government's welfare

reforms on our tenants and our business; challenges in our repairs service associated with higher costs, and a reduced number of contractors and a lack of competition; a focus on employer and landlord health and safety; and to ensure compliance with loan covenants to maintain the financial sustainability of the business.

The Co-operative is in a strong financial position with £3.2m in cash reserves which will average £2.7m each year in the 5 year period to 2028 and a positive cash position through the 30 year Plan. There is £5.6m in loans outstanding, as at 31 March 2023, to the Co-operative's lenders and this will reduce by £1.74m to 2028 with projections that the Co-operative will be debt free in year 19 of the plan. As the loans are mainly fixed there is little impact on increasing interest rates on the overall financial position and increase in loan interest paid will be most likely off set by an increase in interest receivable. Loans are expected to be repaid by year 19 and the Co-op has plenty of unsecured units, which is a strong financial position to be in.

With the exception of one year, modest surpluses are being generated and all loan covenants are being met. Cash remains positive throughout the plan. This is a strong financial position to be in.

The sensitivities of the plan continue to show a financial strength on an individual basis taking into account a range of factors. The Co-operative will undertake a range of strategic tasks that will further test the viability of the plan e.g. development of the investment plan based on the stock condition survey planned for 2023-24; the review of the staff structure to ensure that management costs remain affordable, comparable and viable; and the development of plans to achieve EESSH 2 by 2032, which will take account of the stock condition survey and works to achieve EESSH 2 and the Scottish Government's guidance and funding to achieve EESSH 2, which is awaited.

Our Strategic Objectives for the Business Plan 2023-26 are as listed

- Strategic Objective 1 - Delivering Excellent Housing Services
- Strategic Objective 2 - Providing Quality Homes in an Attractive Environment
- Strategic Objective 3 - Demonstrating Good Governance
- Strategic Objective 4 - Achieving Strong Financial Management & Best Value for Money
- Strategic Objective 5 - Being More than a Landlord to improve the lives of our tenants and residents.

1.0 Introduction

- 1.1 The Business Plan is a key strategic document and a complete picture of the Co-operative, where it sets out our strategic direction through our Vision, Values, Our Mission and Strategic Objectives. The Plan reflects the Management Committee's aims and ambitions for the business and services to our tenants and other customers, and in their strategic role they will own and monitor progress of its achievement. It provides a framework for action and achievement, which will be communicated to tenants and other customers, staff and other key stakeholders. Through the achievement of the work programme it will demonstrate how we will achieve our Strategic Objectives.
- 1.2 The Plan has been developed in keeping with the following guidance from the Scottish Housing Regulator:
 - ✓ Recommended practice on Business Planning in December 2015
 - ✓ Recommended practice on Strategic Asset Management in August 2012, which has recently been updated and published in February 2023; and
 - ✓ The Regulatory Framework published in February 2019.
- 1.3 The Co-operative undertakes a full review of the Business Plan every 3 years with the last review in 2021-24. We will develop Operational Plans in intervening years of the full review of the Plan to set the work programme to progress against the Strategic Objectives in the Plan. The Co-operative decided to re-set our Business Plan for 2023-26 following a period of strategic review and change in our operating environment.
- 1.4 The Co-operative appointed Class One Consulting to facilitate a planning day in November 2022, where we undertook the following to inform our strategic direction and development of the Plan.
 - ✓ Completion of strategic business plan exercises to inform our current position; external factors affecting our business and communities; and how we would prioritise these. These exercises included a SWOT and PESTLE assessment, which informed the development of an exercise on what we should Start, Stop, Consider, and Continue & Improve;
 - ✓ Development of our strategic direction through a new Vision, Mission and Strategic Objectives; and
 - ✓ To set the culture of the Co-operative through a suite of values that will drive us forward to achieve our Strategic Objectives.
- 1.5 The Director delivered presentations to the Committee and Staff Teams to inform the work programme:
 - ✓ To develop the Delivery Plans 2023-24.
 - ✓ To set out key work schedules for the cyclical review of policies and the procurement of contracts;

- ✓ To review corporate targets / KPIs with the aim to deliver continuous improvement; and
 - ✓ To develop the Corporate Risk Register 2023-24 and outline controls to mitigate key risks to the business.
- 1.6 We operate in a very challenging period for our tenants and residents living in our communities and our business due to the cost of living crisis, which is associated with Brexit, the war in Ukraine and other factors. The impact of a period of high inflation, interest rates and increasing costs presents challenges to our financial plans and household incomes to the people we serve. Our approach to risk will be robust and through the Corporate Risk Register we will manage and mitigate their impact on our Strategic Objectives. We will consider any new or emerging risks affecting our business for inclusion in the Risk Register.
- 1.7 We have set a ‘challenging but achievable’ work programme for 2023-24 to continuously improve against our Strategic Objectives on our Business Plan 2023-26. The involvement of the Management Committee and staff in the development of the Plan ensures it will be owned and we will move forward to ensure Easthall Park is ‘A Great Place to Live’ and we meet the needs, aspirations of our tenants, other customers and key stakeholders.
- 1.8 We will refresh the Business Plan 2023-26 in March 2024 to ensure it remains live, where we will develop an Operational Plan and:
- ✓ Test our Strategic Objectives to ensure they enable us to achieve our Mission, Vision and Values;
 - ✓ Highlight progress in the work programme;
 - ✓ Re-set our annual Delivery Plans and our goals to achieve the Strategic Objectives;
 - ✓ Set out our schedules for the development of policies and procurement of contracts;
 - ✓ Review our Corporate Targets / Key Performance Indicators with the aim of continuous improvement; and
 - ✓ Update the 30 year financial projections to outline our financial viability and sustainability.
- 1.9 The next full review of the Business Plan will be in March 2026 for the period 2026-29.

2. Vision, Mission, Values and Strategic Objectives

2.1 Strategic Direction

The Management Committee and staff developed the Co-operative's strategic direction for 2023-26 through the following:

Vision

Easthall Park - "A Great Place to Live"

Mission

"Providing high quality and affordable housing and responsive services to our tenants and residents".

2.2 Strategic Objectives

We have established 5 Strategic Objectives that reflect our Vision, Values, Mission and overarching aims:

- Strategic Objective 1 - Delivering Excellent Housing Services
- Strategic Objective 2 - Providing Quality Homes in an Attractive Environment
- Strategic Objective 3 - Demonstrating Good Governance
- Strategic Objective 4 - Achieving Strong Financial Management & Best Value for Money
- Strategic Objective 5 - Being More than a Landlord to improve the lives of our tenants and residents.

In section 5 of the Business Plan, 'Strategic Objectives' we will detail the following:

- ✓ An overview of each Strategic Objective; and
- ✓ Key goals and tasks for their achievement;

Through the development of the Delivery Plans to achieve our Strategic Objectives we have assessed:

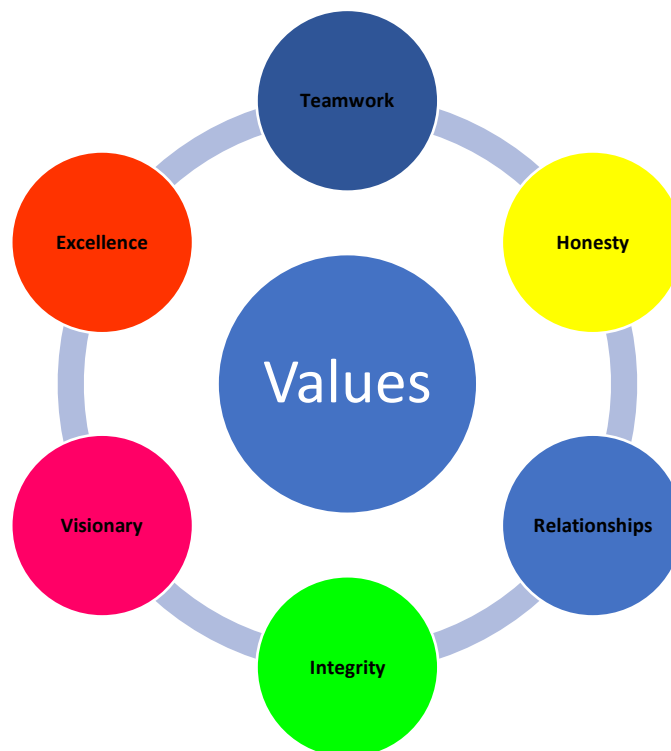
- ✓ The skills, knowledge and abilities we require;
- ✓ The resources we need to achieve our objectives; and
- ✓ The key risks of failing to deliver our work programme.

2.3 Values

We re-set our Values at the planning day and these have been reviewed and agreed by the Management Committee and staff team. Our new Values will inform our approach to achieve our Mission and Strategic Objectives as set out in our Plan.

Through our Values our aim is to **T.H.R.I.V.E** as a business:

- ✓ Teamwork - We will support each other to achieve in our work.
- ✓ Honesty - We will be trustworthy, transparent, and conscientious
- ✓ Relationships - We will have positive relationships with our tenants, colleagues and other stakeholders.
- ✓ Integrity - We will be respectful, responsible and caring.
- ✓ Visionary - We will be forward thinking.
- ✓ Excellence - We will deliver high quality and responsive services and be committed to continuous improvement



3. Easthall Park - Our Customers & Communities

3.1 Evolution of Easthall Park

3.1.1 The Co-operative is registered with the Co-operative and Community Benefit Societies Act 2014, the financial conduct authority, a registered property factor with the Scottish Government and a registered social landlord with the Scottish Housing Regulator.

3.1.2 The Co-operative was formed in 1992 with the main objective to regenerate the Easthall community and improve housing conditions for tenants of Glasgow City Council. The Co-operative secured a transfer of 269 properties from the Council in 1992 and thereafter embarked on a programme of regeneration to redesign and build new homes in the Easthall and Kildermorie communities we now serve. The stock base was extended through the acquisition of properties from Glasgow Housing Association in 2013-14. The Co-operative now owns and manages 749 properties, 694 properties in ownership and provides a factoring management service to 55 owner-occupiers.

3.1.3 The transformation of Easthall and Kildermorie communities and the provision of a local community-based housing co-operative has made a real difference to the quality of lives and living conditions of our tenants, owner-occupiers and their families living in our communities. These achievements have been recognised through an array of accreditations and awards.

3.2 Independent & Community Controlled Co-operative

3.2.1 The Management Committee is extremely proud of the evolution of the Co-operative and its achievements in the last 30 years. The Co-operative provides high quality housing to our tenants and prides itself in the delivery of a local and responsive service to meet the needs and expectations of its tenants and other customers.

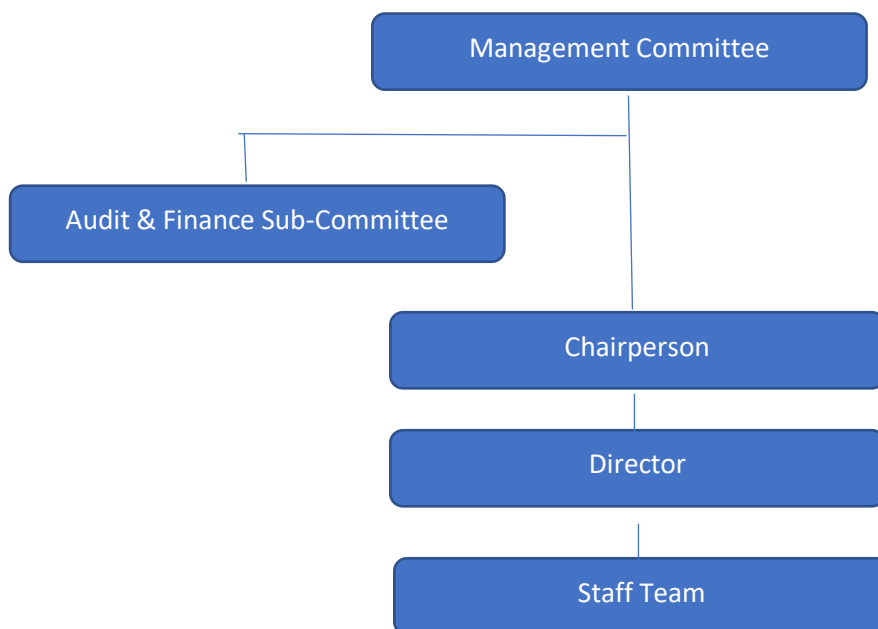
3.2.2 An independent Strategic Options Appraisal was completed by housing sector consultants, Arneil Johnston Ltd to assess the best delivery model for the Co-operative's tenants and other customers in July 2022. They worked closely with the Management Committee and engaged and assessed the views of key stakeholders including our staff, tenants, lenders, auditors and the Scottish Housing Regulator to finalise their report. The outcome of the Options Appraisal was for Easthall Park to 'Stay Independent' and continue to serve its tenants and other customers in the delivery of a local, high quality and responsive housing service in the future.

3.3 Our Governance and Management Structures

3.3.1 The Management Committee as the governing body of the Co-operative has a strategic role to lead and direct the business to achieve good outcomes for our tenants, other customers and key stakeholders. The membership of the Management Committee is mainly tenants of the Co-operative, which is in keeping

with our ethos of being community controlled and status as a fully mutual Co-operative, where full members of the Committee can only be tenants of the Co-operative. There are a number of co-optees on the Committee to provide specific skills, knowledge and experience to enhance the Committee’s capability to govern the Co-operative.

- 3.2.2 There are currently 8 full members and 2 co-options on the Management Committee, therefore 10 members against a maximum membership of 15 members as outlined in our Rules. The Co-operative will undertake a review of its fully mutual status in 2023-24 with the aim to become a housing association and registered charity to enhance its governance of the business and deliver financial benefits and opportunities.
- 3.2.3 The governance structure of the Co-operative as set out in our Standing Orders is as listed:



The Co-operative will undertake a review of its Standing Orders in 2023-24 to ensure it continues to be effective in the governance of Co-operative and to attend to business efficiently and effectively.

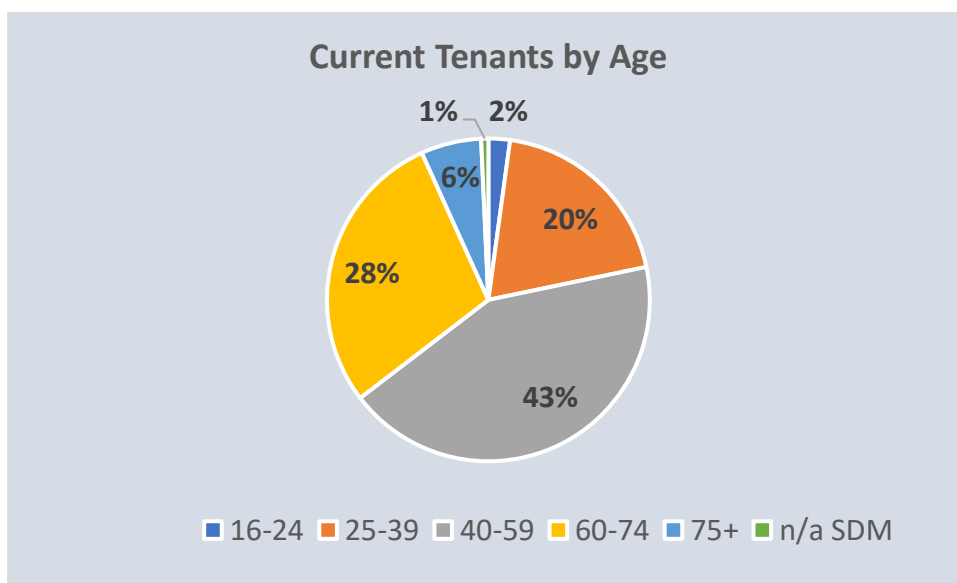
- 3.2.4 The Co-operative has 17 staff working across the Co-operative in governance and business improvement, housing management, maintenance & estate caretaking and finance services. The Co-operative procures the services of FMD Financial Services Ltd to provide finance management services. The Co-operative is currently undertaking a review of the staff structure to ensure it is ‘lean but effective’ and we have the right number of staff, in the right place, and at the right grade to achieve the work programme and make progress against our Strategic Objectives.

3.3 Our Customers

3.3.1 It is essential that we know our tenants and customers to enable us to attend to their needs, wants and aspirations in the development and review of our service and investment plans. We can achieve this through household demographic and ethnic information, coupled with periodic resident surveys of our tenants and owner-occupiers to seek their views and satisfaction levels on our services, their home and neighbourhood, and future plans for investment and regeneration in their communities.

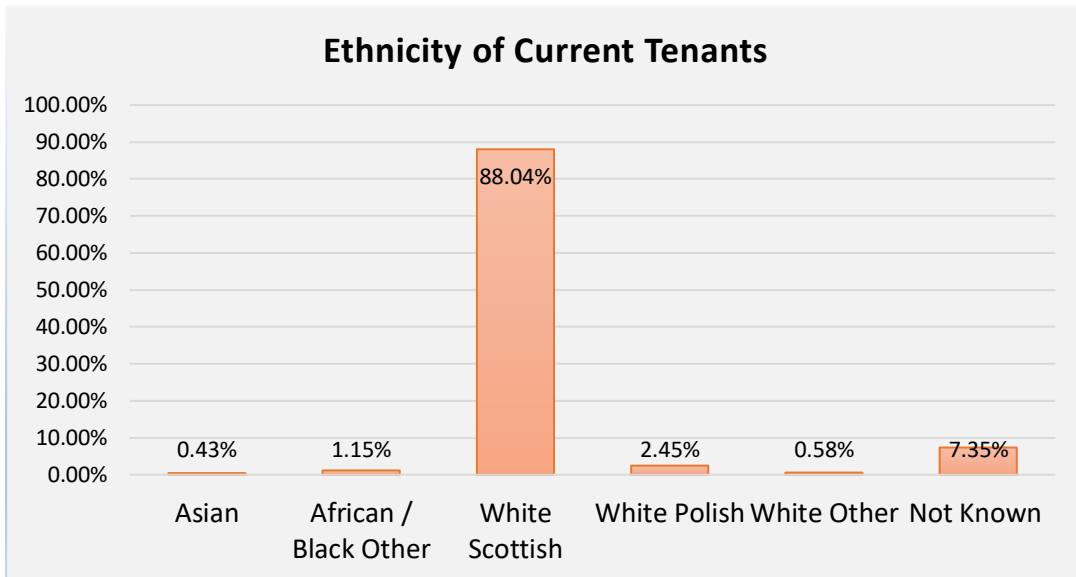
3.3.2 The following charts give us a good insight into the demographic and ethnic profile in our communities;

Age



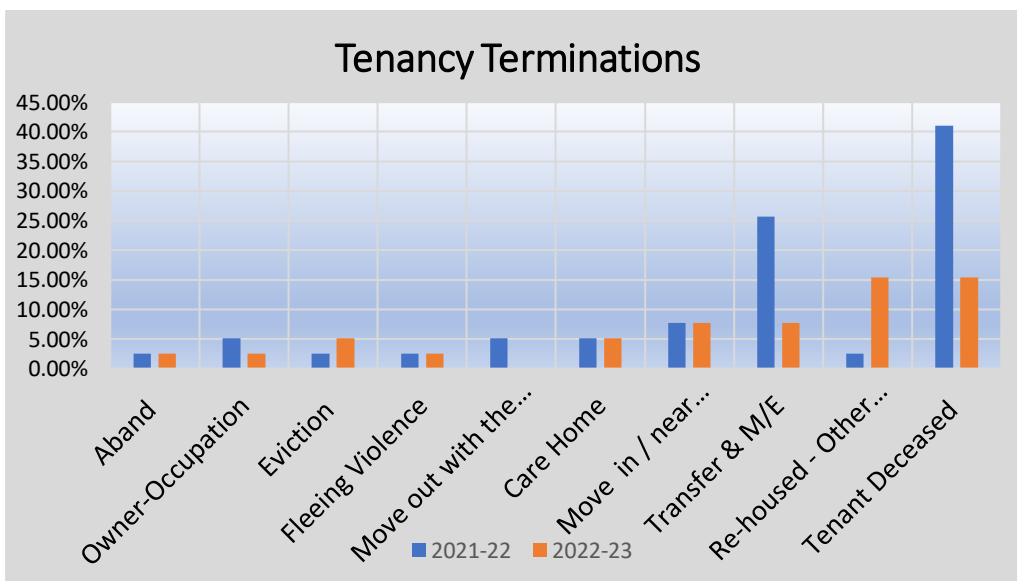
The 'current tenants by age' chart shows 63% of our tenants are aged between 25-59 years of age, 34% are aged over 60 years and only 2% are aged 16-24 years of age. The low number of tenants aged 16-24 years of age is likely to reflect that only 15% of our housing stock is 2 apartment properties, also the low turnover of circa 5% of properties annually does not provide opportunities for people in this age banding to access housing. There is circa 35% of tenants above 60 years of age, which is significantly higher to the population of Glasgow (18.6%) and Scotland (23.2%) – Source Scottish Census 2011.

Ethnicity



This chart on 'ethnicity of current tenants' shows the main ethnic group to be 'white Scottish' population at 88%, which is higher than Glasgow and the national Scottish averages of 79% and 84%, respectively. The impending residents' satisfaction survey will include an equalities assessment to provide an up to date position, which will inform us on the work we need to do to ensure the diversity of our communities are more in keeping with local and national levels, as well as inform the delivery of our services to meet the needs of our communities.

Turnover of Tenancies



In summary of the tenancy terminations data the findings are as listed:

- There were 64 tenancy terminations between 2021-23, 39 (5.62% turnover) in 2021-22 and 25 (3.6% turnover) in 2022-23, which is low;
- 40% of the turnover in 2021-23 was due to tenants moving to a care home (5%) or being deceased (35%). This could be due to age profile of our tenants or may have been due to the covid pandemic, where 40% of turnover in 2021-22 was due to tenants being deceased.
- 25% of terminations in 2021-22 were due to tenants moving either through an internal transfer or mutual exchange, which reduces to normal levels of circa 7% in 2022-23.
- There are generally low levels of turnover for negative reasons for tenancy terminations e.g. abandonment and fleeing violence.
- 15% of terminations in 2022-23 were due to tenants moving to other landlords, which could be due to new build development programmes, also our low turnover where we are unable to provide housing to meet their needs.

Housing Demand

There is a good level of demand for the Co-operative's housing stock as outlined in section 9.4.2, which shows the number of applicants compared to our stock and turnover levels. The Co-operative is a member of the Common Housing Register in Easterhouse, which allows applicants to apply for housing through their landlord or direct to another local housing organisation.

- 3.3.3 Easterhouse is a very deprived area where there are high levels of disadvantage and poverty in its communities. 46% (318) of the Co-operative's tenants require assistance through housing benefit and discretionary housing payments to assist them with their rent payments. We estimate 198 (29%) tenants are in receipt of Universal Credit, with the Co-operative receiving direct payments for 56% (111) of tenants on this benefit. The Department of Working Pensions continues to roll out Universal Credit and this will reduce housing benefit cases and direct benefit payment to the Co-operative, which will likely impact on our housing management team to promote rent payments; to support tenants with benefit matters and to recover non-payment and mitigate arrears and bad debt levels.

3.4 Our Area

- 3.4.1 Easterhouse is one of Glasgow's four peripheral areas based in the north east of the City, It has been transformed by a network of community based and controlled housing organisations which were established in the 1980s and 1990s with the aim to improve housing conditions and regenerate communities previously owned by Glasgow City Council.

- 3.4.2 The Co-operative serves the Easthall and Kildermorie communities in Easterhouse which have been regenerated with new low-density housing, where people live in with safe and well managed communities with low levels of crime and anti-social behaviour, good quality housing and access to local services and amenities to serve their needs. There are still high levels of deprivation, disadvantage and poverty in our communities and across Easterhouse, which requires investment and new services from key agencies, as well as from local and central governments.
- 3.4.3 The Co-operative takes pride in the upkeep and maintenance of our communities through our in-house estate caretaking team. The estate caretaking team are well established and attend to the maintenance of backcourts, common areas, shrub beds, open spaces and the general environment. The estate caretakers' work programme has since their inception in 2013 developed due to our requirements and the reduced service provision by the City Council due to cuts in their services, although there has been no increase in resources. This is a key area for review in the impending review of the staff structure, as well as our wider role and the opportunity to provide work and training placements and employment opportunities to people in our communities.
- 3.4.4 The Scottish Government's Indices of Multiple Deprivation (S.I.M.D) outlines the deprivation of communities across Scotland. The S.I.M.D calculates deprivation based on a range of factors including income, employment, health, education, housing and crime. The chart below details the datazones covering our communities and deprivation score in the above factors and the overall position:

Datazone	Total Pop.	Overall SIMD 2020 Rank	Overall SIMD 2020 %	Income %	Employment %	Health %	Education %	Access %	Crime %	Housing %
S01010121	594	47	0.67%	59 (0.84%)	144 (2.06%)	46 (0.65%)	41 (0.58%)	2820 (40.4%)	2347 (33.6%)	469 (6.72%)
S01010119	542	465	6.66%	647 (9.27%)	557 (7.98%)	252 (3.6%)	384 (5.05%)	1326 (19%)	3574 (51%)	1107 (16%)
S01010122	511	5	0.07%	17 (0.24%)	15 (0.2%)	9 (0.1%)	54 (0.8%)	5325 (76%)	65 (0.9%)	4475 (64%)
TOTAL	1647									

Key: Red – Within 5% most deprived; Amber is 5-15% most deprived; Black is 15%=most deprived in Scotland

Source: Scottish Government S.I.M.D 2022

- 3.4.5 The deprivation position in Easthall and Kildermorie communities is alarming and supports the work of the Co-operative and its key partner, Easthall Residents Association to maximise resources in wider role with the aim to improve the quality of lives and opportunities of residents living in our communities. The Co-operative has a clear objective to be 'More than a Landlord' and has to focus on initiatives that:

- Maximise income including the uptake of personal and housing benefit;
- Improve educational attainment and work and training opportunities to enhance the employment prospects of our tenants and their families; and
- Create initiatives to improve the health and well-being of our tenants and their families.

3.5 Tenant satisfaction & expectations

3.5.1 Tenant satisfaction for the Co-operative was 89.6% at the last residents' satisfaction survey (RSS) in 2019, which compares favourably to the Scottish average of 87.7% in 2021-22.

3.5.2 Summary of key findings of the RSS 2019 are:

- **90%** (95%) were satisfied with our overall service;
- **75%** (78%) of tenants said the rent was good value for money;
- **96%** (99%) of tenants surveyed were satisfied with the opportunities to participate;
- **93%** (99%) of tenants were satisfied with the quality of their home
- **88%** (97%) of tenants surveyed were satisfied with the last repair to their home
- **92%** (98%) of tenants surveyed were satisfied with our management of the neighbourhood

() denotes 2016 survey results

3.5.3 There was a reduction in the levels of tenant satisfaction between 2016 and 2019 and specific areas of focus were:

- Listening to our tenants on how we can improve their views on the rent being value for money;
- Improving our repairs service, where the satisfaction reduced from 97% in 2016 to 85% in 2019.
- Learning more on how we can improve our management of the neighbourhood, where the satisfaction was 92% in 2019 against 98% in 2016.

3.5.4 It has been a challenging period since the last RSS with the:

- Covid 19 pandemic and reduced services associated with Scottish Government guidance e.g. remote working, service arrangements and limitation on repairs services i.e. emergency repairs only, etc;
- Delay in planned major repairs to our tenants' homes, where there have been no component replacements since 2018-19;
- significant change in the management and staffing in the Co-operative; and
- challenges in the delivery of key services e.g. repairs with the change of contractors due to the termination of the Turners' contract and a gap in the provision of welfare rights services.

3.5.5 The findings of the impending Residents Satisfaction Survey will be reported to the Management Committee in May 2023, with fieldwork and surveys of 50% of our tenants (347) and owner-occupiers (28) scheduled for completion in April 2023.

3.5.6 We recognise we need to continuously improve our service, our tenants' homes and how we engage with our tenants and other customers to achieve their expectations, which will in turn deliver improved satisfaction ratings.

4.0 Strategic Analysis

- 4.1 Brian Hutcheson, Class One Consulting facilitated a business planning day attended by the Management Committee and full staff team on 11 November 2022 in the Corinthian, Ingram Street, Glasgow. The focus for this event was to review the Co-operative's Vision, Mission, Values and Strategic Objectives to commence a full review of the Business Plan 2023-26.
- 4.2 The Co-operative last reviewed its Business Plan in 2021 for the period 2021-24. The full review of the Business Plan has been brought forward as a new beginning for the Co-operative following the completion of the Strategic Options Appraisal in July 2022, as well as to be clear on our strategic direction to inform the review of the staff structure. The development of the new Plan is pivotal to the review of the staff structure, where we will set a structure to ensure we have the right staff, in the right place and at the right grade to facilitate the achievement of the work programme and the Strategic Objectives
- 4.3 A key task during the planning day was to establish our operating environment and this was achieved through the development of the following business planning exercises:
- A S.W.O.T analysis (Strengths, Weaknesses, Opportunities & Threats);
 - A P.E.S.T.L.E. assessment (Political, Economic, Social, technological, Legal & Environmental); and
 - An exercise on what the Co-operative should Start; Stop; Consider; and Continue and Improve (S.S.C.C&I) in the development of our work programme.
- 4.4 Appendix 1 lists the S.W.O.T, P.E.S.T.L.E and the S.S.C.C&I and this section of the Plan will give an overview of the key factors and considerations in our work and our organisation to inform the work programme.
- 4.5 P.E.S.T.L.E
- 4.5.1 The P.E.S.T.L.E provides an environmental assessment of a range of factors that impact on our organisation as a registered social landlord, these include:
- a) Cost of Living Crisis
- The cost of living crisis is a direct result of Brexit, Ukraine war and the energy crisis, which has seen high inflation and costs for food, energy, fuel, etc. Households have been hit hard where benefits and wages have not kept pace with inflation resulting in more extreme poverty and disadvantage in the most deprived communities in Scotland.
- The Co-operative was successful with applications for funding to the Scottish Federation of Housing Associations and the Big Lottery in 2022-23, which secured circa £120,000 to help our tenants with food and energy costs. We continue to work

closely with Easthall Residents Association to mitigate the impact of the Cost of Living Crisis through pursuing funding opportunities, providing services and activities; and delivering employment and training opportunities to help people secure sustainable jobs, which is main route out of poverty.

b) Regulatory Engagement

The Scottish Housing Regulator regulates the social housing sector (housing associations, co-operatives and local authorities) to achieve its primary objective of “safeguarding the interests of tenants, people who are homeless and others who use social landlords’ services”.

The social housing landscape continues to change with an increasing number of mergers and transfer of engagements between landlords in the social housing sector. Many of these mergers have been as a direct result of regulatory engagement due to shortcomings in associations’ governance or financial management.

The Co-operative undertook an independent Strategic Options Appraisal in 2022-23 to assess the best delivery model for our tenants and other customers and the outcome was to ‘stay independent’. This coupled with good compliance against Regulatory Standards as evidenced in our self assessment of our Annual Assurance Statement (AAS) 2022 puts the Co-operative in a good place. The Co-operative will procure an independent assessment of our compliance against Regulatory Standards in 2024-25 to inform the AAS 2024.

c) Economy

The Co-operates needs to operate prudently and creatively in our work and services to mitigate the impact and maximise opportunities associated with the economy. We are seeing a sustained period of higher inflation and interest rates; a shortage of labour; higher costs for services, materials, supplies; and public sector cuts in funding and services affecting our tenants and communities.

We will undertake the following to sustain our business to operate within a volatile economy:

- Develop a best value strategy with the aim to achieve best value for money in our work and delivery of our services;
- Invest our cash reserves to take advantage of high interest accounts;
- Procure work, services and supplies’ contracts through PCS and maximising the opportunities and savings through procurement frameworks e.g. Scotland Excel;
- Pursue funding to achieve our objective to be ‘More than a Landlord’ and improve our tenants’ quality of lives; and

- Consider further developing in-house services with the aim to achieve best value in the delivery of our work and services.

e) Climate Change

The Scottish Government has set an ambitious target to achieve net zero carbon emissions by 2050. The Scottish Government’s Energy Efficiency Standards in Social Housing (EESH) were initially established in 2014 for achievement by March 2020.

The Co-operative has achieved EESH and due to the energy efficiency ratings of our properties. There are currently 19% of properties with an EPC Band B rating and 80% with mainly an EPC Band C rating as listed in the chart

A	B	C	D	E	F	G
0	130 (19%)	554 (80%)	4 (0.5%)	0	0	0

() denotes % of overall housing stock

EESH 2 requires all social landlords to strive to achieve an EPC Band B rating by December 2032. The Scottish Housing Regulator has set an interim target of an EPC Band D rating by 2025.

The Co-operative has achieved the EPC Band D rating and will need to develop a plan to deliver energy efficiency improvements to achieve the EPC Band B rating by 2032. This will be a key area of assessment in the stock condition survey scheduled for 2023-24, although it will require to take account of guidance and funding support awaited from the Scottish Government to achieve this goal.

f) Digital Inclusion & IT Systems

The business world has significantly changed in the last decade, in particular due to the Covid 19 pandemic, where more people want to use on-line services through a range of IT and mobile devices to do their business. The Co-operative is aware of a change in tenants and our customers’ contact with our office and engagement with our staff , in particular through e-mails and phone calls.

We need to develop a digital inclusion strategy to inform how we can provide more modern communication arrangements, which make it easier and more flexible for our tenants and other customers in their dealings with us, whilst making our business more efficient and cost effective.

The Co-operative has recently had a significant increase in subscription costs for our housing software system, SDM Housing, which is seen to have a basic operating system and features compared to market competitors. We will commence a review of the SDM housing software system in 2023-24 to ensure its contributes to business efficacy and best value for money.

g) Deprivation

The Scottish Government measures deprivation across Scotland through the Scottish Indices of Multiple Deprivation, which ranks deprivation based in key areas i.e. income, crime, employment, health, education and skills in communities (Data zones). There are 6,976 data zones in Scotland.

All data zones covering Easterhouse are within the worst 10% most deprived, although the majority are within the worst 5%. Data zone SO1010122 covers part of the Kildermorie area and it is 5th most deprived community in Scotland, with an alarming position on Income – 17 (0.2%); Employment – 15 (0.2%); Health -9 (0.1%); and Education & Skills – 54 (0.7%). It is clearly evident that this community is well within the lowest 1% most deprived in Scotland and requires funding, support and services to improve residents' quality of lives.

The deprivation levels in Easterhouse and within our communities clearly demonstrate our objective to be 'More than a Landlord'. We require to allocate time and resources to wider role activities and working with our partners e.g. ERA, EHRA to maximise funding to mitigate deprivation in our communities.

g) Partnership Working / Shared Services

A key outcome of the Strategic Options Appraisal process was for the Co-operative to develop partnerships and share services in effort to achieve best value for money.

The Co-operative operates within the Easterhouse Regeneration Alliance (EHRA), where members are other housing associations operating in the Easterhouse area. The Director will discuss opportunities for partnership and shared services with the members of EHRA.

4.6 S.W.O.T

4.6.1 The S.W.O.T analysis is an assessment of the internal operation of the business, where our aim is to build on our strengths; tackle our weaknesses; maximise opportunities and mitigate threats.

a) Governance

The Co-operative has experienced challenges in organisational matters and its governance in recent years and this increased the engagement with the Scottish Housing Regulator. The Management Committee has worked through this challenging period and they have become more resilient, knowledgeable, skilled and effective to govern the Co-operative. The governance of the Co-operative has been enhanced by the appointment of senior executives operating in the housing sector

as co-optees on the Committee, as well as support and close working with sector consultants and the Scottish Housing Regulator.

The governance has been enhanced by effective leadership of the Co-operative by the Management Committee and Senior Management Team; the development of key strategic documents e.g. Operational Plan, Corporate Risk Register, Financial Plans; and improved systems of internal control. The Co-operative reviewed its Annual Assurance Statement (AAS) in 2022 and is compliant with the Scottish Housing Regulator's Regulatory Framework and Regulatory Standards of Governance & Financial Management.

The Management Committee are committed to continuing to strengthen the governance of the Co-operative, where they:

- Are committed to a programme of training and development, which is mainly delivered through an annual mini-conference event;
- To review the Co-operative's fully mutual status to become a housing association which will improve the capacity and capability of the Committee to lead and direct the organisation; and
- Will implement the AAS Action Plan to strengthen compliance and governance arrangements to achieve the Regulatory Framework and Regulatory Standards for Governance and Financial Management, which will have a positive impact on the AAS 2023.

b) Financial Position

The Co-operative has a good financial position with circa £3.2m in the bank or on deposit in high interest accounts. We recognise the challenges associated with high inflation, where we are unable to sustain below inflationary rent increase, whilst we have to continue to manage, maintain and invest in the housing stock.

We are financially viable and sustainable in the short, medium and long term, although we are aware of associated risks such as: reduced income due to the cost of living crisis and roll out of the UK Government's welfare reforms; the impact of increased costs of works and services e.g. maintenance labour and materials; and compliance with our loan covenants.

c) Staff

The Co-operative has an experienced staff team, although there has been a high turnover of staff, where the majority of staff have been appointed in recent years. As a result of the period of strategic review, specifically the strategic options appraisal and staff structure there are a number of staff on temporary contracts or appointed through recruitment agencies. The review of the staff structure

commenced in January 2023 and the Management Committee will finalise the new staff structure in August 2023.

Staff absence / attendance will always feature on a swot analysis and in recent years it has had an impact on our service and finances, in particular the cost to cover posts vacated through staff turnover or staff on long term sickness absence through recruitment agencies or consultants.

d) Community

The Co-operative is a community-based housing organisation and our key strengths are that we are local, accessible, and managed mainly by local tenants who have a strong awareness of our tenants and residents' needs, wants and aspirations from their housing service. Our communities in Easthall and Kildermorie are stable with high demand and low turnover of properties, low levels of anti-social behaviour and the local environment is well maintained by our estate caretaking service.

The Co-operative is committed to engaging with our tenants and other residents to hear their views and inform our work and service priorities. We will strengthen our engagement, build relationships and encourage participation with tenants and residents through the following:

- Complete an independent residents' satisfaction survey to gather views and satisfaction levels on our services;
- Continue to work with and support the Residents Panel, which was re-established in 2021; and
- Commence a visit to each tenant in their home to update our records, provide information on our services and listen to their views on how we can improve to meet their needs.

e) Factoring Services

There are 55 factored owners in our housing stock and communities and we recognise that our factoring service is an area for improvement.

We commenced a review of factoring service in 2022-23 where we now operate the factoring module within our housing software system, SDM Housing. This system will improve identifying owners' payments for common repairs, invoicing arrangements and arrears recovery.

The factoring service was previously managed by our finance department, although through this review the housing management and maintenance will now attend to key tasks in the delivery of the factoring service e.g. customer engagement and service, arrears recovery, notification of cyclical and planned major common repairs work, and other general administrative tasks.

We recharge owner-occupiers a management fee for management and administrative tasks associated with their property, as well as recharge estate service works for common maintenance works e.g. close cleaning, backcourt maintenance, garden maintenance, etc. We will undertake a review of these charges to ensure they accurately reflect the time and costs we incur to deliver services to factored owner-occupiers.

f) Maintenance Services

The repair and maintenance of our tenants' homes is a key service in the Co-operative's work and its success or otherwise will inform tenants' satisfaction with the Co-operative and the value for money of their rent.

In 2021 our maintenance contractor, Turners terminated their contract as they were exiting the social housing sector. This was a very challenging period for the Co-operative due to the limited supply of multi-trades contractors operating in the sector or seeking new contracts to grow their business.

The Co-operative is working with existing and new local contractors in the delivery of our re-active repairs service and to attend to works in empty properties. There have been teething problems whilst we develop the relationship with new contractors and ensure we can attend to repairs timeously to achieve our service performance targets and meet our tenants expectations for the service. 90% of our tenants continue to be satisfied with the repairs attended to our home in the year, which is mainly due to the quality of work by our network of contractors. We do recognise the need to work with our contractors to co-ordinate jobs and ensure they are attended to on time.

A key objective for the Co-operative is to commence a programme of planned major repairs and improve our tenants' homes, which has been affected due to under investment in the housing stock; delay due to Covid 19 and government guidelines; and challenges in the procurement of a maintenance contractor in 2022-23. Any further delay will further compromise the quality of our housing stock; reduce tenant satisfaction; and have a negative impact on re-active repairs.

We will conduct a stock condition survey in 2023-24 of our tenants' homes and the common fabric of our properties, which will improve our knowledge of the housing stock and inform the development of a new investment plan to continually improve our housing stock. The stock condition survey and investment plan will be integral to the development of an Asset Management Strategy in 2024-25, which will also take into account of updated guidance by the Scottish Housing Regulator.

g) Environmental Services

The backcourts, common areas, open spaces and the general environment of the Co-operative's housing stock and communities in Easthall and Kildermorie communities are well maintained through the work of the Co-operative's Estate Caretaking Service. This has become more challenging over the years as more has been expected of this service due to a reduction in environmental services by Glasgow City Council. The Council due mainly to budget cuts has withdrawn or scaled back services such as open space maintenance, garden maintenance services for elderly and infirm tenants and bulk removal.

Our in-house Estate Caretaking Service was established in 2013 and we have continually asked them to do more to keep our communities well maintained, whilst there has been no increase in our resources. A report was prepared on our Estate Caretaking Service by the Co-operative's Maintenance Manager in September 2022, which recognised the increased workload of the service. It highlighted the need for more resources and this will be considered in the staff structure scheduled for completion in 2023-24.

The Co-operative has provided work and training placements to secondary school pupils and unemployed people, which gives them skills knowledge and training to access and maintain employment opportunities. The added benefits to this initiative are the additional resources to meet our service obligations and secondly an enhanced service to our tenants and residents, where they live in well-maintained communities they can be proud to call home.

5.0 Strategic Objectives / Delivery Plans / Work Schedules

5.1 The Management Committee has set five Strategic Objectives in the Business Plan 2023-26, they are:

- Strategic Objective 1 - Delivering Excellent Housing Services.
- Strategic Objective 2 - Providing Quality Homes in an Attractive Environment.
- Strategic Objective 3 - Demonstrating Good Governance.
- Strategic Objective 4 - Achieving Strong Financial Management & Best Value for Money.
- Strategic Objective 5 - Being 'More than a Landlord' to improve the lives of our tenants and residents.

5.2 To inform the work programme to achieve the Strategic Objectives the Senior Management Team (S.M.T) has developed Delivery Plans, which are S.M.A.R.T, specifically:

- Specific - There is a sub-objective to achieve the Strategic Objective;
- Measurable - We will identify outputs to achieve the sub-objective and detail the outcomes we aim to achieve;
- Achievable - We will assess the abilities, skills, knowledge and resources we require to complete the outputs and achieve the sub-objective;
- Realistic - We will identify the risks that could materialise if we do not achieve the sub-objective; and
- Timebound - We will set 'challenging but achievable' timescales for the completion of key tasks by members of the staff team.

The Director met with the Management Committee at a training and development session in February 2023 to inform the Delivery Plan to achieve the Strategic Objective of 'Demonstrating Good Governance'.

5.3 The Delivery Plans are listed in appendix C ii of this Plan. The Director in conjunction with the S.M.T have identified the key outputs and goals we feel we **must** achieve in 2023-24 to sustain our business and improve our service to our tenants and other customers. These tasks have been **bolded black** to show their importance and the 'fall back' position in the event of any new or emerging risk, opportunities or work commitments with greater significance on our business.

5.4 There will be a strategic leader for each Strategic Objective by members of the S.M.T and they will be accountable for the achievement of the key outputs and tasks listed in their Delivery Plans. In each year of the Plan the S.M.T will develop Delivery Plans to further strengthen our work and services to achieve the Strategic Objectives.

- 5.5 The Director will present a quarterly report on progress of the work programme to the Management Committee to account for performance and progress.
- 5.6 This section of the Plan outlines the key areas and goals in each Strategic Objective, which will inform the achievement of our Mission:

Strategic Objective 1 - Delivering Excellent Housing Services

Our housing service is stable, performs well and provides good customer service across an array of tasks in maximising income and the management of tenancies and our estate. Income maximisation is essential to sustain services and to maintain our investment strategy. A key focus is to keep rents affordable for our tenants and viable to the business. We will take account of the cost of living crisis and increased levels of poverty and hardship in our work and support to tenants and factored owner-occupiers.

Customer engagement is a priority to enable our tenants and other customers to participate in our work and service to further strengthen the delivery of services to meet their needs, wants and expectations. We know we need to build relationships with tenants and other stakeholders post the pandemic and to listen and gather their views to inform our work and future plans for the housing service.

The Co-operative provides a factoring management service to 55 owner-occupiers, which has been restructured with the housing management team having a lead role in the strategic and operational delivery of this service. We recognise we need to improve our service to factored owners, specifically to communicate our respective responsibilities, engagement on repairs and future improvements and the quality and coverage of invoicing for factoring services.

Our key areas of focus and tasks we aim to complete in 2023-24 are as listed:

1. Maximise the Co-operative's Income by

- i. Developing a rent campaign to promote to tenants the importance of paying their rent and encourage engagement if they are experiencing hardship or other challenges.
- ii. Creating a Welfare Reform Action Plan to identify key challenges and opportunities to support our tenants through the housing team and our new welfare rights service.
- iii. Establishing a Void Policy Action Plan to improve the efficiency of the void procedure.
- iv. Reviewing the Arrears Policy with a focus on income maximisation and empowering staff to achieve set outcomes..

2. Maximise Tenancy Sustainment and Support by:

- i. Developing a Tenant Participation and Sustainment Policy
- ii. Sourcing external support services for vulnerable tenants to support them with challenges in their lives.

- iii. Commencing a programme of house visits to tenants, specifically to update our records, promote our services, and listen to any support or assistance they require.
 - iv. Conducting surveys to gather information to improving our knowledge of the demographic and ethnic profile of our tenants to inform our work and services.
- 3. Develop Resident Engagement & Participation by :**
- i. Strengthening the Residents Engagement Panel through increasing the membership and convening a minimum of 4 meetings in the year.
 - ii. Publishing the findings of the Residents Satisfaction Survey and our action plan to improve in our work and services to meet the expectations of our tenants and other customers.
- 4. Improving our Factoring Management Service by:**
- i. Conducting a review of the Management Fee and Estate Service Re-charge to ensure they cover our costs for administration and estate services to owner-occupiers.
 - ii. To strengthen our knowledge of the Written Statement of Services and highlight areas for improvement and review in consultation with owner-occupiers.
 - iii. Implementing the factoring module on the SDM Housing system to improve our communication, invoicing and arrears recovery processes.
- 5. Improve the effectiveness and efficiency of the Allocations and Void processes by:**
- i. Conducting a review of our membership of the Common Housing Register to assess its effectiveness and contributes to best value for money.
 - ii. Assessment of MAPPA arrangements in the allocation process.
- 6. Improve the management of the estate and anti-social behaviour by:**
- i. Developing a Neighbourhood Action Plan aimed at further improving our management, upkeep, and maintenance of our communities by our in-house estate caretaking service and other contractors and agencies.
 - ii. Review our partnership working opportunities with other agencies to support our tenants and maintenance of our communities.

Strategic Objective 2 - Providing Quality Homes in an Attractive Environment

The maintenance and improvement of our properties and our tenants' homes is a key objective to continuously improve our tenants' living conditions and strengthen our compliance, financial viability and sustainability. The quality of our housing stock and repairs service will inform tenants' views on whether rent levels represent good value for money and contribute towards tenancy sustainment with high demand and low turnover of properties.

The Co-operative has experienced challenges in the turnover of maintenance contractors and staff in delivery of the maintenance service in the last year. These challenges have included changing from a multi-trade contractor to a network of mainly local contractors, which has impacted on our resources to manage contracts, co-ordinate works and attend to administrative arrangements.

We will refresh our stock condition information through a survey in the year to inform a new investment plan beyond April 2024, which will contribute towards the development of 30 year financial plans and a review of the Asset Management Strategy. There has also been slippage in the major repair programme due in part to the Covid pandemic and other factors. A key priority is to commence a programme of improvements in 2023-24.

It is essential in the delivery of our maintenance service we ensure compliance in Landlord Safety. Our aim is to further strengthen our compliance in electrical and fire safety, as well as the management of communal water systems to prevent legionella.

Our key areas of focus and tasks we aim to complete in 2023-24 are as listed:

1. Deliver a programme of improvements to our tenants' homes by :

- i. The Installation of the following improvement works:
 - 52 new kitchens
 - 32 new bathrooms
 - 13 new central heating boilers
 - 24 new patio doors
- ii. Developing proposals for the improvement of former GHA tenement properties to inform a report to the Management Committee on ventilation systems and new veranda screens.

2. Developing an Investment Strategy 2024-29 by

- i. Procuring a company to undertake a stock condition survey on the quality of our housing stock and expected lifecycles of property components;
- ii. Develop an Investment Strategy based on the findings of the stock condition survey and consultation with our tenants.

3. Deliver a programme of safety inspections and essential servicing to our tenants' homes by:

- i. Commissioning an external company to undertake a 10% audit of servicing by our gas contractor.
- ii. Strengthening compliance with electrical safety through maintaining a programme of electrical tests; attending to non-emergency repairs in completed inspections; and action abeyances due to tenant no-access.
- iii. Undertaking a fire risk assessment of each tenement close to inform the development of a fire risk action plan.
- iv. Inspecting 11 tenement closes with communal water tanks and instruct remedial and cleaning works as required.

- v. Considering the conversion of the 11 closes to mains water supply to eradicate any possibility of legionella in the water supply.
- vi. Instructing roof anchor inspections and certifications.

4. Deliver an efficient and effective re-active repairs service by:

- i. Review the effectiveness of our network of contractors in the delivery of re-active and void repairs with a specific focus on service performance, tenant satisfaction and best value for money.
- ii. Considering the creation of an in-house handyperson to attend to minor repairs and contribute towards best value for money.
- iii. Procuring key contracts in the year:
 - Out of hours contract.
 - Gas servicing contract.
 - Re-active repair contracts.
 - Multi-trade contractor for void works.

5. Ensure our In-House Caretaking Service upkeep and maintain the area to meet tenants' expectations by:

- i. Creating seasonal work plans to achieve our service obligations in the upkeep and maintenance of common areas, backcourts, open spaces and the local environment:
- ii. Developing the skills and knowledge of our estate caretakers to acquire certification for pesticide spraying and tree felling.
- iii. Maximising the resources of the Estate Caretaking (EC) service to ensure a high quality service, specifically:
 - Considering the creation of seasonal appointments of apprenticeships in the EC team;
 - Pursuing funding to provide work and training placements in our EC Team
- iii. Considering the purchase of a replacement van in the year to improve the efficacy of the EC service

Strategic Objective 3 - Demonstrating Good Governance

Delivering good governance is essential to be a successful business and to ensure compliance with the Scottish Housing Regulator's (SHR) Regulatory Framework and Regulatory Standards, where there is strong leadership, effective stewardship, a positive culture and achievement of good outcomes for our stakeholders.

The Co-operative has good compliance with the SHR's Regulatory Framework and Regulatory Standards of Governance and Financial Management, which is evidenced through a robust evidence bank to inform our Annual Assurance Statement. The governance of the Co-operative has significantly improved following a period of engagement with the SHR due to organisational matters and weaknesses in our governance arrangements.

The Co-operative is progressing through a period of strategic review, through an independent strategic options appraisal where the outcome was to 'stay independent; the appointment of a new Director; and the commencement of a full review of the staff structure. The Management Committee has also decided to review its fully mutual status with the aim to become a housing association and registered charity to further strengthen its governance, which will attract other stakeholders and people with particular skills and knowledge to enhance the capability of the Committee to lead and direct the organisation.

There has been greater stability in the staff team following a period of high turnover, which will be further enhanced following the completion of the staff structure review. A key aim will be develop our new staff team to excel to ensure they have the skills, knowledge and experience to achieve the work programme and deliver a high quality and responsive service to meet the expectations of our stakeholders.

Our key areas of focus and tasks we aim to complete in 2023-24 are as listed:

- 1. To improve our relationships and communication with key stakeholders by:**
 - i. Building relationships with our tenants and other customers through a programme of home visits and encouraging participation in our work and structures;
 - ii. Convening meetings with key stakeholders e.g. SHR, lenders and auditors.
 - iii. To communicate with our tenants on the:
 - Business Plan 2023-26.
 - Findings of the Residents Satisfaction Survey
 - Proposed Investment Plan 2024-29.

- 2. Review the Co-operative's Staff Structure by:**
 - i. Reporting to the Management Committee on the staff structure:
 - To seek 'in principle' agreement to inform consultation with staff and others e.g. Unite the Union.
 - To seek approval of the final staff structure.

- 3. To become a Housing Association and a Registered Charity to strengthen governance and secure financial benefits by;**
 - i. Consulting with the membership and other key stakeholders on the proposed change to become a housing association and register charity.
 - ii. Reporting to the Management Committee on the outcome of the consultation process and draft Rules to inform their decision on whether to progress with the change of status.
 - iii. Convening a Special General Meeting to seek approval of the members for the change of status, thereafter, if approved register and notify key stakeholders i.e. Financial Conduct Authority and the SHR.

4. To develop our people to excel by:

- i. Completing annual performance reviews for Committee and staff members and developing and implementing training plans.
- ii. To undertake a staff survey to assess the views and satisfaction levels of the staff team.

5. Strengthen our management of the ICT contract and systems to achieve business improvement by:

- i. improving our ICT systems through: achievement of cyber essentials; stress testing our ICT systems; implementing Office 365 and the SDM planned maintenance module.
- ii. Developing ICT Asset and Investment Plans to inform our renewal of ICT hardware in the workplace.
- iii. Progress a review of our housing software provider, which is currently SDM to ensure we have the best system to deliver business efficacy and value for money.

Strategic Objective 4 - Achieving Strong Financial Management & Best Value for Money

The Co-operative aims to further strengthen its financial performance and refine financial plans to demonstrate our viability and sustainability in the short, medium and long term. There are a number of key strategic tasks which will inform our financial viability and be taken into account in the review of our 30 year financial plan in 2023-24, these are: the completion of the staff structure review, the development of a new investment plans based on the stock condition survey, and the strategy to improve financial performance.

The finance department has been restructured in 2022-23, where our finance agent, FMD Financial Services Ltd (FMD) supports a Finance Officer to attend to strategic and operational tasks in the delivery of the finance function.

FMD has developed 5 / 30 financial plans for 2023 onwards and the projections demonstrate the viability and sustainability throughout the term. There is a prudent approach and assumptions in our proposed rent increases of CPI plus 1% to 2033, inflationary increases for management and maintenance costs, and bad debt provision. The majority of the Co-operative's loans of circa £5.6m, as at 31 March 2023, are on fixed rates and are more comparable to current interest rates levels. FMD has undertaken sensitivity analysis based on rent levels, higher repair and bad debts, and reductions in rental income and the business continues to be financial viable. The plan has not taken into account the impact of compliance of EESSH2 as information is awaited from the Scottish Government on guidance and any grant support to the sector.

Our key areas of focus and tasks we aim to complete in 2023-24 are as listed:

1. Achieve legislative, regulatory and contractual deadlines in the submission of financial information by :

- i. Achieving set deadlines for the submission of financial documents to the SHR:
 - Annual Accounts
 - Five Year Financial Projections
 - Loan Portfolio
- ii. Ensure compliance in submission of financial information to other key stakeholders e.g. FCA, HMRC, Lenders

2. Improve the recording of factoring financial information

- i. Issue factoring invoices on a quarterly basis in accordance with the Written Statement of Services.
- ii. Implement the factoring module on SDM to ensure greater efficiency in the invoicing process, particularly common repairs
- iii. Undertake an audit of common re-charges through new invoicing arrangements.

3. To improve and maximise our use of the SDM functionality

- i. To consider a range of improvements to maximise the use of the SDM system in the finance function. E.g.
 - Batch imports & exports
 - Customised journals
 - Auto postings
 - Budget and variance reports
 - Spreadsheet links
 - Bank statements & reconciliations
 - Inquisitor / SQL & ODBC reporting

4. Maximise Treasury Management Opportunities by:

- Increasing income by way of interest receipts and measured against the budget at the year end
- Investing our cash reserves to generate income through high interest accounts
- Reviewing our Treasury Management Policy.

5. To review and strengthen our financial position and resources to manage the finance function by:

- i. Conducting a review with Easthall Residents Association on the best delivery option to attend to their finance needs and obligations;
- ii. Reviewing the coding list based on the annual budget to inform the payment of invoices and management of budgets by the SMT.
- iii. Developing a strategy to improve financial performance and comparability with peer and neighbouring RSLs
- iv. Considering whether payroll arrangements can be undertaken in-house.

- v. Developing a Best Value Policy and Action Plan to contribute towards greater financial viability.

Strategic Objective 5 - Being More than a Landlord to improve the lives of our tenants and residents

The Easthall and Kildermorie communities served by the Co-operative are broadly within the worst 5% most deprived in Scotland, specifically they have high levels of poverty, unemployment, health inequality and low educational attainment. This supports a key objective to be 'More than a Landlord', where we will work closely with our strategic partner in wider role services, Easthall Residents Association to pursue funding, deliver services and provide opportunities to tackle the key factors of deprivation with the aim to improve the lives and opportunities of our tenants and residents.

Our key areas of focus and tasks we aim to complete in 2023-24 are as listed:

1. To continue to be 'More than a Landlord' by :

- i. Pursue funding in partnership with ERA and other partners for the following:
 - Employment & Training opportunities
 - To mitigate the cost of living e.g. food, fuel
 - Community initiatives and services

5.7 A key priority in our work is the development and review of policies to inform our work and services; ensure compliance with legislative and regulatory regulations and good practice guidance; and to guide our staff in their delivery. Appendix C iii outlines the programme for the review of policies by each department in the Co-operative.

5.8 The Co-operative will ensure compliance with procurement legislation and the provisions of our Procurement Policy through the implementation of a Procurement Strategy (appendix C iii) and tendering of work, service and supplies contracts in 2023-24. The tendering of these contracts has been informed through the development of a Contracts Register and is based on current contract arrangements and values.

6.0 Our Performance

- 6.1 A key aim of the plan is to continuously improve in our work and service, which requires up to set corporate targets and key performance indicators (KPIs) to assess, compare and report performance outcomes. The performance and progress against our corporate targets and KPIs will enable the Management Committee to constructively challenge THE Senior Management Team to facilitate action and improvement.
- 6.2 Our management and monitoring of Corporate Targets and KPIs will be in addition to the performance and statistical information submitted in the Annual Return on the Charter (ARC) to the Scottish Housing Regulator (SHR) in May of each year. The ARC data will take into account the technical guidance provided by the SHR for their purposes.
- 6.3 Our Corporate Targets and KPIs are listed in appendix E to this Plan and they are aligned to our Strategic Objectives and include the following:
- Income maximisation;
 - Allocation and void management;
 - Tenancy management & sustainment
 - Repairs, maintenance and planned major repairs;
 - Governance;
 - Staff outcomes; and
 - Financial and treasury management.
- 6.4 The Co-operative's peer group is Peer Group 3 – RSLs with stock below 1000 units, although as members of Easterhouse Regeneration Alliance (EHRA) we will regularly benchmark and compare our performance against housing associations and co-operatives operating in greater Easterhouse and within EHRA. We will monitor, compare and report our Corporate Targets and KPIs with our historical performance (quarterly / annually). The Co-operative is a member of the Scottish Housing Network, which is a sector benchmark group.
- 6.5 A key objective in the period of the plan is to develop our performance framework to improve our staff members' knowledge, ownership and engagement of performance to facilitate continuous improvement.
- 6.6 We will report and publish our performance to our tenants and other customers through performance bulletins on our website and in our newsletter

7.0 Our Stakeholders

7.1 The Co-operative has a range of key stakeholders and other organisations who have an interest in our work and the development of our Business Plan:

7.1.1 Tenants and Customers

Our tenants and other customers are integral to our work and we need to provide high quality and responsive services and continually improve to meet their needs, wants and aspirations from the Co-operative.

This Plan fully recognises our commitment to our tenants and other customers through our Strategic Objectives, specifically to delivering excellent housing services; to maintaining and improving their home and local environment; and to be more than a landlord to improve their quality of lives.

In 2023 we will undertake a number of strategic tasks to listen to our tenants' views and inspect their homes through the Residents Satisfaction and Stock Condition Survey, respectively.

We re-established the Residents' Panel in 2022 and we will meet with local residents to discuss our key services and again listen to their views, which will inform us on how we can improve our services to meet their needs and expectations.

7.1.2 Management Committee

The Management Committee lead and direct the Co-operative and approve the Business Plan for implementation. They will monitor progress to ensure we achieve against our Strategic Objectives, Mission, Vision and Values.

The membership of the Management Committee is mainly local tenants, which reflects the fully mutual status of the Co-operative. There are currently 2 co-optees who are experienced lead and senior officers in the sector and they have enhanced the capability of the Committee to lead and direct the Co-operative and achieve good outcomes for other key stakeholders.

7.1.3 Staff

We currently have 17 staff members in the following departments: governance / business improvement; finance; maintenance and estate caretaking and housing management. Our staff team is our main resource to deliver the housing service and a key aim is to develop them to excel in their role.

We recognise it has been a challenging and uncertain time for our staff, where they have worked through a period of regulatory engagement; a strategic options appraisal; and a current review of the staff structure. We will conduct a staff survey

in January 2024 as a follow-up to the 2022 survey with the aim to progress key priorities with the new staff team.

7.1.4 Scottish Housing Regulator

The Scottish Housing Regulator (SHR) regulate registered social housing landlords (RSL) to achieve their primary role to safeguard and protect the interests of tenants and others through the Regulatory Framework and other guidance.

The development of this Plan takes account of the SHR's recommended practice on Business Planning in December 2015, which reflects key messages RSLs should consider in their business plans i.e. value for money, rent affordability, asset management, treasury management, stakeholder management and financial planning.

The Regulator has engaged with the Co-operative due to governance and organisational matters from 2020. There has been significant improvement in the Co-operative's governance and organisational matters have been resolved in the last year.

7.1.5 Lenders

The Co-operative currently has 2 lenders, they are the Nationwide Building Society and the Royal Bank of Scotland and the Plan will reassure them about our short, medium and long term viability, performance and governance arrangements to inform their confidence on the repayment of these loans and compliance with covenant terms.

We have a good relationship with our lenders to demonstrate full compliance with loan covenants.

In view of the turnover of senior and finance staff in the Co-operative, our finance agent FMD Financial Services will provide details of covenant terms for each lender to improve knowledge and further strengthen compliance.

7.1.6 Auditors

The Co-operative appointed a new internal Auditor in Quinn Internal Audit Service in January 2023 and they will commence their role on 1 April 2023. Quinn Internal Audit Services will present a draft Audit Plan 2023-26 to the in May 2023. The audit programme 2023-24 will provide the Audit & Finance sub-Committee with reassurance on the effective implementation of key policy areas, specifically compliance with legal and regulatory requirements, the provisions of policies and procedures and good practice guidance.

Our external Auditor is Alexander Sloans Chartered Accountants and they will attend to the audit for 2022-23. The Co-operative will re-tender the external audit contract in April 2023 to inform a review by the Management Committee and shareholders at the Annual General Meeting in September 2023 to appoint a new Auditor for this contract for the period 2023-26, which will be the subject of annual review.

The Plan will also reassure the external Auditor of the effectiveness of internal control systems through internal audit arrangements and our governance arrangements.

7.1.7 Easthall Residents Panel

The Easthall Residents Panel was re-established in 2022 for local residents to participate and provide their views on the Co-operative's work and services.

The Panel will set a programme of activities for 2023-24 to learn more about key services e.g. repairs, estate management, rent affordability, which will allow them to scrutinise, constructively challenge senior officers and make suggestions and improvements to ensure services meet the needs of tenants, residents, other customers and their communities

7.1.8 Easterhouse Regeneration Alliance

Easterhouse Regeneration Alliance (EHRA) is an alliance of social housing landlords in the Greater Easterhouse area. There are currently 7 members of EHRA, they are:

- Blairtummock Housing Association
- Calvey Housing Association
- Easthall Housing Co-operative
- Gardeen Housing Association
- Lochfield park Housing Association
- Provanhall Housing Association
- Wellhouse Housing Association.

EHRA was established in 1991 and the organisations have worked collaboratively over that period to:

- campaign on behalf of tenants and their communities in greater Easterhouse;
- work with key stakeholder and service organisations and hold them to account for their work and services in Easterhouse;
- build partnerships and relationships between organisations and their communities;
- develop strategic solutions to maximise opportunities and mitigate challenges faced by tenants, communities and member organisations in Easterhouse;
- regenerate its communities with new homes, amenities and services to serve the needs of tenants and others; and
- achieve best value for money through joint working and sharing services e.g. welfare and energy advice service, procurement of contracts, etc.

EHRA held a planning day to review its purpose and key priorities for the period are as listed:

- Campaigning and lobbying on behalf of tenants and residents of Easterhouse;
- Pursue joint working initiatives between member organisations;
- To deliver joint training for the staff and committee of EHRA'S members;
- To review EHRA's structures and communication arrangements; and
- To maximise value for money and community benefits for its members.

7.1.9 Easthall Residents Association

Easthall Residents Association (ERA) was formed in 1973 and operates from the Glenburn Centre, and works in communities and secondary schools across greater Easterhouse.

The Glenburn Centre consists of a Café, an IT Suite, large Multi-Use Hall and various smaller multi-purpose rooms for a variety of activities, meetings and specialist sessions.

ERA's programme of activities are aimed at engaging with residents through a host of social activities to increase health and wellbeing, promote welfare; reduce risk of social isolation, and make a positive contribution to reduce deprivation in some of Scotland's most deprived and disadvantaged communities.

The Co-operative provides ERA with an annual grant to support the activities and services they provide to our tenants and residents in the Easthall and Kildermorie communities. There will also be joint working between the Co-operative and ERA to attract grants, develop initiatives, co-ordinate social events and pursue opportunities that will improve the quality of lives of tenants and residents in our communities.

7.1.10 Other key Stakeholders

We have a close relationship with many other organisations who will support our work to achieve our objectives, they are:

- Police Scotland.
- Community Safety Glasgow.
- Department of Work & Pensions.
- Glasgow City Council.
- Scottish Government.
- Health & Social Care Partnership.

The Co-operative will procure the services of consultants and companies to play a key role to support our people and the Co-operative to achieve this Plan. The consultants and companies will assist in the following:

- An independent residents' satisfaction survey.
- A stock condition survey.
- The procurement of work, service and supply contracts.
- The provision of finance management services.
- An independent assessment on the affordability of the Co-operative's rent structure.

7.2 Publication & Engagement

7.2.1 We will publish and report outcomes of our Business Plan as follows:

- Website
 - The plan will be available in our 'downloads section.
 - We will publish a performance bulletin on key performance indicators in Plan.
- Key Stakeholder
 - All key stakeholders will be issued with a copy of the Plan
- Communication
 - We will develop a summary booklet to promote the plan to our tenants and others.
 - We will publish our progress and performance in our newsletter

7.2.2 A key objective is to engage with our tenants and other customers to listen to their views and to refine our work programme to ensure we meet their needs, expectations and priorities. We will do this through:

- The Residents Panel where we will discuss our progress and listen to their ideas and suggestions for improvement;
- Meeting with tenants in their homes through a programme of house visits;
- A Residents Satisfaction Survey to gather the views and level of satisfaction, which will be conducted by an independent research company;
- A tenants' survey on the improvements to their home through the stock condition survey; and
- An on-going assessment of the outcome of service surveys e.g. repairs satisfaction and complaints about the service.

8.0 Risk Analysis

8.1 Risk management is an essential component of effective internal control, both in our pursuit of opportunities to develop and grow the business, as well mitigate the impact risks have on our work and ability to achieve our objectives.

8.2 The objectives of our Risk Management Policy are:

- To integrate risk management into the culture of the Co-operative;
- To link the Risk Management Strategy to Internal Audit and Self Assessment Programmes;
- To manage risk in accordance with best practice;
- To consider the Social Housing Charter, as well as legal and regulatory compliance as minimum standards;
- To anticipate and respond to changing social, environmental, legislative and political requirements ; and
- To prevent injury and damage and reduce the cost of risk.

8.3 Our approach to risk management includes the development of a Corporate Risk Register, which identifies the main risks from sectional risk maps. These risks are ranked based on their scoring of the 'probability' that they may occur and their 'impact' to the Co-operative, which gives an overall score. We set key controls that are S.M.A.R.T to account for our progress and to mitigate these risks, which will inform a residual risk score on the Corporate Risk Register. These key controls will also be incorporated into the outputs in delivery plans for 2023-26, which are reviewed annually.

8.4 There are 13 risks in the Corporate Risk Register 2023-24:

- I. Impact of cost of living crisis and welfare reform results in increased deprivation, poverty and social issues affecting our tenants and residents
- II. Continued increase in cost of living and roll out of welfare reform results in higher arrears, increased bad debts and reduced household income
- III. Rent increases and levels are not viable for the business or affordable for tenants due to level of inflation in the economy
- IV. Lack of supply and competition results in increasing costs due to number of contractors going into administration
- V. There is an increase in dampness and condensation in tenants' homes due to the cost of living crisis, which impacts on the health & wellbeing of tenants and their families.
- VI. Failure to retain or recruit suitably experienced Committee members due to current level of governance matters and engagement with regulator.
- VII. Non-compliance in key areas of tenant safety e.g. legionella, fire, electrical safety affects the health and wellbeing of our tenants, owner-occupiers and other residents
- VIII. Non-compliance with loan covenants
- IX. Increased staff absence results in a disruption in the delivery of service and non-achievement of strategic objectives.

- X. Increased level of work related stress and reduced morale due to period of strategic review and on-going staff structure review
- XI. The Co-operative does not meet its legislative obligations in relation to H&S
- XII. Failure to achieve energy targets for EESSH -2025 / 2032
- XIII. High inflation resulting in increased labour and material prices compromises the investment programme due to the affordability of planned improvements.

8.5 The Corporate Risk Register 2023-24 is listed in appendix D and this includes inherent and residual risk scores, controls to mitigate and manage the level of risk to the business, and how each risk links to our Strategic Objectives and Regulatory Standards of Governance and Financial Management as set out in the Scottish Housing Regulator's Regulatory Framework document.

8.6 The Corporate Risk Register is reviewed and approved by the Management Committee in March of each year, with progress monitored and any updates undertaken by the Audit & Finance sub-Committee on a quarterly basis.

Regulatory Risk

8.7 The Scottish Housing Regulator (SHR) undertakes a risk assessment process annually to inform their level of engagement with each RSL. The SHR sets an Engagement Plan for each RSL in March of each year

8.8 Our Engagement Plan published in March 2022 outlines the Regulator continuing engagement with the Co-operative in relation to its governance arrangements. A programme of strategic tasks, as well as monitoring and reporting our governance was set out in the Engagement Plan.

8.9 The Co-operative published its Annual Assurance Statement in October 2022, which showed compliance against the Regulatory Framework and Regulatory Standards. An action plan was developed to further strengthen compliance and progress is reported to the Management Committee on a quarterly basis. We intend to undertake an independent assessment of our Annual Assurance Statement with the period of this Plan.

9.0 Asset Management

9.1 Asset Management ensures we have the resources and plans to maintain our housing stock to meet our tenants' needs and expectations, as well as legislative and regulatory obligations. It is critical to the achievement of our Vision and Mission and will inform the long term viability and sustainability of the Co-operative.

9.2 To strengthen our Asset Management arrangements to contribute towards effective Business Planning we:

- Periodically procure external surveying companies to provide accurate information on the condition of our housing stock;
- Commit the level of required funding to inform our investment and financial plans;
- Establish Plans on our future investment needs to help keep the stock attractive and desirable and to ensure the component parts are in a good condition; and
- Maintain up to date Intelligence on how the stock is performing (i.e. current and future demand, repairs and maintenance information).

9.2 Stock Profile

The Co-operative has owns 694 properties and the charts below provides a breakdown by house type, age and size.

House Type

House Type	Number	Percentage
House	320	46%
Tenement	239	35%
Other flats / maisonette	135	10%
Total	694	100%

Age of Properties

Age	Number	Percentage
1945-1964	231	34%
1965-1982	0	0
Post 1982	463	66%
Total	694	100%

House Size

House Size	Number	Percentage
1 apartment	17	3%
2 apartment	83	12%
3 apartment	390	56%
4 apartment	152	22%
5+ apartment	52	7%
Total	694	100%

9.3 Stock Condition / Investment

- 9.3.1 The Co-operative undertook its stock condition surveys on a sample basis each year to build its knowledge of the housing stock and investment requirements. In the period between 2013 and 2020 we surveyed 430 of individual properties (62%) and 100% of the external fabric of our properties.
- 9.3.2 The Co-operative will tender to appoint an external company in 2023-24 to undertake a stock condition of at least 50% of the internal condition of our housing stock and 100% of the external fabric. We may increase the survey to 75% or 100% inspection of the internal condition, although this will be dependent on fee bid submissions in the impending tender of the stock condition survey.
- 9.3.3 The Co-operative will undertake a review of its 30 year plan and in particular programme of component replacement based on the findings of the stock condition survey. This will inform our investment strategy for the period 2024-2029, which will be subject to consultation with our tenants and owner-occupiers.
- 9.3.4 The Co-operative will recommence the cyclical and planned major repair programme in 2023-24, where it has been affected by Covid 19 pandemic and the impact of a changeover in contractors as the previous maintenance term contract was ended by mutual agreement.
- 9.3.4 The programme of cyclical and major repairs works scheduled for 2023-24 are as listed:

Property Element	Type*	Target 2023-24
Kitchen Replacement	PM	52
Bathrooms	PM	32
Boilers	PM	13
New Verandahs	PM	41
New Ventilation System	PM	41
Periodic Electrical Inspections	CM	22
Gas Servicing	CM	694
Gutter Cleaning (Closes)	CM	55
Close Painting (Closes)	CM	15
Roof Anchor Servicing / Certification	CM	256
Communal water tank inspections / maintenance	CM	11
Communal Close Fire Surveys	CM	55

*CM denotes Cyclical Maintenance, PM denotes Planned Major Repairs

9.3.5 The Co-operative currently uses the SDM housing software system which has the facility to record cyclical maintenance and planned major repairs data either via the repairs or planned maintenance modules. The Co-operative is currently in the process of collating cyclical maintenance data on compliance areas i.e. gas, electric, legionella, etc from spreadsheets to upload this into the repairs module of the SDM database. The Co-operative will consider the purchase of the planned maintenance module to further enhance the effectiveness to record stock condition information and completion dates for key components.

9.4 Housing Demand

9.4.1 The Co-operative is currently a member of the E.H.R.A. (Easterhouse Regeneration Alliance) Common Housing Register (CHR), which enables tenants and applicants to apply for housing throughout the majority of Easterhouse through one point of contact and application.

9.4.2 The Co-operative has 1013 applicants on the CHR expressing an interest in our housing stock against a turnover of circa 30 properties annually, which equates to 4-5% of our housing stock.

The following table details current demand for various apartment sizes against actual lets within the period 2022/23. It also details current tenants who have applied for an Internal Transfer.

House Size	Number	CHR Applicants on list for EHP property	Void properties 2022/23
1 apt/Bedsit	17	0*	0
2 apartment	83	185	6
3 apartment	390	410	12
4 apartment	152	294	4
5+ apartment	52	124	0
Total	694	1013	22

Number of existing Easthall Park tenants looking for an internal transfer:

House Size	Number	EHP Internal Transfer Applicants on list for Apt size	Void properties 2022/23
1 apt/Bedsit	17	0*	0
2 apartment	83	10	6
3 apartment	390	32	12
4 apartment	152	20	4
5+ apartment	52	5	0
Total	694	67	22

*Unable to determine how many people have applied for a 1apt property, as on the CHR these are considered 1 bedroom/2apt properties. There is no option for 1apt/0 bedrooms. Applicants also cannot explicitly request a bedsit, only a 2apt at a minimum

9.4.3 The Co-operatives requires to learn more about the demand for its stock, particularly the tenement properties transferred from GHA, as well as consider whether membership of the CHR represents best value due to the source of housing applicants interested in living in our communities and the low turnover of our properties.

9.5 Quality / Energy Efficiency

9.5.1 The Co-operative must fully comply with housing standards for the quality and energy efficiency of our properties set by the Scottish Government for all social landlords, specifically the:

➤ Scottish Housing Quality Standard (SHQS)

The Scottish Housing Quality Standard (SHQS) was introduced in February 2004. It is the main way the Scottish Government measures housing quality in Scotland. It sets out standards that ensure that buildings are not seriously damaged and that have kitchens and bathrooms that are in good condition

The Co-operative's compliance with the SHQS was 91.8% as outlined in the Annual Return on the Charter for 2021-22. There were 55 properties that have been categorised as 'abeyances' within element 45 of SHQS tolerable standard for carrying out an electric inspection within a 5 year period. The Co-operative

has made good progress in the year and the current position at February 2023 is as listed:

The number of EICR categorised as abeyances is 41 and these will be prioritised for action to gain access in quarter 1 of 2023-24 in conjunction with the 21 planned inspections scheduled in the year for their 5 year assessment. In addition, the Maintenance Manager has highlighted 12 properties where non-essential works resulting from EICRs remain outstanding, again these will be prioritised for these works to be completed in quarter1 of 2023-24

➤ Energy Efficiency Standards in Social Housing (EESH)

The Energy Efficiency Standard for Social Housing (EESH) aims to improve the energy efficiency of social housing in Scotland. It aims to help reduce energy consumption, fuel poverty and the emission of greenhouse gases.

The standard also aims to make a contribution towards reducing carbon emissions by 56% by 2020, 75% by 2030, 90% by 2040 and net-zero emissions of all greenhouse gases by 2045, in line with the requirements set out in the Climate Change (Emissions Reduction Targets) (Scotland) Act.

The Co-operative is current 99.7% compliant with EESH 2020 target. There are 2 properties that do not meet EESH 2020 target as a result of tenants refusing heating upgrades to their property. These cases are periodically reviewed annually to engage and encourage tenants to provide access to attend to these works.

➤ Energy Efficiency Standards in Social Housing 2 (EESH2)

EESH2 requires all registered social landlords (RSLs) to aim to achieve an EPC band B rating by December 2032. The Scottish Housing Regulator has set an interim target for RSLs to achieve at least an EPC band D rating by 2025.

The EPC ratings for the Co-operative's stock is as listed:

A	B	C	D	E	F	G
0	130	554	4	0	0	0

Through the impending stock condition survey, we will seek to establish the improvement work we need to undertake to achieve EESH 2 by 2032. This will be considered in conjunction with guidance and funding arrangements for the social housing sector that is awaited from the Scottish Government

9.6 Landlord Safety

9.6.1 The Co-operative recognises the importance of our health & safety obligations as a landlord and we will undertake the following key tasks in 2023-24 to achieve and strengthen our compliance to keep our tenants safe in their homes:

➤ Asbestos

We will undertake the following work to strengthen our management, compliance, knowledge and communication with key stakeholders on asbestos:

- Develop an Asbestos Policy and Action Plan
- Engage with external consultants to carry out % of ongoing surveys per annum
- Internally maintain Asbestos register
- Stock Condition Survey to identify locations of asbestos
- Write to all tenants / owners with locations of asbestos in their home and the common property
- Arrange relevant staff training on management of asbestos
- Develop SDM / online portal for holding property data of ACM and certificates

➤ Legionella

- We will inspect the 11 tenement closes with communal water tanks to test and attend to cyclical cleaning in accordance with legislative requirements.
- Consider conversion of 11 closes with communal water tanks to mains supply to remove risk of legionella and plan work.
- Advertise safety information through publications and online.

➤ Gas

- We will undertake an annual gas safety check with the anniversary expiry date and maintain 100% compliance.
- Train staff in the administration and delivery of duties associated with gas safety.
- Continue with 10% external audit of gas services by external company.

➤ Electrical

- We have recently completed a review of our EICR database
- Achieve 100% EICR compliance in 2023-24.

- In the year 2023-24 we will complete 21 electrical tests in our properties and thereafter programme any non-urgent remedial works.
 - Attend to non-urgent remedial works from 12 EICRs.
 - Attend to 41 abeyances to make efforts to gain access to complete the EICR inspection.
- Fire
- We will procure a contractor to undertake a fire risk assessment of each tenement close and develop an action plan to enhance fire safety.
 - Develop a Fire Risk action Plan based on the findings of the close inspections.
 - Review and develop fire safety risk assessments in domestic properties and communal areas based on close inspections.
 - Develop a Fire Safety Booklet for tenants and residents.
- General
- Upload servicing and maintenance works for gas, electricity, legionella from spreadsheets to the SDM Repairs / Planned Maintenance modules to enhance management, monitoring and reporting of landlord safety obligations.

9.7 Procurement

- 9.7.1 The procurement of works, services and supply contracts is a key priority to meet the legislative requirements and the provisions of our Procurement Policy. The Programme for 2023-24 can be viewed in appendix D iii. where it will attend to maintenance contracts in
- Re-active repairs
 - Cyclical Repairs
 - Planned major repairs
- 9.7.2 Through the cyclical review of contract our aim is to achieve best value for money, whilst continually receiving a high quality and responsive services. We will issue tenders through the Scottish Government’s procurement web-portal, Public Contract Scotland or through our membership of procurement frameworks e.g. Scotland Excel.
- 9.7.3 A key objective in our tendering of contracts is to maximise ‘community benefit’ and to improve the quality of lives and opportunities of our tenants, owner-occupiers and our families. Our priorities will be employment and training opportunities; funding or services for our tenants; or funding, services or opportunities for our main partner in wider role, Easthall Residents Association.

9.8 Asset Management Strategy

9.8.1 The Co-operative will review its Asset Management Strategy in 2024-25 and this will take account of an array of strategic work and key tasks to inform our compliance with the SHR's Recommended Practice of Strategic Asset Management (2015), which includes

- Assessment of the SHR's 10 strands of Asset Management;
- The findings of the Stock Condition Survey;
- The new investment Plan 2024-29, which will highlight the investment to achieve SHQS and EESSH 2, as well meet the needs and expectations of our tenants;
- The demand for our housing stock, specifically firmer GHA tenement properties;
- Our financial position to ensure we can deliver our investment plan, as well as the resource implications to achieve EESSH 2 by 2032; and
- Development of a risk register for the Asset Management Strategy.

10. Financial Projections & Plans

10.1 Introduction

In the financial year to 31 March 2022 an overall surplus of £247k was achieved, which included £186k relating to actuarial gain on the pension valuation. Net assets of the Co-operative totalled £9.2m inclusive of cash balances of £2.9m as at 31 March 2022. Based on the Budget for the financial year to 31 March 2023, an overall surplus of £234k is projected and cash balances at commencement of the plan period totalled £3.2 m.

10.2 CURRENT OPERATING ENVIRONMENT

10.2.1 In considering the main assumptions to be employed within the business planning model, consideration requires to be taken of the current financial and political climate which the Co-operative is expecting to operate within.

Main factors include:

- Global economic and political climate – including Brexit and the Ukraine situation
- Any on-going impact of COVID-19
- Rising repair costs
- Reducing contractor pool and issues around contractor capacity
- Health and safety costs
- UK Government and Local Government strategies
- Welfare reform
- EESSH 2
- Increasing interest rates
- High UK headline inflation rates are high but appear to be reducing
- Increased lender and SHR interest
- Expectation of service level improvements from tenants and owners
- Lack of available quality job applicants and difficulty in attracting new staff and retaining current good staff.

10.2.2 Within this plan the following material assumptions should be noted:

- No new-build developments included
- Inflation levels ranging from up to 30% (insurance) in year 1, 5% year 2 and then 2% for the remainder of the forecast period
- A total rent increase of 5% in 2023/24 and then a rent rise of 1% above inflation for years 2 to 10 only
- Voids and bad debts at 1% in year 1 (last 3 years 0.5%) but increasing to 1.05% over the duration of the plan

- Current staffing levels remain (except Governance and Business Improvement Manager post has been omitted from 1 April 2023 as has the Employability & Personal Development Officer due to an unsuccessful grant award to the Investing in Communities Fund.
- All staff in defined contribution pension scheme at contribution rate of 10%
- Real increases of 0.5% in management costs until year 10
- Reactive costs average £500 per unit (4 year average to 31/3/2022 -£412)
- Cyclical costs average £366 per unit (4 year to 31/3/2022 - average £347)
- Major repair costs projected £33K per unit over long term
- Real maintenance cost increases at 0.5% over 30 years
- Base rate loan interest rates (pre margin) increased to 4.5% in year 2023-24 & 2024-25 and then 4% for all future years to reflect current high interest rates.
- All debt repaid by year 19
- Cash exceeds debt consistently from year 10
- Average annual spend of £16k on other fixed assets
- Rent arrears long term at 3.5%

10.3 ASSUMPTIONS AND COMMENT

10.3.1 Base Date and Stock Levels

All financial information is based on 2022-23 levels.

The Co-operative's rented housing stock levels at the start of 2023-24 comprises 695 general rented units and although 1 of the units is being used by the Estates Team as a base. It is not envisaged that this will be a long term arrangement so the financial business plan has been based on the 695 units. No further units are added over the term of the projections.

10.4 Rental Policy

10.4.1 Mainstream Stock

Table 1 (Comparison of Rents BY Neighbouring RSL) shows a comparison with other local RSLs for the year 2021/22. It shows that Easthall rent levels are on average £7.09 per week lower for 1 apartment properties, £1.36 per week higher for 2 apartment properties, £2.89 per week lower for 3 apartment properties, £3.50 per

week higher for 4 apt properties and £0.78 per week higher for 5 apartment properties.

The Co-operative's rents are 42.8%, 14.4%, 14.2%, 4.1% and 5% lower for 1 to 5 apartment properties respectively compared with Scottish average rent levels for 2021/22.

The projections assume real rent rises of 5.00% for 2023/24 followed by 1% for years 2 to 10 only. This is a current planning assumption and shall be reviewed and considered on an annual basis. The Co-operative recognises the potential for affordability issues and the previous Arneil Johnston report confirmed no material concerns in terms of affordability for 2022-23 rent levels.

In the event that no real rent increases are applied then this has an adverse impact on the year 30 cash position of around £11.764m.

The ability of the Co-operative to apply restricted increases will depend upon changes in the economy, performance compared with the approved business plan and the outcome of the stock condition survey.

10.4.2 Voids and Bad Debts

For the year to 31 March 2022, voids and bad debts for the Co-operative's stock were at a level of 0.4% and 0.1% respectively. In the previous 3 years void losses averaged 0.27% with bad debts at 0.23%. The overall average for the 3 year period to 31 March 2022 is 0.5%. There's been a good "tidy up" of former tenants' arrears and prepayment accounts during 2022/23 so we shouldn't expect bad debts to increase significantly in the future. Voids performance during the current year is favourable at 0.25%

10.4.3 Other Income

Sums include Stage 3 grants for medical adaptations, Easthall residents Association (ERA) support services for book-keeping income plus factoring fees from owner occupiers.

10.5 Major Repairs

Major repair costs are based on the planned maintenance programmes produced internally and with the assistance of the Brown + Wallace database.

It is envisaged that on average around £50,153 (£33,819 current values) per unit shall be incurred over the plan period. In the first 10 years 27% of total spend shall take place, followed by a further 43% of spend up to year 20, with the balance of 30% being spent in the last 10 years. Real cost increases are assumed at 0.5% per annum for the full plan period.

The Co-operative currently fully complies with EESSH requirements. Work is ongoing to consider the budget implications of EESSH 2.

A 5% increase in major repair costs has a £1.6m impact on the year 30 cash position and if no real cost increases are applied on any planned maintenance costs then an improvement of £2.5m arises.

A full stock condition survey will commence IN 2023-24 and the results of this will need to be compared with the investment currently contained within this Plan. The 30 year plan will be updated in quarter 4 of 2023-24 once the results of the stock condition survey and the investment plan are finalised.

10.6 Cyclical Maintenance

Cyclical costs per unit are estimated at an average of £366 per unit over the plan period for stock. These costs are largely based on the costs in last year's model and based on existing surveys. Real cost increases are assumed at 0.5% per annum throughout the plan period. Costs include items such as paintwork, gas servicing, electrical inspections, cleaning render, and smoke/CO/heat detectors.

Expenditure per unit on rented stock totalled £347 per unit on average for the 4 years to 31 March 2022.

10.7 Reactive Maintenance

Expenditure per unit on rented stock averaged £412 per unit for the 4 years to 31 March 2022.

The financial model includes average costs at £500 per unit inclusive of real cost rises at 0.5% for the full 30 year period.

A 10% increase in reactive costs has an adverse impact of £1.47m over the plan period.

10.8 Other Costs

Costs relating to tenant participation and sustainment have now been included within the office overheads as have the donations of £28k. The only other costs that we have are the stage 3 medical adaptation costs at £50k over the full 30 year period plus inflation. This is matched by grant income.

10.9 Management and Administration

The Co-operative's management costs in the annual accounts refer mainly to staff, estate and overhead costs relating to the rented stock. Costs for 2021-22 totalled £1,780 per unit. The costs for next year per unit is high at £2,093 but there are reasons for this e.g. stock condition costs but the cost per unit is expected to drop to £1,922 in 2024/25 and then £1,910 in 2025/26. The average is £1,973 per unit over the long term which is higher than the assumptions used last year. Overheads as a % of turnover average 10.57% and, taking account of the size of the organisation, are at the higher end of the average of RSL's that FMD provide services too.

Management costs are assumed as increasing in real terms by 0.5% per annum until year 10. This is a prudent planning assumption as opposed to a specific target. In the event of inflation only cost increases, a £2.2m saving results.

10.10 Other Fixed Assets

The long term projections have included replacement costs for furniture and fittings, boiler, windows and IT equipment as well as estate machinery and equipment over the plan period. Average annual spend of £16k per annum is allowed.

10.11 Loan Finance and Stock Value

Loan debt at 31 March 2024 is projected at around £6m and this represents debt with RBS and Nationwide. All loans are on fixed interest rates (largely long term) except one with RBS (£256k) which has a margin of 0.45%. No further loan debt is anticipated to be drawn over the projection term. Loans are forecast to be paid off by year 19.

The performance indicators analysis confirms no issues with loan covenant compliance.

The base case model indicates that by Year 10 cash resources are projected to exceed debt levels and all debt is modelled as repaid by year 19. Currently around 35% of stock is unencumbered or unsecured and could be used to borrow against if required. The current plan doesn't require this and this is a strong position for the Co-operative.

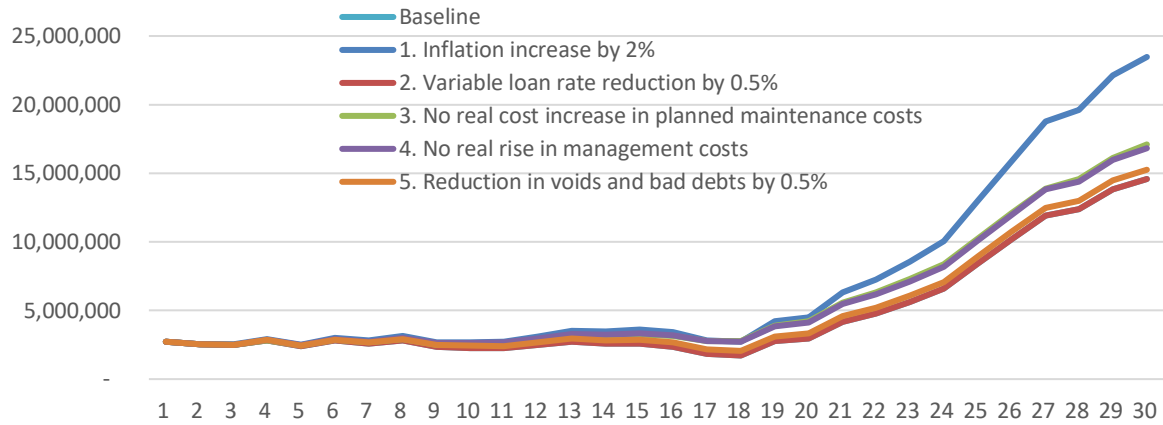


10.12 Sensitivity Analysis

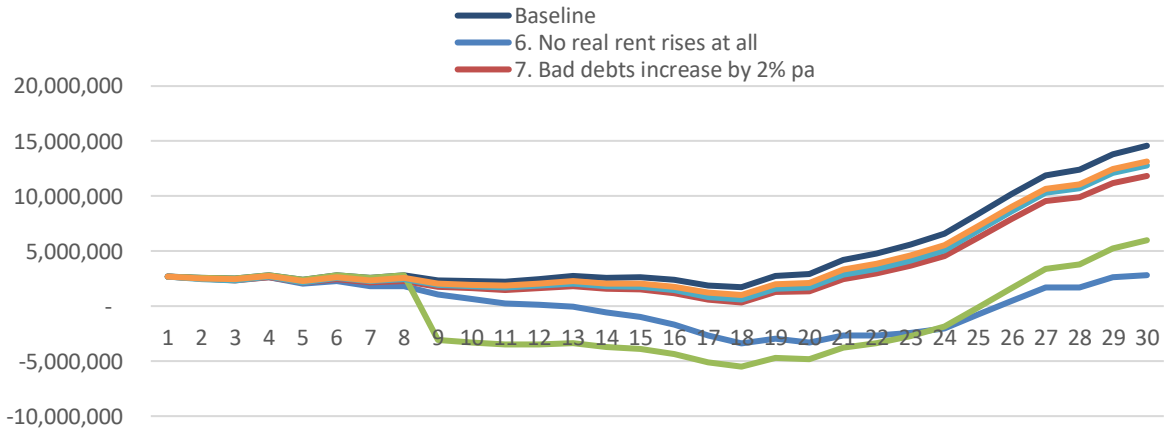
Sensitivities are largely modelled on varying rent increases, rent losses, management and maintenance costs and inflation. There is a sheet within the projections that shows the impact of each of the sensitivities in detail.

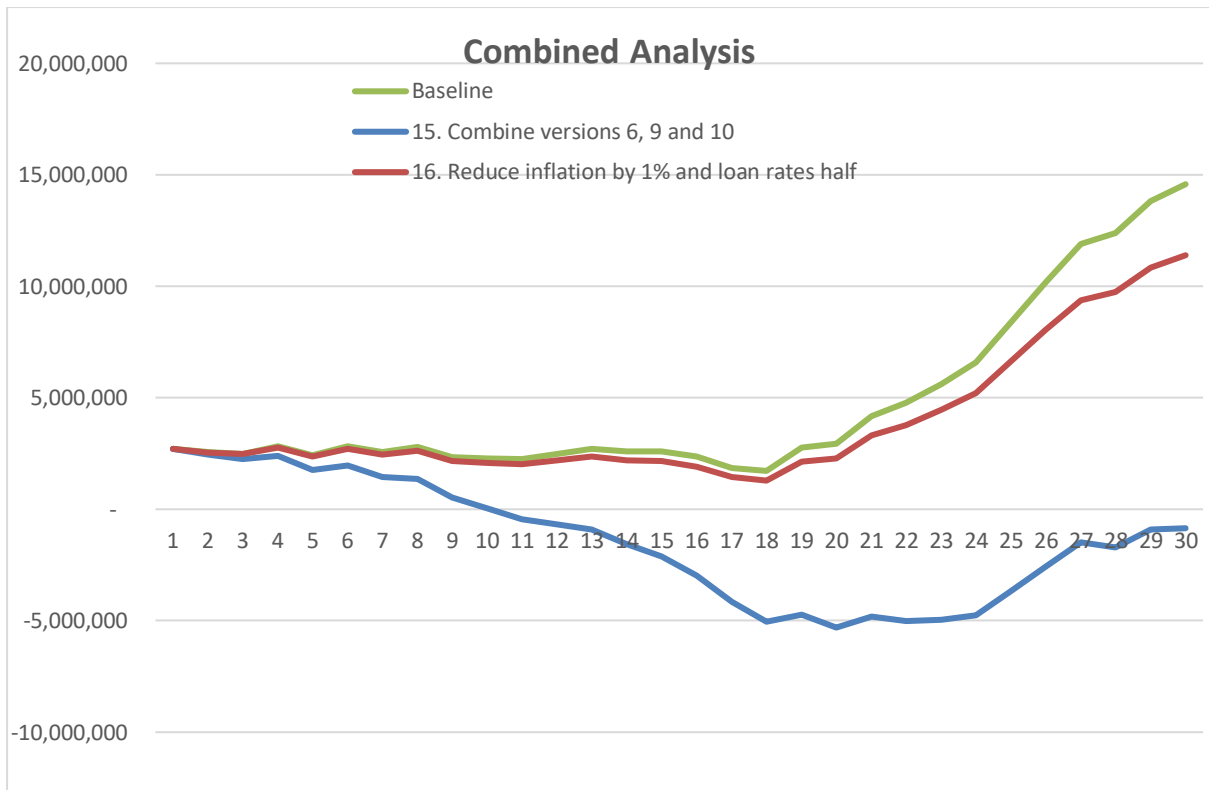
The majority of sensitivities have been modelled on an individual basis. It is recognised that a combination of changes in assumptions is most likely. One of the purposes of regular budgeting and the monitoring of financial results is to ensure that the financial position remains on target. In the event of material adverse variances this allows corrective action to be put in place. Most of the sensitivities tested shows that there will be no breach of the interest cover covenant and these can be monitored through the detailed budgets and quarterly management accounts.

Positive Sensitivity Analysis - Impact on Cash



Negative Sensitivity Analysis - Impact on Cash





10.13 Risks to the Delivery of Financial Plans

The Co-operative regularly considers risks facing the organisation and updates its risk register accordingly and this is reviewed and approved by the Audit & Finance Sub Committee.

Risks associated with the cost of living crisis, attracting and retaining the right staff and having a range of reliable maintenance contractors continue as the main risks for the Co-operative.

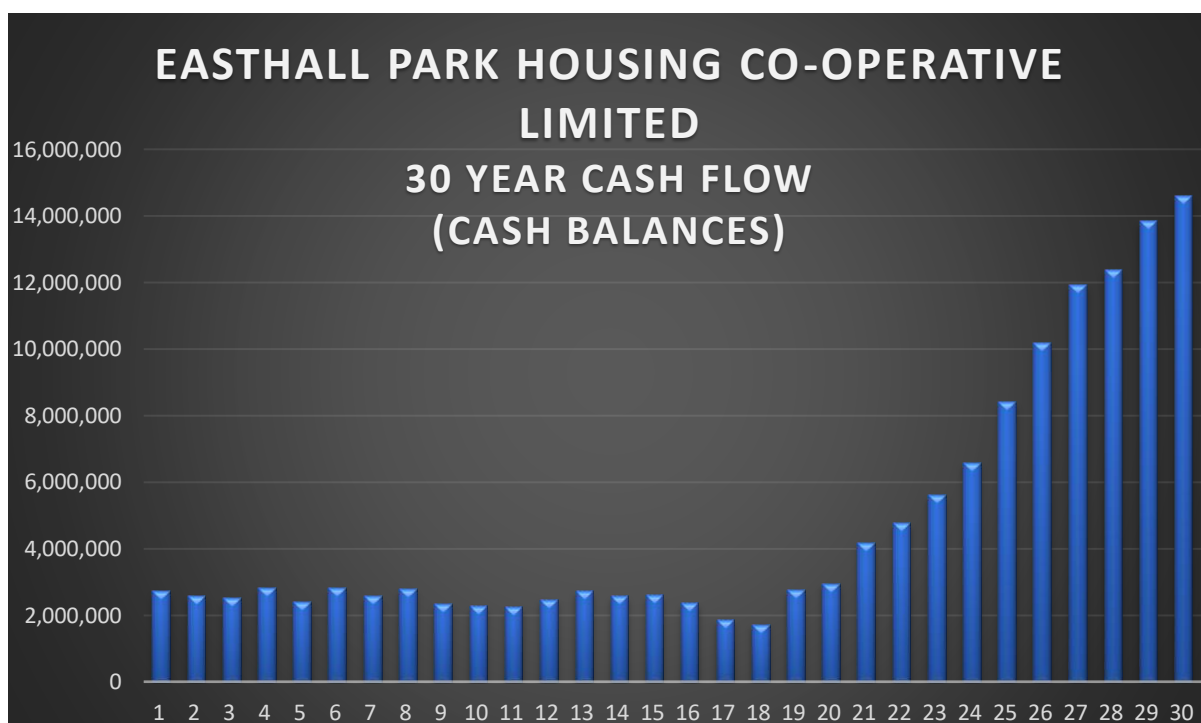
10.14 Summary

The Co-operative commences the plan period with total reserves of around £9.5m, based on an estimate of the profit as at 31 March 2023.

Whilst we cannot expect to be precise over a 30 year period it is sensible to project forward based on realistic assumptions and expectations. The bottom line cash position of the Co-operative provides an indication of the level of comfort available to manage risks from changes in circumstances and the cash position is forecast to remain positive throughout the duration of the plan, ending at £14.6m at the end of year 30.

With the exception of 1 year (Year 28) modest surpluses are expected to arise and all loan covenants are expected to be met. The loan debt will be repaid in Year 19 and the Co-op has plenty of unsecured stock. With the exception of 2023-24, there is plenty of headroom within the interest cover covenant. Budgets will need to be closely managed in 2023-24 to stay within the £101k headroom currently showing on the interest cover covenant and the Committee will be updated on this through the quarterly management accounts.

Overall the Co-op is in a strong financial position, and the plans should be regularly reviewed and updated to ensure continued covenant compliance, positive cashflow and financial viability.



Based on reasonable assumptions, the Co-operative’s financial projections show annual surpluses throughout except year 28 and confirm more than adequate liquidity in order to allow implementation of the financial plans. No issues arise in respect of loan covenant compliance and the Co-operative continues to operate satisfactorily. Changes in actuarial assumptions shall be accounted for as information becomes available post each year end in respect of the pensions fund.

In the first 5 years, surpluses of £2.9m add to the net assets of the organisation and cash balances average £2.7m. No SHQS or EESSH difficulties are expected, total major repair spend is £4.3m and debt capital repayments total £1.8m. This is after rent losses have been provided for and rent arrears at a level of 3.5% (after bad debt provisions).

The next five year period to year 10, there are projected surpluses of £3.6m, loan capital repayments of £1.8m, and major repair spend of £5.2m. Rental arrears are projected as continuing at 3.5% and cash reserves average £2.5m over this 5 year period.

For the 5 year period to year 15 surpluses of £4.6m result, debt reduces by a further £1.3m and major repair spend totals £6.9m. Rental arrears are projected as continuing at 3.5% and cash reserves average £2.5m over this 5 year period.

Thereafter the annual surplus position continues except year 28, where a deficit arises due to the planned maintenance work. Cash resources also increase with average balances at £6.9m and a final year 30 cash balance of £14.579m.

The sensitivity analysis undertaken by the Co-operative shows that all of the individual adverse scenarios could be capable of being managed by the Co-operative in terms of covenant compliance issues (subject to remedial action in year 2). Some factors remain within the Co-operative's control such as rental policy, staffing levels, the timing of maintenance contracts and any combination of adverse scenarios would require to be managed by the Co-operative on an ongoing basis.

The Co-operative shall continue to produce its long term projections on an annual basis. The short term annual budget exercise considers the first 12 months of the plan period in detail and the quarterly management accounts shall be used to monitor achievement of the short term budget. As long as the short term position remains broadly in line with the annual budget then the Co-operative's overall financial plans shall remain on target.

Table 1 Comparison of Rents by Neighbouring RSLs

Apartments	Easthall Park Housing Co-operative Ltd	Blairtummock Housing Association Ltd	Calvay Housing Association Ltd	Gardeen Housing Association Ltd	Lochfield Park Housing Association Ltd	Provanhall Housing Association Ltd	Ruchazie Housing Association Ltd	Wellhouse Housing Association Ltd	EHRA Average
1apt Weekly	£43.48	£53.65	£54.57	£0.00	£0.00	£0.00	£0.00	£0.00	£50.57
Number of Units	17	4	42	0	0	0	0	0	21
Difference	£0.00	£10.17	£11.09	£0.00	£0.00	£0.00	£0.00	£0.00	£7.09
2apt Weekly	£69.58	£65.36	£69.92	£65.45	£69.26	£64.84	£70.69	£70.65	£68.22
Number of Units	83	106	149	27	42	60	19	52	67
Difference	£0.00	-£4.22	£0.34	-£4.13	-£0.32	-£4.74	£1.11	£1.07	-£1.36
3apt Weekly	£72.22	£72.59	£76.36	£75.22	£78.68	£70.73	£77.13	£77.98	£75.11
Number of Units	390	431	372	115	317	340	106	498	321
Difference	£0.00	£0.37	£4.14	£3.00	£6.46	-£1.49	£4.91	£5.76	£2.89
4apt Weekly	£87.73	£81.27	£83.28	£81	£88.03	£85.39	£80.18	£87	£84.24
Number of Units	153	144	205	87	121	91	83	154	130
Difference	£0.00	-£6.46	-£4.45	-£6.73	£0.30	-£2.34	-£7.55	-£0.73	-£3.50
5apt+ Weekly	£95.73	£88.55	£98.99	£97.25	£97.52	£96.52	£88.90	£96.15	£94.95
Number of Units	52	20	57	24	28	26	17	87	39
Difference	£0.00	-£7.18	£3.26	£1.52	£1.79	£0.79	-£6.83	£0.42	-£0.78

11. Monitoring, Reporting & Review.

11.1 Monitoring

The Director will monitor progress against the achievement of the Strategic Objectives and the Plan through the following:

- Progress and performance against corporate targets and KPIs as outlined in the Performance Schedule;
- Progress of the work programme, which will include ;
 - Key tasks in the Delivery Plans
 - Progress with work schedules for the development and review of policies and procurement of contracts.

11.2 Reporting

The Director will present a quarterly report on progress against the Plan to the Management Committee, which will include the key areas of monitoring listed in section 11.1

The quarterly report will outline progress against the following to evidence achievement against the Strategic Objectives:

- The corporate targets and KPIs
- The key tasks outlined in the work programme 2023-2

11.3 Review

The Director will lead a review of the Business Plan for year 2 -2024-25. This will set out an Operational Plan 2024-25 to continue to make progress against the Strategic Objectives. This will be reported to the Management Committee in March 2024.

12. Appendices

- a) S.W.O.T / P.E.S.T.L.E / Stop, Start, Continue & Improve
- b) Staff Structure
- c) Delivery Plan / Key Schedules
 - i. Summary of Delivery Plans 2023-24
 - ii. Delivery Plans 2023-24
 - iii. Policy Review Schedule 2023-26
 - iv. Procurement Strategy 2023-24
- d) Corporate Risk Register 2023-24
- e) Performance Framework 2023-24
- f) Financial Plans
- g) Glossary