

Wellhouse: the Place to Be



Business Plan 2022/23 to 2024/25

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EXECUTIVE SUMMARY

This document is the Business Plan of Wellhouse Housing Association (WHA) for the period 2022/23 to 2024/25. The Business Plan provides a strategic framework for managing our services and our overall business over the next three years. It also informs our relationships with WHA's customers, funders, regulators, and partner organisations.

The Business Plan includes information about the following aspects of WHA's future plans:



About Wellhouse Housing Association

Wellhouse Housing Association is a community-based housing association and an independent not-for-profit social business. We own and manage 793 homes, all located in the Wellhouse neighbourhood in Greater Easterhouse.

WHA is led by a voluntary Management Committee whose members have a wide range of relevant skills and experience. This includes strong local insight into the needs of our customers and community and relevant experience gained from working, volunteering and lived experience. The Committee is responsible for providing leadership, direction and scrutiny, while the Director and Senior Management Team lead operational management.

WHA was set up in 1994 as one of a number of community-led housing associations whose role was to address poor housing and neighbourhood conditions in neighbourhoods across Greater Easterhouse.

WHA's achievements since 1994 have included:

- Raising over £40 million to invest in existing and new housing in Wellhouse, to achieve a transformation of housing conditions in our area
- Greatly improved services, by taking a responsive approach to service delivery and investment that is based on the needs of our customers and community.
- Having an on the ground presence, making Wellhouse a more stable and safer place.
- Setting up Wellhouse Community Trust, which in time has developed into a fully independent social enterprise offering services in Greater Easterhouse and beyond.

- Building the Hub, which brings together housing, childcare, employment and training services, a community café and community space all under one roof.
- Being a pioneer in promoting an asset-based approach to community regeneration, enabling people to have greater control over the decisions that affect their lives.
- Continuously enhancing our service offer, for example by creating an income advice service, on the ground estate management services and social media and text messaging services.

Operating Environment

The Business Plan identifies many external and local factors that impact our business strategy. Responding to such factors is always important but is particularly so at present when social landlords are exposed to many uncertainties and risks and many of our tenants are also struggling. The key pressures include:

- The residual impact of the Covid-19 pandemic and the need to address this.
- The impact of high inflation and the cost-of-living crisis on Wellhouse HA tenants.
- The impact of inflation and increasing interest rates on Wellhouse HA as a business.
- Rising property maintenance costs, caused by Brexit and other global economic factors.
- Accelerating Universal Credit migration, which is damaging to tenants and WHA's income streams.
- The developing economic impact of the war in Ukraine.
- Continuing cuts in Glasgow City Council budgets for essential neighbourhood services.
- Climate change obligations for Scotland's housing to be met over the next 10 years.

The Business Plan shows how WHA will monitor (and wherever possible address) risks caused by our operating environment. This will be a bigger challenge in areas we cannot control, such as Covid-19 and the performance of the economy. In such cases, we will assess the impact and incorporate this in our decision making on those matters we do control, for example our how we can most effectively use the resources available to us and our budgets and spending.

WHA's Strategic Direction 2022 to 2025 has three elements:

Consolidation and continuous improvement

We will focus mainly on our core activities as a social landlord and property manager.

In doing this, we will seek continued improvement in our performance, invest in our tenants' homes, increase our community engagement activities, and get to know our customers' aspirations and priorities better.

A positive force for renewal in Wellhouse

We will nurture and strengthen our partnerships with like-minded organisations to deliver tangible and positive support and social benefits for the residents and community of Wellhouse.

Growth

We will pursue our interest in building new homes on three development sites in Wellhouse, to improve the choice and quality that is available in the area and to complete the physical regeneration of our area.

Strategic Objectives and Priorities 2022 to 2025

WHA's plans for the next three years are based on the **six strategic objectives** shown below. These describe the impact we want to across the main areas of our business.

Alongside each objective, we have set a selection of **the results we aim to have achieved by (or before) the end of the Business Plan period in March 2025**. Further information is provided in the full Business Plan, which includes a set of outcomes for each objective, and a delivery plan with detailed actions for the first year of the Plan and beyond.

1

Strategic Objective DELIVER EXCELLENT SERVICES

- Our performance results will be better than the Scottish average for at least two-thirds of WHA's value for money indicators¹
- Our rents will continue to achieve an income to rent ratio of less than 25% and will be competitive compared with sector and peer averages
- Customers will have more choice about how to contact us and use our services, including a digital portal for those who wish to do business with us in this way
- We will have maintained good customer satisfaction levels, and will have improved results in relation to repairs and neighbourhood management services (achieve and sustain satisfaction scores of >90% in these two areas)
- Tenancy sustainment rates for new tenants will exceed 90% each year
- We will have achieved improved results for the management of rent arrears
- Our services will have continued to be resilient in the face of Covid-19 and any other serious emergency

2

Strategic Objective PROVIDE QUALITY HOMES

- Our investment will be based on a strategic approach to asset management
- All WHA homes² will meet the Scottish Housing Quality Standard and the 2020 Energy Efficiency Standard for Social Housing (ESSH)
- Full compliance at all times with our health and safety legal obligations relating to tenants' homes
- Maintain good demand for our housing as evidenced by tenancies given up

¹ The VFM indicators are drawn from the Scottish Social Housing Charter, as shown in Chapter 11 of the Business Plan.

² Net of exemptions/abeyances, for example where a tenant refuses to have work carried out

- Average time to re-let empty homes returns to pre-pandemic levels by end of Business Plan period
- Plans in place for EESSH 2032 compliance, to raise standards of energy efficiency without exacerbating fuel or rent poverty or threatening WHA's financial viability
- Investment programme outputs delivered in accordance with the annual budgets and programmes approved by the Management Committee
- Reductions in tenants' energy bills, as a result of investment in their homes
- High levels of tenant satisfaction with investment works
- Develop and implement our strategy for the development of three new build sites. New homes will be highly energy efficient and financially sustainable for Wellhouse.
- We will be able to show that our procurement of repairs/maintenance works and new homes delivers good value for money.

3

Strategic Objective

ANTICIPATE, UNDERSTAND AND RESPOND TO LOCAL NEEDS

- Wellhouse will have improved knowledge of the experience and priorities of our customers, and we will have used that insight to develop and improve our services
- Wellhouse will be using a range of customer engagement methods to engage as broad a cross-section of customers as possible. We will have achieved increased customer input to our work, including the way our services are designed.
- The Customer Panel will have re-started and will be playing a valued role for customers and WHA
- The purpose and range of our customer surveys will have been extended. We will be using a wider range of data and more analysis to understand the needs of tenants and the community as a whole.
- Our staff team will have increased face to face and "out of office" staff contact with customers

4

Strategic Objective

FOSTER AN ATTRACTIVE, SUCCESSFUL AND THRIVING COMMUNITY

- We will have consolidated WHA's role as the **community anchor organisation** for Wellhouse. We will have positive relationships with local organisations/partners and GCC will have become more engaged in work to support the community.
- We will have continued to achieve high levels of financial gains for people using WHA's income advice service and will add to this impact by making referrals to specialist advice and support providers
- We will be supporting an agreed programme of wider role services, delivered in partnership with Easthall Residents Association and other local partners
- We will have secured community benefits as part of the proposed WHA new build programme
- Residents will value the community services provided/supported by WHA, and WHA

customers will be satisfied with our spending on wider role services

- Increased tenant and resident satisfaction with the quality of the local environment
- WHA will be better able to demonstrate the social value associated with our core services and wider role activities
- Our partnerships with EHRA, Easthall Residents Association and others will have helped WHA to achieve better outcomes than if we were working alone.

5

Strategic Objective **MAINTAIN GOOD GOVERNANCE AND SOUND FINANCIAL** **MANAGEMENT**

- We will always demonstrate high standards of governance, conduct and leadership, including compliance with regulatory standards and requirements
- We will have maintained a regulatory status of “Compliant” with the Scottish Housing Regulator
- We will be maintaining the size of the Management Committee at a sustainable level
- We will promote committee membership in the community, and will have increased the number of local residents on the Committee
- We will have a diverse committee membership where local insight, relevant skills and different perspectives are valued and respected by all Committee members
- There will be improved cohesion within the Committee and between the Committee and Management Team
- Committee members will be highly satisfied with the support they receive from WHA to help them carry out their roles, including access to relevant learning and development activities.
- WHA will have maintained its strong financial profile and have sufficient resources available to achieve our strategic objectives and plans
- We will always comply with our lenders’ covenants, and with all recommendations made by WHA’s external and internal auditors
- Committee decisions will be based on sound financial information and understanding of risks, with appropriate levels of internal and external assurance.
- We will closely track changes in our operating environment and our own business and adjust our plans or spending accordingly. We will regularly stress test our Business Plan and develop contingency measures where appropriate.
- We will seek opportunities to improve value for money, for example by working smarter, making sure our budgets are robust, and through partnership working with our peers in EHRA.

6

Strategic Objective

VALUE AND INVEST IN OUR PEOPLE

- Customer satisfaction with dealing with Wellhouse will tell us how well we are doing
- High levels of buy-in from committee and staff to our key goals of customer service excellence, supporting the community and personal/organisational effectiveness.
- Our staff will have effective policies/procedures and efficient IT to support them in their work. We will have invested in cloud-based phones, server, and CRM system to support new ways of working.
- Our operational processes will become more streamlined, enabling smarter working by staff and better service outcomes for customers
- Staff members will be able to work safely and in a supportive working environment
- Rates of staff turnover and sickness absence are consistent with those of our peers
- We have an effective approach to staff appraisals and development
- Our staff take up opportunities to participate in learning and development appropriate to their roles and future career aspirations
- Learning and development for committee members leads to improved skills and knowledge
- Our staff can influence decisions that affect them. We will have developed and then implemented our long-term policy on flexible working and in doing so we will have communicated with and consulted staff.
- We will have developed and put into practice a new post-Covid Wellbeing Strategy for committee and staff.
- We have succession and contingency plans in place for the staff team and a succession plan for the Management Committee. We use the staff succession plan to prepare staff for internal promotions and development.

1. Introduction

This Business Plan is Wellhouse Housing Association's main strategic planning document, covering the period 2022 to 2025.

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

“Wellhouse – the Place to Be”

This statement expresses our vision of Wellhouse as an attractive place where people feel happy and safe, benefit from having a good home and an attractive environment and feel proud to be part of a vibrant community.

The Business Plan describes how we will make this vision a reality. In developing the Plan, the Management Committee and Senior Management Team have:

- **Reflected** on our operating environment as well as our own internal strengths and weaknesses
- **Decided** our strategic objectives and business strategy, and the outcomes we will seek to achieve over the Business Plan period
- **Agreed** our priorities and the key actions we need to take to deliver our strategy
- **Ensured** that we have the resources needed to put our plans into action and that all of our major strategic documents form a coherent whole
- **Considered** the risks associated with our strategy, the level of risk we are prepared to accept and the means we will use to mitigate the risks.

It has been very clear during the Covid-19 pandemic that plans for the future cannot be set in stone and must be capable of adapting to changes in circumstances.

For this reason, the Business Plan will be reviewed and updated each year by the Management Committee. This will take account of changes in our operating environment and within our business, as well as continuing conversations with tenants and residents and our external partners and stakeholders. Our forthcoming work on customer profiling and re-starting our customer engagement strategy will provide an ideal platform for gathering detailed feedback from our customers, so that we have a clear picture of their priorities for the future.

This year's Plan is a **comprehensive Business Plan**, following a full review by the Management Committee of Wellhouse's strategy and priorities.

We will prepare **Business Plan Updates** in years 2 and 3 of the planning cycle. The Updates will be shorter than this year's base Business Plan, but will still review key strategic, delivery and financial matters and describe our priority actions for the year ahead.

The Business Plan is structured in four parts:

Chapters 2 to 5	<ul style="list-style-type: none">• Contextual information about Wellhouse• Statement of our vision and values, and the strategic objectives the Management Committee has set• Detailed analysis of our operating environment and stakeholder relationships and how these shape our plans for the future
Chapter 6	Our business strategy for the next three years, including: <ul style="list-style-type: none">• The outcomes we will be looking to achieve• How we will measure our performance
Chapters 7 to 10	<ul style="list-style-type: none">• Detailed description of current and future issues in each of our main service/ business areas• Summary of the main priorities we will address in the first year of the Business Plan.
Chapters 11 to 13	Detailed assessment of cross-cutting areas that have a major bearing across all parts of the business. These areas addressed are: <ul style="list-style-type: none">• Value for Money• A Strategic Risk Assessment• Our financial plans and projections.

The Business Plan has a set of appendices to provide a more detailed illustration of issues that require this.

Finally, we have used the development of this year's Plan to think about our planning process and how we may change this in future. We have made a number of changes as a result, as shown in Appendix 1. The Plan takes account of the Scottish Housing Regulator's "2015 Recommended Practice" on business planning and its 2020 guidance on how the Covid-19 pandemic may affect future strategic and financial planning.

2. The Association's Business Profile, History and Achievements

Business Profile

Wellhouse Housing Association (referred to as "Wellhouse" or "WHA" throughout this Plan) is an independent social business that operates exclusively in the Wellhouse area of Easterhouse. We are a not-for-profit organisation, meaning that we reinvest any surpluses we make for the benefit of our customers instead of distributing them to shareholders.

WHA has the following statutory registrations:

- Office of the Scottish Charity Regulator: Registered Scottish Charity
- Scottish Housing Regulator: Registered Social Landlord
- Financial Conduct Authority: Registered Community Benefit Society
- Scottish Government: Registered Property Factor

The following graphic gives an **at a glance overview** of some of the main features of our business:

Community based housing association, registered in 1994
Governed by volunteer Management Committee
Owner and manager of all social rented homes in Wellhouse
Provider of comprehensive housing, estate and asset management services
94% tenant satisfaction rating with WHA's overall service (2022)
Community anchor organisation for Wellhouse
15 office-based staff and 4 estate management staff
Stable and capable workforce and governing body
WHA now owns and manages 793 homes, all located in Wellhouse
Also factor for 54 properties and owner of a small portfolio of commercial properties
Average weekly rent for 3 apartment £74.79 in 20/21 (Scottish average £82.60)
Rent increase 2.5% for 20/21
3 new build projects under consideration, potential to provide c 150 homes in the next 3 to 5 years
WHA is a significant social business. Our audited accounts for 2020/21 show that:
Our turnover was £3.3m
Our operating expenditure costs were £2.9m
Less than 20% of our turnover was spent on staffing costs
Our net surplus was 22% greater than annual turnover
The net book value of our housing stock was £27.4m
We had £7.9m of bank loans to be repaid in the long term
We had cash at bank of £2.9m

Our Story

Our roots go back to the 1950s when Glasgow Corporation carried out large-scale inner city slum clearances. This was accompanied by the building new peripheral housing estates on the city's outer edges to rehouse those whose homes were being demolished. Easterhouse was the largest of the new estates and was built to accommodate a population of 50,000 people.

- By the 1980s, many communities in Easterhouse including Wellhouse had serious housing and social problems, often triggered by the decline of traditional industries and resulting unemployment.
- In Easterhouse, these issues were aggravated by a lack of amenities, isolation from the rest of city and a top-down management approach by the local authority in responding to the decline of neighbourhoods such as Wellhouse.
- These factors led Glasgow City Council to make a major shift in policy by transferring the ownership of homes at a neighbourhood level to a new breed of community-controlled housing associations. More than 25 years on, the eight community ownership landlords in Easterhouse have greatly improved housing conditions and arrested neighbourhood decline, but levels of poverty and inequality remain among the highest in Scotland.

In Wellhouse, a tenants' steering group was set up in 1989 to seek the transfer of homes from Glasgow City Council to community ownership. Community activists showed persistence throughout a five-year process that led to the registration of Wellhouse Co-operative (now Wellhouse Housing Association) as a social landlord and the transfer of 324 sub-standard homes to community ownership. A second successful stock transfer from Glasgow Housing Association took place in 2010, with the result that all social rented homes in Wellhouse were finally in the ownership of WHA. However, physical regeneration of the area has still to be completed, with a number of vacant and derelict sites blighting the local environment.

Our Achievements

In 2019, WHA celebrated our 25-year anniversary as an independent RSL.

Throughout that time, we have acted as the landlord, developer, and manager of housing in Wellhouse, while also seeking to improve the quality of our neighbourhood and to strengthen our community. We have shown that sustainable neighbourhood renewal can best be achieved in fragile communities through local control, involvement and management. This outcome would have seemed unimaginable when community ownership was first mooted in the late 1980s.

During this time, our achievements have included:

- Raising over £40 million to invest in existing and new housing in Wellhouse, to achieve a transformation of housing conditions in our area
- Delivering greatly improved services, by taking a responsive approach to service delivery and investment that is based on the needs of our customers and community.

- Having a constant on the ground presence in the community, using our local housing service and partnerships to make Wellhouse a more stable and safer place.
- Setting up Wellhouse Community Trust, which in time has developed into a fully independent social enterprise offering services in communities throughout Greater Easterhouse and the wider east end of Glasgow.
- Building the Hub, a large community facility to bring together housing, childcare, employment and training services all under one roof. The building also contains a community café, and community space. The facilities are well used by the community and local organisations.
- Being a pioneer in promoting an asset-based approach to community regeneration, enabling people to have greater control over the decisions that affect their lives.
- Continuously enhancing our service offer in response to local needs, for example by establishing an income advice service, on the ground estate management services and social media and text messaging services.
- Investing in our IT systems and processes to ensure we keep improving customer service.
- Introducing shared equity housing for people who want to buy a new home in Wellhouse and securing grants for homeowners to enable energy efficiency improvements that benefit the owners and our tenants who live in mixed tenure buildings.
- Managing significant organisational change successfully, not shirking difficult decisions to ensure that WHA continues to be a strong, independent housing association serving the Wellhouse community.

Over the years, supporting and strengthening the Wellhouse community has been important to us, and this will always be the case.

How we do this has changed, evolving from the direct provision of services to a “community anchor” approach whereby

- We provide some services direct (e.g., the income advice service because of its direct relationship to our core business)
- In other areas we work with community and third sector partners who have the expertise and resources to deliver what is needed.

This has allowed WHA to sharpen our focus on our core role as a landlord, so that we provide excellent services, get reinvestment right and progress our plans for new homes so that the physical regeneration of Wellhouse can be completed.

So, as we continue our journey towards making Wellhouse **“the place to be”**, we will continue to build on our achievements and act on what we can do better to deliver the best possible results for our customers and the Wellhouse community.

3. Vision, Values and Strategic Objectives

Our Vision

Our vision is:

Wellhouse – the Place to Be

This simple statement expresses our vision of Wellhouse as an attractive place where people feel happy and safe, benefit from having a good home and an attractive environment and feel proud to be part of a vibrant community.

Our Values

As a charity and a community-based housing association working to deliver social benefits, our values drive our behaviours and the work that we do. Our values are:



Our Strategic Objectives

Our strategic objectives are the overarching aims we have set for the next three years, in particular the impact we want to make as:

- A housing provider
- A partner in supporting the Wellhouse community, and
- In the management of our organisation.

Wellhouse's six strategic objectives are:

Deliver excellent services

Provide good quality homes

Anticipate, understand and respond to local needs

Foster an attractive, successful and thriving community

Maintain good governance and financial management

Value and invest in our people

All of the activities described in the Business Plan flow from these objectives.

To make we are clear about what we will do in addressing the strategic objectives:

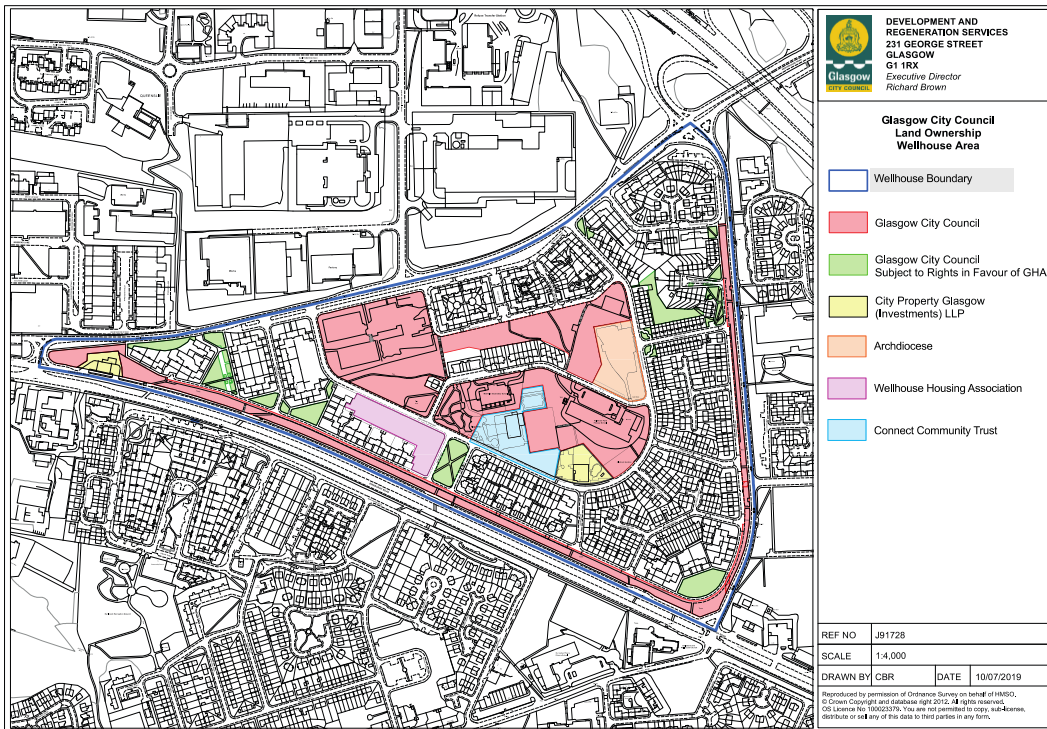
- Chapter 6 of the Business Plan describes our Business Strategy relating to each strategic objective, and
- The subsequent chapters of the Plan summarise the main actions we will take in the first year (2022/23).

4. Strategic Analysis

This chapter describes the local and wider environments that Wellhouse works in, and the issues this raises for our strategy. The chapter uses statistics and data from a wide range of sources.

Area of Operation

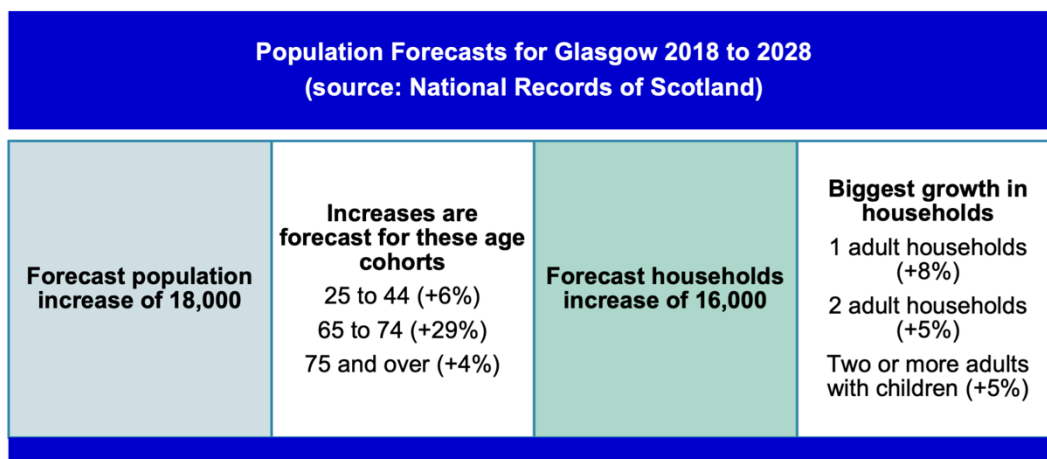
The Association works exclusively in the Wellhouse neighbourhood as shown in the following map:



Population and Households

Glasgow's population is set to increase in the present decade, along with the number of households. Both factors will contribute to increased demand for affordable housing.

Glasgow's population 2018 to 2028



Between 2001 and 2011, Easterhouse lost both population and households, at rates that were among the highest in Glasgow.

- There was a 12% fall in households with children, while the number of single person households stayed largely the same.
- 552 dwellings were lost between 2001 and 2011 (about 1 in every 8 houses), mainly through demolition of social rented homes.

While we know that Glasgow’s population increased by 4.4% between 2015 and 2019, more local results will not be available until the findings from the 2021 Census are published. However, it is almost certain that Easterhouse’s population will have increased since 2011 due to both RSL new build developments and GCC promotion of developments providing new homes for sale.

The City Council’s projections for Multi-Member Wards suggest that **increases in population and households for Baillieston ward will be in the region of 4% in the period to 2028.**

- A key issue is whether we see only new owner-occupied housing or whether traditional Greater Easterhouse communities like Wellhouse also benefit from new housing.
- Increases in population may help to make local services and amenities more sustainable.

The number of **ethnic minority households living in social housing in Greater Easterhouse** has been increasing for some years now but is still substantially below citywide levels.

- The most recent statistics available are from the 2011 Census, when almost 96% of the population in Baillieston ward were of White British or Irish ethnicity.
- This is likely to have changed when the results of the 2022 Census become available, with people from a wider range of ethnicities now living or seeking to live in Greater Easterhouse.

Wellhouse is carrying out a Tenant Census in our area. This will provide improved local information about ethnicity and other protected characteristics, enabling us to tailor our service delivery as required.

Poverty and Inequality in Wellhouse

The 2020 Scottish Index of Multiple Deprivation (SIMD 2020) provides profiling results for a geographical area that is a very close match for WHA’s area of operation. This is based on two SIMD 2020 datazones (small areas) which for shorthand are shown as “**Edinburgh Roadside**” and “**Wellhouse Road side**” in the data results shown below.



The combined population of the two datazones is reported in SIMD 2020 as 1,987 people, 1,277 of whom were of working age.

SIMD 2020 produces data for nearly 7,000 small areas in Scotland, with a ranking of 1 representing the most deprived area in Scotland and a ranking of 6,976 being the least deprived.

The graphics below show how the two Wellhouse areas were ranked in the 2020 SIMD. Both areas have rankings that are among the very worst in the whole of Scotland, underlining the sheer scale of poverty and deprivation in the area.

EDINBURGH ROAD SIDE

WELLHOUSE ROAD SIDE



Comparing the 2020 results with the SIMD carried out in 2012 there has been virtually no change in this position:

	Edinburgh Road side (SIMD code 10118)	Wellhouse Road side (SIMD code 10120)
Overall SIMD Rank 2020	46	92
Overall SIMD Rank 2012	10	27

The SIMD also illustrates how each datazone fares on a wide range of more specific Indicators. These provide actual results drawn from various official sources, rather than rankings that compare different areas. The following table shows the results for the two Wellhouse datazones, alongside the same information for Glasgow and with Mount Vernon and Sandyhills which has been chosen as an example of an affluent community that is relatively close to Wellhouse. In the comparison:

Pink shading represents the worst result

Green shading represents the best result

SIMD Indicator	Edinburgh Road side	Wellhouse Road side	Glasgow City	Mt Vernon & Sandyhills
Percentage of people who are income deprived	27%	24%	19%	3%
Percentage of people who are employment deprived	40%	40%	13%	3%
Standardised mortality ratio*	215	143	116	79
Comparative Illness Factor: standardised ratio*	290	255	155	75
Emergency stays in hospital: standardised ratio*	208	196	119	82
Proportion of population being prescribed drugs for anxiety, depression, or psychosis	24%	30%	21%	15%
Hospital stays related to alcohol use: standardised ratio*	248	233	148	31
Hospital stays related to drug use: standardised ratio*	177	55	111	20
Proportion of live singleton births of low birth weight	4.7%	2%	5.6%	0.0%
Attainment rate of school leavers	4.5	4.6	5.8	6.0
School pupil attendance	63%	61%	77%	91%
Working age people with no qualifications: standardised ratio*	303	285	153	70
Proportion of 17-21 year olds entering university	3%	4%	7.0%	11.6%

SIMD Indicator	Edinburgh Road side	Wellhouse Road side	Glasgow City	Mt Vernon & Sandyhills
Proportion of people aged 16-19 not participating in education, employment, or training	10%	10%	4%	1%
Crime rate: recorded crimes of violence, sexual offences, domestic housebreaking, vandalism, drugs offences, and common assault per 10,000 people	578	404	327	59

Note: Standardised ratios

The SIMD uses **STANDARDISED RATIOS FOR ITEMS MARKED *** in the table to report on a number of health and education indicators.

This allows comparison of local results with the national average. A ratio of below 100 is better than the national average while a ratio of more than 100 is worse. **The higher the number, the worse the outcome is for the indicator being reported on.**

The results for Wellhouse are poorer than the average for Glasgow in every single case, a fact made worse because Glasgow is the most deprived council area in the whole of Scotland.

The gap between Wellhouse and the more affluent community of Mount Vernon and Sandyhills is even wider for all the indicators shown. This shows a shocking level of inequality that all political parties acknowledge but none have been able to resolve.

The gap in income and employment deprivation is particularly significant since these two factors are the most common causes of poverty which in turn causes substantial health inequalities and poorer educational outcomes.

LOCAL HOUSING MARKET

House Prices and Rents

At May 2022, the Rightmove website reported an average sales price of £65,797 for properties sold in Easterhouse during the previous 12 months.

In Wellhouse's area, there have been few house sales in recent years with most of these located in Langbar Crescent with prices in the region of £66k to £80k. Newer housing for sale is available nearby at Stepford Road and West Hallhill Farm Road, with selling prices in the region of £165k to £223k. Overall, the market for sale is made up of former right to buy properties at more affordable prices and higher price areas such as Baillieston, Garrowhill, Swinton and Garthamlock.

Wellhouse and nearby areas have a very small market for private rented homes. Only three properties were listed by Rightmove in May 2022. All were 2-bedroom flats, ranging in price from £595 per calendar month (Garthamlock), £650 pcm (Barlanark) and £700 pcm (Provanhall). Private lets are in very short supply for larger properties and main door homes.

While some Wellhouse residents in employment will have the means to consider buying a home or private renting, most do not have these options and for them the comparison between Wellhouse rents and those of other social landlords will be more relevant.

The most recent average rents information for the 8 EHRA members in Greater Easterhouse is shown in the table below.

EHRA Average Weekly Rents at 31 March 2021 (source: Scottish Housing Regulator, 2021)

HA	1 Bedroom	2 bedroom	3 bedroom	4 bedroom
Provanhall HA	£ 64.84	£ 70.74	£ 85.39	£ 96.54
Calvay HA	£ 69.13	£ 75.19	£ 82.03	£ 97.32
Easthall Park Co-op	£ 67.88	£ 71.50	£ 86.86	£ 94.78
Blairtummock HA	£ 64.81	£ 72.61	£ 82.00	£ 89.24
Gardeen HA	£ 64.49	£ 74.11	£ 79.81	£ 94.58
Wellhouse HA	£ 69.47	£ 76.66	£ 85.56	£ 94.64
Lochfield Park HA	£ 70.92	£ 77.05	£ 88.03	£ 95.57
Ruchazie HA	£ 69.51	£ 75.85	£ 78.54	£ 87.43
EHRA Average	£ 67.63	£ 74.21	£ 83.53	£ 93.76

While Wellhouse's average rents are higher than the EHRA averages, the margins are small (£1 to £2 a week higher than the EHRA average).

It is also relevant to note that EHRA rents are among the lowest in Scotland, and this means that Wellhouse's average rents are still considerably lower than the Scottish average and also generally meet the tests we use to assess whether our rents are affordable to households with low incomes. (see Chapter 11).

SWOT ANALYSIS 2022 (Strengths, Weaknesses, Opportunities and Threats)

In preparing the Business Plan, we have conducted a SWOT analysis. The following table provides a short overview of some of the most significant factors we identified. A copy of the full SWOT analysis document is provided at Appendix 4.

STRENGTHS	WEAKNESSES
<p>People – our staff and Committee members</p> <p>Resilience – in the face of the global pandemic</p> <p>Improvement - in our Charter performance</p> <p>Governance – we have invested heavily</p> <p>Strategic alignment – we have positive strategic partnerships aligned with our objectives</p> <p>Asset management – we have a detailed asset management strategy</p> <p>Financial management – sound data and reporting, loan covenants are met comfortably</p> <p>Risk management – comprehensive policy, register and controls</p> <p>Support for our tenants – income advice service and working with partners</p> <p>Tenant involvement – existing methods and plan for expanding involvement</p> <p>The Hub – focal point for services and activities</p>	<p>Governance – Committee numbers and attracting new members locally</p> <p>People – relatively small staff team</p> <p>Customer profiling – not enough information on the needs or expectations of our customers.</p> <p>Income management – Rent areas persistently high. Exacerbated by pandemic and UC.</p> <p>Stock profile – we have investment profiles and budgets in place, need to improve the stock condition data on which these are based</p> <p>Tenant engagement – increased engagement is needed</p>
OPPORTUNITIES	THREATS
<p>Community anchor – connect with partners to bring more services to Wellhouse</p> <p>Place-making – seek opportunities arising from SG/GCC support for place-making etc</p> <p>Sustainability – use WHA procurement to improve sustainability of our services/community</p> <p>Social impact – adopt an outcome focus to our partnership work to enhance our social impact</p> <p>Customer needs and aspirations – develop a comprehensive and creative response to addressing this, including diverse needs</p> <p>Our plans to developing derelict land in Wellhouse – improve housing quality and choice, high impact on physical regeneration</p>	<p>Welfare Reform – the rollout of Universal Credit (UC) to replace legacy benefits. High impact on WHA rental income and arrears.</p> <p>Rent affordability – impact on tenants of high and the current cost of living crisis, with likely impact on WHA’s income stream.</p> <p>Public sector cuts – likelihood of continued GCC budget cuts. Cuts in UK public spending could affect Scottish Government spending priorities, including new housebuilding</p> <p>Cost base – continuation of increases in costs, particularly for repairs and maintenance. May lead to continued pressure on our budgets</p>

PESTLE ANALYSIS 2021

Wellhouse's business is strongly influenced by external factors. The following pages set out our analysis of this wider operating environment, in the form of a PESTLE analysis which addresses Political, Economic, Social, Technological, Legal and Environmental factors.

STRENGTHS/OPPORTUNITIES	THREATS/PRESSURE POINTS
SOCIAL FACTORS	
Covid-19	
<ul style="list-style-type: none">• WHA achieved business continuity and safe delivery of services during the pandemic.• Impact of vaccinations and boosters.• Increased emphasis on “learning to live with Covid” and Covid recovery.• WHA potential to contribute to local action on Covid recovery and anti-poverty work.	<ul style="list-style-type: none">• Covid uncertainty and risks are still present.• Easterhouse needs a place-based approach to Covid recovery. This does not appear to be in tune with current thinking of SG or Glasgow City Council.
Deprivation	
<ul style="list-style-type: none">• Positive impact by community organisations during the pandemic.• Funding for local action is potentially available from the SG Empowering Communities Fund and its new Place Based Investment Programme.• Joint funding bids by EHRA/others could bring resources to Greater Easterhouse.• New Scottish benefits introduced (e.g., Scottish Child Payment and a new Adult Disability Payment to replace PIP).	<ul style="list-style-type: none">• Deprivation levels in Wellhouse and Easterhouse are severe and of long standing.• New central/local government thinking is needed, particularly on jobs, poverty, health inequalities and education.• Community organisations should have a key part to play but can only do so much do so much without greater government support.• SG/GCC use of “challenge funding” means that funding does not necessarily go to the places where it is needed most.• SG proposals for community empowerment and local democracy lack boldness.
Population Change	
<ul style="list-style-type: none">• Steady increase in population and households is forecast for Glasgow. Growth is also forecast for Baillieston ward.• NRS forecast increases in Glasgow heads of household to 2028 are highest for adults aged 35-44 and adults aged 60-79).	<ul style="list-style-type: none">• WHA's planned new build programme can contribute to increasing population.• Capacity to meet changing housing and support needs of older tenants.

STRENGTHS/OPPORTUNITIES

THREATS/PRESSURE POINTS

Homelessness

- Increased access to settled accommodation for homeless households.
- Housing First: imminent and will assist people with more complex needs.
- WHA performs well in making offers of housing in response to section 5 referrals.
- Sustaining tenancies and minimising any negative impacts on neighbours if the right support is not in place.
- Fewer rehousing opportunities for others.

POLITICAL/LEGAL/REGULATORY FACTORS

- WHA maintains good relationships with GCC, DWP and all other bodies that have an impact on our business.
- WHA has a “compliant” rating with the Scottish Housing Regulator.
- As part of EHRA, we have access to elected representatives at all levels.
- SG “Housing to 2040” Strategy: national housing priorities are increasing new housing supply, reducing homelessness, and reducing carbon emissions.
- No new bills are proposed in relation to housing and homelessness in the 2021/22 parliamentary session.
- Covid extension of Notice Period for NPRPs for rent arrears has led to higher rent arrears.
- SG is consulting on a draft for a “rented housing strategy” for consultation. Proposals include statutory rent controls for private rented housing.
- Ministers have suggested they might use rent increase “guidance” for social landlords. Could adversely affect control over business plans at a time of great financial stress.
- Political uncertainty:
 - Continuing impact of Brexit on costs and materials shortages.
 - Possible Indyref 2 in 2023; and
 - UK policy on public spending, taxation and benefits.
- Ongoing need to comply with SHR Regulatory Framework and guidance.
- Continued GCC funding cuts to local services.

ECONOMIC FACTORS

Wages, Benefits, and the Cost of Living

- Positive impact of WHA income maximisation service.
- Improved Universal Credit (UC) payment scheduling by DWP.
- High proportion of tenants have HB or UC housing costs paid direct to WHA.

Cost of living crisis

- Personal tax allowances/thresholds frozen in 2021.
- Increase in employee NI from April 2022.
- Covid impact on unemployment and zero hours jobs. Risk of a freeze on working age benefits, as between 2016 and 2020.
- Universal Credit (UC) increases hardship and poverty and will continue to adversely affect WHA’s ability to collect rent.

STRENGTHS/OPPORTUNITIES

THREATS/PRESSURE POINTS

- Risks will be increased by the £20 cut in UC October 2021 and by the ongoing migration of all working age benefit claimants to UC.
- CPI inflation is at its highest level for 30 years (7% in March 2022). The Bank of England has suggested that inflation could hit double digits if the energy price cap goes up again in October.
- Cost of home energy, food costs and imported goods have been major contributors to the increase in inflation.
 - Ofgem Price Cap increased by 13% in October 2021, and from April 2022 this will increase by a further 54%.
 - For prepayment customers, this will be £708 (annual cap £2,017 per year).
 - UK/Scottish Government help will be a maximum of £350 (part repayable)

Economic Outlook

- The economy is recovering from Covid shocks, but this varies across sectors and the benefits are not shared equally.
- Growth is now slowing and along with inflation, may lead to recession which always hits poorer households the hardest
- Interest rates have been at historically low levels, but the Bank of England rate rose to 1% in May 2022 to damp down inflationary pressures in the economy. Further increases are possible if inflation continues to rise.
- With more than 85% of our loan debt being fixed rate, WHA has good protection against further increases in interest rates.
- The Bank of England stated (February 2022) that inflation will fall back towards its 2% target level over the next two years. This may or may not be accurate in view of the economic turbulence currently being seen.
- Austerity: the UK Government is planning public spending cuts from 2023/24 onwards. This will lead to reduced resources available to the Scottish Government and GCC.
- Supply chain and inflationary headwinds have produced significant increases in repairs and maintenance costs for WHA and across the housing sector.
- It is extremely difficult to predict how these factors will unwind in the years ahead. The impact of macroeconomic factors will be one of the most significant risks that businesses of all kinds will need to manage.
- The UK Chancellor has warned (March 2022) that the UK faces significant economic uncertainty as a result of Russia's invasion of the Ukraine.

STRENGTHS/OPPORTUNITIES

THREATS/PRESSURE POINTS

TECHNOLOGICAL FACTORS

- WHA helped to address digital exclusion during the pandemic.
- WHA's new business software application, Home Master, is due to go live in April 2022. Home Master has a customer portal which WHA will promote and launch during 2022.
- Low demand from WHA tenants for digital services. This may change, meantime access to services will be "multi-channel".
- Digital exclusion among tenants.
- Risk of cyber-attacks on WHA's business.

ENVIRONMENTAL FACTORS

- WHA major repairs programme has positive impact on energy efficiency and reduction of fuel poverty.
- WHA compliance with the Energy Efficiency Standards for Scottish Social Housing (ESSH) (98.6% at 31 March 2021).
- WHA completed installation of statutory fire and heat detection measures to 97.6% of our properties by the February 2022 target date. We continue to pursue tenants who have so far refused to provide access for these essential works.
- 2021 Programme for Government says that the Scottish Government will:
 - Invest £1.8 billion to decarbonise one million homes by 2030 (estimated cost of national retrofit is £33 billion)
 - Establish a (modest) £30 million fund for heat and energy efficiency projects by social landlords.
- Continued mandatory raising of standards.
- SFHA initial estimate is that ESSH2 costs could be around £7,000 to £10,000 per home, excluding replacement heating.
- SG "Heat in Buildings" Strategy: property owners and landlords will have to pay for works. Not clear how this can be achieved.
- HA borrowing would have to be met from rental income – risk of creating rent poverty.
- Scottish Government to review ESSH2 in 2023, to "strengthen and realign" the Standard with net zero requirements.
- Report of ZEST group – emphasis on a "Fabric First" approach
- UK Government consultation is planned in 2021 on a revised EPC system.
- SG is planning national work on supply chains. Could mean that works will be planned/executed at national/regional levels?
- New technologies slow to come to market – e.g., blue hydrogen heating at scale may be at least a decade away. The market is not yet offering affordable solutions, so property owners have no incentive to do work now.
- Replacement of existing fossil gas boilers will be prohibited in future.
- Overall – net zero aspirations of Scottish Government and GCC are clear, but the tools for practical delivery are largely missing (e.g., clarity of policy, funding, technology, procurement, and public attitudes to change).

Conclusions

There are multiple external and local factors that will potentially affect WHA's future strategy and operations in the coming years. Many of these factors – such as the future path of Covid-19 and the performance of the economy – are beyond WHA's control and subject to uncertainty. In such cases, the priority will be to monitor and assess potential impact and apply appropriate risk mitigations where this is necessary and feasible.

In other areas, it is possible to identify more proactive actions by WHA. A sample of these is shown below, with more information provided in the relevant business plan chapters.

Response to the Covid-19 Pandemic

- Ensure that our services continue to operate in a secure and safe way.
- Be ready to adapt to any future changes in Covid public health measures to ensure business continuity.
- Decide policy on future working patterns in consultation with staff and tenants.
- Consider what changes we wish to make to our services, based on experience of the pandemic.
- Continue to work with local partners to develop relevant and effective community support services.
- Work with EHRA and other partners to advocate for a meaningful Covid recovery plan for Greater Easterhouse.

Response to Economic Factors Impacting Tenants and WHA

- Incorporate the best estimates and data available in our financial planning, and stress test the Business Plan regularly.
- Maintain proactive arrears management, income advice for tenants, and close working with DWP.
- Maximise the resources we can direct to managing the impact of Universal Credit as it progressively replaces legacy benefits.
- Apply mitigations to substantive risks (notably threats to rental income and increased maintenance costs).
- Incorporate estimated allowances for continued increases in repairs and maintenance costs in business plan stress testing.
- Consider the balance of future capital investment, between ensuring that existing stock meets required standards and any future new build opportunities.
- Seek opportunities to work with EHRA partners on procurement and other issues that will help mitigate the risks that each member faces individually.

Political and Legislative Factors Affecting WHA

Climate Change Obligations (Scottish Government and GCC requirements)

- Continue to develop our understanding of technological solutions for climate change works, the resulting costs, the prospects of Scottish Government funding, and potential models for procurement and delivery. All of these areas are evolving at present, so we will be working towards a WHA strategy and plan as they are clarified.

Planning and Delivery of Community Services

- With EHRA members and other local partners, lobby GCC and other community planning partners to develop better partnership working with community organisations, seeking a step change in action to tackle poverty and inequality in Greater Easterhouse.

Many of the factors described will change over time, sometimes rapidly. We will ensure careful monitoring and evaluation of change takes place on an ongoing basis.

Achievement of our strategic objectives demands a continued focus on sound and stable governance and strong financial management. These have been high priorities in the past and must remain so. Ongoing monitoring and evaluation of risks and change factors change will also be essential.

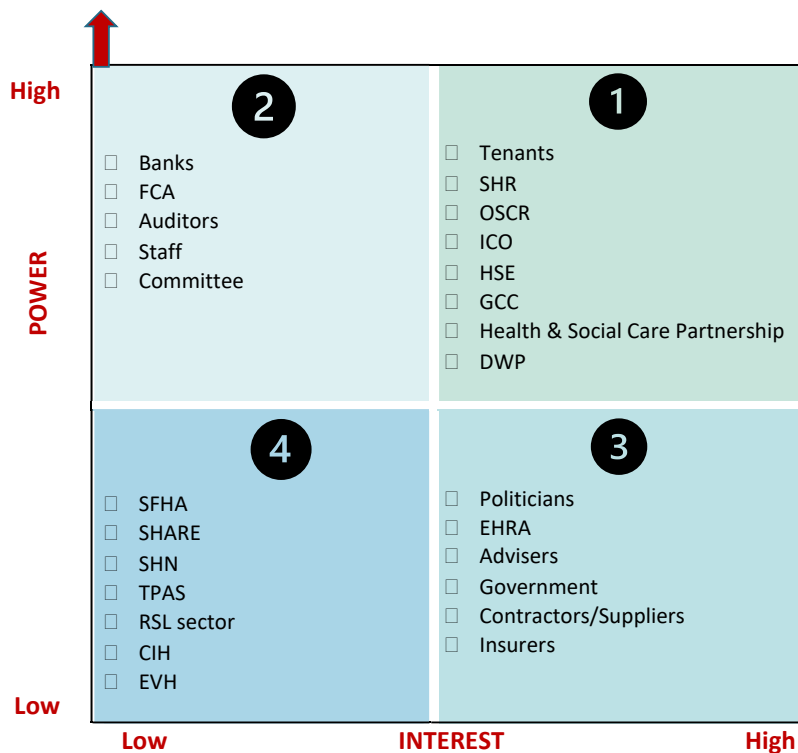
5. Stakeholder Relationships

Wellhouse has a diverse set of stakeholders who between them influence most areas of our work. We have sought to take account of their views and priorities in preparing this Business Plan.

We are always looking to strengthen how we engage with existing partners and key stakeholders and to build new relationships. We are keen to ensure that our partnerships deliver the outcomes we seek and that our values permeate through our partnership activities.

We will review and update this Business Plan every year as part of our annual business planning cycle. We intend to widen the scope to include our Customer Opinion Panel and other key stakeholders as part of that review. In this context, we aim to discover how our key stakeholders feel about us; to work out how best to engage them, and how best to communicate with them.

The following diagram gives an overview of who our main stakeholders are, how we categorise their influence over our work, and our broad goals in managing relationships. The position that we allocate to a stakeholder on the grid shows the actions we need to take with them:



- **High power, highly interested people (Manage Closely):** fully engage these people and make the greatest efforts to satisfy them.
- **High power, less interested people (Keep Satisfied):** put enough work in with these people to keep them satisfied. Communicate in a considered way so that we meet their needs but do not overwhelm them with information they do not need.
- **Low power, highly interested people (Keep Informed):** adequately inform these people and talk to them to ensure that no major issues are arising. People in this category can often be very helpful with the detail of our activities.
- **Low power, less interested people (Monitor):** again, monitor these people, but don't overwhelm them with information they do not need.

The boxes below summarise key actions will take during the Business Plan period to manage and develop some of our most important stakeholder relationships. The boxes illustrate how our approach will vary for the different levels of engagement described above.

Stakeholder level 1

Wellhouse Residents

Actions

- Deliver excellent services;
- Listen and respond to feedback;
- Support customer opinion panel and implement the “Next Steps” plan for customer engagement;
- Engage at AGM;
- Provide digital, telephone and face to face services as customers require;
- Provide a regular flow of information through four tenant newsletters each year, the annual Charter Report, our website and social media feeds and face to face engagement events;
- Support the work of Easthall Residents as our wider role delivery partner in the provision of services as determined by the community.

Scottish Housing Regulator

Actions

- Maintain compliance with regulatory standards and requirements;
- Provide the Annual Return on the Charter, 5-year Financial Projections, Annual Assurance Statement, Audited Accounts and other information returns timeously;
- Advise SHR of any Notifiable Events;
- Pay close attention to any general or advisory guidance issued by SHR;
- Keep dialogue open with regulation manager.

Stakeholder level 2

Glasgow City Council

Actions

- Secure GCC funding to support WHA’s planned development programme;
- Support GCC’s homelessness strategy through the provision of accommodation for homeless households;

WHA’s Management Committee and Staff Team

Actions

- Support our people by providing a positive and supportive environment that enables them to flourish in carrying out their respective roles;

WHA's funders

Actions

- Ensure compliance with loan conditions and covenants;
- Communicate openly and effectively with our funders;
- Seek new funding for WHA's planned development programme.

Stakeholder level 3

Contractors and suppliers

Actions

- Work in a way that ensures contractors operate as our partners and meet our service delivery standards;
- Ensure efficient administration and invoicing systems;
- Resolve any issues that arise quickly.

All of these relationships are referenced throughout the Business Plan.

6. Business Strategy and Priorities 2022/23 to 2024/25

WHA's business strategy is built around the six Strategic Objectives shown below.

STRATEGIC OBJECTIVE	WHAT DRIVES ACHIEVEMENT
DELIVER EXCELLENT SERVICES	<ul style="list-style-type: none"> Quality of our housing and property management services
PROVIDE GOOD QUALITY HOMES	<ul style="list-style-type: none"> Robust asset management Investing in tenants' homes Development of new homes
ANTICIPATE AND RESPOND TO COMMUNITY NEEDS	<ul style="list-style-type: none"> Customer engagement and profiling Local accountability Working in partnership with others
FOSTER AN ATTRACTIVE, SUCCESSFUL AND THRIVING COMMUNITY	<ul style="list-style-type: none"> Effective neighbourhood management Creating social value Support and opportunities for Wellhouse residents and the community as a whole
MAINTAIN GOOD GOVERNANCE AND FINANCIAL MANAGEMENT	<ul style="list-style-type: none"> An effective and skilled governing body Having the resources needed to deliver our strategy and meet our obligations
VALUE AND INVEST IN OUR PEOPLE	<ul style="list-style-type: none"> Our role as an employer Promoting a performance culture Supporting our staff and committee members in their roles

Our Strategic Direction

We are confident about our future and in our skills, abilities and ambitions. We are also highly motivated to continue to build the respect of our customers and the wider community, and keen to stay focused on improving our performance.

We also recognise that in a more challenging operating environment, we must adhere to sound management disciplines, including business planning, performance management and risk management.

Our **future strategic direction** has the following strands:

Consolidation and continuous improvement

Our main focus will be on our core activities as a social landlord and property manager.

We will seek continued improvement in our performance, invest in our tenants' homes, increase our community engagement activities, and get to know our customers' aspirations and priorities better.

A positive force for renewal in Wellhouse

We will nurture and strengthen our partnerships with like-minded organisations to deliver tangible and positive support and social benefits for the residents and community of Wellhouse.

Growth

We will pursue our interest in building new homes on three development sites in Wellhouse, to improve the choice and quality that is available in the area and to complete the physical regeneration of Wellhouse.

In 2015, the Management Committee looked in detail at whether our operating structure best served the interests of current and future tenants. Having commissioned an independent options appraisal, the Committee concluded that the best way forward for our tenants was for Wellhouse to remain independent, while also pursuing partnership opportunities with local associations which could potentially reduce overheads, maximise savings and efficiencies and also promote the sharing of talent and expertise.

This continues to be our preferred strategic course and we have no plans at present to conduct a further options appraisal of the type carried out in 2015. Since the previous appraisal we have:

- Continued to work with our peers in the Easterhouse Housing and Regeneration Alliance to seek opportunities for partnership working.
- Worked independently and successfully to strengthen and future-proof our business as a whole.

We will continue our work in both of these areas, and we may review options in specific areas of our business such as how to get the best value for money in a challenging economic environment.

We are confident that we will have begun a new growth phase in meeting housing need and taking us on the path of eventually completing the housing re-provision in Wellhouse by the end of this business plan. This will include additional housebuilding, with the provision of other tenures (e.g., shared equity) and new services to accompany our plans to build new social rented homes to address housing need. In doing so, we will conduct robust appraisals to ensure financial viability and minimise any risks to our core business.

Business Strategy

Appendix 4 to the Business Plan sets out our business strategy in detail. It describes:

- The **outcomes we are seeking to achieve** for each strategic objective between 2022/23 and 2024/25
- How we will **assess success** in achieving the objectives.

This is one of the most important parts of the Business Plan. It is summarised in the Executive Summary, with the full version provided at Appendix 4. It should be seen as a driving force within the Business Plan, alongside the strategic direction and objectives described earlier in this chapter.

As well as saying what we want to achieve, the Business Plan needs to be clear about what we will do and how we will do it, in other words the performance management aspects of the overall Plan. This is addressed in chapters 7 to 13 of the Business Plan:

- These chapters review our current performance and summarise the **priority actions** we intend to take. This is most detailed for 2022/23 but also looks beyond the first year of the Plan where it is feasible to do so.
- The Business Plan appendices contain a set of **Delivery Plans** at Appendix 7. These describe how the priorities set in the Business Plan will be delivered in practice.

7. Wellhouse's Customer Services

Links to Strategic Objectives

Wellhouse's customer services contribute to the following strategic objectives described in the Business Plan:

Deliver excellent services

Provide good quality homes

Anticipate and respond to community needs

Foster an attractive, successful and thriving community

Performance

Wellhouse's performance in relation to the Charter indicators is of a good standard overall. The table on the next page shows how our 2020/21 ARC results in key areas compare with our chosen peer group of nine housing associations ³ and the Scottish average for all social landlords.

The colour coding used in the table is as follows:

GREEN means signifies the best result [Wellhouse, Peer Group Average (PGA) or Scottish Average]

PINK means signifies the poorest result.

Wellhouse results to end December 2022 are shown for information in the last column. ** in this column mean that the data is collected annually for the ARC, rather than routinely during the course of the year.

The table shows that our performance on repairs and maintenance was generally strong, the exception being that customer satisfaction ratings were slightly below both the peer group and national averages. Wellhouse's results were superior to the national average on all of the other ARC repairs indicators.

This was also the case for managing empty properties, where Wellhouse's results were better than both the peer group and national averages.

Our weakest area of performance was income management, with gross rent arrears significantly higher than the peer group and national averages.

³ The nine members of the benchmarking peer group are Ardenglen HA, Blairtummock HA, Cadder HA, Calvay HA, Cassiltoun HA, Easthall Park HC, Ferguslie Park HA, North View HA, Pineview HA and Wellhouse HA. These organisations were chosen because they are similar to Wellhouse in terms of size and type of operating area.

Wellhouse compared with Peer Group Average (PGA) & Scottish National Average 2020/21

Charter Indicator	Wellhouse 2020/21	PGA 2020/2021	Scottish Avg 2020/21	Wellhouse 21/22 end Q3
OVERALL VALUE				
Tenants satisfied with the overall service provided landlord	94.1	90.0	89.0	91.7
Tenants who feel rent is good value for money	93.1	84.2	82.8	91.7
REPAIRS AND MAINTENANCE				
% of properties meeting SHQS year end	98.1	99.5	91.0	98.1
% of properties meeting the EESSH	98.9	99.6	n/a	**
Tenants satisfied with quality of home	87.2	89.2	87.1	88.9
Time to complete emergency repairs	2.2	2.5	4.2	1.9
Time to complete non-emergency repairs	3.5	4.0	6.7	4.4
% reactive repairs completed right first time	99.2	94.3	91.5	100
% tenants satisfied with repairs service	87.8	91.7	90.1	87.9
NEIGHBOURHOOD MANAGEMENT				
% tenants satisfied with landlord contribution to management of neighbourhood	92.4	92.6	86.1	98.6
LETTINGS & TENANCY SUSTAINMENT				
Annual stock turnover (dwellings that became empty in year)	4%	6%	n/a	**
% tenancy offers refused	34.1	23.7	31.9	36.2
% all new tenancies sustained more than a year	91.4	93.1	n/a	**
INCOME MANAGEMENT				
% collected of rent due	97.2	98.8	99.1	101.7
% gross rent arrears of rent due	10.9	5.7	6.1	10.56
EMPTY PROPERTIES				
% of rent due lost through empty properties	0.3	0.6	1.4	0.6
Average time to re-let empty properties	30.6	35.3	56.3	26.9
FACTORING				
% factored owners satisfied with factoring service	87.5	66.6	65.1	87.5

Chapter 11 presents a further analysis of performance, this time a Value for Money Scorecard. The Scorecard uses a range of performance statistics that are averaged out over the 3-year period 2018/19 to 2020/21 and that demonstrate how well value for money was achieved.

The 3-year analysis shows that Wellhouse’s results have been stable in most areas, that we have achieved significant improvements over the period in our tenant satisfaction results, and that gross rent arrears are the only area where our performance results deteriorated significantly. We have succeeded in stabilising and reducing arrears over the first three quarters of 2021/22 and the challenge now is to continue the downward trend.

The improvements achieved in customer satisfaction ratings Wellhouse has achieved have been substantial in some areas, notably:

Charter Indicator	WHA 2018/19 result	WHA 2020/21 result	Improvement
Satisfaction with our overall services	84%	94%	+10%
Satisfaction that rent is value for money	85%	93%	+8%
Satisfaction with our contribution to neighbourhood management	80%	92%	+12%

Understanding our customers

Gaining a more in-depth understanding of the profile of our customers and what they want from Wellhouse in the future is one of the most important priorities in this Business Plan. The methods we will use to do this include customer profiling research and implementing our new customer engagement plan now that Covid-19 social distancing requirements are easing. These activities will help us to better understand tenants’ priorities and their diverse needs as well as supporting future service planning and decisions about how we use our resources.

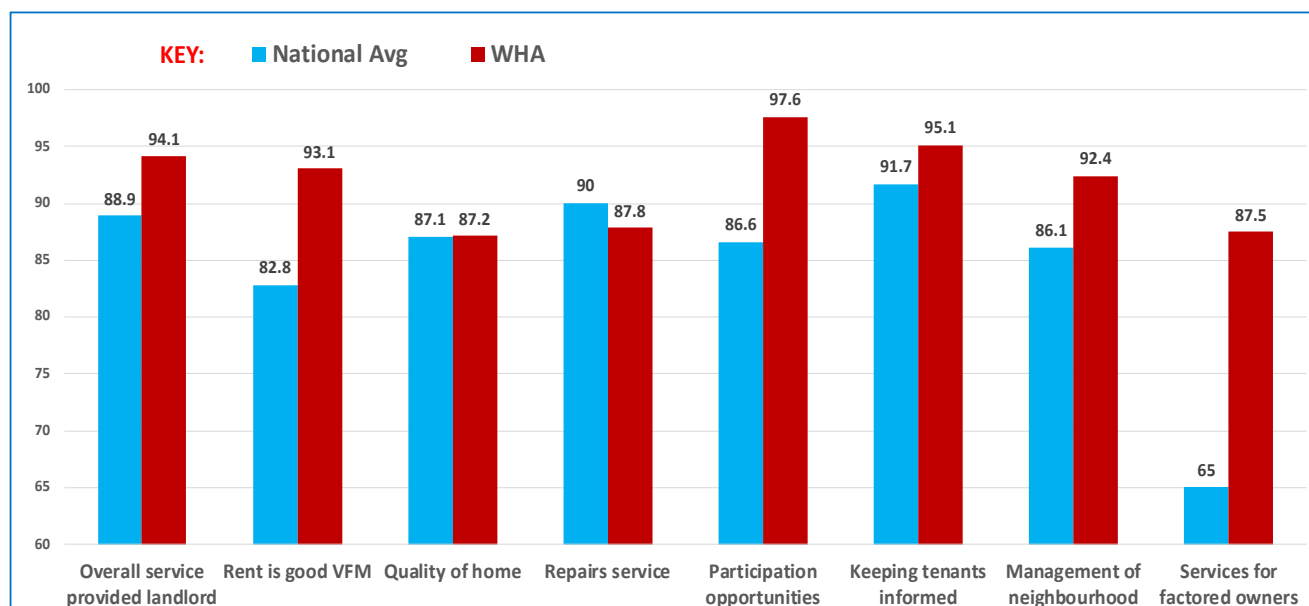
Tenant Satisfaction

WHA uses an independent contractor to obtain continuous feedback about the eight customer satisfaction measures in the Annual Return on the Charter (ARC). This gives us near real-time data that we can use to monitor satisfaction levels and to identify and act on any emerging problem areas. We also use the data in our ARC returns to the Scottish Housing Regulator.

In 2020/21, our ARC results were very strong, as shown in the chart on the next page. Wellhouse’s results were better than or equal to the national average for 7 out of the 8 Charter indicators of satisfaction. The only exception was satisfaction with the repairs service, where our 88% satisfaction rating fell slightly short of the national average score of 90%.

Percentage of Tenants Satisfied (31 March 2021)

Wellhouse Compared with National Average, Charter Indicators of customer satisfaction



Wellhouse's good results continued during 2021, with the results for the calendar year exceeding the 2020/21 ARC results in most areas, although reductions in satisfaction were seen in relation to the repairs service and the quality of the home.

Satisfaction Indicators 2021 (calendar year)

Charter Indicator	WHA Result 2021
Overall service provided by landlord	95.9%
Landlord keeping you informed about their services and decisions	93.4%
Opportunities to participate in landlord's decision-making processes	94.8%
Satisfied with overall quality of home	84.8%
Satisfied with repairs and maintenance service	80.3%
Satisfied with landlord's contribution to management of neighbourhood	93.1%
To what extent is the rent for this property good or value for money	91.7%

While most results are very positive, they do not tell us in detail where tenants want us to improve or what their priorities for the future are. The purpose of the customer profiling work already described, and the "Next Steps" customer engagement plan, is to help us address these questions.

Customer Engagement

Customers have told us they are satisfied with the opportunities they have to be involved in Wellhouse's decision-making, but in reality levels of participation are low.

Shortly before the arrival of the Covid-19 pandemic, TPAS Scotland produced a "Next Steps" programme for future tenant engagement in Wellhouse. This set out a road map for how we intend to work with and engage our customers, including restoring the previous WHA Customer Panel, widening its membership and linking its work to broader tenant engagement activities.

We are hopeful of re-launching the Next Steps programme in the early part of 2022/23, although doing so to the full extent will require the recent easing of Covid-19 restrictions to be sustained.

Letting Properties

Wellhouse lets properties to existing tenants who need a move, homeless persons, and people on our list of external applicants. Homeless applicants are mostly rehoused through referrals made to us by Glasgow City Council, but they can also be rehoused from WHA's own housing list.

Wellhouse has relatively low turnover of tenancies compared with sector averages (5% per annum on average in the three years ending 31 March 2022). There is healthy demand for our housing. At March 2022, we had more than 560 applications on our waiting list and transfer list with the vast majority of those on the waiting list currently living outside Wellhouse. As noted below, we also have a steady stream of homeless applicants referred to us by GCC as and when the Casework Team is seeking settled accommodation for a homeless household.

A number of developments are currently taking place with how we let our houses:

WHA Allocations Policy

- WHA withdrew from the common housing register Allocations Policy on April 2021 following a Demand and Outcome Assessment which showed that it was producing poor outcomes for our own tenants in meeting their housing needs.
- We now let properties in accordance with our own Allocations Policy and annual lettings plan. We expect to complete work on a new WHA Allocations Policy in spring/summer 2022 and this will be used to assess all existing and new housing applications.

Lets to homeless people

- The number and proportion of all WHA lets made to homeless people has increased significantly due to the Glasgow Rapid Rehousing Transition Plan. In addition to being referred to us by the City Council, people threatened with homelessness can apply to us direct for a home.
- The purpose of the Rapid Rehousing Plan is to reduce the use of temporary accommodation and find settled housing for homeless households much more quickly. It has had a considerable impact across the city. In 2018/19, WHA let around **one in five** of our empty properties to homeless applicants. In 2021/22, our target for lets to homeless applicants has doubled to **two in five properties**.
- We will see further change as the new "Housing First" programme is introduced. This programme is for homeless people with more complex needs and will offer a tenancy along with support based on each person's individual needs.
- Glasgow will need an estimated 550 new Housing First tenancies every year over the next 10 years. The city's social landlords will be the main providers of the housing that is needed.

Tenancy Sustainment

Wellhouse has low numbers of failed tenancies, for example as a result of evictions or new tenancies being given up in the first 12 months.

We reviewed our Tenancy Sustainment Policy in January 2022. The focus of our tenancy sustainment work has been on financial inclusion, including the Income Advice Service as well as lettable standards. During the pandemic, we secured funding for fuel assistance and IT

equipment. We continue to build partnerships with other local organisations including the Food Bank. We have been supported by GCC Community Relations Unit since April 2021 to deal more effectively with ASB in an effort to improve tenants' enjoyment of their homes.

We are currently seeing an increase in issues with property condition. We will consider how best to address this positively, for example by restarting biannual home visits, signposting to support providers, and building up knowledge and connections with support providers.

Estate Management

The environment around our houses has a major impact on the quality of life for tenants and residents. Maintaining good standards requires intensive management on the part of the Association and GCC neighbourhood services.

WHA currently employs three estate workers who attend to tasks such as stair cleaning, cutting grass in common areas, back court maintenance, void clearances and removal of bulk refuse. Housing Officers are responsible for ensuring that tenants' concerns about the environment are addressed, and that the obligations of tenancy agreements are met.

GCC has stepped back from its role in neighbourhood management in recent years, and this has had an impact on standards while also creating new responsibilities for Wellhouse that have to be paid for through rental income. For example, responsibility for funding garden maintenance and bulk uplift services is being passed to Wellhouse. Housing Officers will assist by exploring affordable solutions including voluntary services and the hiring of equipment. Consideration is also being given to the introduction of a tree cutting service in communal areas.

During the pandemic, we saw poor GCC performance in removing rubbish and debris from our area. GCC has recently (September 2021) introduced new Neighbourhood Co-ordinator workers across the city, and this has had an immediate and positive impact in getting better results on the ground from GCC services. The coordinator has been successful in providing adequate refuse collections and improving recycling facilities within the estate. Attention will now be given to the reduction of fly-tipping, collection of bulk and litter, as well as the introduction of wildflowers. Consultation events will be held annually with the purpose of finding effective solutions to manage estate issues with relevant stakeholders.

Income Management

Rent payments account for almost all of WHA's income, so our performance in collecting rent and in managing rent arrears is critical to sustaining quality services and investing in tenants' homes.

Controlling and reducing rent arrears is our greatest operational challenge at present, and a strategic risk for our business as a whole. Taking account of this, this section sets out in some detail WHA's past performance, the contributing factors, and the challenges ahead.

WHA's gross rent arrears more than doubled between 2018 to 2021, peaking at £358k at 31 March 2021. This is equivalent to 10.9% of the annual rental income to be paid to WHA, compared with the average for our peer group of 5.7%.

Several factors have contributed to the increase:

- The continuing rollout of Universal Credit since 2019
- A period of staff turnover in our housing team (this has now stabilised)
- Failure on the part of some tenants with very high balances to engage with us to agree how they will repay their rent arrears
- The suspension during the pandemic of the legal remedies normally available to address serious arrears cases where there is an absence of tenant co-operation, and the impact of the pandemic on some households' incomes.

During 2021/22, there have been encouraging signs of improvement, as summarised below:

- Current rent arrears during 2021/22 reduced during the year.
- Rent collection to the end of December 2021 was 101.7% of the total rent due, our best result for a number of years.
- We have reviewed our Rent Management Policy to include additional tools for managing arrears.
These include promoting a “rent first” campaign and culture, as well as using all of the means potentially available to us to reduce arrears including legal action, tracking and tracing debtors and wage arrestments.
- There has been a recent internal audit of rent arrears. Arrears management will be monitored and discussed within our team, to help us make sure our working practices are consistent and whether any further adjustments should be made to our procedures. Our internal auditors have completed a review of rent arrears the Auditors have concluded their review and nothing else is planned.
- Our income advice service has continued to deliver excellent results for Wellhouse residents, as described later in this Chapter.
- We have received an award of £7,817 from the Coronavirus Tenant Grant Fund, to help tenants at risk of losing their tenancy due to financial hardship as a direct result of the pandemic. While the grant is a modest amount, it will make a real difference to households who are struggling the most.
- We have carried out significant work to identify and write off historic former tenant arrears cases, as well as looking at how we can best target our resources on more recent cases.

WHA continues to be successful in collecting a significant proportion of each year's rent via direct payments from housing benefit or DWP. In 2020/21, we received £1.95 million of direct payments, or 59% of all rent due in the year. WHA had the highest monetary value of direct payments among the eight EHRA landlords in 2020/21, and the joint-highest percentage of our total rent for the year paid in this way.

As described throughout the Business Plan, there will be significant pressures on WHA's income and spending over the next 3 years. Sustained reductions in rent arrears are therefore essential in supporting the Association's overall financial resilience.

Priorities for doing this will include:

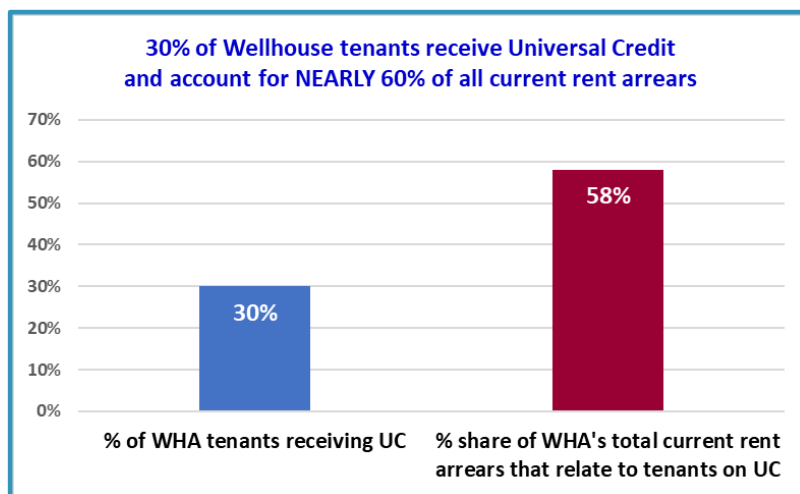
- **Reducing the number of high arrears cases**
- **Resuming the use of legal remedies** as the Scottish Government removes the restrictions on starting legal proceedings to evict those tenants who do not pay their rent and who refuse to engage with us to agree how they will pay their rent arrears.

The restrictions on legal proceedings were in place for the duration of the pandemic and were additional to the stringent pre-action requirements that social landlords were already required to follow. The pandemic restrictions on issuing Notices came to an end in March 2022 and will remove one of the most significant obstacles to reducing arrears, although we also expect that the Sheriff Court will see an upsurge in cases as legal actions resume.

The **benefits system** and the **rising cost of living for tenants** represent our greatest challenges.

The number of tenants claiming **Universal Credit (UC)** rather than housing benefit is increasing across the country. In Wellhouse, the proportion of tenants receiving UC increased from 18% in March 2020 to 30% at the end of 2021.

The disproportionate impact of UC on rent arrears is very clear, based on our rent arrears at 31 December 2021:



Total arrears for tenants receiving UC were £167k (5% of WHA's annual income, or £1 in every £20). As more tenants receive UC rather than housing benefit, we will see still greater challenges:

- **UC has numerous, well-documented features that make it harder for tenants to pay rent when it is due, especially in the early stages of UC claims.** This in turn makes rent collection harder for the landlord.
- **DWP's official completion date for moving legacy benefit claimants to UC is September 2024.**

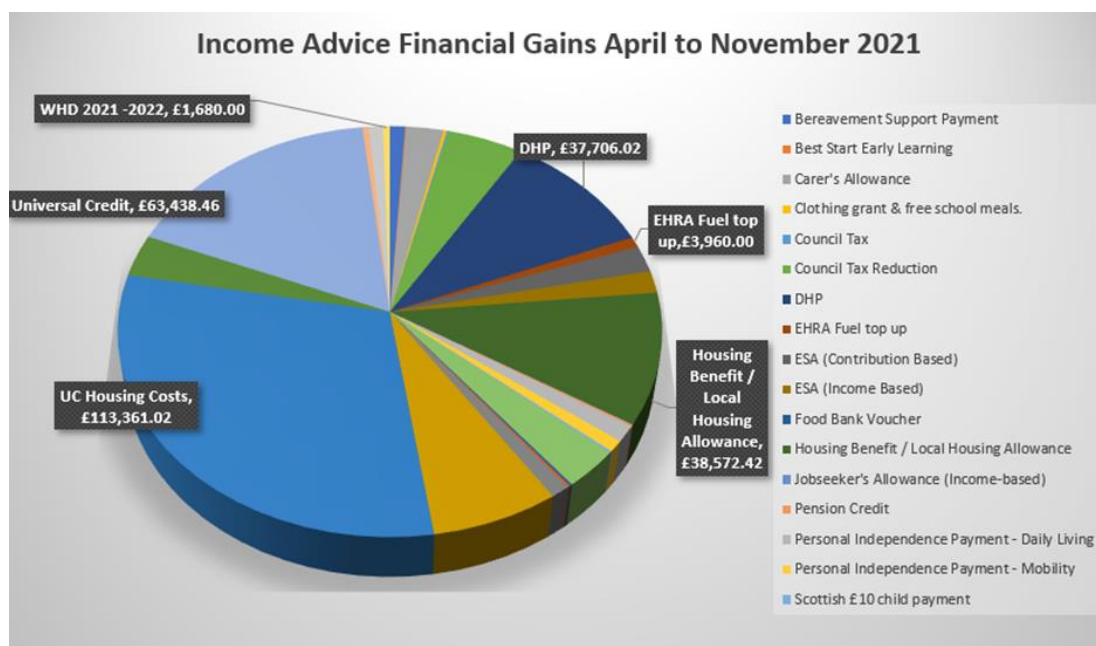
Some further delay beyond 2024 is widely anticipated, but we still expect to see continued rapid acceleration in the number of UC claimants. This will put our income and arrears management under even greater pressure.

The difficulties presented by UC coincide with the cost-of-living crisis. Many Wellhouse tenants are being hit extremely hard by rapid increases in inflation, spiralling home energy and motor fuel costs and increases in income tax and National Insurance contributions for low-paid workers from April 2021. To make matters worse, the UK Government has ended the £20 per week increase to UC standard allowance introduced during the pandemic.

On a positive note, WHA provides tenants with a highly effective **local income advice service**. The service helps people to access a wide range of benefits and other support, as shown in the graphic below which covers the period April to November 2021 when financial gains for service users totalled £374k. A large share of the assistance secured relates to help with housing costs in the form of UC housing costs, housing benefit and discretionary housing payments.

We have also been working to make sure that tenants are aware of new Scottish social security measures and assisting in claiming new benefits, including the Scottish Child Payment.

Our Income Advice Officer (IAO) provides tenants with benefit advice and crisis support as well as supporting the Housing Officers with arrears cases and providing Universal Credit early intervention support for new claims. The service has made a real difference to household incomes in the area, with the following chart showing the financial gains achieved during the period from April to December 2021.



During the pandemic, we were able to offer direct support to residents in areas such as:

- Emergency energy top-ups
- Food insecurity
- Access to digital devices.

These supports were provided with external funding. As this runs out, Wellhouse is providing continuing help on a number of anti-poverty measures from our own resources. For example:

- By distributing vouchers for the Ruchazie Pantry which provides good quality food at an extremely low cost, in a way that promotes dignity and choice.
- Supporting eligible tenants to apply for the £140 warm home discount with their energy suppliers, as well as making referrals to Home Energy Scotland which can provide advice on saving energy and keeping the home warm while cutting down on costs.

Overall, income and arrears management in the coming years will be complex and challenging. We must find ways of mitigating risks over which we have limited direct control, notably a very challenging economic climate for many of our tenants and acceleration in the managed migration from legacy benefits to Universal Credit.

Our strategy for tackling these issues will involve a number of strands, as described at the end of this Chapter.

Digital Access to our Services

WHA tenants can contact us by telephone and emails and by visiting the office.

We have an online reporting form for repairs, rent can be paid online via the website of allpay Internet Payments, and our housing application form is available online.

We will shortly introduce the HomeMaster software system for managing our customer services. This will include a new customer portal which we hope will lead to an increase in the number of customers who wish to do business with us online. However, we respect that at present the majority of our customers have told us they prefer to interact with WHA using traditional methods. We also recognise that digital exclusion is a real issue in our community, and this was an area we were keen to address during the pandemic.

The portal will help to future proof our service delivery, as we expect that more tenants will want to use online services with the passage of time. It will also be a valuable resource, should another event such as the Covid-19 pandemic occur and in streamlining customer contact and improving customer experience.

We are currently making visits by appointment the default option for customers wishing to come into the office. This has been the case since the office re-opened in autumn 2021. We will consult with tenants on their preferred longer-term options.

Business Plan Priorities for Customer Services in 2022/23

Unless otherwise stated, the priorities described relate to 2022/23. Where it is known that significant pieces of work will take place in 2023/24, these are also included.

Customer Profiling

- 1) Analyse the results from our recent Tenant Census exercise
- 2) Commission qualitative research on our service delivery and tenants' future priorities and individual needs

- 3) Link our work on customer profiling to the relaunch of the “Next Steps” action plan on customer engagement and our work on value for money.

Customer Engagement

- 4) Re-launch the Next Steps programme in the early part of 2022/23 (subject to continued easing of social distancing requirements).

Letting Properties

- 5) Complete the Allocations Policy review, including consultation with tenants and other stakeholders and then assessment of all existing and new applications under the new Policy when approved.

Tenancy Sustainment

- 6) Continue to promote tenancy sustainment for vulnerable tenants.
 - a) Maintain close relationships with support providers where needed, to help sustain tenancies and resolve any issues for neighbours etc.
 - b) Consider the reintroduction of bi-annual home visits to identify tenants who may be in need of support.
 - c) Continue to develop our knowledge of and connections with support providers.

Estate Management

- 7) Review how we will target estates services for which WHA is responsible, and work with tenants & GCC on areas for improvement
- 8) Nurture and develop relationships with the GCC Neighbourhood Co-ordinator service, to improve service quality and outcomes for residents.
- 9) Examine a joint services model with other EHRA organisations to address cases where tenants have a private garden which they are unable to maintain.

Income Management

- 10) **Continuation of existing measures**
 - a) Promotion of a “rent first” campaign
 - b) Close management of arrears cases, utilising the additional measures in the 2021 update to our Rent Arrears Policy
 - c) Continuing team discussions about our working practices, in relation to the Policy
 - d) Using the restored legal provisions available to us to address the significant number of cases where tenants, including those with the highest level of arrears, have rejected our continued attempts to engage with them
 - e) Maintain our local income advice service, including the key interface between the Income Advice Officer and Housing Officers.

11) **Additional areas of work**

- a) As existing funding comes to an end, enable or provide post-Covid anti-poverty supports for tenants in areas that are likely to impact the payment of rent, most notably fuel poverty.
- b) In anticipation of the future challenges that will be presented by the continuing transition to Universal Credit (UC), consider how we can provide early intervention support at the scale needed to support tenants and safeguard our rental income. This may involve direct action by Wellhouse and/or joint working with partners, for example through EHRA, to explore how collective resources could be developed to manage the often difficult transition tenants face when moving from legacy benefits to UC .
- c) Keep the resources needed to collect rent and manage arrears under review. In the worst-case scenario with Universal Credit in particular, this could require us to either increase our resources or to divert staff resources to arrears management from other areas.

8. Asset Management

Links to Wellhouse's Strategic Objectives

Asset management contributes to the following strategic objectives described in the Business Plan:

Deliver excellent services

Provide good quality homes

Anticipate and respond to community needs

Foster an attractive, successful and thriving community

Asset Management Approach

Wellhouse's aim is to protect our assets and seek to get the best value from them, for the benefit of our customers and the Association itself. Our Strategic Asset Management Plan describes our overarching approach which involves:

- Using our assets to enhance financial viability
- Investing in our assets to meet current and future customer needs
- Ensuring our people are equipped to deliver the strategy
- Having homes and neighbourhoods that are well-maintained and cared for
- Using our assets to support growth and diversity.

Wellhouse's asset management services include reactive and void repairs, cyclical maintenance works, estate services, major repairs and renewals, and the development of new housing.

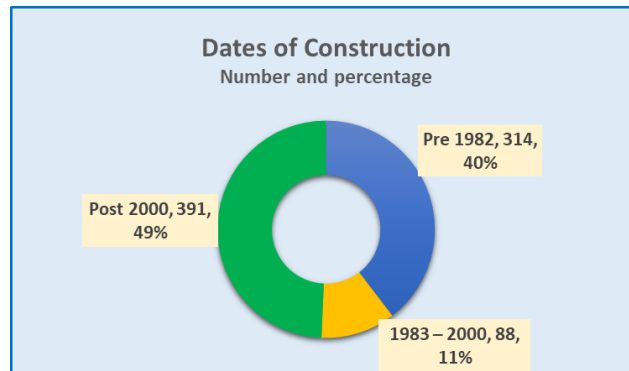
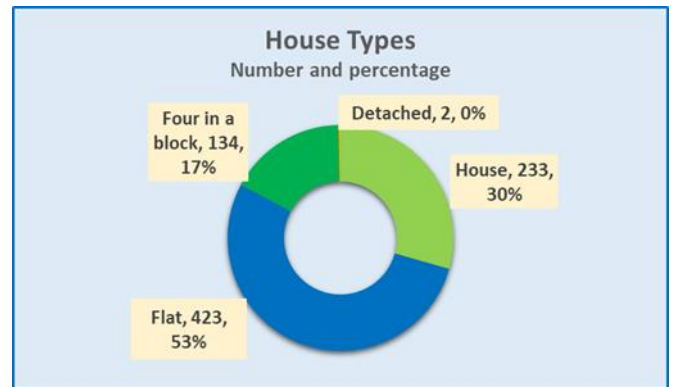
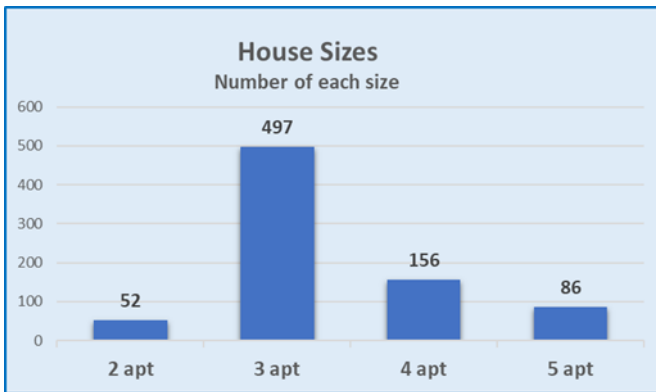
In delivering these services, we must make sure that:

- Our homes are attractive and affordable to tenants
- We understand and seek to meet the needs and aspirations of Wellhouse customers
- We address our legal and regulatory obligations for example in relation to procurement, housing standards and health and safety.

The Strategic Asset Management Plan provides detailed information on these topics. In this Chapter, we describe those aspects of asset management that will be particularly important over the lifetime of this Business Plan, and Wellhouse's planned priorities during the first year of the Plan.

Stock Profile

Wellhouse owns and manages 792 self-contained units and a further two shared units. We have no low demand housing stock and our overall stock turnover is low. Our stock profile at March 2022 is shown below.



The stock profile shows that we have a small supply of 2 apartment properties which potentially restricts housing opportunities available to single people and couples. We allow small households to be rehoused in 3 apartments (of which we have a more plentiful supply), with Glasgow City Council making Discretionary Housing Payments where appropriate to mitigate the Bedroom Tax.

Our proposed development of three new build sites will create opportunities to address a wider range of housing needs in Wellhouse. Our current proposal is to provide 16 wheelchair units across the three sites that are under consideration, and that supported accommodation for older people in conjunction with GCC Social Work would be provided on one of the sites.

While we have relatively high levels of refusals of housing offers, Wellhouse’s void rent losses are significantly lower than both peer group and national averages. This provides evidence of demand for our housing stock, and we also have low turnover of tenancies as shown in the table below.

Stock Turnover compared with peer group

(empty dwellings that arose during the year as a percentage of all stock)

	2019/20	2020/21
Wellhouse HA	4.7%	4.3%
Peer Group Average	7.1%	5.7%
WHA rank in peer group (1 = lowest turnover, 10 = highest turnover)	2	3

Wellhouse also owns four shop units at Newhills Road and premises within the Hub that we lease to the Treasure Tots nursery and Easthall Residents Association.

Performance

Chapter 7, Customer Services, shows our 2020/21 performance results for the Charter indicators relating to repairs and maintenance services, compared with our peer group average and the Scottish average.

The results show that Wellhouse's performance was particularly strong in completing responsive repairs quickly and at the first visit. Our performance was better than the Scottish average for 7 out of 8 Charter Indicators relating to repairs, maintenance and void re-let times, and better than our peer group average for 4 of the 8 Indicators.

Wellhouse's tenant satisfaction rates with the repairs service and the quality of the home were slightly lower in 2020/21 than peer group averages. While void repair timescales in 2020/21 were longer than our pre-pandemic results, we continued to let empty homes more quickly than our peers and the national average.

Further analysis of Wellhouse's performance over the last three years is provided in Chapter 11, Value for Money.

Outcomes for Tenants

We have a good understanding of tenants' individual needs – for example, if a tenant needs adaptations to their home or if a defective component needs to be replaced.

As described in Chapter 6, Customer Services, our plans for customer profiling and re-launching our customer engagement strategy are intended to give us a deeper understanding of tenants' wider needs and aspirations for their homes. We will be seeking to learn about how tenants feel about their homes, what they value most and what they would prioritise for future improvement or investment, to help us to shape Wellhouse's Asset Management Plan.

Reactive and major repairs account for a large share of our annual spending. A key requirement is to make sure we can repair and invest in tenants' homes while keeping rents at affordable levels.

Chapter 11 of the Business Plan (Value for Money) shows that our rents currently meet the affordability tests set by WHA, while our planning assumption is that our investment programme can be delivered if future annual rent increases continue at inflation plus 1%. Moreover, Chapter 13 (Financial Plans and Projections) shows that WHA can fund our future maintenance programmes without recourse to additional borrowing.

While our current forecasts are positive, we know that maintenance costs could continue to increase significantly over the coming years. All social landlords are currently experiencing steep increases in maintenance costs as a result of Brexit and a range of global and domestic economic factors. Pressure on costs (and potentially on rents) could also increase if the Scottish Government sticks to its initial position that it will not make significant funding available towards the cost of climate change works, leaving costs to be met by property owners.

We will monitor current and possible future cost increases closely and be prepared for the need to reprofile our maintenance programmes as required.

Reactive Maintenance

Effective reactive maintenance is essential for the good management of our housing stock and the safety and comfort of tenants. Intelligence from reactive repairs can also aid decisions about when the useful life of components has come to an end or whether it can be extended.

We deliver the repairs service through an approved list of contractors that covers most trades. This allows us to source local contractors and materials and to encourage local employment. We have appointed a specialist single gas servicing and maintenance contractor, as well as three contractors who provide our service for out of hours emergencies.

As with other aspects of maintenance, we need to manage increasing costs caused by external economic factors, government policy and associated regulatory requirements.

The absolute priority in 2022/23 will be to manage the reactive and void repairs services within budget. This will be challenging as repairs are demand-led and because of the cost pressures already described.

Our management of the service could also be affected by Covid-19, should the future path of the virus lead to public health restrictions being re-introduced. The Association will continue to ensure that it is well-prepared for this eventuality.

Cyclical Maintenance

Wellhouse carries out regular programmes of work to maintain and preserve components in our properties.

The Association must comply with extensive legal obligations to ensure the safety of our tenants. We have detailed policies and programmes in place for:

- **Gas servicing and maintenance**, including annual safety checks of all gas boilers and any other appliances we have fitted.
- A rolling five-year programme of **electrical inspections** of all our properties, as well as inspection of common closes and all void properties when they become empty. We achieved 98.5% compliance for electrical inspections in 2021/22.
- **Fire safety**, where we have 97.6% compliance with Scottish Government LD2 requirements regarding the installation of smoke and heat detectors. Installations could not be completed in a small number of cases where tenants have refused to have the works carried out. We have also put in place an annual testing system for the detectors that have been installed.
- **Asbestos management**, to protect residents, our staff and our contractors' operatives.
- **Legionella testing** in common closes currently carrying out remedial works identified from inspections 56 out of 85 closes still have tanks others have been converted to mains only.

Our policies and procedures provide the framework for ensuring compliance, and we engage an independent contractor to quality assure a proportion of gas servicing works. Our move to the HomeMaster web-based platform in April 2022 will also be significant, as the system will hold records for all stock compliance items with automatic notification of due dates.

Wellhouse achieved 100% compliance with gas servicing requirements in the three-year period prior to the Covid-19 pandemic, ending 31 March 2020. In 2020/21 when Covid-19 was at its peak, we had 34 delayed inspections. This was due to cases where tenants refused or did not wish to provide access to their homes because of Covid-related factors. We took the decision to pause forced entry procedures, in accordance with guidance from government, HSE and Gas Safe. The position has steadily improved and for 2021/22 we had only two late gas services, in both cases due to Covid access issues which occurred at the end of lockdown in April 2021.

Aside from health and safety checks and works, the main elements of the cyclical works programme are external and common paint works and gutter cleaning.

Stock Condition and Investment Programme

Wellhouse engages property/cost consultants to carry out stock condition surveys and prepare life cycle costings on our behalf.

All stock survey data is linked to Wellhouse's core property database which allows us to:

- Forecast the demand for major repairs and improvements over 30 years or more for business planning purposes.
- Identify properties that do not comply with our standards.
- Calculate indicative ratings of energy efficiency.
- Plan the most cost-effective ways of delivering investment programmes.
- Prioritise stock that is performing poorly.

Our last external stock condition survey was carried out in 2016. A further 10% survey was in preparation in early 2020 but had to be postponed because of the Covid-19 pandemic as internal inspections of tenants' homes could not be achieved at that time. We will re-start the survey in 2022/23 (estimated start date June 2023), accepting that there could be a risk of disruption to the survey programme in the event of further changes in public health guidance relating to Covid-19.

An important priority is to improve coverage to include properties from all parts of the stock. In challenging financial times, it is important that we should have adequate data on which to develop future plans and projections. Accordingly, the survey carried out in 2022 will cover 10% of the stock, with the intention of carrying out a full survey over all of the stock in 2023.

We are looking at the possibility of carrying out the 2023 survey in-house or commissioning external consultants. Aside from potential cost savings, an attraction of the in-house option is that we would have the software to keep on doing future iterations. The in-house option could also involve external validation of our findings and/or data analysis to help with life cycle costings and programme planning.

The Association's **investment programme** as a whole for the next five years is shown in the following table. This is based on the number of WHA properties that are scheduled to have the various types of works carried out each year. The costs of the works described are incorporated in the financial projections that form part of the Business Plan.

Planned Repairs	2021/22	2022/23	2023/24	2024/25	2025/26	Total
Fascia	None due					
Windows	63	96	57	0	0	216
Entrance Doors	28	0	6	28	0	62
Kitchens	68	0	47	16	81	212
Bathrooms	39	95	0	96	46	276
Boilers	49	13	45	20	66	193
Electric Rewire	0	0	0	0	0	Due 26/27
Door security system	0	16	20	0	34	70
Paving	5	48	0	0	11	64
Radiator Replacement	0	0	0	0	41	41
Misc. (one off renewals)						

We will look at smoothing out some of the items like bathrooms. In 2022/23, we have 95 new bathrooms to be installed and in the following year none. Depending on how long current cost increases continue, smoothing could also become important for budgetary reasons.

We take opportunities to do one-off component replacements where needed, for example boilers, kitchens, bathrooms and doors. This is usually targeted at void properties that are in particularly poor condition.

In 2022/23, we expect the following contracts will be on site:

Contract	Number of Units	Programme
New windows and doors (Phase 2B)	96	On site February 2022
Kitchens and bathrooms	95	June 2022
Back and front doors	Subject to surveys	Surveys 2022 on site 2023
Gutter cleaning	792	March 2022
Communal tank inspections and works	closes	April 2022

Overall, the budget set for 2022/23 includes increases of between 8% and 15% for those elements of repairs, cyclical and planned maintenance costs that are most likely to increase as a result of current market conditions. The highest level of increase in cash terms is likely to be seen in reactive maintenance where the 2022/23 budget has been set at £393k including voids, estate costs and bulk uplift costs. This is an increase of 8% compared with 2021/22.

This pattern of increasing costs reflects our experience over the last year, which included a 10% cost increase on a large window replacement contract procured as a call-off from an established

framework agreement. Our costs also rose in 2021/22 as a result of the level of void repairs needed to some properties.

In the 2022/23 budgets, labour costs (circa 8%) account most of the anticipated increase. In preparing the budgets and financial projections we have also discussed potential changes in costs with contractors for kitchens, electrical works, bathrooms and gas servicing, so that our planning assumptions are reasonable.

We have addressed the possibility of a sustained increase in maintenance costs in the stress testing of our financial projections as shown in **Chapter 13**, Financial Plans and Projections.

The underlying issues relate to increasing materials costs and shortages of skilled labour and are the product of political and economic factors at UK, European and global factors.

To date, economic and construction sector experts have struggled to forecast the duration and scale of the issues currently being experienced. Like other social landlords, WHA's response will need to be carefully considered, with the ultimate contingency being to slow down or pause planned works.

The Association is well-placed to withstand these stresses due to our cash position, which indicates we will be able to fund the major repairs programme internally from revenue, without recourse to additional borrowing. There is scope to raise additional borrowing, but this could have wider strategic impacts, for example if it were to adversely affect our capacity to borrow for new build housing.

Compliance with Quality Standards

The Association is obliged to meet a number of quality standards set by the Scottish Government:

- Scottish Housing Quality Standard (**SHQS**)
- Energy Efficiency Standard for Social Housing 2020 (known as **EESH 2020**)
- Energy Efficiency Standard for Social Housing 2032 (known as **EESH 2032**)

We reported that 771 (98.1%) of our properties were **compliant with SHQS** at 31 March 2021. This was only marginally below the average for our peer group (98.6%). We classed the remaining 15 WHA properties as SHQS abeyances as they are the result of tenant non-cooperation in allowing works to be carried out. SHQS is a continuing requirement, meaning that compliance rates can change from year to year. Maintaining SHQS compliance is a key goal when we are updating stock condition information and assembling our investment programmes.

At 31 March 2021, 98.9% of WHA properties were compliant with the EESH 2020 Standard, marginally below our peer group average (99.5%). We have increased the compliance rate during 2021/22 and all remaining properties relate to tenant non-cooperation because the tenants do not want gas central heating.

The final, and most challenging, set of standards we are obliged to meet is **EESH 2032**, albeit social landlords have a full 10 years remaining before the deadline for compliance, apart from a recent change to SHQS which will prevent properties with an EPC rating of "D" or worse being let from 2025 onwards.

The EESSH 2032 Standard states that that:

All social housing meets, or can be treated as meeting, EPC Band B (Energy Efficiency rating), or is as energy efficient as practically possible, by the end of December 2032 and within the limits of cost, technology, and necessary consent.

In addition, Glasgow City Council has published a Climate Change Implementation Plan which has the stated aim of making Glasgow a net zero city by 2030.

Wellhouse has carried out an initial analysis of the status of our properties in relation to EESSH 2032. Our assessment is that:

- 57 properties have an EPC rating of B (the required level for EESSH 2032)
- We have 485 certificates for properties with an EPC rating of C. The remaining properties C rated properties are cloned with a similar type property so we assume a pass.
- We have 7 D rated properties.

We know that the D rated properties do not meet EESSH 2020 or SHQS. These are the only properties we have with electric storage heating. Some of these properties are due to be switched over in the early part of 2022/23 with discussions also due to take place with tenants about future options.

Most of our refurbished properties already have external wall insulation while the new build stock is generally timber kit with external facing brick or render. To achieve B ratings, Wellhouse would have to look at options such as internal wall insulation, high spec windows, changes of heating or seek abeyances on grounds of costs. Recent EPCs have indicated that the provision of new internal or external wall insulation and floor insulation could cost in the region of £5k to £15k and that the property would still be C-rated upon the completion of these works.

Chapter 4, Strategic Analysis, describes the external challenges and uncertainties that currently stand in the way of planning for and then addressing the 2032 Standard. These include:

1. The Scottish Government's planned review of the Standard itself in 2023
2. The proposed reform of EPC methods and ratings by the UK Government
3. The need for Scottish Government to prioritise funding for investment in retrofitting the nation's homes
4. The availability of technology that is affordable and fit for purpose
5. The Scottish Government's intentions regarding national action on procurement and supply chains.

We expect that the policy and financial framework will evolve rapidly so we will track matters carefully in 2022/23 and beyond. We will also carry out work to develop Wellhouse's planning, as described at the end of this chapter.

While it is too early to incorporate firm EESSH 2032 costs in the Business Plan financial base case, we have made initial estimates in Chapter 13, Financial Plans and Projections.

These show that unless external funding is made available, the costs of meeting EESSH 2032 would deplete our cashflows to a substantial degree. This in turn would reduce resources for other types of essential investment in tenants' homes and make our plan of funding future investment programmes from revenue unachievable. The alternative would be to raise new loans but this would most likely lead to rent increases as well as undermining the sustainability of WHA's business plan.

Estates

Wellhouse has a small in-house estates team. We need to review the service provided by the wardens as we have not been able to fill a vacancy in the team. This has stretched the team's resources as some back courts need intensive management and the team is responsible for bulk uplift which is a new area of work.

New Housebuilding

We plan to resume a development programme during the period of this Business Plan. As a place-based organisation, our plans relate only to sites in Wellhouse.

Our area has a number of vacant and derelict sites that have been left undeveloped for decades. There is a need to complete the physical regeneration of Wellhouse by building new homes to meet housing need and to improve the neighbourhood environment. With the support of Glasgow City Council, WHA is gearing up to take forward the development of up to three sites in the area.

There three sites targeted for possible development are:

Project	Site start	Completion	Number and Type of Units
Phase 8	November 2022	April 2024	40 social rent 10 new supply shared equity (NSSE)
Phase 9 (Archdiocese site)	June 2024	August 2025	40 social rent
Balado Road	September 2024	March 2026	65 social rent 15 NSSE

As described below, the start and completion dates shown should be seen as indicative at this stage, rather than a firm statement of intent on Wellhouse's part.

All three sites are affected by complex flood remediation issues which need to be addressed before WHA will be in a position to purchase the sites and fully commit to their development. We are working closely with GCC in this regard. The Council's Development and Regeneration Services continue to be supportive of our role in developing the sites with grant funding.

We will work closely with our development agent, C-urb Property Development which is part of the Link Group, in progressing our proposals. In 2022/23, our priorities will be to see flood mitigation plans in place, funded and delivered by Scottish Water, and to prepare a development strategy and plan covering the three new housing developments. The intention is to co-ordinate flood mitigation projects with wider environmental and estate management improvements.

Over the period of the Business Plan, we will aim to purchase at least one site from City Property, most likely the Balado Road site and put this on site. We will also consider as part of our development strategy the merits and risks of further acquisitions over the next three years.

The final actual programme will be subject to a number of factors, including external completion of the remediation works, market appraisals and marketing plans for the proposed shared ownership housing, and of our financial/risk appraisals when firm development costs are available.

The programme will also require new private finance to be obtained and it is anticipated that this would require us to free up additional units to provide the necessary security. We have begun discussions with Virgin Money regarding the release of security held by the Bank, since the security held is now disproportionate to the remaining balance on the original borrowing.

The Association is ambitious to build more new homes in Wellhouse, but we also recognise that development carries significant risks. Assessing and mitigating risks will be a key element of our work, and we will ensure that risk registers are maintained and considered by the Management Committee as we proceed.

Contracting and Procurement

We award contracts over the value of £15,000 after an open and competitive procurement process and placement on our website and the Public Contracts Scotland web portal. Planned procurement actions are shown in the Priorities section at the end of this Chapter.

An important aim will be to secure meaningful community benefits packages as part of future construction contracts. We are also seeking to address this in a number of our significant maintenance contracts.

Financial Resources and Management

Chapter 13, Financial Plans and Projections, describes how our asset management priorities will be funded, within the resources available to the Association.

Business Plan Priorities for Asset Management in 2022/23

Unless otherwise stated, the priorities described relate to 2022/23. Where it is known that significant pieces of work will take place in 2023/24, these are also included.

Asset Management Strategy

- 1) Prepare an updated version of our strategic asset management plan in 2022/23 and implement and monitor the plan from 2023 onwards.
- 2) Use our planned work on customer profiling and engagement to gather information about tenants' views of their homes and maintenance services and their priorities for the future.

Repairs and Maintenance Performance

- 3) Provide a full-scale service, addressing any remaining Covid-related backlogs while also staying prepared for any future restrictions on service delivery caused by the pandemic.
- 4) Meet all legal obligations for tenant health and safety and provide the Management Committee with assurance that this has been achieved.
- 5) Deliver 2022/23 reactive, cyclical and planned maintenance programmes within budget. Monitor trends in costs closely and ensure this intelligence is reflected in Wellhouse's

budgeting and financial projections.

- 6) Improve void re-let times performance back towards pre-pandemic levels.

Stock Condition Surveys

- 7) Resume the 10% stock condition survey delayed by Covid during 2022.
- 8) In 2023, conduct a full survey. In preparation, we will consider capacity and costs for doing this in house with bespoke software, to get the best value for money and give our staff the opportunity to get inside properties. Alternatively, we may look to outsource the work. We will also establish a cycle for future stock surveys with target inspection levels, to maintain our knowledge of the condition of the stock on an ongoing basis.

Energy Efficiency

In 2022/23:

- 9) Monitor closely how the overall EESSH 2032 framework for RSLs evolves on the key matters of standards to be achieved, retrofit technology, funding, and procurement/delivery.

We will do this through our membership of SFHA, joint discussion with other EHRA housing associations, and by taking part in GCC's engagement with housing providers.

- 10) Develop an EESSH 2032 Position Statement, for completion in 2022/23.

This will reflect the evolving position on key policy and financial matters and stimulate thinking about Wellhouse's possible responses based on the characteristics and performance of our stock. Over time the Position Statement will evolve into a more formal EESSH 2032 Strategy and Action Plan to provide a foundation for financial scenario and project design planning.

- 11) Consider opportunities to develop specific project proposals if external funding opportunities become available. This could be considered in our own right, or by working with EHRA partners on the specification and commissioning of suitable solutions.

New Build Development

- 12) Continue to seek resolution of flood remediation issues to unlock Wellhouse's three targeted sites for development.
- 13) Prepare Wellhouse's development strategy, including the framework we will use in due course for financial, risk and marketing assessments.
- 14) Seek to purchase the site at Balado Road and begin the development of detailed scheme proposals.

Procurement

- 15) Retender our appointments for day-to-day repairs joiners, electricians, plumbers, and out of hours service (this may take place either in 2022 or 2023).
- 16) Tender for back and front doors and door entry systems in 2022/23 (appointed by phase) and in 2023/24 kitchens and bathrooms (appointed in a multi-phase contract).

9. Wider Role in the Community

Links to Strategic Objectives

Wellhouse's role in the community contributes to the following strategic objectives described in the Business Plan:

Deliver excellent services

Anticipate and respond to community needs

Foster an attractive, successful and thriving community

Wellhouse's approach to "wider role"

Wellhouse's immediate priority when we were first set up was to improve poor housing in the area, which had been badly neglected in the years before the housing stock transferred to us.

Since then, Wellhouse has sought to make a positive difference in the community, complementing our role as a social landlord. The Association's initial approach to community development and support combined the provision of new facilities, notably the Hub and the direct provision of innovative wider role projects such as positive psychology support, while all of these initiatives brought benefits, we identified several years ago that they had contributed to a reduced focus on our core purpose as a housing provider and property manager.

We have since re-balanced our strategic approach, with WHA now playing the role of a **community anchor organisation** for Wellhouse. This means we continue to address the needs of the community, in some cases through our own efforts but more often by working in partnership with organisations or groups that have expertise and access to resources that we do not have. This is a more sustainable approach that will still produce positive outcomes for the community.

Community Needs and the Impact of Covid-19

Housing providers' role in supporting their communities is particularly important in Greater Easterhouse. As shown in Chapter 4 of the Business Plan, many Wellhouse residents experience inequality in relation to incomes, access to jobs, health and mortality, and educational outcomes. This has been made worse by:

- The impact of austerity over the last 10-plus years which has led to Glasgow City Council withdrawing from neighbourhood services and facilities.
- The Covid-19 pandemic which has had a much harsher impact in Greater Easterhouse than in the vast majority of Scottish communities.

Each of the following issues was present in Wellhouse before the arrival of Covid. All were made worse by the pandemic.

- Poverty
- Food insecurity
- Poor physical and mental health
- A lack of savings and financial resilience
- Fuel poverty
- Social isolation
- Low-paid and insecure jobs
- Digital exclusion.

Some residents were able to overcome these challenges, for example if they were in secure employment, but many individuals and households needed help and support. This came from friends, family and neighbours in many cases, while Wellhouse and other local organisations stepped up to provide practical help and support.

In 2020/21, when the Covid-19 pandemic was at its height, Wellhouse's Income Advice Officer assisted 168 tenants with welfare rights issues, achieving financial gains of £792,975. The impact of this support cannot be over-estimated.

We joined the Home Energy Scotland referral portal, to help residents struggling with the cost of home energy bills. We also made referrals to Trussell Trust food banks and signposted tenants to Citizens Advice, GEMAP and StepChange for various reasons such as specialist debt advice, employment advice etc.

Wellhouse accessed external grants from a wide range of sources during the pandemic, amounting to around £28k. Funding was used to provide tenants with help with:

- Fuel top-ups, cash payments and energy vouchers to those in crisis (167 fuel awards made in the period to January 2022)
- Emergency food parcels and vouchers to help tenants to access the new Ruchazie Pantry
- Digital devices and data and a digital lending library
- Mobile phones, for those who did not have access to a working mobile phone
- Cash grants to families with children experiencing poverty
- Small seasonal gifts to pensioners and children to lift community spirits.

Most of the grant funding we received has now been exhausted. We are particularly keen to attract new funding to allow us to continue helping tenants experiencing fuel poverty which is rising rapidly despite the assistance provided so far from the UK and Scottish Governments. While many tenants would benefit from more specialised advice on their energy costs and usage, the pandemic also showed the value of Wellhouse being equipped to offer on the spot help to get people through short periods of crisis.

Wellhouse's main partners for local on the ground delivery of services and support were Easthall Residents, East End Flat Pack Meals and Urban Fox.

Wellhouse worked with a number of external partners during the pandemic. These included funders such as the Scottish Government, Glasgow City Council and charitable trusts.

We also benefited from our membership of EHRA and of the East End Coronavirus Voluntary Action Group. The Action Group was a broad-based coalition of 23 organisations which enabled some services to be planned and delivered at scale across Greater Easterhouse, with local organisations leading on income maximisation and referral of residents to the services they needed.

Community Anchor Role and Key Partners

Wellhouse continues to play a direct role in services and activities that go beyond a traditional focus on bricks and mortar approach.

The **income advice service**, as already described, is our most significant role in terms of direct service delivery. Other Wellhouse services, for example relating to community engagement, environmental maintenance and community events are also important.

The Hub at Wellhouse Crescent is a mixed-use new building developed and owned by the Association. The Hub provides office accommodation for the Association as well as premises that are let to:

- The Treasure Tots nursery which provides affordable childcare
- Easthall Residents Association, our main partner for delivering community support and development services in Wellhouse

The Hub also has:

- Flexible space for community use, training and leisure activities
- A meeting/training space.

Our relationship with Easthall Residents Association is continuing on a significant scale. This will deliver a number of local services in Wellhouse that meet community needs, including those that have emerged as a result of the pandemic. We value this relationship highly because of the level of expertise Easthall Residents has in community development, service delivery and external fundraising. We also benefit from its positive approach to partnership working, to deliver the best outcomes for the Wellhouse community.

Our current programme of services with Easthall Residents and other local partners is as follows:

Service/Activity	WHA Role	Delivery Partner & Role
Adult Cycling Club	Funder	Urban Fox/ Easthall Residents Association
Community Café	Funder and provider of premises	East End Flat Pack Meals/ East hall Residents Association
Cycle Repair Hub	Funder	Urban Fox/ ERA
Community Bingo	Funder & provider of premises	ERA
Cooking lessons	Funder & provider of premises	EEFPM
After school classes	Funder & Provider of premises	ERA
My Life/ My Choice	Funder	ERA/ GCC

Business Plan Priorities for 2022/23

Income Advice Service for Wellhouse Residents

1. Continue to provide a local income advice service which maximises gains in residents' incomes and continues to attract high levels of satisfaction from service users.
2. Monitor demand and the resources needed to deliver the service, reflecting residents' post-Covid circumstances, the cost-of-living crisis and the managed migration of Universal Credit, all of which are likely to place additional demand for the service.

Post-Covid Priorities

3. Use our community engagement activities to seek direct feedback from tenants and residents about community needs.
4. Hold a community event (focused on Wellhouse or at Greater Easterhouse level) to allow local organisations, volunteers and public sector partners to discuss what new services or activities are needed to promote Covid recovery and strengthen the community's future resilience.
5. Review our approach, and the contribution of public sector partners, to meeting the post-Covid priorities Wellhouse has identified, namely:
 - Pressure on household incomes, including increasing levels of fuel poverty
 - Improving opportunities for employment
 - Improving physical and mental health
 - Development of volunteering in the community.

Partnership Working

6. Maintain and continue to develop the strong partnerships we have with EHRA and Easthall Residents Association. Invest £25k in service delivery by Easthall Residents on behalf of the Association (£31.48 per Wellhouse tenancy).
7. Examine opportunities for collaborative working within EHRA that could help address the post-Covid priorities described above.
8. Along with other EHRA members, seek to improve engagement with GCC and other public bodies, for example by encouraging them to adapt locality planning/Thriving Places to better support the delivery of services that meet community needs and priorities.

The Hub

9. Carry out the planned programme of repairs and other works to the Hub, working within the framework set by the Hub business plan.

Social Value

10. Develop a set of social value indicators that allow Wellhouse to evidence the social value produced by our core services and community anchor activities.

10. Governance & Organisational Resources

Business Plan Objectives

The importance of sound governance and our people is recognised in two of the six strategic objectives in the Business Plan.

To maintain good governance and financial management

To value and invest in our people

We need to ensure that our organisation is well governed, has sufficient resources and is able to manage risk. We need to offer value for money at all times and most importantly, be able to retain the confidence of our customers, regulators and funders.

Critically, Wellhouse's performance and standing in the community and with stakeholders depends on our people and how they carry out their roles, whether this is as a committee member or a member of our staff team.

Governance Framework

Our governance is shaped by the work we do to comply with the Regulatory Standards of Governance and Financial Management, and by our own policies and working practices.

The key features of our approach include:

- Being clear about Wellhouse's purpose, values, strategy, and objectives, and communicating all of these openly inside and outside our organisation.
- Enabling the Management Committee (MC) to focus on providing leadership and strategic direction.
- Providing the MC with good quality, evidence-based information so that they can offer proper scrutiny and challenge.
- Ensuring relationships between the MC and management are constructive, professional, and supportive.
- Expecting MC members to:
 - Be committed to learning and development
 - Take part in an annual appraisal meeting
 - Be well-prepared for meetings and to contribute constructively to the MC's work.
- Observing the highest standards of integrity and behaviour.
- Having effective policies to guide committee recruitment, selection and support.
- Making sure that we are accountable to our members, our tenants and service users, the wider public, our stakeholders and regulators.

The Association has recently taken part in a **Collaborative Governance project**, along with four other housing associations who are committed to continued development of their governance

policy and practice. This initiative has been particularly useful in providing opportunities to benchmark governance practice and to review governance policies and procedures used by our peers.

Management Committee

Our Management Committee is the Association's governing body. Two sub committees (Audit and Risk, and Staffing) support it.

The MC currently has 10, including 2 co-opted members. The committee members are:

Darron Brown
Michelle Harrow
Jane Heppenstall
Shona McKenna
Clare Monteith (Vice Chair)
Maureen Morris (Chair)
Sarah Morris
Carol Torrie (Treasurer)
Gordon Kerr (co-opted member)
Helen Lafferty (co-opted member)

The Committee elects its office bearers annually. The Association's Director carries out the role of Secretary.

Four members of the Management Committee live in Wellhouse and are tenants of the Association. The remaining committee members do not live in Wellhouse and have joined the MC because they have a commitment to our objectives and have skills and experience that they wish to contribute to the Committee and thereby to the Wellhouse community. One of these members is a former Wellhouse resident who now lives close to the area.

Our committee members have a good range of relevant skills and experience from paid work, volunteering and life experience.

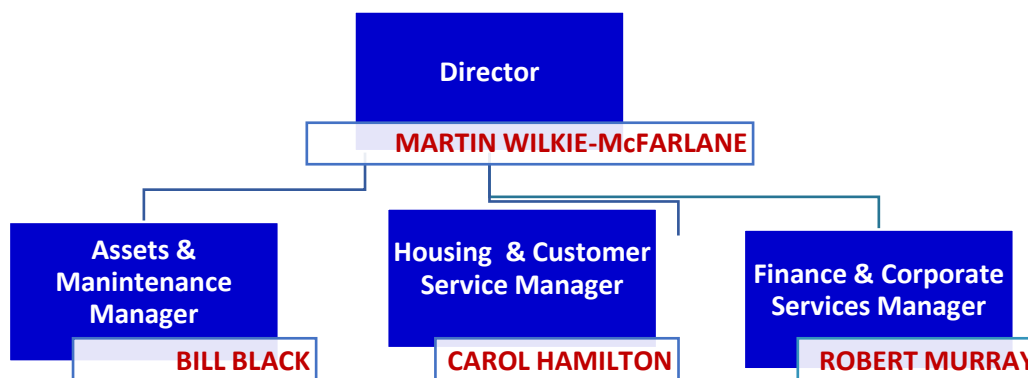
Committee numbers have recently been close to the minimum of seven members required under our Rules. The recent co-option of three new members has addressed this and we will be looking to consolidate this position as we move forward.

We continue to promote committee membership locally, although there is a general lack of interest in serving on the MC. In these circumstances, we also advertise more widely for potential committee members, and this has also been useful in strengthening the MC's collective skills and experience.

Additionally, the MC has agreed to introduce a skills profile, so that it can take stock of its existing blend of skills and experience, and consider future needs based on the Business Plan priorities and other strategic factors.

Senior Management

The Management Committee delegates responsibility for Wellhouse's day to day running to the Director who is supported by the Senior Management Team (SMT). SMT members are shown below, with short biographies provided at Appendix 2. Details of our overall organisational structure are also shown at Appendix 1.



Engagement with the Scottish Housing Regulator (SHR)

Our current Regulatory Status is “compliant”, as set out in the Scottish Housing Regulator’s 2022/23 Engagement Plan for the Association. The Engagement Plan is based on the Regulator’s 2022 risk assessment for Wellhouse. Maintaining our Regulatory Status at this level is of the greatest importance to the Association.

Wellhouse’s Organisational Resources

Our People

Covid-19 Pandemic and “Post Covid”

The pandemic presented our people with many new challenges. The staff team showed great resilience and dedication, and this ensured we were able to safely provide essential services and support to our tenants and the Wellhouse community.

In particular, staff made a success of having to work from home for extended periods of time. Our office re-opened in September 2021 and has stayed open apart from the short period when working from home was reintroduced due to the Omicron variant. Staff are now working on a blended working pattern of time spent in the office and time spent working from home. We are giving continued attention given to Covid-safe practices to keep staff safe.

As we look to the future when Covid has hopefully receded as a serious public health issue, we are giving consideration to any longer-term changes we should make. Each of the possible change areas shown below will be the subject of consultation with customers and staff:

Customers visiting the office

Since re-opening the office, we have introduced an appointments system for customers needing or wishing to visit the office. Customer feedback has been generally positive. We will discuss further with customers their preferences for the longer term.

Digital Services

We will shortly make more of our services available in digital form, as part of our migration to the HomeMaster software system. The system includes a customer portal and an app. Reflecting the profile and preferences of our tenants, we will continue to provide access to our services in the traditional forms. However, the portal should give us a good platform as the number of customers who want to use digital methods increases over time.

As well as a well-populated and up to date website, Wellhouse has a Twitter feed that we update frequently.

We are particularly keen to identify further digital options that are as easily accessible to our customers as possible. This will be an area for further work during 2022/23, when we will seek to find new ways of getting involved or giving us feedback, as part of our customer engagement plan "Next Steps".

Blended Working

We have consulted staff about their future preferred working patterns. This indicates that some, but not all, would be interested in blended working patterns in future.

We have been candid in stating that solutions beyond the pandemic will depend on job roles, for example the issues to be considered are different for staff in customer-facing roles which require them to be present in the area than they are for staff in back office or administrative roles. Individual circumstances and needs are also important, which has been an important learning point from the pandemic for example where health issues or caring responsibilities are involved.

We have chosen not to make any final decisions at this stage (April 2022) because we already have a blended working in operation and there are continuing uncertainties about the future path of the virus.

Currently, we are in a state of respite regarding serious illness caused by Covid but the overall position remains changeable. In Scotland, 300,000 people (one in 18) had coronavirus in the week to 6 March 2022, the highest figure since ONS sampling began in autumn 2020. The emergence of new variants of the virus adds further uncertainty.

It is likely that the Management Committee will make final decisions in 2022/23 by which time we hope that the future trajectory of Covid-19 will be clearer.

Human Resources

Current staffing numbers are shown below, with the full staffing structure shown in Appendix 1.

Number of Staff	Full Time Equivalent Posts
21	19.5

The staff team is responsible for all Wellhouse services and functions except for development where it has been more cost-effective for us to engage an agent (Link Housing).

The Director ensures consistent HR management standards throughout the organisation, in relation to recruitment, absence management, training assessment and provision, health and safety management, staff performance management, discipline and grievance. The other members of the management team assist with the implementation of these tasks.

The Director also advises and supports the Management Committee, in its role as employer.

WHA is a full member of EVH, operating in accordance with EVH Terms and Conditions.

Our staffing numbers have remained stable over the last few years:

- Wellhouse's annual ratio of tenancies to office-based staff was 66 tenancies for every member of staff in 2021 (peer group average 78 tenancies for every office-based staff member)
- In addition, Wellhouse employs three members of staff in our estates team, with an additional post currently vacant.

We do not foresee adding to our existing headcount and this is the assumption used in our financial projections. Looking ahead, we are aware that external pressures could put our existing resources under considerable strain, a risk that is present throughout the housing sector.

The two highest risk areas are as follows:

- The continuing **migration of tenants from housing benefit to Universal Credit** has already caused our rent arrears to increase significantly.

The migration process will accelerate throughout the next 3 to 4 years. This will threaten the security of our income stream, and it is also likely to place increased pressure on our housing and income advice staff resources.
- Looking further ahead, **climate change works to meet EESSH 2032** are likely to involve significant investment on Wellhouse's part, and (potentially) a need for additional procurement and contract management resources. Possible strain on resources is more likely to occur beyond the 3 years of this Business Plan.

Planning ahead on these issues involves several risks and uncertainties beyond our direct control. For example, de-carbonising the nation's housing stock may be a major infrastructure priority for the Scottish Government, but the Government has still to develop clear and credible plans on finance or the potential role of new national bodies in coordinating the delivery of the works that will be needed.

In the short term, Wellhouse's priority will be to understand the risks and to carefully track the impact of change in these two areas, including the impact on our rental income and possible calls on Wellhouse's resources. We will do this over the lifetime of this Business Plan and will be mindful at all times of the impact on our resources and how we could mitigate this.

One avenue we will explore is the potential for joint working with our EHRA partners who are facing the same issues in relation to Universal Credit and climate change. The potential benefits could include pooling resources to increase capacity for Universal Credit migration work. This is the stage when rent arrears start to accrue and when there can be scope to reduce future problems.

Similarly, joint procurement in relation to energy efficiency measures could also be considered, as a means of achieving efficiencies and allowing for collaboration on looking at the effectiveness of various technical options for retrofitting.

Staff Remuneration and Pensions

Salaries are based on the EVH salary scales, set through collective bargaining between EVH (as the body representing employers) and the trade unions. The agreed salary increase for 2022/23 is 4.1%.

The Association has ended its membership of the Scottish Housing Association Pension Scheme (SHAPS) final salary scheme, due to the increasing proportion of rental income spent on contributions and our wish to limit WHA's future risk exposure in a multi-member scheme.

We have switched to the Pension Trust's Defined Contribution alternative which is open to all staff. This is also our chosen option for auto-enrolment.

We have continuing liabilities under the SHAPS final salary scheme, relating to servicing the scheme's Past Service Deficit (PSD). Wellhouse's PSD payments are currently very low but there is scope for them increase from 2023/24 as a result of the 2021 Triennial Review. We are expecting employers to be notified of the results in summer 2022.

Ongoing SHAPS payments as well as our employer's contributions to the new Defined Contribution option are factored into the Association's future cashflows.

Staff Learning and Development

We give high priority to providing support and development and we use a range of tools and ways of working to achieve this.

Our Annual Appraisal process is used to review, support and develop staff performance. We have a longstanding commitment to learning and development, and our staff regularly meet and network with their counterparts in the other members of EHRA and other fora.

We have a Staffing Committee which oversees the arrangements to support and develop our employees.

We secured our IiP re-accreditation after 2016 and increased our accreditation to IiP Silver in 2019.

Staff Succession Planning

We carry out an annual succession plan for all of our posts. This is an essential discipline because we are a relatively small team and resignations or retirements potentially have a significant impact.

We currently have a number of staff approaching retirement age. The Director and Senior Management Team are co-ordinating actions needed to ensure an effective succession process for the posts concerned and in accordance with our Succession Planning Policy.

Our Systems

Wellhouse operates using Microsoft Office systems. These applications, along with our telecommunications software and hardware, are supported by our IT Consultants, HIPER.

We introduced a new telephone system in 2021, to improve functionality and value for money. The system includes a simple auto attendant which greets callers when they contact us enabling them to be directed to the relevant team.

To date, our rent management, maintenance and accounting software has been provided by and supported by SDM. During 2022, we will introduce the cloud based HomeMaster system which will include the functions previously provided by SDM as well as asset management and a customer portal. The system will be integrated across our main business functions and will be complemented by the introduction of MS One Drive and Microsoft 365 software. Data cleansing and migration has been a priority for staff across the organisation, in readiness for the transition.

Our aim is to move as many of our systems as possible to the cloud by July 2022. We continue to move towards our goal of operating on a paper free office basis.

With the introduction of home working and Hybrid working it was essential to develop a robust and secure link to our server using software that created a Virtual private connection. To further enhance security, we have embarked on making all our servers cloud based and this has resulted in a higher level of security as two-part authentication takes place to access the servers or our CRM system. Staff are also reminded on a regular basis not to open links or attachments from unknown sources. Our email facility has a quarantine function that aims to capture spam or harmful emails reaching staff.

Business Plan Priorities for 2022/23

Governance

- 1) To increase and then maintain the size of the Management Committee at a viable level (around 12 members)
- 2) To implement the proposed skills profile process for the Management Committee, and link the outputs from this to future secession planning and promotion/recruitment
- 3) To complete a new Business Plan and Asset Management Strategy in 2022, to enable the MC to set Wellhouse's strategic direction and priorities.

- 4) To prepare a new Committee Learning and Development Plan following the 2022 round of committee member appraisals. This will have a focus on addressing needs that relate to the new Business Plan, as well as committee members' individual learning needs.
- 5) To provide the MC with assurance regarding Wellhouse's performance and compliance with regulatory and other obligations. The key processes and information supporting this will be performance reporting to the Committee, the 2022 round of self-assurance assessments and commencement of the new internal audit plan which will take place during 2022.
- 6) To use the outputs from the Collaborative Governance project to identify practical improvements that Wellhouse can make and when we are carrying out reviews of our policies and procedures.
- 7) To prepare a new business plan for the Hub.

Organisational Resources

- 1) Continue to operate on a blended working model, with a view to making decisions on the Management Committee's chosen longer-term solution during 2022.
- 2) Monitor the impact that higher risk areas such as Universal Credit and the EESSH 2032 Standard have on our resources, identifying solutions as appropriate.
- 3) Further develop joint working with EHRA partners in these areas, with a view to identifying partnership working such as shared staff resources or collaborative procurement.
- 4) Support the work of our staffing committee
- 5) Develop a wellbeing strategy for staff and committee members..
- 6) Implement the succession plans that have been developed for colleagues who are nearing retirement age.
- 7) Implement our project plan for the implementation of the HomeMaster software package, including the customer portal
- 8) Migration to cloud-based working over the course of 2022/23

11. Value for Money

The effective pursuit of Value for Money (VFM) is becoming ever more important. As well as meeting tenant and regulatory expectations, we know that many tenants are struggling to afford the necessities of life such as heating their homes and putting food on the table. Simultaneously, our sector is experiencing growing financial pressure because of a prolonged period of economic turbulence and the impact of government policy and legislation.

Wellhouse has a well-documented policy framework relating to Value for Money (VFM). The following diagrams summarise this, by stating the outcomes we seek to achieve and the main tools and techniques we use to address these outcomes.

Wellhouse's key value for money outcomes



Our key tools and techniques for achieving these outcomes



Much of Wellhouse’s work in VFM in recent years has centred on our performance management results for delivering services and addressing how we work as an organisation at the corporate level.

Over the three years of this Business Plan, we intend to combine this type of improvement work with initiatives that have the potential to be more transformational in improving our business efficiency, aligning our activities, and spending closely to tenants’ priorities. We will do this by developing an annual programme of VFM/improvement initiatives, as described at the end of this Chapter.

Value for Money Scorecard

In this chapter, we present a Value for Money Scorecard that reports on Wellhouse’s performance against selected Charter indicators that we use as **value for money indicators**. For each indicator, we also compare Wellhouse’s performance with our chosen peer group of comparable housing associations, and with national average results.

The indicators contribute to one or more of the following value for money principles:

VALUE

Evidence of direct value or benefit to Wellhouse customers, for example as expressed in satisfaction levels, the quality of the home or sustaining new tenancies

EFFICIENCY

How efficiently services are managed, with a corresponding benefit to tenants or to Wellhouse. For example, the time taken to provide a service and/or or the quality of the end result

FINANCIAL

Evidence of a positive financial impact, resulting in a measurable net monetary gain or contributing to Wellhouse’s financial wellbeing.

The following table illustrates Wellhouse’s average annual result for the **three-year period** covering 2018/19, 2019/20 and 2020/21. This allows a longer-term view to be taken of VFM, alongside the results for the most recent year only. The peer group used is shown in the footnote below ⁴.

GREEN SHADING: The best result when Wellhouse, our peer group average and the Scottish average are compared

PINK SHADING: The poorest result when Wellhouse, our peer group average and the Scottish average are compared

⁴ The nine members of the benchmarking peer group are Ardenglen HA, Blairtummock HA, Cadder HA, Calvay HA, Cassiltoun HA, Easthall Park HC, Ferguslie Park HA, North View HA, Pineview HA and Wellhouse HA.

VFM Indicators

Average Results for the 3-year period 2018/19 to 2020/21

VFM Category	Charter Indicator	WELLHOUSE 3 YEAR AVERAGE	PEER GROUP AVERAGE (3 YEARS)	SCOTTISH AVERAGE (3 YEARS)
Value Financial	6 - % properties meeting SHQS year end	98.0	99.4	93.0
Value Financial	16 - % new tenancies sustained more than a year - all	91.7	92.9	88.8
Value	1 - % of tenants satisfied with the overall service provided landlord	88.0	90.6	89.4
Value	25 - % tenants who feel rent for property represents good value for money	87.5	85.3	83.2
Value	7 - % tenants satisfied with quality of home	85.0	89.6	87.5
Value	12 - % tenants satisfied with repairs service	87.8	92.1	91.0
Value	13 - % tenants satisfied with landlord contribution to management of neighbourhood	83.9	92.3	58.2
Value	C10 - % of properties meeting the EESSH	98.8	99.6	n/a
Value	29 - % factored owners satisfied with factoring service	87.5	71.9	66.3
Financial	Annual stock turnover (dwellings that became empty in year as % of all self-contained lettable stock)	5%	6%	n/a
Financial	26 - % collected of rent due	97.7	98.8	99.2
Financial	27 - % gross rent arrears of rent due	8.7	4.9	5.9
Financial	18 - % of rent due lost through empty properties	0.2	0.4	1.1
Financial	C1.3.3 % days lost through staff sickness absence	2.7	3.8	n/a
Efficiency Value	8 - Average hours to complete emergency repairs	2.1	2.3	3.8
Efficiency Value	9 - Average working days to complete non-emergency repairs	3.7	3.7	6.6
Efficiency Value	10 - % reactive repairs completed right first time	99.5	94.3	92.1
Efficiency Financial	14 - % tenancy offers refused	37.4	26.6	34.2
Efficiency Financial	30 - Average calendar days to re-let properties	19.2	21.0	39.9

Rent Levels and Rent Affordability

Rent Levels

Guiding Principles

Wellhouse's approach to rent-setting is based on:

- Keeping rents affordable to tenants who pay some or all of their rent themselves (e.g., working households including people on low wages and pensioner households receiving occupational pensions above a certain value)
- Keeping rent increases to the minimum needed to provide high quality services and homes, in line with tenants' expectations
- Keeping our rents competitive in comparison with those of other housing associations
- Making sure WHA has sufficient income to meet its obligations to tenants and funders, as well as headroom to manage future financial and economic risks.

Current Rents and Rental Comparisons

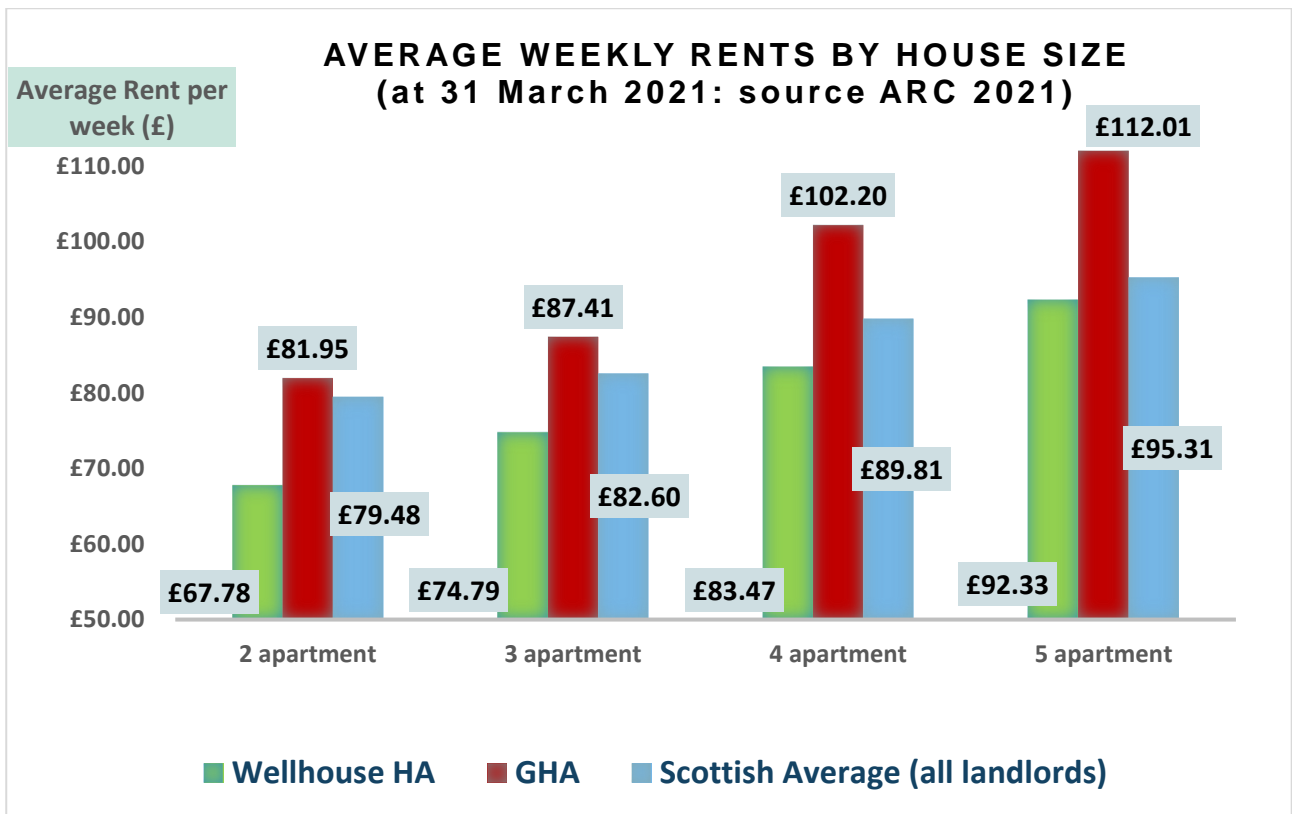
WHA's average rents at 31 March 2021 are shown in the following table, alongside the averages for all eight housing associations in Greater Easterhouse that are members of EHRA.

	2 apartment	3 apartment	4 apartment	5 apartment or larger
Wellhouse HA	£67.78	£74.79	£83.47	£92.33
EHRA Average	£67.36	£73.80	£83.53	£93.98

The table shows that Wellhouse rents were either marginally above or marginally below the EHRA average depending on house size.

This is a good outcome, since EHRA members' rents are among the lowest housing association rents in the country.

The competitive nature of our rents is also confirmed by comparing WHA rents with those charged by Glasgow Housing Association (GHA), which is the other significant social landlord in Greater Easterhouse, and with national average rent levels reported in the 2020/21 ARC.



Following consultation with tenants, the Management Committee has set a rent increase of 3.8% for 2022/23. Inflation will be substantially higher by the time the new rents take effect from 1 April 2022, as inflation is forecast to be around 7% by then.

Preserving Wellhouse’s competitive rents will be increasingly challenging during the 3-year period of this Business Plan. As described in Chapter 13, Financial Plans and Projections, the budget set for 2022/23 recognises that there will be substantial increases in our costs. We will need to absorb these external cost pressures while at the same time being responsive to pressure on tenants’ household incomes and raising sufficient rental income to provide the quality services and investment that tenants rightly expect.

Our financial projections assume that rental income we will increase in future years by inflation plus 1%. We will keep this assumption under review when setting each year’s, based on the prevailing financial circumstances. Where it is feasible to increase rents by less than CPI plus 1% in a given year, we will do so. If it is not feasible, we will tell tenants the reasons why and what we have done to keep increases to the minimum necessary. In consulting with tenants on the 2022 rent review, we have been upfront in advising tenants of the nature and scale of external cost pressures that resulted in the proposed increase, in particular to keep the investment programme at planned levels.

It is unlikely that rising costs driven by external economic factors will be a short-term issue. We have not passed on to tenants the full increase in costs that is set out in the 2022/23 budget. We cannot do this indefinitely without an impact on our investment in tenants’ homes, the services we provide and WHA’s overall financial sustainability.

Wellhouse's commitment to seeking improved value for money savings across all aspects of our business will be key to addressing these challenges. We also need to achieve a good level of dialogue with tenants about the relationship between rent and how tenants would wish us to prioritise future spending. This will become increasingly important as we emerge from the pandemic and are able to resume the conversations that will be needed. The potential of partnership working to improve value is also central to our thinking.

Social Value

Wellhouse's activities, both as a landlord and a community anchor organisation, generate considerable value and we are keen to capture and report on this to our stakeholders and as part of our work on value for money.

We have reviewed the approach developed by SFHA and the Housing Associations Charitable Trust (HACT). The benefits of this approach are that the HACT Social Value Bank (SVB) provides a ready-made tool which is being increasingly used within the sector. It provides robust and fully researched monetary measurements of the social value that flows from a wide range of activities. Use of the SVB is also dependent on housing organisations' ability to demonstrate the underlying evidence for the value claimed. Some of this would be available from WHA's own management information, while in other cases survey information would need to be assembled.

Rent Affordability

The Association uses a **rent to income percentage of 25%** to judge whether our rents are affordable to people in low paid work. This means that a household should not spend more than a quarter (25%) of its income on rent, so that it can pay for other living costs.

Each year, we test our proposed rents for all of Wellhouse's house sizes as well as typical household and employment circumstances. Our assessment is based on two different income levels:

- **Firstly, households with "moderate incomes"**

Moderate incomes are the 30th percentile of average household earnings for Glasgow, as published by the Office of National Statistics.

We use the SFHA Affordability Tool to test affordability for working households whose earnings are below average but also higher than would make them eligible for help with their rent from housing benefit or Universal Credit.

- **Secondly, households earning the Minimum Wage (people aged 25 plus)**

Households in this category are usually eligible for help with their rent and other income support. The main exception is single people who are generally disadvantaged by the benefits system as well as by having just one source of income to run a home. Single parents can also lose out if they are working less than full-time.

The results of the rent affordability tests for 2022/23 using both methods are shown below, with the rent to income percentage shown in the final column:

WELLHOUSE HOUSING ASSOCIATION					
Rent Affordability Analysis					
Apartment Size	Weekly Rent	Household Type	Income Type	Rent % of Income	
2 Apartment	£69.07	Single Person	ASHE 30th	24.2	
		Single Person	Minimum Wage 25+	26.2	
		Single Pensioner	ASHE 30th	22.0	
3 Apartment	£79.40	Single Pensioner	Minimum Wage 25+	23.8	
		Single Parent (1 Child)	ASHE 30th	21.4	
		Single Parent (1 Child)	Minimum Wage 25+	23.2	
		Pensioner Couple	ASHE 30th	18.6	
		Pensioner Couple	Minimum Wage 25+	20.1	
4 Apartment	£85.21	Couple 1 x PT, 1 x FT	ASHE 30th	18.6	
		Couple 1 x PT, 1 x FT	Minimum Wage 25+	20.1	
		Single Parent (2 Child)	ASHE 30th	18.7	
		Single Parent (2 Child)	Minimum Wage 25+	20.2	
		Small Family (2 Child)	ASHE 30th	14.2	
5 Apartment	£90.81	Small Family (2 Child)	Minimum Wage 25+	15.4	
		Large Family	ASHE 30th	13.3	
		Large Family	Minimum Wage 25+	14.4	
6 Apartment	£102.00	Large Family	ASHE 30th	14.9	
		Large Family	Minimum Wage 25+	16.1	

Out of 18 house size/household/employment scenarios we tested:

- The 25% target level was met in 17 cases.
 - 9 of the 18 cases were less than 20%, with 8 cases falling in the range of 20% to 25%.
 - Only one case exceeded the 25% target, and this was by a narrow margin (1.2%).
- This case was based on a single person paying a 2-apartment rent and earning the Minimum Wage.

Non-working households face a different set of pressures. While Housing Benefit or Universal Credit may cover the rent, the level of benefits paid to meet other living costs is extremely low.

While collecting rent and reducing rent arrears are major objectives for Wellhouse, so is offering our tenants practical help with maximising their incomes and addressing poverty. Our Income Advice Officer and Housing Officers play a hugely important role in working with tenants to prevent or reduce rent arrears.

The devolution of some social security powers to the Scottish Parliament offers some cause for optimism for both working and non-working households. The Scottish Child Payment was introduced in 2021 and will help to alleviate child poverty, while a new Scottish Adult Disability Payment will be introduced in stages during 2022. This will replace the Personal Independent

Payment with a different and more compassionate approach to assessing eligibility for people with serious health or disability conditions.

Business Plan Priorities for 2022/23

Rent Reviews

1. The financial projections, as described in Chapter 13, assume that we will need to plan for rent increases of CPI+1% in each of the next five years. Our ability to limit rent increases to this level (or lower) will be examined each year

Understanding Tenants' Priorities

2. Commission and analyse customer profiling research work alongside the post-Covid relaunch of the customer engagement plan, to improve our knowledge of tenants' priorities for the future and stimulate thinking about our future use of resources,

Improve Customer Satisfaction

3. While our tenant satisfaction results are generally strong, they are slightly lower than our peer group average for satisfaction with the repairs service and the quality of the home. Examine internally and with tenants how satisfaction levels could be improved.

Continuous Improvement

4. Apply continuous improvement principles to service areas we have identified for improvement or review. In 2022/23, the priority areas will be allocations and lettings (policy review underway) and management of rent arrears to consolidate and progress the recent improvements made in performance results.

Other Value for Money Initiatives

5. Prepare and implement an annual programme of value for money initiatives. In 2022/23 these will relate to:

- Reviewing our asset management strategy and key building blocks such as our stock condition information
- Examining scope to procure high-value contracts such as component replacements by working in partnership with other RSLs.

The need for change in these areas is driven by the scale of expenditure on component replacements, turbulence in pricing for maintenance works and the approaching challenge of climate change obligations.

- Developing targets and performance indicators to measure the social value of our work, to accompany our existing framework for measuring performance and value for money.

12. Strategic Risk Assessment

Introduction

This chapter highlights Wellhouse's **top ten strategic risks**. These are drawn from the Strategic Risk Register at Appendix 8 of the Business Plan.

We have assessed the top ten risks as having a "high" or "significant" potential impact on the achievement of objectives and/or the effective conduct of our business.

Some of the risks have an operational as well as a strategic dimension, for example if we fail to meet our legal obligations for safeguarding the health and safety of our tenants and our staff. In such cases the risks would have a wider strategic significance because they could result in harm to our tenants or result in regulatory intervention or significant reputational damage.

Top Ten Strategic Risks

For each of the top ten risks, this Chapter shows:

- A description of the risk
- What could lead to the risk crystallising and significant impacts that could result from that
- A Risk Score (inherent risk) and a Target Risk Score which represents the level the risk should ideally be at in order to be within Wellhouse's risk appetite.

The scoring of risks and our response to them will change over time, so this Chapter is best viewed as a snapshot of risks at a given point in time.

A number of the strategic risks we have identified stem from the current economic climate, which is fast-changing. This emphasises the importance of the Strategic Risk Register being regularly reviewed and updated, along with making changes in real time to our operational responses, where required.

Finally, this Chapter does not show WHA's controls and methods for treating each risk. These are set out in full the Strategic Risk Register which describes our risk management response to all of Wellhouse's identified strategic risks.

Risk Scoring Method

Risk Scores are calculated using the following table:

Impact	Likelihood
1 - Negligible Impact	1 - Rare (less than 10% chance)
2 - Minimal Impact	2 - Unlikely (10-20% chance)
3 - Moderate Impact	3 - Possible (20-50% chance)
4 - Major Impact	4 - Likely (50-75% chance)
5 - Extreme Impact	5 - Almost Certain (greater than 75% chance)

- The **impact and likelihood of each identified risk** are scored from 1 to 5. The two scores are then multiplied, to give an overall risk score which is colour-coded as follows:

RED the risk score is **high (score 15, 16, 20, 25)**







AMBER the risk score is **medium (score 9, 10, 12)**









GREEN the risk score is **low (score 1, 2, 3, 4, 5, 6, 8)**







It is not always possible for the Target Risk Score to be lower than the Risk Score, particularly for risks that are driven by external economic or political factors. In such cases, use of the Target Score prompts us to identify the risks that may be the most challenging to manage and to consider further risk management actions we can take that would reduce our risk exposure.

For example, where we identify risks that are significant and also common to other organisations, we may seek to develop partnership working with like-minded organisations, as a way of sharing risks and making them more manageable.

Top 10 Strategic Risks :Classed as “High” or “Medium”

Risk Description	Potential Triggers and Significant Impact(s)	Risk Score	Target Score
1. Our rent arrears remain above target levels, and we fail to adequately adapt to the impact of Universal Credit on our customers and income stream	<ul style="list-style-type: none"> Rollout of Universal Credit has had a significant financial impact on customers and on WHA’s income and rent arrears Our ability to forward plan could be reduced Reputational damage could occur if we have less income to reinvest in tenants’ homes and services Partnerships could be compromised 	16 	12 
2. Domestic and international economic factors beyond our control create uncertainty and adverse impacts for our business	<ul style="list-style-type: none"> Brexit: significant increases in the cost of imported materials/products and disruption to supply chains Covid, inflation, rising energy prices, and the cost of living have combined to cause increased hardship among our tenants and threats to our rental income stream (the latter are also amplified by Universal Credit) Increases in our operating costs, in excess of increases in rental income Inflation has resulted in increases in interest rates Anticipated cuts in public spending from 2023/24 will further squeeze GCC budgets for neighbourhood and other services that are important to our community Emerging impact of the war in Ukraine on the global economy 	16 	9 
3. Our costs increase faster than our income over an extended	<ul style="list-style-type: none"> Sustained increases in inflation which drive up expenditure across all parts of our business 	16 	12 

Risk Description	Potential Triggers and Significant Impact(s)	Risk Score	Target Score
period (e.g., if inflation continues to increase)	<ul style="list-style-type: none"> Increases occur in several parts of the business simultaneously (e.g., maintenance, staffing, other operating costs) Grant levels for new build are insufficient Income reduces due to rent arrears Risks are driven by external factors that WHA cannot control Absence of reliable expert forecasts on future economic trends 		
4. WHA's culture is not adopted fully by our people - customer perceptions don't change/ arrears plans aren't fully effective	<ul style="list-style-type: none"> Customer satisfaction declines Rent arrears do not reduce to the target levels stated in our KPIs and budgets 	16 	8 
5. We are unable to meet climate change obligations in a way that is financially sustainable for WHA (compliance deadline 2032)	<ul style="list-style-type: none"> Inadequate funding from Scottish Government to help property owners meet its ambitions Technological solutions available are not suited to WHA's stock and/or are not affordable Opportunities to address fuel poverty could be missed Uncertainty arising from Scottish Government planned review of the EESSH2 Standard in 2023 SHR engagement resulting from its role in monitoring progress towards compliance 	16 	9 
6. We are unprepared for the full impacts of Covid 19 , including the need for post Covid recovery	<ul style="list-style-type: none"> Impact on residents Reputational damage Lost income Impact on relationship with partners Community resilience weakened 	15 	15 
7. We fail to comply with our legal duties to ensure the Health & Safety of our staff	<ul style="list-style-type: none"> Legal notices or fines issued by the Health and Safety Executive Death or serious injury Long term disability Staff absence Legal action Prosecution Media interest and possible reputational damage 	15 	10 

Risk Description	Potential Triggers and Significant Impact(s)	Risk Score	Target Score
	<ul style="list-style-type: none"> • Additional costs • Increase in insurance premiums • Loss of key staff • Damage to staff morale • Reputation damaged 		
8. We fail to adequately assess and manage the risks associated with the development programme	<ul style="list-style-type: none"> • We purchase sites which cannot be developed cost-effectively • Projects are not viable leading to abortive costs or financial losses • Failure to complete physical regeneration of Wellhouse - sites remain undeveloped or are developed by another organisation 	12 	9 
9. WHA rents become less affordable to our tenants	<ul style="list-style-type: none"> • Rising costs of providing services and investment result in pressure to increase rents • Rent levels increase faster than wages, benefits, and the cost of living • Increased hardship for tenants • Tenant dissatisfaction • Reputational damage 	12 	9 
10. We fail to meet our legal obligations for the safety of our housing (100% of gas and electric checks and compliance with our other legal obligations relating to asbestos, water hygiene etc)	<ul style="list-style-type: none"> • Injury or death to customer • Risk of fines or prosecution • Risk of SHR engagement • Significant reputational damage 	10 	10 

Managing and Monitoring Risks

Scoring risks is a useful discipline and a standard element of risk management good practice. However, it is not an exact science and does not remove the need for careful monitoring and thinking about the causes and tools for managing risks.

The drivers for the various risk factors in the Register vary. Some risks are internal in nature, some are external, and others are a combination of these things. This question of control and influence has a direct impact on WHA's risk management but in all cases we will monitor identified risks carefully and take steps to mitigate them wherever this is possible.

Risk Appetite

The Management Committee's main focus in this Business Plan is consolidating and improving the performance of our core business and to pursuing growth through new housebuilding to complete the physical regeneration of Wellhouse.

The Management Committee generally has a **moderate and prudent appetite for risk**, but it is not risk averse. We recognise that our plans to develop new homes in the next three years will involve additional risks and we are addressing this in a number of ways. These include maintaining strong partnerships with the City Council, appointing a development agent to bring specialist skills to the development process, and ensuring that site constraints are fully investigated and resolved before we commit to site purchases and the development of proposals.

We will also seek to consolidate and develop our role as a community anchor organisation for Wellhouse. This may involve some external fundraising and direct delivery of services by WHA, to address the poverty and social inequality that exists in the community, which have been exacerbated by the Covid pandemic. However, our financial and people resources for undertaking such work are finite, and our expertise lies in housing and property management rather than more specialist community development/support services.

Accordingly, we will continue to strengthen our partnerships with Easthall Residents and EHRA and pursue new partnerships that would help to address community needs. This will also help to keep any risks within acceptable levels while maximising the impact that can be achieved.

Internal Audit and Self Assurance

The Strategic Risk Register is supported by a regular programme of internal audit and by the self-assurance work we do in preparation for submitting the Annual Assurance Statement to SHR.

Our internal auditors are Wylie and Bissett, whose appointment has been renewed following a joint procurement exercise with other EHRA members.

Business Plan Priorities for 2022/23

The Association's priorities during 2022/23 will be as follows:

- 1) The Management Team will review the strategic and operational risk registers quarterly, with the Audit and Risk sub committee reviewing the Strategic Risk Register on the same cycle.
- 2) We will agree a new internal audit plan and programme with our internal auditors.
- 3) We will follow up all matters raised in internal audit reports.
- 4) In carrying out this year's programme of self-assurance work, we will identify any areas where we are not compliant or at risk of non-compliance, drawing on reports and other evidence that have been received or developed over the course of the previous 12 months.

13. Financial Performance and Projections

This chapter provides an overview of both the Association's recent financial position and future projections. It is based on the financial documentation in Appendix 8 of the Business Plan.

CURRENT FINANCIAL POSITION AND PERFORMANCE

Key facts: 2020/21 Audited Accounts and Benchmarking Data*

* National averages are based on 2020/21 SHR data which is the most recent available

- WHA owns 794 units of housing stock, worth £41 million (valued at gross cost). It also owns 4 commercial units and acts as factor for 54 owner-occupied properties.
- We achieved a surplus for the year of £636k; this surplus contributed towards the capital cost of improving our homes.
- We had cash at bank of £2.93 million and accounting reserves of 7.2 million (£9k per unit).
- Our loan debt was £8.2million (£10,372 per unit), below the 2020/21 national average for all RSLs reported by the Scottish Housing Regulator (£12,807 per unit). Loan debt was 20 % of the gross cost value of the housing stock.
- Our operating surplus as a percentage of turnover 21.8% higher than the 2020/21 national average of 18.77%.
- Net surplus as a percentage of turnover was 15.9%, higher than the national average of 10.8%.
- We comfortably achieved the interest cover covenant agreed with our two funders, Royal Bank of Scotland and Virgin Money.
- WHA has stopped accruing further liability for the SHAPS defined benefit pension scheme but continues to have accrued debt from previous contributions. The estimated debt if the Association were to withdraw from the scheme is £1.3 million. This debt is not currently shown on the Statement of Financial Position.

Per Unit Management and Maintenance Costs 2020/21

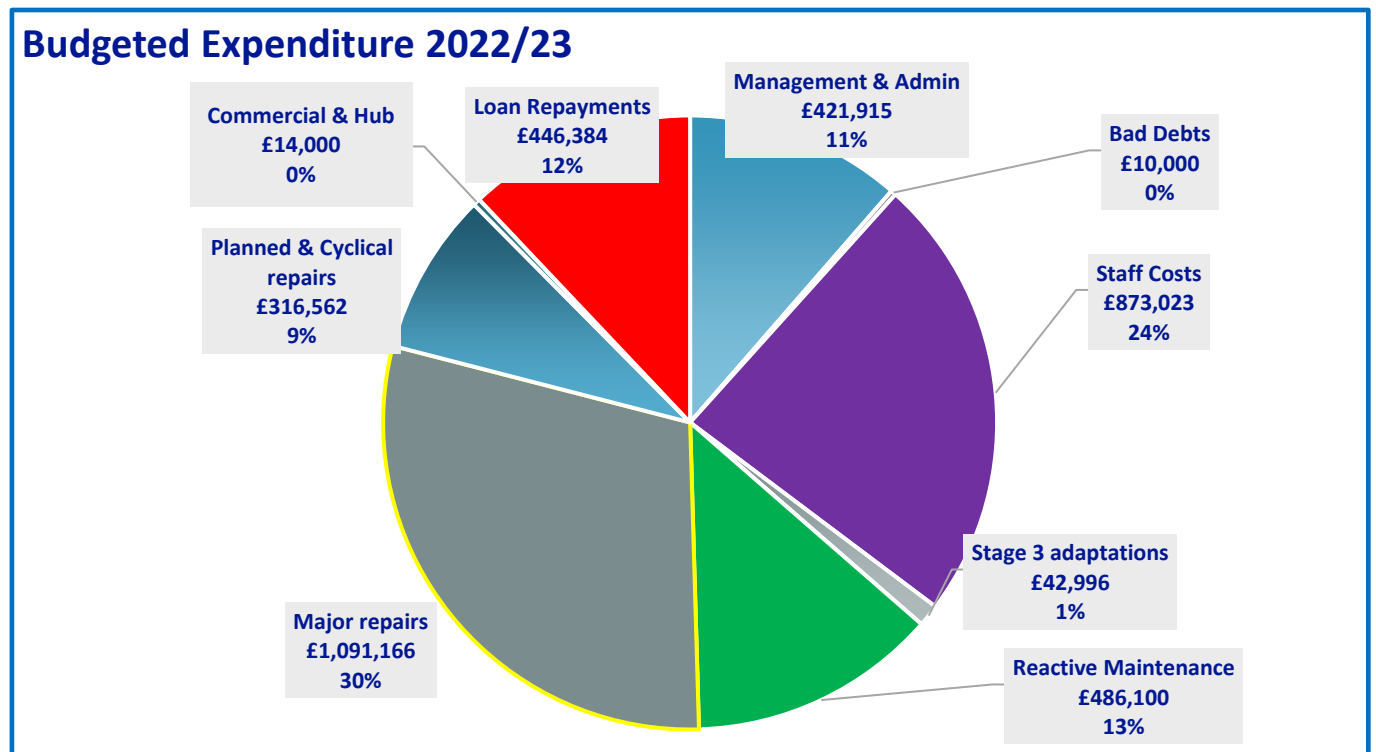
(source: Scottish Housing Regulator, Analysis of Audited Financial Statements)

	Wellhouse HA	National Average (all RSLs)
Turnover per unit (SOC1)	£3,999	£4,675
Management & maint. admin. per unit	£1,445	£1,542
Staff costs as % of turnover	18.9%	20.9%
Reactive maintenance per unit	£546	£538
Planned maintenance per unit	£183	£462
Total direct maintenance	£938	£1,001

Our direct maintenance costs were lower in 2020/21 than the national averages for both reactive and planned maintenance. This was mainly due to the impact of lower spending by WHA on planned maintenance, caused by the Covid-19 pandemic. Planned maintenance activity increased in 2021/22 and will continue at the higher levels shown in the 5-year cashflows.

ANNUAL BUDGET FOR 2022/23

The 2022/23 Budget shows the following headline expenditure results:-



At March 2023, the Association expects to have generated a surplus for the period of around £553,000, with the net worth of the business being stated at around £8.3 million. Cash and working capital resources are expected to increase over the year with a balance of just under £3.4 million expected at the period end. Investment of around £1.2m in Housing Properties through replacement components will see Housing Properties increase on Statement of Financial Position to £42.1million.

The main assumptions employed in the 2022/23 approved budget are as follows:-

- Rental income has been increased by 3.8%.
- Voids losses are assumed to be 0.8%.
- Commercial rent has increased at the same level as domestic properties – 3.8%.
- Stage 3 Medical Adaptations to remain at the same level as 2021/22 - £43,000 spend with an additional 10% allowance receivable.
- Salaries have uprated by the EVH agreement of 2.4% and increments applied accordingly.
- There are no changes assumed to the existing staff structure.

- Planned renewals/major repairs based on programme details supplied by the Asset and Maintenance Manager with cost assumptions jointly reviewed with the Finance and Corporate Services Manager. Works planned for 2022/23 include the kitchen, bathroom, boiler, external doors and windows replacement programmes.
- Depreciation on housing properties is calculated based on all the additional replacement components being included.
- Bad debts write off is assumed to be £10,000 in 2022/23.
- Interest receivable of £3,800 is assumed to earn 0.01% return on average cash balance of £2,250,000.
- Interest payable is calculated with Base/Sonia rate being 0.75% for the first six months and then increasing by 0.25% for the second six months. Because the majority of loans are fixed the exposure to interest rate rises is relatively small. This increase results in just an additional £1,000 charge.
- Overheads are based on reviewing current year budget and current year spend to date and introducing up-to-date knowledge available. Overhead spend has been budgeted for quite prudently. Regular spend review meetings will take place between the budget holders and the Finance & Corporate Services manager to ensure costs are continually monitored.
- Inflation – where this has been applied, it has been assumed at 3.5%.
- Some cost elements, notably repairs and maintenance works, have increased much faster than CPI inflation and this is reflected in the budget figures.
- No development work is expected to take place in 2022/23, therefore no increase in units planned. This may change during the lifetime of this business plan and will be incorporated in the financial business plan when there is reasonable certainty that we will be able to proceed, based on financial and other appraisals of our proposals.
- Cost Properties expected to increase by £1,091,166 reflecting the kitchen, bathroom, boiler, external doors and windows replacement programmes planned for 2022/23.
- Cash is expected to increase by around £51,000 over the financial year.
- Reserves increase by £588,737 reflecting the surplus being made in the year.

We have taken prudent approach in arriving at a number of the assumptions shown above and we would hope to outperform the assumptions where possible. On an annual basis assumptions shall be reviewed based on experience to date and any other known changes. Sensitivity analysis has been undertaken and the main factors revolve around control of management and maintenance costs.

TREASURY STRATEGY

Current discussions are taking place with our lenders and bank to review the loan portfolio and deposits held. A full update with options will be presented to the committee in the forthcoming year. The Association has a prudent approach to risk and the main intentions of the treasury activity are-

- effective management and control of risk

- to protect the capital sums held by the Association
- ensure sufficient liquidity for the Association in its day-to-day operations
- ensure access to sufficient resources for any future new build activity
- keeping loan costs to a reasonable level.

The Committee has agreed that:

- The Association leaves a minimum £500k as working capital and invests any excess on a short-term basis.

The Bank of England recently (May 2022) increased the BASE rate of interest from 0.75% to 1%. While base rates may increase in the short term the majority of the Association's loan balances are on a fixed interest basis and therefore the exposure to interest rate rises is reduced.

In the event that new build potential opportunities materialise in the short – medium term, there is an ability to borrow based on stock values. When development plans progress further discussions will take place with our current and potential lenders to evaluate the various options available to the Association and a full cost appraisal of refinancing will take place at that stage.

The Five-Year Financial Projections (FYFP) to be submitted to the Scottish Housing Regulator in May 2022 do not include any development expenditure. There is a distinct possibility that some development will take place within the next 2 – 3 years, however we are not yet at the stage of confirming this will be the case. A development working group will be looking into the possibility of developing and will appraise all the options available.

The Association currently has a mix of fixed and variable rate finance although the current percentage of fixed rate debt is at a much higher level than that of policy requirements (92% as opposed to ranging from 40% to 60% noted in policy). Because the current fixed rate loans will expire in 2023 and 2027, this will bring the fixed rate level down. However, if the speculation of further base rate rises materialise, there will be very little, if any, in the way of additional cost to Wellhouse.

On investments, the Finance Manager will examine available deposit rates from other Institutions and gauge if it is worthwhile financially and spending time on the exercise. Because of the historically low interest receivable rates, it is not expected that there will be much additional investment over the next twelve months.

Short-, medium- and long-term cash forecasts will continue to be produced, monitoring movement of cashflow. These will also monitor financial covenants, highlighting any pressure points at the earliest opportunity.

FINANCIAL PLANS AND FORECASTS FOR THE NEXT 5 AND 30 YEARS

Financial Objectives

This section provides a narrative commentary on the Association's financial projections, which are set out in full in the cashflows at Appendix 8 of the Business Plan.

The 30-year budgets are based on the following objectives:

- To provide quality homes at affordable rents for tenants.
- To provide a quality and responsive management and repairs service which also provides value for money.
- To ensure that improvements and major repairs are provided for and carried out as required to protect existing investment in our stock.
- To maintain a minimum cash balance of at least 6 months' running costs to ensure that the Association has sufficient cash reserves at all times to meet its obligations as they arise, along with headroom to respond to unforeseen events.
- To comply with all lenders' financial covenant requirements at all times.

Base Case: Assumptions and Outcomes

The **main assumptions** used in the 5- and 30-year financial projections are shown in the following pages. The assumptions:

- Recognise that WHA will be operating in a harsher and less certain financial environment.
- Allow us to continue to generate surpluses and to meet the covenant ratios set by Royal Bank of Scotland and Virgin Money
- Maintain headroom throughout the 5- and 30-year planning periods to manage future risks and adverse financial impacts.

Wellhouse Housing Association	
Business Plan 2022: Base Case Assumptions	
Inflation	3.5% for the first 5 years reducing to 2% for the remainder the 30-year term.
Rents	Increase of 3.8% in year 1 and 3.5% in years 2 – 5 (CPI + 1%), then 2% (CPI only) thereafter.
	Benchmarking of rent levels exercises are carried out to ensure our rents are competitive in comparison with the Scottish national average and the neighbouring housing associations within the Greater Easterhouse area.
Rent Collection and impacts of Welfare Reform	Void losses: 0.8% of rental income in year 1, 0.8% in year 2, 0.8% in year 3; and then 0.8% thereafter.
	Bad debts: 1.5% of rental income in year 1, 1.75% in year 2, 1.75% in year 3; and then 1.75% thereafter.
	Rent arrears: Business Plan assumes arrears at 10.3% of Turnover in year 1 and reducing by 1% per year to be 6.3% by year 5. Resources have been committed to ensuring the rollout of Universal Credit does not have an extreme impact on the organisation, we however consider it appropriate to provide for a higher level of bad debts over the 5-year period.
Maintenance and Major Repairs	Reactive repairs profiled to include a real terms increase of 0.5% per annum for the life of the plan

Wellhouse Housing Association

Business Plan 2022: Base Case Assumptions

	<p>Planned/Major repairs profiled to include a real terms increase of 0.5% per annum for 10 years and then revert to 0%. It is anticipated that current rises in cost will revert to a more modest increase within the next few years.</p> <p>We will be carrying out our next stock condition survey during 2022 over at least 20% of the stock. Future maintenance costs will be revised in next year's business plan to reflect the survey findings.</p>
	<p>Cyclical maintenance profiled to include a real terms increase of 0.5% per annum for the duration of the 30-year term</p>
Development Programme	<p>The Association continues to have positive discussions with GCC regarding support for new developments in our area. However, potential sites require remediation works and firm decisions have still to be made regarding our overall strategy and the purchase and development of proposals for individual sites. Accordingly, no new projects are included in the Business Plan at present. This will be reviewed in the light of progress made.</p>
Interest Rates/ Treasury Management	<p>Loan interest rates: Assume SONIA at 1.0% in year 1 and climbing by 0.50% each year until reaching 4.0% in year 8 and for the remainder of the plan.</p>
	<p>Assumed major repairs will be funded from cash balances.</p>
	<p>We do not anticipate a requirement for further loans to implement our current investment strategy for major repairs to our existing stock.</p>
Management Costs	<p>Salaries increased by 2.65% in year 1, 3% in year 2 and thereafter.</p>
	<p>Pension costs Include SHAPS auto enrolment defined contribution costs, plus payments for Past Service Deficit (PSD).</p>

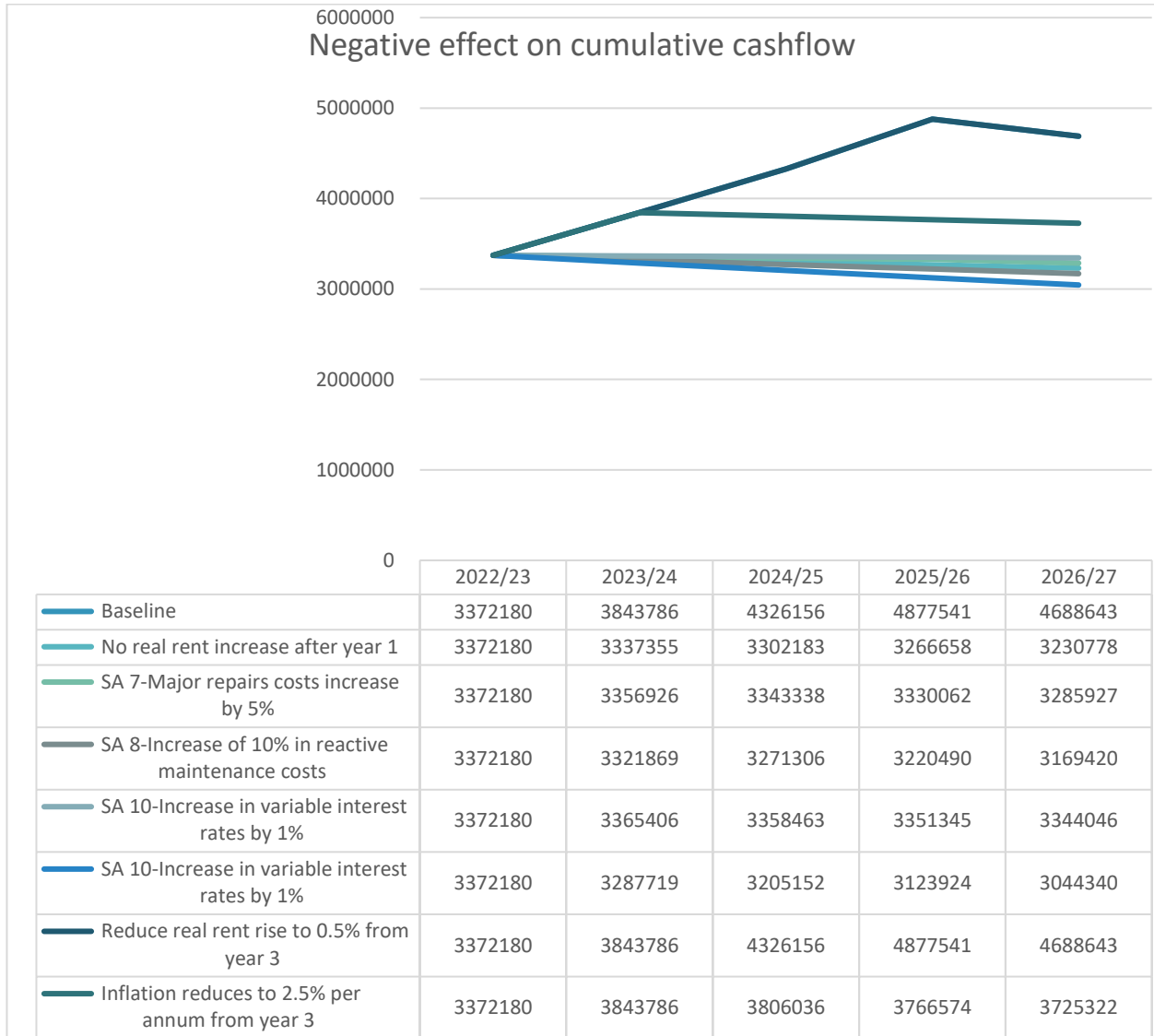
Resilience of the Business Plan

The Next 5 Years

Over the next 5 years, we anticipate that WHA's cashflows will rise continually, rising by around £1.5 million during that period.

The following graph shows the potential impact of a range of factors that would have an adverse effect on the Business Plan. This shows the impact of each of the individual scenarios selected, plus a test that combines all eight of the individual scenarios. We forecast that WHA would still retain positive cash balances in the combined scenario, which is the most pessimistic and the least likely to occur, however cash would fall by over £1 million.

**WHA 5 YEAR FINANCIAL PROJECTIONS
CUMULATIVE CASH POSITION, BASE CASE AND ALTERNATIVE SCENARIOS**



As shown in the graph, the greatest impact on the Business Plan occurs if:

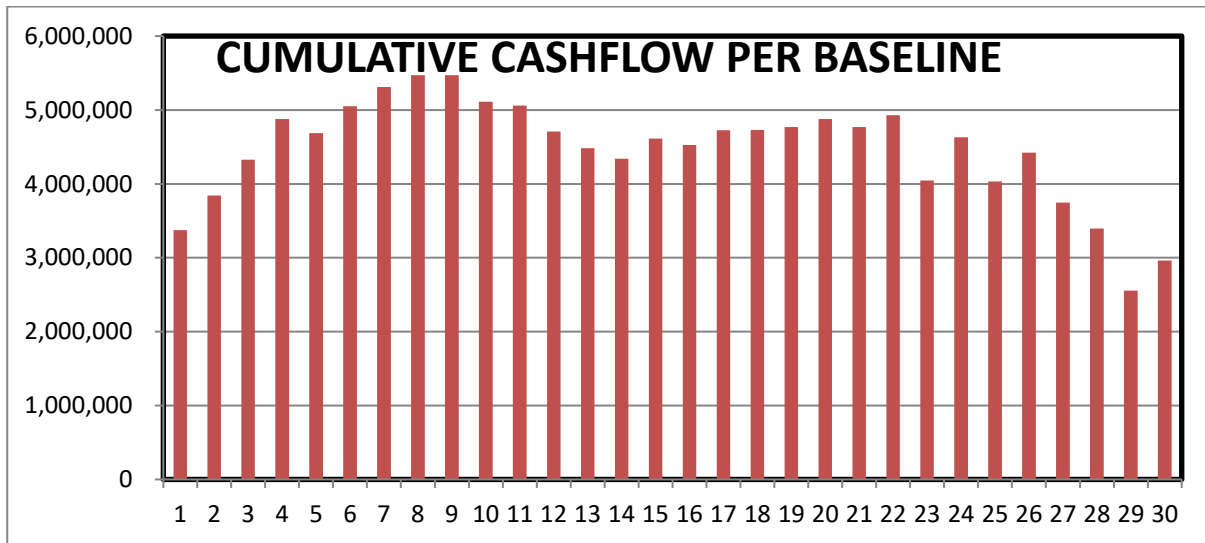
- **All of the scenarios combined occurring at the same time** – this is extremely unlikely but is a useful test as it demonstrates the underlying resilience of the Business Plan.
- There is a policy of **not increasing rental income above CPI**. The scenario shown in the graph shows the effect of increasing rents by CPI only from year 2 to 5 years although this was departed from in 2022/23 due to the committee agreeing to limit a rent increase to 3.8%
- **Increases in repairs and maintenance costs continue.**

The Next 30 Years

The Base Case for the next 30 years is shown in the following graph, and projects a steady increase in cash balances over the period.

Business Plan Year

The Base Case demonstrates that WHA will be financially viable over the next 30 years.



- The Association is projecting that surpluses will be made throughout all of the 30-year period, with a minimum cash balance of **at least £2.5 million** forecast for every year of the Plan after year 4.
- Cash balances will reduce during the peak years of planned maintenance spending but the overall cashflows will be able to accommodate this. No outside finance will be required to finance the improvements to the properties
- If required, there would be scope to generate additional income (e.g., if inflation increases, or if the Association needed to increase rents above the levels assumed in the base case, in the event of major economic shocks). Both the current lenders have been positive with regards their willingness to consider additional funding if required.
- Cash exceeds debt from year 9 onwards.

During challenging times for all social landlords, it is important for WHA to assess the risks to the Business Plan and our resilience to withstand these.

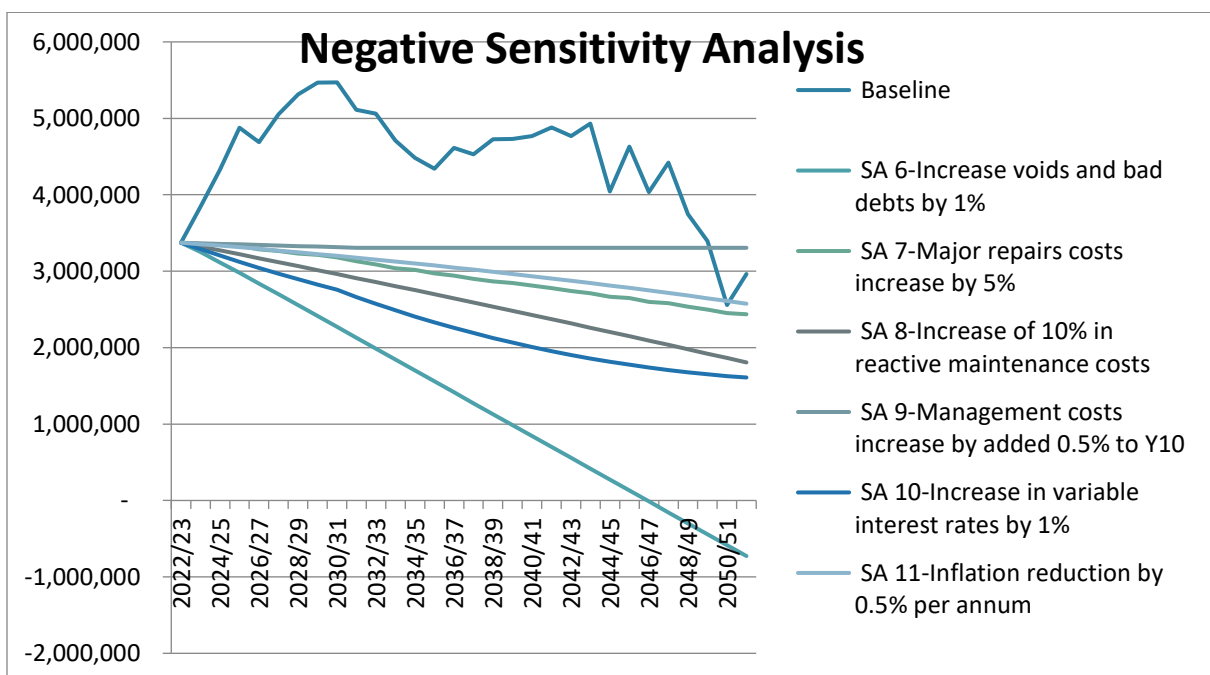
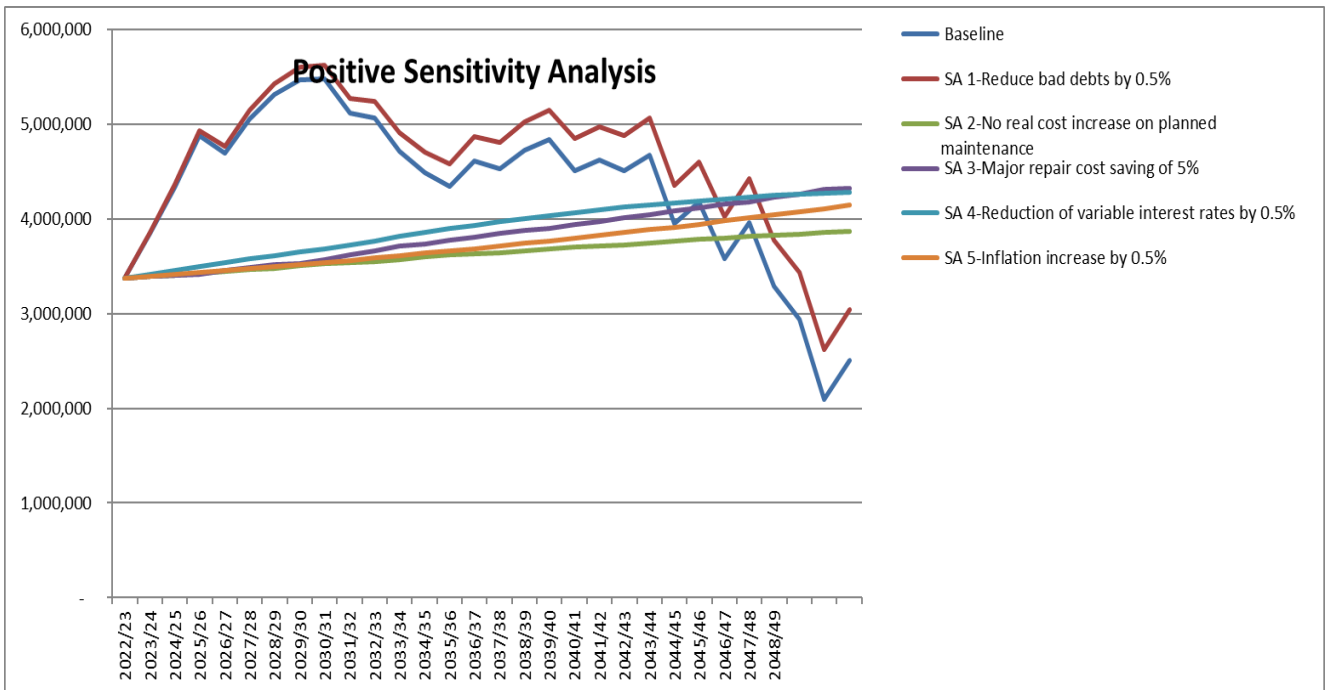
The Association has carried out a detailed assessment of risks and possible future scenarios. We have focused on scenarios that would have a **negative impact** on future cash flows, as a way of testing the Plan's resilience in future years.

The scenarios tested are shown in the following table and graph.

	Scenario
1	No real rent increase after Year 1
2	Increase by 1% in voids and bad debts from year 2
3	Major repair costs increase by 5%
4	Increase of 10% in reactive maintenance costs

5	Management costs increase by added 0.5% to Y10 from year 2
6	Increase in interest rates by 1% from year 3
7	Reduce real rent rise to 0.5% from year 3
8	Inflation reduces by 0.5% per annum from year 3
9	All above Scenarios COMBINED and implemented for 30 years

The following graph shows the impact of the “worst case” scenario by testing all of the negative scenarios together and then assuming these would persist over the full 30 years of the Business Plan



It is very unlikely all of these factors would occur at the same time or for a full 30 years, but the aim is to test the underlying strength of the Business Plan in the face of prolonged adversity.

Based on this worst-case scenario, there would be an impact on WHA's cashflows. Although cash does not go into deficit at all during the 30-year period of the Plan, it does end up £14 million lower.

In the event that deficits show signs of appearing, WHA would of course need to respond to any such events, for example, by making management cost savings and considering the need for rental increases.

Overall, the scenario and sensitivity testing that has been undertaken indicates that:

- WHA can comfortably maintain adequate cash flows and levels of cash balances throughout the period of the Business Plan, under the Base Case.
- This also applies to the individual scenarios tested, albeit reductions in rental income and increases in maintenance costs would place the Plan under more pressure.
- The Business Plan is threatened with failure when multiple, high value stresses are placed upon it.
- Any such circumstances would require proactive management responses by WHA. WHA is in a good position to respond to any serious adverse circumstances, since it has control of its budget, management costs and rent levels.
- Maintaining future rent increases at levels similar to, at least, inflation will preserve a healthy cash balance. Stress testing indicates that sustained periods of low or no rent increases would, due to compounding, place considerable strain on cash reserves over the long term.

WHA fully recognises the importance of tracking future changes that could threaten to increase our costs, reduce our income, or reduce tenants' incomes. We will regularly test the assumptions on which the Business Plan is based and use the results to inform our ongoing financial planning and actions to address any emerging areas of concern.

One such emerging area is the potential level of investment needed to meet the Scottish Government's request that all social landlords should improve the energy efficiency of their housing to the equivalent of a "B" Energy Performance Rating by 2032,

Assuming an average cost per home of £8,500 (excluding the cost of replacement heating)⁵, this would add approximately £6.8 million of additional investment costs to the Business Plan.

If we further assume the works would be carried out over a two-year period at the turn of the present decade, the base case projections show that WHA's cashflow could accommodate this. However, cash balances would be eroded to the extent that we would be unable to fund our subsequent investment programme from cashflow as is assumed in the base case cashflows.

⁵ Based on the mid-point of cost estimates reported by SFHA in 2021

Instead, investment works after 2032 would need to be funded primarily by new borrowing. This in turn would almost certainly lead to significant rent increases for tenants. This scenario will very likely be a common one across many social landlords. It could be avoided if funding for climate change works were made available by the Scottish Government, for landlords and property owners but no such commitment has been made so far.

Treasury Management

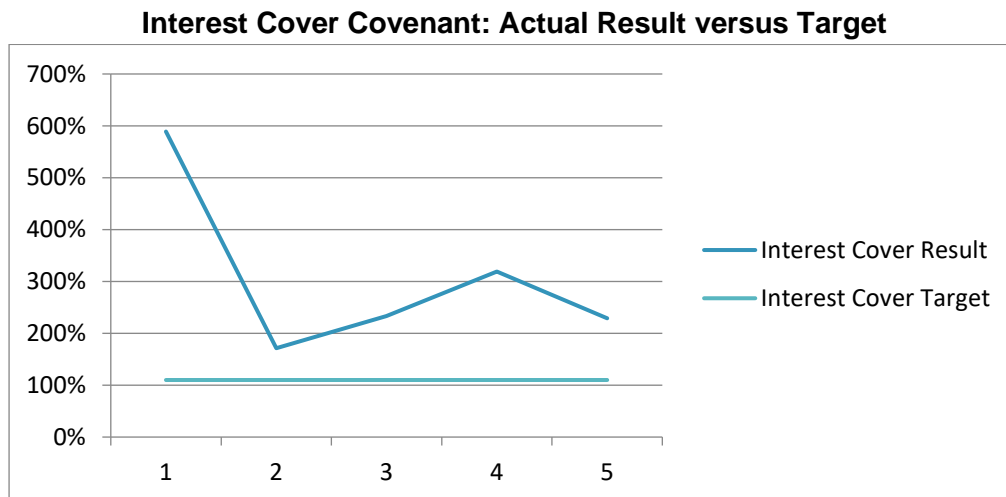
It is the responsibility of the Finance & Corporate Services Manager to review the Treasury Management policy annually to ensure that the best return on investments and loans are being achieved. Due to staff changes and COVID restrictions it has been some time since the loan portfolio and Investments have been reviewed and discussions have recently taken place with both banks to ensure a detailed review, options and recommendations can be presented to the full committee in August 2022.

Covenant Compliance

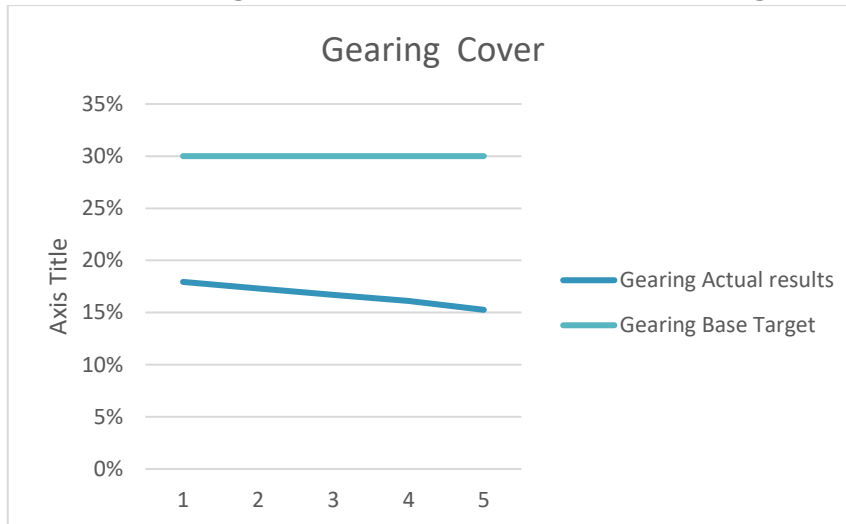
The financial projections show that the Association is in a position to meet comfortably the financial covenants agreed with Royal Bank of Scotland and Virgin Money throughout the thirty years of the Business Plan. These covenants are as follows:

- Interest Cover – Adjusted Operating Surplus to Net Interest Payable (>110%)
- Gearing – Balance of Outstanding Loans to Historic Housing Cost \geq 30%

The following graphs illustrate the Association's capacity to meet both covenants over the first five years of the Business Plan.



Gearing Covenant: Actual Result versus Target



Summary and Conclusions

The Base Case 30-year projections demonstrate financial viability over the next five years and over the whole 30-year period of the financial projections. They also confirm that the Association will be able to meet its obligations to tenants and to funders over this period.

The projections and the sensitivity analysis undertaken allow for operating in a more challenging and uncertain financial environment. The projections show that the Association has sufficient headroom to withstand pressures on its cost base and future risks and uncertainties.

The Association will continue to exercise strong financial discipline and will also track changes in the external risks and uncertainties we face so that these are identified at an early stage and incorporated in future budgets and financial projections.