



Rural Stirling

HOUSING ASSOCIATION

Business Plan

2020 to 2023

(Produced March 2020)

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1. INTRODUCTION

- 1.1 This Business Plan is our core planning document which sets out our business priorities for the next three years. It is approved by our Board before the start of each new financial year and should be read alongside our Rural Stirling Group (RSG) Strategic Plan 2020- 2023. We review and update this plan annually and this version was approved by our Board in March 2020.

The Purpose of the Business Plan

- 1.2 This Business Plan aims to ensure that we achieve our strategic objectives and the long- term financial health and viability of the organisation. The Business Plan is primarily an internal document. Its purpose is to:
- help us understand our operating environment and place the work we do in context;
 - clarify our strategic objectives and priorities and the actions we will take to achieve them;
 - provide a framework for action and targets to be achieved and communicated to our staff;
 - demonstrate that we have the required resources to deliver these actions;
 - help us to identify and mitigate the risks we may face;
 - provide a framework for monitoring our progress and measuring our success;
 - provide an overview of our other strategic strategies and plans and show the linkages between them.

The Business Planning Process

- 1.3 In developing this business plan we have taken account of the following:
- our annual Business Planning cycle approved and adopted in April 2018;
 - the requirements of the Scottish Housing Regulator’s (SHR) Recommended Practice for Business Planning (RPBP) of December 2015 and the Regulatory Standards of Governance and Financial Management reviewed and published in 2019;
 - Stirling Council current Local Housing Strategy (LHS) 2012-17 (under review) and the Strategic Housing Investment Plan (SHIP) 2020/21 to 2024/25 published in October 2019;
 - Loch Lomond and Trossachs National Park Local Development Plan 2017-2021;
 - our Tenant Satisfaction Survey June 2019;
 - Board and Staff Strategic Planning Day August 2019;
 - Key stakeholder consultation carried out November/December 2019;
 - the Rural Stirling Group Strategic Plan 2020-2023;
 - Staff Strategic Plan Workshop Session February 2020;
 - Rural Stirling Group Strategic Plan 2020-23: Tenant Consultation Exercise February 2020.
- 1.4 The annual business planning process commences with a Group Strategic Planning event held during the summer months. This year the Strategic Planning event was central to development of a new Strategic Plan for the RSG. This has shaped our future direction, plans and priorities. The business planning process is led by our Board and supported by senior staff ensuring a whole organisation approach. This has allowed us to produce a Business Plan that is owned by the Board and staff team and reflects the needs and aspirations of our customers and key stakeholders.

2. ABOUT US

Our Story

- 2.1 RSHA was established in 1990 with the support of Stirling Council, Scottish Homes and local Community /Councils to develop new homes to meet an established shortfall of affordable housing. Nearly all of our homes have been developed directly by us and we remain the main provider of new affordable homes within the rural Stirling area with a healthy ongoing new build development programme.
- 2.2 Our area of operation is defined as north and west rural Stirling Council area, stretching from Tyndrum in the north, to Strathblane and Killearn in the west and Doune in the south. The two Multi Member Wards, Trossachs & Teith and Forth & Endrick cover much of the area, with a large part falling within the boundary of Loch Lomond & the Trossachs National Park (LL&TNP).
- 2.3 Using the Scottish Government rural community classifications, the area is predominantly “accessible rural” but with areas of “remote rural”, especially to the north of Callander and around Aberfoyle. Callander itself, at the heart of the area, is now classed as an “accessible small town”.
- 2.4 In 2013, we established a wholly owned non-charitable trading subsidiary, Venachar Ltd., to carry out activities that deliver our objectives, but which we are unable to carry out ourselves. Together we form the Rural Stirling Housing (RSH) Group. RSHA acts as the parent in the Rural Stirling Group. Our subsidiary operates in accordance with an Independence Agreement and a Service Sharing Agreement. Staff support to Venachar activities is undertaken by RSHA employees. A review of our subsidiary and a full Options Appraisal was carried out in 2019.
- 2.5 We currently own and manage 628 homes. The majority of these are social rented, with 15 shared ownership houses also remaining in management. 5 of these homes are leased to our subsidiary Venachar Limited, for letting on a mid-market rent basis. We provide a factoring service to 38 homeowners within our area.

Our Structure

- 2.6 We are registered under the Co-operative and Community Benefit Societies Act 2014, a Scottish Registered Charity and registered with the Financial Conduct Authority (FCA). We are also a Registered Social Landlord (RSL) registered with the Scottish Housing Regulator and in accordance with the Housing (Scotland) Act 2001 and a registered Property Factor and Letting Agent. We registered as a social landlord in November 1990.
- 2.7 We are led by a voluntary Management Board. The governing body is made up of tenants and other individuals from a variety of different backgrounds. Our Board of management come from a wide range of backgrounds and bring a wealth of varied skills and experience to our organisation. We carry out an annual programme of training needs assessment and have a Board Learning and Development programme to address any skills gaps. Details of our current Board members can be found by visiting the About Us area of our [website](#)
- 2.8 Our Board make the key decisions about the organisation and provide challenge, scrutiny and oversight over our senior staff team to ensure that all decisions and activity are in the best interests of our tenants. We have one Sub Committee, Audit & Risk which provides assurance to

the Board that risk management, robust internal control and legal and regulatory compliance are embedded within the culture of RSHA. The role of the Committee is also to deal with any disciplinary or grievance matter, in accordance with the agreed terms and conditions of employment and related procedures.

- 2.9 We currently employ 13.8 Full Time Equivalent (FTE) staff. Details of our current staff team can be found by visiting the About Us area of our [website](#) Our current Organisation Structure chart is also available [here](#)

Our Track Record

- 2.10 We have grown considerably in size through acquisitions and new house building since we were originally established in late 1990. In 2020 we will celebrate our 30th Anniversary. Our subsidiary organisation meets the unmet needs of members of our community that RSHA cannot provide due to its' Charitable Status and we continue to buy back Shared Ownership properties where such housing is no longer suited to the occupants needs. We have enhanced our services by responding to the needs of our communities e.g. establishing an Income Maximisation service.
- 2.11 We are a key development partner of Stirling Council and the Loch Lomond and Trossachs National Park. Our strategic aim "to increase the supply of new affordable homes across rural Stirlingshire" supports the objectives and priorities identified within Stirling Council's Local Housing Strategy and Strategic Housing Investment Plan and the Loch Lomond and Trossachs National Park Local Development Plan. Our continued status as a developing housing association has enabled us to contribute to the Scottish Government 50,000 homes target for new housing supply, 35,000 of which are identified for affordable housing to be delivered through RSLs. We have secured over £7m in Scottish Government Housing Association Grant and have a further funding commitment from the Scottish Government of c£13 m to deliver the investment programme over the next 3 years.
- 2.12 We have a close (but non-constitutional) relationship with our partners in the StrathFor Housing Alliance – Forth HA and Ochil View HA. The StrathFor alliance meets on a Quarterly basis to explore opportunities to work together, benchmark activities and share best practice. Through this, a number of collaborative activities have been undertaken and others are being explored.
- 2.13 We are an outward looking organisation and our Board and staff are encouraged to network and share experiences with others and learn from them. We are members of the Scottish Housing Network (SHN), SHARE and the Scottish Federation of Housing Associations (SFHA). We have been invited by the SFHA to host the Rural Island and Highland Housing Association Forum (RIHAF) Annual Conference in 2021 and look forward to showcasing our portfolio of new housing development and new development proposals.
- 2.14 We report our performance on an ongoing basis to our Board and publish our performance against the Scottish Social Housing Charter (SSHC) Standards and Outcomes for tenants through our Annual Report and Annual Assurance Statement to the SHR. Our Board, leadership and staff team are focussed on the future to ensure that we design services with our customers, deliver what they need both now and in the future and in a way that reduces waste and inefficiencies and offers value for money. Our small size and geographical spread do however create challenges in keeping our relative costs per unit and value for money, competitive.

Our Strengths and Weaknesses

- 2.15 As part of each review of the Business Plan we examine our current strengths and weaknesses through a strengths, opportunities, weaknesses and threats (SWOT) analysis. The complete analyses are included at Appendix 1. A summary of the SWOT analysis is highlighted in Table 1 below.

Table 1: SWOT highlights

Strengths	Weaknesses	Opportunities	Threats
Strong committed board with diverse make up and good local knowledge	Lack of staff capacity	Political focus on provision of new homes	Loss of key staff and board members and challenge of maintaining a diverse board
Good staff team	Heavy demands on board members	Current SG funding for social housing	Brexit leads to harsher economic climate
Strong financial position	Increasing regulatory burden	Development opportunities locally	Increasing governance and regulatory burden

Source: RSG Strategic Away Day August 2019

- 2.16 Consistent strengths are our people (staff and Board), good local knowledge and a strong financial position. Our staff know our customers well and have built up good, trusted relationships. We have work closely with our communities and have good relationships with other stakeholders. Our stock is of good quality and in high demand. In addition to this, the Association has a financially sound and robust business plan. Our 30-year financial projections indicate that we are able to meet all of our financial commitments and necessary investment in our current stock, whilst continuing to deliver new affordable housing to those that need it.
- 2.17 A concern identified during the SWOT analysis was the increasing pressure on a small staff complement, particularly in light of an increasing regulatory burden, and there remains a risk of key staff being overwhelmed by workload and leaving the organisation. The Business Plan has been produced in the context of the current COVID-19 pandemic. This crisis has presented unprecedented challenges for our small, but resilient team. Our number one priority throughout the crisis will be to keep staff, tenants and Board members safe and maintain essential services. There will be a requirement however to review our resources, KPIs and targets to ensure that these are still realistic and achievable in the current circumstances. This will be undertaken as part of our recovery strategy and exit from lockdown.
- 2.18 Whilst our rents are comparable with those of other RSLs, feedback from our most recent Tenant Satisfaction Survey carried out in 2019 tenants suggests that we need to do more to demonstrate that our rents are affordable and represent value for money.
- 2.19 We need to improve overall tenant satisfaction levels and satisfaction with the quality of our repairs service. We also need to improve how we communicate and engage with our customers and the quality of the environment around our estates. We need to improve performance around complaints and getting things done right first time. Whilst our stock is already largely EESSH compliant we also know that, with a current reliance on older electric heating systems, there is still significant scope for improvement in the energy efficiency of many of our homes to reduce the

fuel bills of our tenants. We will need to be prepared for the new EESSH2 requirements beyond 2020 and the new Fire Safety requirements and the implications for our organisation and the pressures that these additional measures place on our tenants' rents.

3. CONTEXT

3.1 A key influence on our Business Plan is the environment in which we operate. To help understand this, the Board undertook both SWOT and PESTLE analyses. The external world has been extremely challenging for us and for our tenants and the Business Plan this year has been produced at a time of great political and economic uncertainty. It could be argued that this is an unprecedented time. At the time of updating this plan Scotland, like the rest of the world, is also responding to the Coronavirus crisis. On 12th March it was confirmed that the UK had now moved from Contain to the Delay phase with escalating measures being put in place to help protect our citizens. The World Health Organisation has declared the virus a pandemic and it is believed we are now facing the worst public health crisis for a generation. We are unable to predict how this public health crisis will develop and how long it will take for the situation to pass. The virus has spread rapidly around the world causing stringent safety measures to be imposed in some countries to control and prevent further transmission and dramatic changes in global financial markets. Our priority and our challenge will be to remain resilient. We are following Scottish Government recommended Health Guidelines and will be monitoring the situation on a daily basis. Our priority will be to provide continuity of services whilst at the same time protecting the interests of our tenants and the people who work with as we deal with this extremely challenging situation.

The National Context

Political

3.2 The General Election in December 2019 resulted in a Conservative landslide majority, the party's largest since 1987. The result of the election saw the Conservatives strengthening their position on Brexit, securing a mandate to ensure the UK's departure from the European Union (EU) on 31 January 2020. However, for the third consecutive election, the SNP won a majority in Scotland. As the UK enters the transition phase of departure from the European Union there is a possibility of a second referendum on Scottish Independence.

3.3 The government has continued the pursuit of the welfare reform programme. Whilst the Scottish Government is committed to mitigating the changes for those most in need in Scotland, welfare reform will continue to impact on the poorest in society who will commonly be social housing tenants. We must ensure that we fully understand our tenant base and their changing needs and help them prepare for the future including how they will pay their rent. We must also proactively counsel prospective tenants in the same way and work to keep rents affordable. The housing crisis to be tackled is evident in the new approach to Homelessness and the introduction of Rapid Rehousing Transition Plans (RRTP) and the Housing First approach. Investment in housing and a focus on building affordable homes beyond the current parliament will be essential to meet the demands of housing for homeless households and future shortfalls.

3.4 There has been a raft of legislative and regulatory change including: Welfare Reform and continued roll out of Universal Credit; the Commencement Order from the Scottish Government on the new guidance issued on the Housing Scotland Act 2014 in relation to allocations, succession, eviction and assignment; and new fire safety regulations following the Grenfell tragedy. Freedom of Information legislation has been extended to Housing Associations following the reversal of the Office of National Statistics (ONS) re-classification of RSLs as Public Bodies.

- 3.5 The SHR new Regulatory Framework introduced the requirement for Annual Assurance Statements from October 2019. All RSLs will also now have an Engagement Plan with the SHR. We will comply with the terms of our Engagement Plan and make this available to our tenants.

Economic

- 3.6 Uncertainty seems to be the word being most commonly used, even by experts in finance, when predicting what the future will hold. If the last decade was shaped by the austerity agenda the future looks more likely to be shaped by uncertainty and division. The tri-annual report by the Chief Economic Adviser, published in September 2019 provided a picture of the Scottish economy. This indicated that growth in the Scottish economy slowed through the first half of 2019, due to the continued Brexit uncertainty and a weakening in the wider UK and global economic environment. Economic experts have differing views on the possible impact of Brexit however there have already been noticeable impacts in terms of a weakened pound and rising inflation. We have to be aware of the possible consequences for us such as, increased cost of living for our tenants, increased repair costs as the UK is a net importer of building materials, increased procurement costs, higher borrowing, increased costs of wages and pensions.
- 3.7 Scotland lags behind the rest of the UK as Gross Domestic Product (GDP) grew by just 0.7% compared to 1.2% for the UK. Two consecutive quarters of poor growth in Scotland has led the media to warn that the Scottish economy is on the brink of a recession. Scotland's labour market continues to perform strongly by historical standards however, the latest data shows a rise in unemployment in Scotland, albeit from record low levels. This contrasts with the position throughout 2018 in which the economy remained resilient, driven by continued strong domestic consumer demand, tourism and improvements in net trade.
- 3.8 The Scottish Government's draft budget for 2020/21 was published on the 6th January 2020. The budget was formally signed off in Holyrood on 5th March 2020. The biggest chunk of the budget will be directed to spending on health. With Scotland's population growing older and demand on services increasing, this is only set to increase. The budget has committed in excess of £840 million to the Affordable Housing Supply Programme (AHSP) the final instalment of funds committed to meet the 50,000 affordable homes target. However, there is still concern about the lack of long-term financial certainty for RSLs beyond 2021. It is likely that house price increases and rises in inflation not matched by wage growth in 2019 and beyond, will affect the ability of low-income families to access a mortgage which means that the demand for social housing will remain strong.
- 3.9 Based on our current knowledge of our stock, most of our homes already meet the Energy Efficiency Standard for Social Housing (ESSH and ESSH#2) but this still leaves many of our tenants facing relatively high fuel bills and dependent on older electric heating systems. Shifts in energy usage and costing are inevitable. This will continue to increase demands for improvements to energy efficiency and fuel poverty advice.

Social

- 3.10 The big social challenge going forward for us in common with the whole of society is the changing demographic landscape.

- 3.11 Across Scotland and the UK, there is a growing and ageing population, more people are living alone, more people are struggling to heat their homes and more struggling to buy food and becoming reliant on Food Banks.
- 3.12 Our customer base will get older and generate new demands as the model of care changes with a greater emphasis on keeping people at home. We will need to consider developing new relationships with health and voluntary agencies and what new services are required to support people to stay longer in their homes. Our rural locations mean additional challenges for our tenants in terms of accessibility and availability of support services and transport to allow independent living at home.

Technological

- 3.13 How people generally engage and interact with service providers has changed dramatically over the past decade. More and more simple transactions (paying rent etc.) are being handled online with people of all ages using an array of IT devices and happy to do business in this way. Accessible phone contact can handle more complex issues, but there is still a place and a need for face to face contact on complex queries/needs. We must be adaptable and flexible in our approach to respond to a variety of needs.
- 3.14 We need to widen our online offering, but still provide the means to speak to us directly in a cost-effective and accessible way, either on the phone or in person. We are aware that social tenants are still the most digitally excluded in society. Despite this, more and more public and commercial services are being designed as “digital by default” including the Universal Credit system on which so many of our tenants will rely on going forward. There are also the proven benefits of being able to access services online to get cheaper products and service, to learn and to access jobs and training. The technology needed to get our services online will be important to meet consumer needs, however, can also be a cost reduction driver. As we develop our services, we need to ensure our staff team are comfortable and adept at using modern technology to help consumers, but also to be more mobile e.g. home working and handheld devices to take the service into the customers’ home.
- 3.15 We must play our part and make it easier for tenants to get online confidently to engage and carry out business with us and others. How we engage and communicate with our tenants and other customers is important. However perhaps more crucial is understanding how they wish to be engaged with. This will be an essential part of our transition process if it is to be successful. In 2019 we signed up to the Scottish Council of Voluntary Organisations (SCVO) Digital Charter. In signing the charter, we have agreed to five key pledges to ensure we are helping to build the essential digital skills of the people in our communities and our organisation.

Opportunities

- 3.16 When we look at our operating environment, these external influences reveal some potential opportunities for us. There are opportunities to further explore collaborative working with others, such as the delivery of the development function and procurement, through to procurement clubs and alliances.
- 3.17 Our positive relationships with Stirling Council, the National Park and communities means that there will be opportunities to increase development activity and grow. Feedback received, during the production of our new Strategic Plan, indicates that our stakeholders view the organisation as a key partner for increasing access to affordable housing locally. There is strong support from our

partner stakeholders for us to continue to develop new affordable homes. This not only meets local demand but helps key stakeholders such as the Loch Lomond and Trossachs National Park, Stirling Council and the Scottish Government meet their objectives.

- 3.18 The community empowerment agenda also opens up new possibilities for joint working with communities. There is also scope for us to make better use of IT and digital services to improve efficiency of working and service delivery to tenants and communities.

Threats

- 3.19 We recognise that there are also a number of known challenges, or external threats, that we will need to prepare for. Political uncertainty around Brexit and Scottish Independence open up the possibility of more adverse economic change with possible consequences for interest rates and loan costs; inflation costs (of building materials and others) and at the same time economic downturn reduced income and rent paying ability for tenants. Whilst hard to predict, this will need to be carefully watched and fed into key strategic considerations and plans going forward.
- 3.20 Development is a potential opportunity however, it is also a potential threat and we face particular challenges given the nature of our programme and site opportunities. We operate in a local authority area with one other locally based RSL, Forth HA, whose area of operation is the urban Stirling and eastern villages area. We have built good working relationships and co-operative working arrangements with the Council. Whilst there are some other RSLs with a small stockholding locally, past practice has been for the bulk of development monies to be shared between the Council and the two locally based providers. Whilst this arrangement appears to still meet the Council's objectives it cannot be assumed that this will continue indefinitely and the Association has to be alive to the possibility of change and an increased role for other providers in the area, opening up scope for both increased competition and possibly new opportunities for joint working.
- 3.21 We, like every other modern business have a huge reliance on IT for effective operations, however we are not immune to the risks of cyber-attack or service interruptions/failure and must protect the data we hold and manage. We therefore need to regularly review arrangements around IT to ensure we are resilient.
- 3.22 We are facing a global climate emergency and need to develop an organisational response to the effects of Climate Change. We need to consider our standards of specification and the materials we use and reduce our impact on our environment and protect future generations. More stringent energy targets and standards will have a knock-on impact for our tenants and we need to work with our partners, the Scottish Government, Stirling Council and others to minimise the impacts of climate change.
- 3.23 We are working in an extremely complex, fast paced and demanding environment. The increased regulatory burden and our limited capacity poses the threat of losing staff and board members. We must not take our eyes off the impacts of welfare reform. This is set against climate emergency, growing poverty and inequality, homelessness and a continually evolving political environment that presents huge challenges. Our aim is to align the organisation with the changing environment so that we manage threats and take advantage of opportunities that further our Strategic Objectives.

The Local Context

- 3.24 The Scottish Index of Multiple Deprivation (SIMD) (2020) categorises Balfron, Buchlyvie & Strathblane as being within 10% of the least deprived areas in Scotland. Tyndrum, Lochearnhead, Strathyre and Callander have the greatest levels of deprivation in the rural Stirling area, but are categorised as having medium levels of deprivation in comparison to Scotland. There are, however, some significant pockets of deprivation which can be overlooked if only a general view is taken. Areas within Aberfoyle, Callander and Doune have notable levels of housing deprivation, likely due to relatively high house prices and low proportions of affordable housing. Tyndrum also has significant levels of housing deprivation predominantly due to the high numbers employed in low paid seasonal work. Most notably, almost 50% of areas have some of the highest levels of deprivation in Scotland for access to services and public transport.
- 3.25 2011 Census figures state the population of the rural Stirling area is 24,000 – 26% of the population of the Stirling Council area. The highest proportion, over 32% are within the 45 to 64 age range, 27% are under 24 and 20% are 25 to 44. 18% of the population are within the 65 to 84 age bracket. This is generally in line with the Stirling Council in total with exception of the 45 + age group, which is approximately 5% higher in the rural area. This mirrors the profile of an ageing population across the country. Life expectancy and good health are slightly better in rural Stirling and there is a lower percentage of ethnic minority households.
- 3.26 Whilst unemployment rates are slightly lower than for the rest of Stirling and Scotland, many of those living locally are in relatively low paid seasonal work or are self-employed often working part time hours. There are approximately 7% more self-employed in the Trossachs & Teith Ward and a 7% higher rate of employment in the accommodation and food services industry compared to the rest of Stirling. The Joseph Rowntree Foundation report (“A Minimum Income Standard for Remote Rural Scotland” Policy - Update 2016) highlights “In 2016, a minimum acceptable standard of living in remote rural Scotland typically requires between a tenth and a third more household spending than in urban parts of the UK” with the costs of travelling, heating one’s home and paying for goods and their delivery being much higher.
- 3.27 Looking to the future, we will continue to take account of the demographic profile and associated issues in rural Stirling to plan and deliver affordable homes and housing services that reflect the needs and priorities of the communities.
- 3.28 Home ownership is the principal tenure in the rural Stirling area. Census 2011 figures profile owner occupation rates at 69% (Trossachs & Teith ward) and 78% (Forth & Endrick ward), both higher than Stirling at 66.2% and the Scottish average of 62%. Fewer households are renting social housing in rural Stirling than the Scottish average of 24%. The Forth & Endrick ward is well below the average with 11% of households renting from the social housing sector and 16.5% in Trossachs & Teith. There are currently 724 applicants on our waiting list. This would suggest the reason for below average levels of social housing tenure in rural Stirling is the lack of social housing stock rather than demand for it.

Our Customers

- 3.29 We have a total of 802 sole and joint tenants. Our tenant profile consists of 451 females (56%) and 351 males (44%). Just under 33% of our customers are over the age of 65 (retirement age). Under 35’s make up 16% of our customer profile and 39% are between 36 and 54.

3.30 This data is important for asset and housing management purposes, indicating an ageing customer profile with the potential need for increases in adaptation work and additional support to assist customers to be able to live independently at home.

3.31 The majority of our tenants are white Scottish. This reflects the picture across the rural Stirling area, where 99% of the population identify themselves as white, with a majority of those being Scottish.

Welfare Reform Impacts

3.32 Just over 40% of our customers currently rely on help to pay their rent. We employ an Income Maximisation Officer (IMO) who works alongside our Housing Officers assisting tenants to maximise their income.

3.33 At present all tenants who are in receipt of housing costs and under occupy their home, are contacted on an annual basis and reminded to reapply for Discretionary Housing Payments (DHP) which covers the under-occupation charge. To date loss of income has not materialised. Scottish Social Security now fund DHP and there is no indication from the Scottish Government that funding for the under-occupation charge will decrease or cease at this stage.

3.34 The number of tenants under occupying has increased slightly from 19 to 24 in the last year. This is as a result of tenant's children leaving home and allocation of homes to tenants who do not have full custody of their children but need an additional bedroom for regular access arrangements.

3.35 An objective of our Allocations Policy is to make the best use of social rented housing in the rural Stirling area. To meet this objective, and the requirements of the 2014 Act, an Allocations Review was carried out in 2019. As part of this review priority points for social housing tenants under occupying their home were increased so that anyone wishing to downsize would have reasonable preference to do so.

3.36 It is almost three years since the roll out of Universal Credit (UC) took place in Stirling. As a result, the Association has seen a steady increase in the migration of working age tenants claiming means tested benefits, onto UC. At the end of February 2020, 83 tenants were claiming UC. To date, we have not seen a marked increase in arrears as a result of UC. The managed migration of all claimants who remain on legacy benefits (Job Seekers Allowance, Housing Benefit etc) is due to be completed by 2023. It is unclear at present when this will be carried out in the Stirling area. It will involve a further shift of people on to UC. As 65% of our tenants who claim help with housing costs still currently claim Housing Benefit, it is likely to result in a spike in arrears during the assessment period of all new claims (approx. 6 weeks at present).

3.37 The roll out of UC included a fully digital claim process. We are aware that not every household is digitally inclusive, and some may find it difficult to claim benefits on-line. To ensure digital support continues Housing Officers have become Digital Champions and our Digital Motivator is finalising a Digital Inclusion Strategy which will take account of potential difficulties faced by some tenants with claiming financial help with housing costs.

Our Rents

3.38 We are committed to setting social rents that are affordable and represent value for money. Recent satisfaction surveys have shown a decline in the number of people who think their rent

represents value for money and through our Tenant Satisfaction Survey Action Plan we will address the aspects of our service that need to improve and ensure we engage further with our customers to ensure we are providing the services they want.

- 3.39 The table below compares our current rent levels with neighbouring housing associations, our local authority and peer group (rural housing associations of similar size). Scottish social landlord average rents are also included for comparison. Our one bedroom rents are very competitive. Our two bedroom rents, whilst comparable with neighbouring associations are higher than the social landlord average (including local authority housing). Three and four bedroom rents are slightly higher than our neighbours and the social landlord average. This is because the vast majority of these properties are semi-detached houses with private gardens and driveways which incur additional maintenance costs. However, our two, three and four bedroom rents are much lower than that of peer group associations.

Table 2 - 2018/2019 Rent Level Comparisons

	RSHA	Forth HA	Ochil View	Stirling Council	Peer Group HA's average	Scottish Average 2018/19
Average Weekly Rent - 2 apartment (1 bdrm)	£72.49	£71.36	£74.63	£62.40	£74.84	£76.10
Average Weekly Rent - 3 apartment (2 bdrm)	£81.97	£79.69	£81.46	£64.61	£82.50	£77.70
Average Weekly Rent - 4 apartment (3 bdrm)	£89.15	£87.09	£88.11	£67.21	£93.01	£84.44
Average Weekly Rent - 5 apartment (4 bdrm)	£95.18	£92.93	£90.91	£68.95	£102.94	£93.49

Source: ARC 2018/19

Asset Strategy

- 3.40 We undertake a stock condition survey every 5 years and RSHA's current independent stock condition survey was last carried out in 2015. This data was used to establish our 30-year life cycle costing projections. A Board Working Group was set up in 2018 to carry out a mid term review of the data and costs. The new projections fed into the latest rent review and helped create a more detailed 3 - 5 year programme of component renewals. Following an independent review of our ARC data it was found that 6 properties did not meet the Scottish Housing Quality Standards¹ (SHQS) 35 pass mark (energy efficiency) and that 3 properties previously evidenced as exemptions had not been recorded as such in previous ARC returns. These properties will be reviewed during 2020-21 to establish whether SHQS compliance can be achieved. We will ensure future component renewals and other supporting programmes of work will keep the stock compliant. The next stock condition survey will be instructed late 2020.

¹ The Scottish Housing Quality Standard (SHQS) is the Scottish Government's principal measure of housing quality in Scotland.

3.41 We are also conscious that we have a small number of properties that are currently not achieving the Energy Efficiency Standard for Social Housing² (EESH) which must be complied with by 2020. Given our rural locations and the inclement weather that can adversely affect our communities and customers, we are determined to play our part in improving thermal efficiency and addressing fuel poverty.

3.42 The current 5-year component renewal programme includes provision to address the failing factors within these properties with new heating systems seen as the most effective measure to ensure these properties comply with EESH. During 2020-21 we will commission consultants to consider all options available to assist us in meeting these targets. This report will identify the most appropriate type of heating per development and highlight what other measures we can undertake to improve the thermal efficiency of our homes.

3.43 The types of heating systems installed in our homes are split as follows:

	RSHA Units	% of stock	Venachar Units	% of stock
Gas Heating	282	47%	3	60%
Electric Storage Heating	292	48%	2	40%
Ground Source & Air Source Heat Pumps	27	4%		
Solid Fuel	7	1%		
	608		5	

3.44 Inefficient, aging electric storage heating remains a key target of the current 5-year component renewal programme. 15 homes had their electric storage heating renewed with more efficient Quantum heaters during 2019-20. We will also be carrying out a more detailed energy review of the stock during 2020-21 with the objective of informing our EESH2 projections with viable and affordable efficiency measures and, critically, providing tenants with more comfortable, affordable homes. EESH2 is the most recent phase of the government’s energy efficiency strategy with compliance due in 2032.

3.45 The 30-year life cycle costing figure included in this Business Plan is £38m (inflated).

3.46 During 2018-19 we carried out the intended review of the Life Cycle Costing (LCC) and concluded that utilisation of the existing Planned Maintenance module in the SDM computer system is our preferred means of storing LCC data. Trial imports of data from existing spreadsheets have been completed and this process of data transfer to SDM continues. This will provide the Association with a more secure and auditable source of all such property data, easing access/reporting and providing the scope to develop more efficient methods of data gathering.

3.47 The objectives set out within this section are all contained within the 3 year Asset Management Strategy which was approved by the Board in October 2018, thereby providing clear direction through prioritised objectives in the short, medium and long term. Beyond the foregoing objectives the Strategy also includes such priorities as an Options Appraisal for the Repairs Service, a Review of the Design Guide, development of a Value for Money Strategy, an assessment of mobile working for Asset Management staff and preparation for the next 5-yearly Stock Condition Survey in 2020.

² The Energy Efficiency Standard for Social Housing (EESH) aims to improve the energy efficiency of social housing in Scotland.

Development Strategy

- 3.48 Our Asset Management Strategy also details our commitment and the support of our Board, customers and partner stakeholders towards growing the organisation by continuing to build new homes or land and property acquisitions. This will strengthen the organisation to deliver improved value for money for tenants.
- 3.49 Whilst newbuild development represents potential opportunity it also carries potentially significant risks. The Association will continue to have regard to SHR's general Business Planning and Asset Management Guidance (2015). Also, more particularly to the recommendations from its (March 2017) thematic inquiry into "Development of affordable housing in Scotland" and the ten principles it identifies: Strategy, Risk, Product, Capacity, Governance, Appraisal, Funding, Project Management, Procurement and Stakeholders.
- 3.50 We work closely with Stirling Council, Loch Lomond and Trossachs National Park and other local providers as part of the Stirling Strategic Housing Forum and the Stirling Strategic Housing Investment Plan (SHIP) Working Group.
- 3.51 There is continuing evidence of strong need and demand for affordable housing in many parts of our area – particularly in the South and as far north as Callander. The area has been categorised as "pressured" and a key investment priority within the Stirling Strategic Housing Investment Plan (SHIP). The Stirling Council and National Park Local Development Plans have both identified new housing development sites with a significant affordable housing requirement.
- 3.52 The main priority is the development of social rented housing however there is also demand in certain locations for other tenures including Low Cost Home Ownership (LCHO) and Mid-Market Rent (MMR) and the Stirling SHIP now also recognises this.
- 3.53 The most current Stirling SHIP provides for Grant funding for circa 140 units for RSHA in the coming three years (2020/21 – 2022/23). These are
- | | |
|------------------------------|----|
| Claish Farm, Callander | 50 |
| Balmaha | 10 |
| Lampson Rd, Killearn | 12 |
| Buchanan Crescent, Croftamie | 10 |
| Gartness Road, Drymen | 33 |
| Menzies Terrace, Fintry | 15 |
| Brig O Turk | 6 |
- 3.54 Development sites in the rural area have traditionally been scarce and often relatively expensive to develop due to site conditions and infrastructure costs. The business case for development was however much strengthened by the significant increase in social housing grant per unit and overall grant availability as part of the Scottish Government's drive to meet its 50,000 affordable homes target.
- 3.55 All schemes are risk assessed and financially appraised to assess when they will start generating net surpluses and their longer-term impact on our finances. The current target is for private finance per unit for new homes to be on average £50k. New tenures potentially bring additional risks and there will be a need for vigilance in this regard.

- 3.56 We will also consider adding to our stock incrementally through small scale purchase of existing homes. In the past we have bought back shared ownership property where this makes sense, in areas of high demand. A number of our remaining sharing owners have indicated a desire to sell but stay in their home as tenants, as they do not have the income to tranche up and are worried about the prospect of meeting future maintenance costs.
- 3.57 Following a review of the resourcing of our development function carried out in 2018 we will continue to buy-in expertise from specialist development service providers. A new Framework for Development Consultants Services was put in place in April 2019 following a fully compliant EU procurement process. This will be reviewed again during 2021/22.

4. STRATEGY

4.1 The RSG Strategic Plan sets the framework for both RSHA and Venachar Ltd. The governing bodies of both organisations came together last August to review and refresh the Vision, Mission and Values and the future Strategic Direction of the Rural Stirling Group.

Our Vision

4.2 The vision of the RSG is for ***Strong and attractive rural communities***. Our vision highlights the geographical area in which the RSG operates, it does not serve one local community, but many communities spread throughout a large rural area.

Our Mission

4.3 Supporting the vision is the Group's mission statement, ***to provide affordable, quality housing and support community aspirations***. The mission emphasises that we want to not only build new homes but we also want to help the people who live in and around our homes. The development programme is large compared to the size of the organisation and so by building new homes, there is an acknowledgement that the organisation will grow in size, potentially by as much as twenty five percent over the next three years.

Our Values

4.4 The values of the Rural Stirling Group were reviewed at the group strategy day last autumn by the Board of RSHA and Venachar and senior staff. We have developed a set of guiding values that will steer our behaviours and help us to achieve our mission. The values that we hold dear include:

- **Accountable** - our Board, as the governing body, and our leadership team will provide strong strategic leadership and oversight, ensuring tenant and other service users' priorities are protected and at the forefront of all that we do. We will ensure that all of our staff and others that work for us are accountable, and that our actions are always transparent.
- **Ambitious** - we are committed to striving for excellence, and maximising opportunity for our people and the customers that we are here to serve. An example of RSG's ambition is its development programme, which is significant for an RSL of its size but will have a very positive impact on the communities in which it operates.
- **Caring** - the services that we deliver will meet the needs of our customers and be delivered by professional and caring staff. We are here for the long-term, so we care deeply about the design, life-long quality and cost of our homes, and their impact on the physical and social environment. We believe that a healthy community is a socially inclusive one and, through our landlord and other services, we will meet local needs, provide ongoing support and help tackle rural disadvantage. We also want to build a happy healthy and engaged team, and we value and care for everyone that works for us.
- **Collaborative** - we will work collaboratively with all sections of the local community. This includes working collectively and individually with our customers and with other housing associations, statutory, public and voluntary sector partners to improve the lives of our residents. We will be a proactive member of our local communities, seeking out new,

innovative ways to address issues that impact our residents. We will work with communities and explore ways of maximising opportunity through community empowerment to ensure local voices are heard in the planning and delivery of services.

- **Inclusive** - the Scottish Social Housing Charter (SSHC) requires Registered Social Landlords (RSLs) to ensure that every tenant and other customer has their individual needs recognised, is treated fairly and with respect, and receives fair access to housing and housing services. We recognise that the communities in which we operate have a diverse mixture of people and we are committed to reflect that by having a diverse and inclusive staff and board. More than that, we value the perspectives and contributions of everyone connected to the RSG.
- **Respectful** - RSG will treat everyone with respect: we will be polite and treat others as we would wish to be treated, we will be helpful, we will listen, we will not make excuses and we will be willing to change when this is necessary. This is equally important for those outside the organisation as it is our employees and Board members.

Our Strategic Objectives

4.5 Building on the values are RSG's six key strategic objectives. Our strategic objectives are a set of interlinked objectives, underpinned by a delivery plan for the coming year. These fully reflect the opportunities and threats in the evolving external environment in which we operate and our current internal strengths and weaknesses. Each objective has an agreed outcome which will be used to help us to demonstrate success. Each objective is described below, together with the outcome we expect to achieve.

- **Strategic Objective 1: Delivering excellent services to our tenants:** *this means being the best social landlord we can be, delivering a high standard of service, resourcing our activities well and meeting our regulatory requirements. Outcome: We will know we have achieved this through high levels of customer satisfaction, strong performance results and positive engagement with the SHR.*
- **Strategic Objective 2: Developing new homes to meet our communities' needs:** *This means continuing to develop and build new homes to meet the needs of our rural communities. This will enable us to grow and deliver improved value for money for our tenants. Outcome: We will know we have achieved this objective through an increase in the houses that we own and through improved quality and choice for tenants.*
- **Strategic Objective 3: Providing safe, high quality energy efficient homes:** *This means keeping our existing stock safe, warm and attractive and meeting SHQS, EESSH, Fire Safety and other regulatory and government standards. Outcome: We will know we have achieved this objective by meeting Scottish Housing Standards, our housing is safe and secure and tenants are happy with the repairs service.*
- **Strategic Objective 4: Supporting and sustaining our communities:** *This means delivering excellent services which place the customer at the heart of everything we do. We will develop our knowledge and understanding of customer needs, wants and expectations, and use this information to improve our performance. Outcome: We will know that this is achieved through an increased level of sustained tenancies, reduced turnover of our homes and demand for our housing remains high.*

- **Strategic Objective 5: Achieving meaningful participation and scrutiny:** *This means working collaboratively with our tenants in the design, delivery and improvement of our services and moving from **consultation** to **co-creation**. **Outcome:** We will know that we have achieved this through more tenants and service users being happy with the services we provide and the profile of our organisation is increased across our communities.*
- **Strategic Objective 6: Working with partners effectively:** *This means working with partners to deliver more homes and services and working alongside communities to help them to help themselves. **Outcome:** We will know that this has been achieved through an increased awareness and openness to partnership opportunities, through access to new funding streams and involvement in community projects and being seen as the ‘go to partner for housing’ by our rural stakeholders.*

- 4.6 We reviewed our strategic direction and objectives at the Group Strategy Day last autumn to ensure that we stay focused on working towards our vision over the next 3 years. It was agreed that all our activities will be aligned to delivering these specific objectives and that agreed outcomes and targets will help us to measure our performance.
- 4.7 The next three-year phase will focus on our core housing service, improving the quality of services that we deliver and demonstrating value for money. We will continue to build new homes over the period of the plan but will also make significant investment to preserve the quality and attractiveness of our existing homes and environments. We understand our operating environment and we understand that there will be challenges for us as an organisation. However, we have grown and diversified over the years since we were initially established, and we have demonstrated that we are agile and resilient and can adapt quickly to change.
- 4.8 The recent Board Strategy session was informed by an independent Options Appraisal Exercise of our subsidiary Venachar Ltd. The RSG Board decided that, given the limited staff capacity, the best option for the Venachar subsidiary was actually to ‘park it’ but to allow it to ‘tick over’ by continuing to meet its Mid-Market Rent (MMR) commitments. The emphasis for the subsidiary over the period of the plan has changed and the key outcomes will be for Venachar to continue to operate but with an acceptance that it has limited operations and minimum governance burden. This will allow us to prioritise the delivery of improvement and investment in our core housing service and the planned growth through new build housing.

5. STRATEGIC PRIORITIES

- 5.1 The RSG Board have set the strategic direction and ambition for the group and this is set out in our new Strategic Plan. We involved our staff team in reviewing our Strategic Objectives and anticipated outcomes, against the backdrop of our operating environment. From this work we have developed a set of priority themes and actions which will be our focus for the period of the plan. Our areas of focus and our priorities align with our Vision, Mission and Values and our six Strategic Objectives.
- 5.2 A new Strategic Delivery Plan has been developed to allow us to report by exception on progress to the Board. We have set SMART (Specific, Measurable, Achievable, Realistic and Time-bound) targets for each of the activities to be carried out. These will be cascaded down into operational workplans and personal responsibilities and targets that can then be used to set targets at annual appraisal reviews and to monitor performance. Our Strategic Delivery Plan and annual targets over the period of the plan are set out in Appendix 2. Our key priority themes underpinning the business plan actions and activities are outlined below. We will undertake a review of our priorities in response to the COVID-19 pandemic to ensure that they remain achievable and realistic.

Tenant Safety

- 5.3 Our primary concern is to keep our homes and the environment around them safe and secure for our tenants and to provide a safe working environment for our staff, contractors and others with whom we work. Over the period of the plan we will be delivering programmes to improve the fire safety in our homes. We will carry out necessary upgrading works during 2020/21 to comply with the new Fire Safety standards that will ensure compliance by February 2021. We will ensure every property with a gas heating installation receives an annual service and safety check in advance of the anniversary date. We will also be carrying out a Landlord Health and Safety Audit in collaboration with other RSL partners and will carry out any recommended improvements.

Housing Quality

- 5.4 The provision of high-quality affordable homes across our communities and increasing the supply of homes is fundamentally our reason for being and is what we are passionate about. Given our rural location and the inclement weather that can adversely affect our communities and customers, we are determined to play our part in improving thermal efficiency and addressing fuel poverty. We recognise the importance of investing in our homes to ensure they remain attractive and desirable and meet modern standards and the need to build new homes to meet unmet needs. Over the period of the plan, we will give priority focus to:
- Delivery of our new build programme Increasing Housing Supply by around 140 units over next 3 years.
 - We will make sure our approach to new supply is strategic, evidenced based and balances need with our capacity & resources.
 - Our main priority will be the development of social rented housing; however, there is also demand in certain locations for other tenures including Low Cost Home Ownership (LCHO) and Mid-Market Rent (MMR) and the Stirling SHIP now also recognises this.
 - We will complete the comprehensive review of our Design Guide aimed at producing standards and guidance for new build and planned maintenance that reflect the highest standards in sustainability, value for money and quality of materials that result in desirable, comfortable and affordable homes that tenants aspire to and enjoy living in. We will make sure we use feedback

from previous completed developments to inform this review. We will design to local climate conditions e.g. our more northern lying developments are colder and wetter and we will exceed minimum standards for sound proofing. We will look to make sure our design and technical specification and the materials we use minimise our impact on the environment and explore e.g. passive house standard and offsite manufacturing/construction.

- Our Asset Management Strategy will be reviewed and updated – this will be where we detail the condition of our housing stock and communities. We will use this to inform our investment decisions as well as future plans.
- Endeavour to meet the requirements of the Scottish Housing Quality Standard (SHQS) and meet the Energy Efficiency Standards for Social Housing (EESH) by 2020. Both standards are set by the Scottish Government and ensure that homes are above a certain standard in terms of quality and energy efficiency. We will prioritise heating replacement and renewable energy solutions reducing fuel poverty and phasing out of gas boilers.
- Deliver a comprehensive Planned and Cyclical Maintenance Programme - works are carried out every year such as external painting, new kitchens, boilers, door entry systems etc. and we need to plan these in advance and ensure that when we get contracts in place, they take account of current legislation, value for money and where possible we include aspects like community benefits such as apprentices.
- Commission an independent stock condition survey (the last survey was in 2015) and this data will be used to inform and update our 30-year life cycle costings and develop a detailed programme of planned maintenance.
- To support asset management planning, we will explore with our Board the benefits of moving to a three-year planning cycle and six yearly stock condition survey: this could be combined with a move to a three-year rent review process so that tenants and RSG have greater certainty. For RSG, this would allow longer maintenance cycles with potential efficiencies.
- Carrying out grant-funded disability adaptations to meet identified needs of our tenants.
- We will look for quick wins to show that we are listening to feedback from tenants and caring for our estates e.g. render cleaning in our most northern settlements.
- We will host an annual stock tour for Board and Senior Staff and ensure that all our estates are visited.

Excellent Customer Service

5.5 Our most recent Tenant Satisfaction Survey carried out in 2019, tells us that we have work to do to improve customer satisfaction. Our aim is to deliver excellent customer focused services, which place the customer right at the heart of everything that we do. Improving our performance in this area will be a key focus for us. We will continue to develop our knowledge and understanding of our customers' wants, needs and expectations, and use the feedback we receive to improve what we do and how we do it. Our front-line staff will be encouraged to support and advocate for our tenants and other service users and will be accountable for the services we provide. In this Business Plan period we will:

- Aim to increase satisfaction and tenancy sustainment levels and implement our Tenant Satisfaction Survey Action Plan.
- Continue to communicate with customers in their preferred ways – we will aim to increase opportunities for face to face communication, provide regular newsletters, grow our Tenant Gatherings, increase use of SMS texting Service, and answer calls quickly.
- Improve our online offer to customers, promoting the idea of customer self-service and make things like reporting repairs, checking rent accounts etc., easier on-line.

- Continue to benchmark our performance against the Scottish Social Housing Charter Standards and Outcomes to help us improve and become the best we can be. We also have a Strategic Delivery Plan which sets out our Key Performance Targets and we will report on this quarterly to our Board.
- We will improve repairs reporting, providing a dedicated and resourced repair line, track repairs and follow up jobs to completion and aim for right first time.
- We will improve communication to all customers – tell people about all that we do and communicate in a way that is easy to understand, avoiding jargon where possible.
- We will use all contact as an opportunity. We will introduce an “*anything else I can help you with today?*” approach as standard.
- We will carry out smarter (to prevent survey fatigue) shorter/specific targeted pulse surveys in a variety of formats: post, website, text and out of hours to catch views of working tenants. We will explore if the Stock Condition Survey presents an opportunity for a snap shot/pulse survey.
- We will use feedback when tenants respond to give confidence that we are listening and we will say thank you when tenants take the time to give us their views e.g. annual rent consultation.
- We will comply with the SPSO requirements regarding New Model Complaints Handling. We will aim to reduce upheld complaints and we use learning from complaints to improve our services.
- We will have closer engagement and communication with our landscape representatives across our estates.

Leadership and Governance

5.6 We recognise the vital importance of strong and visionary leadership from the Board and senior team to develop our staff to be the best they can be. We also recognise the importance of having the right culture in place to ensure success. We will maintain the solid financial base of the organisation now and in the future and demonstrate that we provide value for money to our customers and other key stakeholders. We will continue to strengthen our governance arrangements to ensure the continuing effectiveness of our Board. To this end in the coming year, we will:

- Refine and submit our Annual Assurance Statement, using sector feedback and lessons learned and the updated toolkit.
- Complete the structure review of the organisation to ensure that it is fit for purpose and can resource the objectives and priorities going forward.
- Put in place an updated Board and Staff Learning and Development Policy to include succession planning.
- Develop our Senior Management Team to provide effective leadership and management across the organisation and involve our Board in this programme.
- Adopt a culture that supports the wellbeing of all within the RSHA Group.
- Adopt the most up to date version of the SFHA New Model Rules.
- Ensure that our Board have the right support and review the current Board Support Project early in 2021.
- We will take expert advice when it is needed and procure the Internal Audit function and ensure a robust planning process.
- Carry out an independent Self-Assessment against the SHR standards of Governance and Financial Management in 2021.

Procurement and Contract Management

5.7 We understand that efficient procurement and management of contracts is essential to ensure value for money and will use procurement a strategic tool to improve our performance, increase satisfaction and deliver value for money. We have developed an internal procurement policy and procedure that is based on Scottish Government Procurement Regulations and good practice. We need to ensure that we manage contractor's and consultant's performance effectively and will ensure that our staff have the appropriate skills and training to ensure the effective management of contracts. As a client it is essential that we prepare comprehensive briefs and specifications and hold those we appoint to deliver on our behalf to account. We have access to a number of procurement frameworks and will use these to maximise opportunities to make efficiencies in procurement exercises and reduce costs. Our priority focus over the period of the plan will be to:

- Improve contract and performance management of contractors and consultants.
- Achieve target spend and programmes with respect to or new build and planned investment programmes.
- Arrange refresher procurement training for all staff and project management training for those that would benefit from this.
- Maintain access to various frameworks including SPA and Procurement for Housing.
- Seek opportunities to procure collaboratively with our StrathFor Alliance partners and others.
- Procure a number of contracts including:
 - Our reactive maintenance service involving our customers in the development of the service specification for this contract.
 - Legal Services.
 - Our IT support services in 2020.
 - Our Development Services Framework in 2022/23.

Affordability and Value for Money

5.8 It has never been more important to ensure that we are providing and receiving value for money. It is crucial that the services we provide are as good as they can be to ensure that every pound spent by our customers and ourselves can be accounted for and has added value. We will focus on new strategies and good practice for reviewing services on a value for money basis, looking at where we spend money, how much we spend and whether we can make efficiencies across our business on the delivery of services. Rental income from our tenants is our main source of income and it must be sufficient to meet all of our costs including operational overheads, investment in our stock, and repayment of our private loans. Our rent levels are assessed annually, we consult with our tenants on the issues, plans and costs before our Board make a final decision on the rent increase. There is regulatory pressure to move to the lower Consumer Price Index (CPI) over recent years when producing long term financial forecasts and when assessing our rent increases. Not all our costs rise by CPI and often many are associated with Retail Price Index (RPI) higher increases. This is a difficult process for us to manage when we are also trying to keep rents affordable. For tenants facing increasing financial pressures, we know that changes to the UK welfare reform has increased these pressures. We have been using rent affordability assessment tools developed by our sector to assess incomes against our rents, so we are aware of the impact of our tenant's income against the need to keep rents affordable. We will be doing more work on rent affordability over the business plan period and our priority focus will include:

- A new Value for Money Strategy including a review of affordability tools and the affordability of our rents.
- Continuing to benchmark our rents and management costs per unit with our peer group to ensure we remain comparable and carrying out further analyses of variance.
- Reducing current and former tenants rent arrears.
- Having a specific Tenant Gathering as part of the annual rent increase consultation process.
- Producing an annual value for money statement to confirm what we are doing and how we are doing things.
- Continuing our Income Maximisation Service to support our tenants to deal with welfare reform impacts.
- Looking at the robustness of our Business Planning model and modelling software such as BRIXX. The aim is to improve and streamline our long-term business planning process.

Human Rights and Equalities

5.9 All RSLs are required to meet equal opportunities legislation in the provision of housing and services as well as recruitment of staff and contractors and consultants. The main provision for equality and diversity is contained within the Equality Act 2010 and this describes the main protected characteristics relating to landlords' services for age, disability, gender reassignment, marriage or civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The Scottish Social Housing Charter (SSHC) sets out the requirements for landlords to find ways of understanding the rights and needs of different customers and delivering services that meet these needs. We report on this standard by collating equal opportunities monitoring. Within the new SHR Framework, there is a new requirement for social landlords to have assurance and evidence that it considers equality and human rights issues properly when making all of its decisions, in the design and review of internal and external policies, and in its day-to-day service delivery. To comply with these duties, landlords must collect data relating to each of the protected characteristics for their existing tenants, new tenants, people on waiting lists, governing body members and staff. Compliance against this requirement will be assessed from April 2021. We must maintain a strong focus on Human Rights and Equalities during the period of this plan. We will:

- Develop a new Equality, Diversity & Human Rights Strategy and Action Plan.
- Prepare and develop our systems of reporting to provide the assurance to our Board and to the SHR that demonstrates how we use equalities data to inform service delivery.
- Evaluate and enhance our customer care practices through an independent service review.

Communication, Engagement and Participation

5.10 We want our tenants to be, and to be seen to be, at the centre of everything that we do. We recognise that to ensure greater involvement and scrutiny from tenants and other service users we need to revitalise our approach which takes into account best practice from across the sector. To do this we need to develop effective Customer Engagement and Communication strategies which exploit digital opportunities and recognise and respond to our tenant profile. We have already identified in house Digital Champions who have received training to help our tenants develop digital skills and the confidence to get the most out of being online and to be Digital by Default. However, we will also continue to provide a good customer experience for those not digitally aware or who may be digitally excluded. We need to continue to be visible in our communities by working closely with Community Councils and attending community events. We

will seek every opportunity to gain insight, knowledge and understanding of our customer needs, wants and aspirations. This is our 30th Anniversary year and we intend to give something back to our community as part of this milestone achievement. Our focus in this plan period will be:

- Launching our new Customer Engagement Strategy.
- Celebrating our success and our 30th Anniversary by attending community events and gala days throughout 2021.
- Developing My Home to provide tenants a web based portal and exploring potential for a customer smart phone app.
- Getting better insight and knowledge about our customers through: About You visits, settling in visits, estate walkabouts.
- Improve quality of information on responsibilities e.g. landscape areas to reduce enquires/complaints.
- Supporting our landscape representatives across our estates and developing joint action plans.
- Developing closer links with tenant advocates e.g. Stirling Tenant Assembly, TIS and TPAS.
- Develop our approach to Scrutiny e.g. involving tenants in a review of our void procedure and aiming for Scrutiny Accreditation 2021.
- Develop an effective IT and Communication Strategy and increasing our social media presence.

Climate Change

5.11 We are facing a global climate emergency and there is growing awareness of climate change and its impact on our communities. We will minimise the environmental damage our activities cause and we will provide details of the initiatives we can take in response. We will mitigate the impacts of climate change and shape our services to protect the planet and future generations. We will create as small a level of environmental impact as possible and we will plan to achieve a carbon neutral position through an organisation wide approach. Our focus will be:

- Developing an organisational response together with partners e.g. Stirling Council to the effects of climate change.
- Exploring funding opportunities to take steps towards mitigation of our impact and future proofing where we can e.g. Electric Charging opportunity for the office car park.
- Completing the reviewing of our Design Guide.

Happy, Healthy and Engaged People

5.12 Our people are our greatest asset and essential to our future success. We want everyone who works for us to feel valued and supported and to enjoy working with us. We will promote the RSG as an employer where staff can build a career in housing. We were reaccredited through Investors in People in 2018. This standard measures our commitment to empowering our staff team to develop our business, by being fully part of celebrating the successes we have achieved and allowing our staff team to collectively plan our future direction. We are striving to reduce the amount of paperwork we hold by investing in electronic storage and have introduced mobile technologies for our staff and our Board to make us more efficient. We need to continue this investment and improve the way we work when we are also out and about dealing with our customers. We believe that a happy, healthy engaged and outward looking team will deliver the best results and ultimately benefit our tenants and other service users. In the coming year, we will:

- Implement our new structure.

- Implement the findings of the Stress Focus Group.
- Launch the updated Employee Handbook.
- Reduce staff sickness absence.
- Review our team values and how we are with each other when we come to work. Our values will be ones that we all share. We want our people to enjoy coming to work for us and will encourage a sense of fun. We will embed new values and behaviours through a team building event designed with our staff.
- Foster a coaching culture to encourage and motivate our team to give of their best to successfully deliver our objectives and a culture that puts the customer at the heart of everything we do.
- Promote a happy, healthy and engaged team with a focus on Healthy Working Lives and a work life balance. As part of this we will look to achieve Healthy Working Lives accreditation status.
- Continue to roll forward our IIP accreditation and aim to achieve Silver Status in 2021.
- Review recruitment of a new Modern Apprentice 2021/22.

Be the “Go To” Partner for Rural Housing

5.13 We want to work with our partner agencies and communities to be a key part of the fabric of support and opportunity-making in our area. We will continue to work with Stirling Council to deliver their Rapid Rehousing Transition Plan (RRTP) to alleviate the impact of and reduce homelessness. We will also explore opportunities to bring much needed investment to our communities through the Empowering Communities Programme, including the Scottish Government Investing and Aspiring Communities Funds. We will also work with our partners to help maintain services and develop sustainable vibrant communities. We will give priority to exploring funding opportunities to assist our tenants out of poverty including fuel, food and child poverty, including how we can collaborate with other partners to help to resource this. Our focus will be on the following activities:

- Working in partnership with Stirling Council to review and improve MAPPA process for Information Sharing Protocol.
- Respond to the Housing 2040 agenda and reviewing our resources as this evolves.
- Establishment of Community Panels for new build developments.
- Maximising Community Benefit through procurement.
- Exploit opportunities for Community Empowerment.
- Contribute to the work of the Callander Partnership to help sustain our investment in this community.
- Promote and use our Community Donations Fund to support and enable local charities and other community controlled projects to sustain and deliver community led projects.
- Work with the East Loch Lomond Development Trust (ELLDT) to define and develop ongoing management of key worker accommodation and develop proposals in partnership with ELLDT to examine feasibility and long term viability of development of land adjacent to the housing units for community use.
- Continue to explore potential for key worker accommodation in partnership with Loch Lomond and Trossachs National Park and Scot Gold.
- Promote an outward looking team, encouraging networking with SFHA, SHN, benchmarking performance and best practice forums, CEO Forum etc.

- Strengthening links with partners on our doorstep who provide support services in our communities e.g. Action in Mind Rural Outreach.
- Work in partnership with SFHA to be the host RSL for the RIHAF Conference in 2021.

6. RESOURCES

6.1 We are fully committed to making the best use of our resources - money, people and systems, to ensure we remain a strong, successful and sustainable organisation.

Our Finances

- 6.2 Our long term projections continue to demonstrate viability over the short, medium and long term. Our financial projections show annual surpluses, positive cash balances and loan covenant compliance throughout.
- 6.3 Net surpluses over the 30 years of the plan are stable at an average figure of just under £0.5m per annum in the first 5 years of the plan, moving to an average of just over £0.8m per annum in the following 5 years. Years 11 to 20 report average surpluses of just under £1.5m with years 21 to 30 increasing to an average of just over £2.6m per annum. Surpluses average just under £1.6m over the 30 year business plan period.
- 6.4 Our management costs have increased by an average of 9% per annum since the prior year version of the plan. In the main this is to accommodate the proposed new staff structure. Our FTE will increase from 14.66 in the existing structure to 16 in the new structure. A full review of all management and overhead costs were undertaken as part of this business plan update. All cost assumptions are prudent.
- 6.5 The development programme assumes a further 140 new units to be delivered over the course of this three year plan, requiring private finance of circa £7m. The Association has already agreed £5.5m of funding with the Bank of Scotland, leaving a further £1.5m of funding to be procured to deliver the current programme. Note that the base model assumes no further units beyond the current programme and pipeline projects have been omitted to counter the uncertainties surrounding future funding.
- 6.6 We are continuing to plan for future investment in our stock with the total spend of £38m (inflated) expected over the 30 year period. £3.8m of this will be delivered during the first five years of the plan. Additional loan finance of £1m has been assumed in year 3 of the plan to cover the estimated investment required to comply with the new EESSH2 requirements. It is assumed that this finance will be procured along with £1.5m requirement to fund the remainder of the development programme as noted above. A further £2m of funding is required in year 10 to fund the component renewal and major repairs programme, however this has been treated as a ten year bullet repayment loan being repaid in full by year 20; it may be that this finance takes a different form, e.g. overdraft and this can be determined based on business need.
- 6.7 The value of loans outstanding at the start of the plan is £10.9m and is expected to peak at £17.5m in year 3, reducing thereafter until fully repaid by year 28. Cash reserves are available at various points throughout the 30 year business plan to opt for early payment of some loan balances, however business need and loan terms will dictate if this could be a suitable option.
- 6.8 Cash resources over the 30 years of the plan are stable and average just under £1.1m per annum in the first 5 years of the plan, £0.9m per annum in the following 5 years, just over £1.5m per annum in years 11 to 20 and finally, £5.2m per annum over years 21 to 30. Cash resources average £2.6m over the 30 year period.

- 6.9 The year 30 cash balance is projected at just under £13m. Note that this has decreased by £0.7m since last year's business plan. This is due to a variety of factors and includes the reduction in the numbers of units being projected in the development programme, and therefore reduced rental income, and also the cost of the new staff structure. However, note that loan finance costs have reduced resulting from the reduced development programme.
- 6.10 The net surpluses mentioned above translate into reserves increasing from £7.8m at the end of the first year to £10.1m by the end of year five, and to £55.5m by Year 30.

Financial Planning

- 6.11 The achievement of our strategic objectives requires the ability to understand and control costs. This is important to maintain an affordable rent structure, invest in the development of the business and have the strength and flexibility to adapt to external challenge. Achieving this is vital if we are to achieve our purpose and make a difference in the community.
- 6.12 As a business with 628 properties to maintain over the long term and a significant portfolio of long term borrowing the Association needs a robust business plan underpinned by a 30-year financial model. Our long-term financial forecasts include comprehensive scenario planning and stress testing, assessing the impact of different assumptions and identifying alternative strategies to manage risk.
- 6.13 An annual budget is prepared each year and the 30-year financial model is updated to reflect the new budget, being the year 1 position and future assumptions are updated where required to reflect current economic conditions and known changes to the operating environment that the Association operates in.
- 6.14 Following the annual budget preparation, performance is monitored throughout the year through quarterly management accounts reporting, variance analysis, regular cash forecasts, and loan covenant monitoring.
- 6.15 The Association also measures its performance against a range of key performance indicators on a quarterly basis. Based on its 30-year financial projections the following are a sample of the KPIs monitored.

KPI	2020/21	2021/22	2022/23
Management Costs Per Unit	£1,715	£1,651	£1,479
Staff Costs as a % of Turnover	21%	17%	17%
Overheads as a % of Turnover	7%	6%	5%
Net Debt Per Unit	£19,552	£21,454	£20,566
Voids as a % of Turnover	0.75%	0.66%	0.66%

If the KPIs vary from expectation an explanation is provided to the Board.

- 6.16 We are aware that we could make better use of the financial data that is available to us, both internally and externally, for benchmarking, tracking our financial performance and forward planning. We could also better present our financial performance with the use of visual aids and diagrams rather just figures, to make it easier for non-finance professionals to understand, and this is something that we hope to take forward over the course of this business plan period.

Key Financial Assumptions

- 6.17 A robust business plan model needs a set of prudent and realistic cost assumptions. The assumptions must also address how costs are likely to increase over the lifetime of the plan. Inflation along with real cost increases need to be considered. The following table sets out the key assumptions used in this business plan.

Business Plan Assumptions

Year	1	2	3	4-30
Assumption	2020/21	2021/22	2022/23	2049/50
Inflation	2.5%	2.5%	2.5%	2.5%
Voids	0.75%	0.75%	0.75%	0.75%
Bad Debts	1.25%	1.25%	1.00%	1.00%
Rent policy **	Infl+0.50%	Infl+0.50%	Infl+0.50%	Infl only
Real Cost Increase	0.25%	0.25%	0.25%	0.25%
Base Rate	0.75%	1.00%	1.50%	5.0%

** Rent Policy – Inflation + 0.50% for the first 10 years of the plan until 2029/30.

- 6.18 These assumptions along with estimates for development of new units, planned investment in stock and management and overhead costs are factored in to the 30- year business model. The output allows the Association to plan over the short, medium and longer term.
- 6.19 The Associations 5 year cashflow, taken from the 30-year business plan model, is presented at Appendix 3. This shows cash decreasing from £1m at the start of year one to just under £0.9m at the end of year five. Loan finance of £7.75m has been drawn down over the period to fund the development programme (£6.75m) and planned investment in current stock (£1m). Cash surpluses generated are from normal operating activities less investment, and the reduction in cash over this period reflects the substantial investment in our housing stock of £3.8m, £1m of which is being funded through loan finance.
- 6.20 The 5 year cashflow provides a positive outlook with average cash balances of £1.3m over the 5 year period.
- 6.21 The Association prepares sensitivity analyses to review the impact of various risks and external factors out with its control. Our analysis shows that should the adverse scenarios arise as single events, they are manageable. This could be through increasing rent levels, reducing staffing costs, refinancing, reprogramming the planned maintenance and component renewals contracts etc.
- 6.22 Where adverse scenarios are combined, they require more consideration and can become more difficult to manage. The key is to ensure a proactive approach is taken to both short, medium and long term planning. The Association regularly assesses the impact of known changes to its financial circumstances throughout the year, on both its annual budget and 30 year projections. This could be changes in interest rates, a delay in our development programme or higher tender costs than expected.

- 6.23 We are confident that our financial position and monitoring is robust and fit for purpose. Our 30 year cashflow and detailed sensitivity analysis can be provided on request.
- 6.24 We have considered the impact of COVID-19 on the Association's 30-year projections. Our detailed COVID-19 sensitivity analysis is provided as an Addendum to this year's Business Plan. These workings will be reviewed and updated regularly throughout the year as we navigate through the crisis.

Our People

- 6.25 Our people include our Board members and our staff team and are crucial to our success. We currently have 13.8 Full Time Equivalent Posts (FTE) posts.
- 6.26 Our team ensure that our tenants and other service users receive a friendly, efficient and responsive service. The team provide housing, repairs, investment and new build, welfare/money advice, factoring, finance, governance and back office support. All staff are experienced in their different areas of expertise with appropriate professional qualifications. We are committed to the development of all our people and have a robust approach to appraisal reviews and learning and development plans in place. We have carried out a review of our current structure to ensure that it is fit for purpose and we hope to make some changes to fill gaps and to strengthen our services at the front line. However, implementation of the new structure is currently on hold given the COVID-19 crisis and we will keep this under constant review.
- 6.27 We will be reviewing our approach to Learning and Development and Succession Planning to make sure that our organisation is resilient to turnover, that our programmes are people centred and that everyone has the tools and skills that they need to deliver in this fast paced ever changing environment. Our senior team will benefit from a Leadership Development Programme during 2020. We intend to focus on consolidating and strengthening our team during 2020 and the following year we intend to embark on a whole team journey to embed a culture of coaching within our organisation. We will also be focusing on our team values and health and well being to ensure that everyone when they come to work with us is happy, healthy and engaged.
- 6.28 In addition to our staff team, we engage a number of third parties to deliver specialist elements of our service, e.g. Data Protection, Development and Project Management, Procurement, Human Resources, IT, internal/external audit services. We feel that buying in additional help and support as and when we need it is the most cost effective way of obtaining such specific expertise.
- 6.29 Further information on our people and our organisation structure can be found on our website www.rsha.org.uk

Our Systems

- 6.30 We have two main computer systems. These are the Microsoft office systems, and our telephones and hardware, which are maintained by our IT Consultants and the software for our housing, rent, asset management and complaints which are provided and maintained by SDM. We are committed to investing in our systems to improve our productivity and efficiency. We invest annually in SDM our Property Management System and fully exploit the capabilities of this software.

6.31 Our focus in this business plan will be developing an IT and Communications Strategy to ensure that we have the right systems which are fit for purpose for the future. We will develop and use our strategy to help us to make the right decisions, the right investment at the right time. As part of this strategy we have plans to explore an electronic time management system for our staff, a new web based portal for our customers and whether there is an alternative to SDM that would be more efficient for our needs.

7. RISK

- 7.1 Managing risk is fundamental to any successful business and reduces the chance of having to deal with unexpected surprises. We understand the importance and value of managing risk and that a Risk Management Policy and Framework is an essential element of good governance, improving our decision-making and enhancing our outcomes and accountability.
- 7.2 To ensure resilience in uncertain times requires a robust approach to the identification and management of risks that we may face. We have carried out a comprehensive review of our approach to risk, putting in place a new Risk Management Policy and Framework in November 2019 and a refreshed Risk Register based on our new framework in February 2020.

Our Risk Management Framework

- 7.3 Our new approach provides a framework for managing risk across the RSG. The framework allows us to identify and assess all the risks to the group, identifying their owner and existing controls, and, if the level of risk is assessed to be unacceptable, to provide additional mitigation to remove or reduce the risk.
- 7.4 The risk management framework presents the strategy and methodology for managing risks identified and is based on eight steps:
- *Identify and register all risks relating to the Group's business;*
 - *Categorise, analyse and quantify the impact of each risk;*
 - *Appoint appropriate owners to manage each risk;*
 - *Remove risks or reduce risks to an acceptable level;*
 - *Create increased efficiency of resources, costs and protect income sources;*
 - *Create increased risk awareness at all levels within the Group;*
 - *Propose risk appetite levels for adoption by the organisation to ensure the most cost effective means of managing risk are achieved;*
 - *Monitor and review risks.*
- 7.5 Our new framework is designed to: integrate risk management into the culture of the organisation; raise awareness of the need for risk management; encourage a positive approach to risk management; support improved decision making, innovation and performance through a good understanding of risks and their likely impact; and manage risk in accordance with good practice.

Our Audit & Risk Committee

- 7.6 The Board is responsible for overseeing risk management in the organisation. It is assisted by the Audit & Risk Committee, charged with monitoring the management of high level risks, reviewing the risk appetite, ensuring proper controls are in place and annually reviewing the organisation's approach to risk management.

Our Risk Register

- 7.7 Our Risk Register details all up-to-date risks including strategic, operational, reputational, financial, etc. where we set out their causes and potential impact, assign a named person to be responsible for their management, the controls we have in place together with a scoring system to help us to understand their seriousness. We use this proactively to identify, assess, control, monitor and

review the risks to our organisation. Our top key risks include; the Coronavirus situation - tenant safety and maintaining essential services, the uncertainty regarding the current financial climate and the economy, grant funding for new development and resources and staff capacity. The risk register will be kept under constant review to provide assurance to our Board that key risks are being managed effectively and that our tenants' interests are protected. Registered risks will be reviewed formally at each meeting of Audit and Risk and reviewed regularly with the responsible risk owners to ensure that the register is maintained in a complete state and that all new risks are identified and tracked. If, due to control measures or new work programmes, risks are no longer valid, they will be marked as such in the risk register (moved to the archive) with the reasons for this noted.

Our Risk Controls

- 7.8 Our new Risk Framework gives us confidence that we have strengthened our approach to risk and have robust controls in place. Our focus on risk applies across the RSG and a culture of risk management is embedded within our organisation. Our Risk Management Framework is based on the Institute of Risk Management's recommended process and we have taken account of the Scottish Housing Regulator's Regulatory Standards of Governance and Financial Management (2019).
- 7.9 To support our Board and senior staff we are also developing our electronic Board Portal, to include the module Decision Time Risks. This will allow dashboard reporting to our Board on the key risks within the Risk Register to help increase understanding and focus.

Assurance Reporting

- 7.10 All RSLs must comply with the SHR's Standards and Guidance and demonstrate effective governance and sound financial management. This protects tenants' interests and the delivery of good outcomes for tenants and other service users.
- 7.11 The production of an Annual Assurance Statement is a mandatory requirement of the SHR Regulatory Framework from April 2019. The statement must be based on a robust Self-Assessment exercise which has tested compliance against the standards and the Board must be satisfied that evidence can be produced that provides the assurance of compliance.
- 7.12 Our first Assurance Statement was submitted in October 2019. The Assurance Statement provides assurance that our organisation complies with the regulatory requirements that apply to all social landlords and the Standards of Governance and Financial Management that apply to Registered Social Landlords (RSLs).
- 7.13 We prepared our first Assurance Statement using the Toolkit developed by the Scottish Housing Network and also made reference to the Toolkit also developed by the SFHA. The Audit & Risk Committee undertook the detailed scrutiny of the Annual Assurance Statement prior to the final Assurance Statement being presented to the Board for approval.
- 7.14 The SHR will be publishing a Lessons Learned report following the first Annual Assurance Statements being submitted last October and follow up visits with selected RSLs carried out during February 2020. The SFHA will also be issuing a Lessons Learned report from the first Annual Assurance Statements & will be updating the Toolkit that they issued last summer.

7.15 Our next Annual Assurance Statement is due to be submitted to the SHR by the end of October. We will soon begin the process of review and will take cognisance of the outcome of the lessons learned and any recommended changes.

8. MONITORING & REVIEW

- 8.1 Our Business Plan will be subject to a comprehensive review every three years to coincide with the 3 year RSG Strategic Planning Cycle.
- 8.2 We will review and update this Business Plan every year as part of our annual Business Planning process. This will include an update of our financial projections, operational plans and operating environment. Although this is primarily an internal process, we are keen to widen the scope to include our tenants and other key stakeholders and will make sure that this informs each annual update and 3 year review.
- 8.3 We have set out our intended outcomes together with our key performance indicators and targets in the Strategic Delivery Plan attached as Appendix 2 to this Business Plan.

Performance Management

- 8.4 During 2019 we developed a new performance framework as part of a review of our governance structure. The aim of the new framework was to provide assurance and give our Board confidence that:
- officers are operating within delegated authority;
 - exception based reporting is embedded in operational KPIs and risk management reporting;
 - that Board members receive the necessary strategic information on new development in accordance with the agreed '*Governance of the Development Process*'.

Performance Management Framework

- 8.5 Our Performance Management Framework (PMF) includes a new document that replaces our existing *Delivery Plan* report. The PMF sets out the strategic areas in which RSG officers report to the Board; it does not report operational matters, as these are delegated to officers, and it is reported to the Board through quarterly KPIs on an exception basis only. The main focus of the PMF is reporting on progress in achieving the key strategic objectives outlined in the RSG Strategic Plan. Our Strategic Delivery Plan Outlines the KPIs and targets to be achieved over the period of the plan and is attached at Appendix 2. Information is required to be presented to the Board on operational matters only when actual performance has deviated significantly from expectations
- 8.6 Our Board will receive a quarterly review of performance against targets and progress with delivery of the Business Plan including:
- Performance Report on Key Performance Indicators linked to the Scottish Social Housing Charter (SSHC) Standards and Outcomes;
 - Investment & development programme;
 - Strategic Delivery Plan Progress linked to our Objectives and Priorities;
 - Management Accounts.
- 8.7 We have developed a performance management framework which sets out formally how individuals within RSHA can contribute towards achieving organisational goals, and how they will be held accountable for their performance. Staff will continue to be fully engaged in drawing up

annual delivery plans to move forward the strategic objectives and key priorities identified within the business plan.

- 8.8 Following Board approval of the business plan for the year ahead, the staff appraisal process will be used to cascade delivery plans and targets down to individual staff objectives and targets. These will be confirmed through the annual and mid-year appraisals held in April and October each year. The appraisal process will measure progress and performance relating to the previous year and ongoing one-to-one meetings will maintain the focus throughout the year ahead.
- 8.9 Due to the level of priority attached to some of our objectives, we may require short-term external consultancy support in order to deliver the requirements in the necessary timescales and this has been budgeted for in our annual budget for 2020/21. Delivery of the business plan is resource dependent and will be subject to ongoing internal review and reporting to the Board.

Evidence Base

- 8.10 As part of the process to support the production of our annual assurance statement, we have strengthened our evidence base and assurance levels. We have also developed a new Performance Management framework to assist reporting to the Board on an exception basis. We intend to carry out a full stock condition survey in 2020 to improve the accuracy of our property database. We will continue to benchmark our performance with the other members of our peer group and Scotland's Housing Network. We will be launching a new Customer Engagement Strategy in 2020 and strengthening how we communicate and engage with our customers and developing our approach to scrutiny. We hope that this will give us a better understanding of our tenants' needs and expectations. All of this evidence will be used to underpin future business plans.

SWOT analysis

Strengths

- **A strong, committed well run board, with a diverse make up and good local knowledge**
- **Good staff team**
- **Sound financial position**
- Development programme
- Some partnership working
- Strong contacts with local stakeholders
- Generally good performance
- Housing stock relatively new and in good condition
- Good reputation for ‘punching above its weight’.

Weaknesses

- **Capacity of small staff complement**
- **Heavy demands on board members**
- **Meeting increasing demands of regulation and good governance**
- Large number of communities across a wide geographical area
- Tenant satisfaction levels have declined
- Some areas of poor performance e.g. complaints handling
- Venachar uncertainty
- Size is a limiting factor
- Some stock will be difficult to achieve EESSH/EESSH 2 requirements
- Poor economies of scale
- Limited partnership working particularly with local community organisations
- Limited wider role activities
- No digital strategy.

Opportunities

- **Political focus on provision of new homes**
- **Scottish Government funding for social housing**
- **Development opportunities locally**
- Closer working/collaboration with other RSLs, possibly including shared services
- Closer working with community groups, community councils and community development trusts
- New office environment at Doune
- Strong demand for social housing locally
- Ageing population with specific housing needs
- Digital service delivery
- Use Venachar to increase level of community involvement
- Greater trading opportunities particularly operating community facilities
- Zero carbon agenda may be opportunity to support tenants suffering fuel poverty
- Greater community and tenant engagement to support sustainability of communities.

Threats

- **Brexit leads to harsher economic climate (higher inflation, higher interest rates, higher unemployment, higher finance costs, higher development costs)**
- **Loss of key staff due to burn out**
- **Loss of board members and challenge of maintaining a diverse board**
- **Increasing governance and regulatory burden**

- Loss of Venachar
- Climate emergency leads to more stringent energy efficiency targets with knock on financial impact
- Impact of universal credit on tenants and risk of wide spread non payment of rent
- External financial situation leads to unattractive lending situation compromising development
- SG reducing priority of social housing
- Competition from other RSLs into rural Stirlingshire
- Larger RSL makes a partnering approach to RSHA
- Increasing onerous regulatory environment.

PESTLE analysis

Political

- Brexit and associated uncertainty
- Independence Referendum 2
- Current SG support for social housing weakens
- Reduction in grant funding levels
- Universal credit
- Rapid rehousing changes
- Continued austerity
- Change of government at Westminster
- Continued financial pressures on Stirling Council
- Changes to SHR/OSCR remit
- Change of control at SC
- Political response to climate emergency

Economic

- Economic uncertainty due to Brexit
- Global economic slow down
- Increase in inflation
- More difficult/expensive to raise finance for new development
- Interest rates rise
- Reduced availability of private finance
- The impact of Universal Credit on tenants and RSHA
- Increased oil prices
- Greater involvement from tenants in VfM scrutiny
- Reduction in level of housing subsidy impacts on ability to develop.

Social

- Rents increase due to greater compliance requirements
- Increase in tenant needs
- Changing demographics and changing expectations of next generation
- Increase in inequality and increasing polarisation of society
- Ageing population
- Lack of community cohesion leading to increasing isolation and loneliness
- Increased demand for transparency and ethics in those providing public and social services
- Impact of Brexit on society
- Changing expectations of RSHA's communities and customers

- Changing requirements for community engagement.

Technological

- Smaller organisations unable to maximise use of technology due to scale
- Burden of maintaining systems so as to keep safe
- Keeping pace with technological opportunities
- Not being left behind technologically
- Development of a digital strategy for service delivery
- Use of digital media
- Finding new ways to work and communicate
- Engaging with tenants in new technological ways
- Using technology to be able to design and build adaptable housing to respond to the needs of an ageing population
- Increase in customer expectations about 24/7 service and self-service.

Legal

- Understanding our legal requirements and how to meet them
- Increasing focus on health and wellbeing, and responsibilities as employer and landlord
- Increasing regulatory burden
- Risk of non-compliance with some regulatory standards
- Increasing governance requirements
- Introduction of Freedom of Information (FoI) and Environmental Finance/lender requirements
- Rapid rehousing
- A move to renationalise public services e.g. housing.

Environmental

- Increased climate change related impacts with more awareness and action at a consumer level such as use of sustainable products, electric cars, reduction of impact
- Move away from the use of gas and need to consider alternative heating and insulation systems
- Introduction of tougher climate emergency related measure by government
- EESSH and EESSH2
- Requirement to achieve sustainable growth (meeting greener standards)
- Growing energy efficiency demands
- Risk that introduction of environmental related targets increases costs to tenants.

Appendix 2: Our Strategic Delivery Plan

Appendix 3: Our 5 Year Cashflow

RURAL STIRLING HOUSING ASSOCIATION LTD					
Cashflow - Current Development Programme Only					
	Year	Year	Year	Year	Year
	1	2	3	4	5
INCOME					
Rental Income - Basic	2,724,545	3,273,536	3,496,079	3,614,516	3,723,403
Rental Income - Excess	0	0	-	-	-
Less : Voids & Bad Debts	54,491	57,287	61,181	63,254	65,160
	2,670,054	3,216,249	3,434,898	3,551,262	3,658,244
Other Rents-Shared Owners	31,255	32,197	33,166	34,166	35,195
Total Rental Income	2,701,309	3,248,446	3,468,064	3,585,427	3,693,438
Right to Buy - Net Receipts	0	0	0	0	0
Interest Earned	0	0	0	0	0
Service Charge Income	9,141	9,416	9,700	9,992	10,293
Other Income	46,500	47,663	48,854	50,075	51,327
TOTAL INCOME	2,756,950	3,305,525	3,526,618	3,645,495	3,755,059
EXPENDITURE					
CAPITAL					
Fixed Assets	20,000	5,125	5,253	5,384	5,519
Fixed Asset Sales	-	-	-	-	-
Improvements and retentions	-	-	-	-	-
Major Component Replacement	366,000	691,743	649,579	1,066,902	1,075,368
REVENUE					
Non-Component Planned	-	30,904	-	32,794	-
Cyclical Maintenance	419,000	190,573	215,532	226,593	233,419
Reactive Maintenance	277,000	273,601	309,434	325,314	335,114
Service Costs	58,000	55,863	57,259	58,691	60,158
Management and Administration	1,052,754	1,123,941	1,132,929	1,157,688	1,138,680
Other costs	-	-	-	-	-
Loan Repayments	758,123	901,955	1,139,160	1,218,303	1,252,387
Inter-Co Loan Repayments	-	-	-	-	-
TOTAL EXPENDITURE	2,950,876	3,273,704	3,509,145	4,091,669	4,100,644
NET SURPLUS / DEFICIT IN THE YEAR	-193,926	31,821	17,473	-446,173	-345,585
CUMULATIVE SURPLUS / DEFICIT	-193,926	-162,105	-144,632	-590,805	-936,391
	907,950	1,651,057	1,704,240		
FUNDING					
Opening Balance	1,000,000	720,690	1,706,282	1,864,932	1,273,280
Drawdown	2,500,000	3,750,000	1,500,000	0	0
Debtors received	-33,982	-21,960	-8,901	-4,738	-4,355
Creditors paid	-8,264	11,470	-98,324	3,553	-26,733
Land and Buildings additions	-13,464,404	-5,640,010	-1,772,234	-152,120	-32,500
HAG & Other Government Grants	10,916,975	2,848,219	511,730	0	0
	910,325	1,668,409	1,838,553	1,711,627	1,209,692
	716,399	1,700,230	1,856,026	1,265,454	864,106
INTEREST RECEIVABLE	4,291	6,052	8,906	7,826	5,343
INTEREST PAYABLE ON OVERDRAFTS	0	0	0	0	0
CUMULATIVE SURPLUS / DEFICIT-REVISED SENSITIVITY	720,690	1,706,282	1,864,932	1,273,280	869,450

Appendix 4: Glossary of Terms/Acronyms

Term/Acronym	Meaning
Annual Assurance Statement	An annual return to the Scottish Housing Regulator required of all RSLs from April 2019. Provides assurance on compliance with the standards of Governance and Financial Management.
Asset Management	Ensuring that current and future assets (houses, land, garages, shops etc) fully support the organisation's objectives – working towards having the right assets, of the right quality, in the right place, at the right time generating appropriate value to the business plan and 30 year cashflows.
Business Plan	A document setting out aims and objectives and its financial plans and resources for a specific period.
Brixx	Brixx is a financial modelling tool designed to help businesses plan for the future.
Cash flows	An accounting term that refers to the amounts of cash being received and spent by an organisation during a defined period of time.
Consumer Price Index (CPI)	A measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care. It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.
Domestic Abuse Housing Alliance (DAHA)	An organisation providing support on housing issues for people experiencing domestic violence.
Energy Efficiency Standard for Social Housing (EESH)	A minimum quality standard for all of Scotland's social homes. Landlords should achieve the standard by 2020.
Energy Efficiency Standard for Social Housing (EESH) #2	A minimum quality standard for all of Scotland's social homes. Landlords should achieve the standard by 2032.
Investors in People (IIP)	A standard for people management, offering accreditation to organisations that adhere to the Investors in People Standard.
Key performance indicator (KPI)	A measure of how an organisation is achieving its objectives and performing in particular activities. Performance indicators can be compared with a pre-set standard (a benchmark) or with other organisations.
Lending Covenant	Agreement between an organisation and its creditors that the organisation will work within certain limits, for example in relation to its debt

	levels, asset sales and financial ratios. If these limits are broken the consequences can be serious.
Life Cycle Costing (LCC)	Whole life cost associated with owning or using an asset including maintenance and the costs associated with eventual replacement.
Local Housing Allowance (LHA)	An allowance based on how much housing benefit or universal credit would be eligible when renting from a private landlord.
Loch Lomond and Trossachs National Park (LL&TNP)	The national park centred in Loch Lomond and the Trossachs. The planning authority has the remit to protect and preserve the natural and cultural heritage of the park.
Low Cost Home Ownership (LCHO)	A form of home ownership sometimes referred to as shared ownership (part-rent, part-buy) or shared equity . It offers those eligible the opportunity to purchase part of their home and begin building their own equity.
Multi Agency Public Protection Arrangements (MAPPA)	A set of arrangements established by Police, Local Authorities, National Health Service and Health Boards and the Scottish Prison Service (SPS) (known as responsible authorities) to assess and manage the risk posed by sexual and violent offenders.
Mid-Market Rent (MMR)	Homes for rent to households on low to middle incomes. Rent for mid market homes are generally set lower than private rent but higher than the Council or housing association rent.
Mission	A formal short written statement of the purpose of an organisation which has been approved by the governing body.
Options Appraisal	A structured process of considering alternative choices against appropriate evaluation criteria in order to optimise the achievement of strategic objectives.
Performance Management Framework	The activity and set of processes that aim to maintain and improve organisation performance and the systems of monitoring.
PESTLE	An investigation of Political, Economic, Social, Technological, Legal and Environmental influences on a business.
Private Finance	Funding borrowed from a private sector lender such as a bank or building society.
Procurement	The way an organisation obtains goods, works and services from other organisations or agents.
Rapid Rehousing Transition Plan (RRTP)	A new planning framework for local authorities and their partners to transition homeless people from temporary accommodation into permanent homes.

Registered Social Landlord (RSL)	A landlord providing or managing social rented housing that is registered and regulated by the Scottish Housing Regulator.
Retail Price Index (RPI)	A measure of inflation published monthly by the Office for National Statistics. It measures the change in the cost of a representative sample of retail goods and services.
Risk Management	The process of identifying and analysing risks and deciding the most appropriate action in order to minimise and mitigate these risks.
Rural and Islands Housing Association Forum (RIHAF)	A forum of members from the Scottish Federation of Housing Associations (SFHA) with a particular focus on issues and challenges facing remote rural and island communities in Scotland.
Rural Stirling Group (RSG)	The members of the RSG comprise the parent body Rural Stirling Housing Association and its' subsidiary Venachar Ltd
Scenario Modelling	A process of examining and determining possible events that can take place in the future.
Scottish Federation of Housing Associations (SFHA)	The representative organisation for Scotland's' Housing Association sector.
SHARE	A learning and development organisation for Scotland's housing associations and co-operatives.
Scottish Housing Quality Standard (SHQS)	A minimum quality standard for all of Scotland's social homes which RSLs were to have achieved by 2015.
Scottish Housing Network (SHN)	A consortium of local authority and housing association landlords working together to drive up performance and deliver quality services by means of benchmarking, self-assessment and practice exchange.
Scottish Housing Regulator (SHR)	The regulatory body for Registered Social Landlords in Scotland.
Scottish Index of Multiple Deprivation (SIMD)	The Scottish Government's official statistical tool to identify areas of multiple deprivation in Scotland.
Scottish Procurement Alliance (SPA)	Free-to-use procurement framework agreements used by Local Authorities, Housing Associations, Social Landlords and other Public Sector Bodies.
Scottish Public Services Ombudsman (SPSO)	The final stage for complaints about public service organisations in Scotland.
Scottish Social Housing Charter (SSHC)	The Scottish Social Housing Charter (SSHC) sets out the outcomes and standards that all social landlords should achieve for their customers. It includes a set of standards and outcomes that encourages landlords to work closely with their tenants and other customers to deliver high quality services.

Sensitivity Analysis	Investigation into how projected performance varies along with changes in the key assumptions on which the projections are based
Stakeholder	Any person or organisation using or affected by our services or actions or having an interest in our activities - an interested party.
Strategic Housing Investment Plan (SHIP)	Plans prepared by local authorities to set out strategic investment priorities for affordable housing over a 5 year period to achieve the outcomes set out in the local housing strategy.
Strategy	A solution to move from where you are now to where you want to be including a plan of action
Strategic Objective	A target that an organisation should achieve to make its strategy work.
Stress Test	A test that looks at the impact on an organisation's business plan of a major change in one or more variables in order to see what impact this would have.
SWOT	An analytical tool used to identify and categorise internal and external factors.
Target	A standard aimed for that will help to achieve objectives.
Tenant Information Service (TIS)	TIS provides independent advice, training, and support to tenants, communities and housing organisations to work together more effectively.
Tenant Participation Advisory Service (TPAS)	The national tenant and landlord participation advisory service for Scotland.
Value for Money (VfM)	Obtaining the maximum benefit with resources available.
Vision	An aspirational description of what our organisation would like to achieve in the mid to long-term future. It provides us with a clear road map or guide for choosing current and future courses of action.