

Blairtummock Housing Association
Business Plan 2018/19 to 2020/21

Update: 2020/21

Approved by the Management Committee (9 July 2020)

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EXECUTIVE SUMMARY

The purpose of this Update is to review and refresh the Business Plan approved by the Management Committee (MC) of Blairtummock Housing Association (BHA) in 2018.

The Update document:

- Reviews BHA's performance in 2019/20
- Identifies the changes in our operating environment that could affect our future plans
- Describes any changes needed to BHA's strategic direction and objectives
- Sets out BHA's priorities for 2020/21, and how we will make sure these are achieved
- Assesses the main risks to the business and how we will manage these
- Provides detailed financial plans for 2020/21 and beyond.

The Update document was prepared at the same time as the UK was in lockdown as a result of the Covid-19 pandemic, which has resulted in significant loss of life and restrictions being placed on every household, community and business in the country. It is clear that Covid-19 will continue to have a major impact on our community and on BHA itself.

In the short term, BHA will have important decisions to make about how we can restore services and resume works to our tenants' homes, and when we will be able to re-open our office to both tenants and staff. Since there is not yet a vaccine or effective treatment for Covid-19, there is real uncertainty about whether the virus can be suppressed, raising the possibility that progress might need to be halted.

Covid-19 is also creating substantial social and economic harm. It is likely that this will create lasting damage in our community, and that BHA will have an important role in supporting the community in seeking to repair this damage.

BHA's Objectives and Priorities for 2020/21

The Association's strategic direction over the period of the Business Plan is based on:

- Consolidating and improving our core business
- Managing our assets and resources well, for the benefit of our tenants and community
- Improving opportunities, the local environment and the quality of life for local people

BHA's strategic objectives are shown on the next page. They describe the changes that BHA seeks to make as a result of the Business Plan. The Management Committee has agreed revisions to the strategic objectives set in 2018 in the base Business Plan, to provide greater clarity. The Committee has also added a statement relating to Covid-19. This statement applies to each strategic objective, to recognise the severe and wide-ranging impact the pandemic is having.

A summary of the main actions BHA will take in support of each strategic objective is shown below, including actions relating to Covid-19. Since the situation with Covid-19 is changeable and uncertain, this will require BHA to be flexible and adaptable in implementing the actions shown below.

Strategic Objectives and Key Actions in 2020/21

Key Actions 2020/21

1) Provide high quality and affordable services, homes and environment for our community

- Covid-19: ensure BHA's resilience, work safely, and support our tenants wherever we can
- Support tenants by providing a local welfare benefits and money advice service
- Follow up our recent tenant satisfaction survey to gather further information about tenants' views and priorities
- Continue to promote use of the SDM Web Portal
- Restore a full reactive repairs service
- Resume and complete the Stock Condition Survey, Covid-19 permitting
- Complete the current programme of stock safety works
- Resume work on backcourts Area 1 and start Area 2 works
- Complete options appraisal for district heating
- Continue BHA's interest in new housebuilding

2) Maintain BHA's financial strength and continued viability ensuring value for money

- Ensure close monitoring of external risks, including those that may place pressure on BHA's financial well being
- Complete new Asset Management Strategy
- Implementation of new rent structure
- Manage the impacts of welfare reform and Universal Credit on BHA

3) Maximise opportunities and reduce inequalities for our community

- Deliver our current and planned community regeneration projects
- Continue to work with residents, local organisations and external partners, to support and strengthen our community
- Develop BHA's role in "building back" the community in Blairtummock and Rogerfield, to tackle damage done by Covid-19
- Work with EHRA to make the case for greater local control and decision-making within Greater Easterhouse

4) Ensure we are well governed and have the skills and knowledge required in the Association

- Ensure business continuity and support the wellbeing of our staff throughout the Covid-19 emergency
- Complete external governance review
- Continue to develop our approach to succession planning

And, across all of the objectives shown, safeguard BHA's resilience and support BHA's tenants and the community during the Covid-19 pandemic and its aftermath. BHA's guiding principles will be to comply with public health guidance; provide safe and effective services; support tenants, the community and our staff; plan effectively for future changes; and safeguard the resilience of BHA itself.

CHAPTER 1

A Brief Profile of BHA

The following graphic provides some brief contextual information about BHA, to help set the scene for the Business Plan Update.

| | |
|---|--|
| Year BHA was registered with Scottish Homes | 1989 |
| Legal form | Community Benefit Society (non profit distributing) Scottish Charity |
| Number of voluntary Management Committee (MC) members | 11 All are unpaid volunteers, living in BHA's area of operation |
| Current number of shareholding members | 116 |
| Number of BHA properties for rent | 711 |
| Number of factored properties | 50 |
| Tenant satisfaction rate (% of tenants surveyed, 2020 TSS Report) BHA's overall service Rent represents good value for money | 91.7% 92.1% |
| Rental Income receivable in 2020/21 from rents and service charges | £2,671,090 |
| Average 3 apartment weekly rent | £72.05 |
| Number of welfare benefits/debt advice appointments provided in 2019/20 | 720 |
| Total private loan funding (current loan balances) | £3,572,869 |
| Loan/interest repayments for 2020/21 | Loan Payments: £182,703 Interest Payments: £112,928 |
| Office-based staff (full time equivalent) | 13 |
| Budgeted spend for reactive and cyclical maintenance 2020/21 | £418, 516 |
| Budgeted spend on planned and major repairs 2020/21 | £370,480 |

CHAPTER 2

The Association's Vision, Mission and Values

The Management Committee (MC) has set the following vision and mission for BHA, with an accompanying statement of the Association's values.

OUR VISION

To be the best connected, inclusive and affordable community through innovation and sustainability.

OUR MISSION

To give local people the power to improve the opportunities for our community

OUR VALUES

Local people lead BHA. Our values are based on community ownership and control, along with respect for our customers; our committee members; our staff; and our partners.

In everything we do, we will:

Be open, honest and transparent

Keep our promises

Listen to our tenants and be responsive to their needs

Be inclusive and provide equal opportunities for everyone in our community

Be responsible in our management of BHA's resources

Empower our tenants and the community

Respect the environment

CHAPTER 3

Strategic Direction and Objectives

BHA Strategic Direction and Strategic Objectives 2020/21

BHA's strategic direction in 2020/21 will remain unchanged in 2020/21, but how we address it will be greatly influenced by the impact of the Covid-19 pandemic:

Strategic Direction

- Consolidating and improving our core business
- Managing our assets and resources well, for the benefit of our tenants and the community
- Improving opportunities, the local environment and the quality of life for local people

Strategic Objectives

The Association has four strategic objectives, each accompanied by a set of success measures that describe the practical outcomes we wish to achieve over the full period of the Business Plan. The success measures in the base Business Plan are shown at Appendix 9.

Following BHA's annual planning day in March 2020, the MC has approved changes to the strategic objectives set out in the base Business Plan. The purpose of doing this was to streamline and simplify the original objectives.

The revised objectives are shown in the box below.

1. Provide high quality and affordable services, homes and environment for our community.
2. Maintain BHA's financial strength and continued viability ensuring value for money.
3. Maximise opportunities and reduce inequalities for our community.
4. Ensure we are well governed and have the skills and knowledge required in the Association.

And, across all of the objectives shown above

Safeguard BHA's resilience and support BHA's tenants and the community during the Covid-19 pandemic and its aftermath.

The additional statement relating to Covid-19 reflects the impact that the pandemic has already had across all areas of BHA's work and continuing uncertainty about its duration and future effects. The MC is clear that BHA should support our tenants, community and staff in the difficult times that may lie ahead; and that BHA should play an important role in working with tenants, the community and partner organisations in the work that will be needed to "build back" the community when the initial crisis has passed.

While many aspects of managing Covid-19 are operational, the cumulative effect and the risks associated with the pandemic have an overriding strategic importance. In short, Covid-19 has created great uncertainty and it will impact greatly on how we put BHA's strategy and priorities into effect in 2020/21, and almost certainly beyond 2021.

BHA's Priority Actions for 2020/21

The Executive Summary shows the most important actions that BHA is aiming to achieve in 2020/21. These are described in more detail throughout this Update and in the Resource Plans at Appendix 6.

Review of Strategic Options

BHA conducted an in-depth strategic options review in 2016, prior to the retirement of our previous Director. This confirmed that we had the financial strength and resources needed to continue as an independent housing association, and this continues to be the case.

Looking to the future, BHA has no plans to extend our activities beyond the neighbourhoods of Blairtummock and Rogerfield. We are clear about what we want to achieve, and that we have the capacity to deliver our plans.

The MC has assurance that the Association:

- Has a viable financial business plan
- Is delivering well for tenants, based on good tenant satisfaction and service delivery results, and continued levels of investment in tenants' homes and neighbourhoods
- Is contributing to the physical and social regeneration of our area
- Has stable and effective governance
- Has not been the subject of any regulatory engagement or intervention.

Accordingly, the MC considers that there are no circumstances that would require an options appraisal relating to the Association's current organisational form.

We may, in due course, conduct options reviews or risk assessments in business areas where impact or value to the Association is potentially significant. For example, this would apply to our wish to resume our development programme, to tackle some of the large areas of vacant land that surround BHA's housing. At this point in time, there are no immediate prospects of Glasgow City Council being prepared to support a renewed BHA development programme.

CHAPTER 4

Strategic Analysis: The Association's Operating Environment

The 2019/20 Business Plan described the most significant external factors that could affect the achievement of BHA's strategy. This chapter refreshes that analysis, in the form of a **PESTLE analysis** that identifies and comments on relevant Political, Economic, Social, Technological, Legislative/Regulatory and Environmental factors. The analysis begins with a review of the Covid-19 pandemic.

PESTLE Analysis 2020: Covid-19 Coronavirus Pandemic

Covid-19 has caused a severe global public health emergency. BHA has followed government and other advice, and will continue to do so.

In the first, emergency stage of Covid-19, the main elements of BHA's response included the following:

- We closed our office to the public and staff, who made a quick transition to home working
- We have suspended housing repairs, other than emergency works, and postponed gas servicing appointments if any members of the household reported symptoms of the virus or were self isolating
- We have provided a responsive telephone and email service to deal with tenant enquiries and service requests. This has included offering Money Advice appointments.
- We have been calling all of our tenants who are tenants over 65 years old and tenants to make sure they have support and assistance they may need.
- We have provided all tenants with regular information updates.
- We have advised the Scottish Housing Regulator of changes in service delivery, in accordance with SHR's advice on reporting such changes as Notifiable Events.
- Our Management Committee and Management Team have held online meetings, to review issues arising, take decisions, and plan for the next stages of our response.
- BHA has been unable to carry out routine or void repairs, or to let empty properties.
- Construction and repairs contracts have been suspended to protect workers' safety.

Most of the actions described above continue to be in place, as we are still in the early stages of lockdown restrictions being eased or removed.

However, if infection rates stay under tight control, we are hopeful that the coming weeks and months will see considerable progress being made in the following areas:

- Re-opening of the BHA office, when it is safe to do so
- Restoring services that are currently suspended (e.g. reactive repairs and voids and lettings) in a way that is safe for tenants and BHA staff, and to preserve BHA's financial resilience.

- Resuming works contracts that are currently suspended
- Maintaining BHA's income from rents and other sources
- Acting in accordance with public health guidance at all times, to safeguard the health and wellbeing of BHA tenants, staff and our contractors
- Obtaining financial and other support that will allow BHA and partner organisations to offer services and support to the community, to address the social impacts of Covid-19
- Ongoing assessment of the risks that Covid-19 may create for BHA's financial wellbeing

All of these activities are subject to government and public health advice. For example, home working remains the Scottish Government's default option, and social distancing is a continuing requirement for almost all activities.

Looking beyond the next 3 to 6 months, the longer-term impact of Covid-19 will be substantial in social and economic terms. The UK economy has suffered lost productivity, business failures and lower consumer spending, and there has been unprecedented public funding to support citizens and keep the economy moving to some extent.

The UK economy has already entered a recession, which generally hits poorer communities such as Easterhouse hardest. How to support and rebuild our communities will be a key area of interest for the Management Committee as things move forward, along with all of Greater Easterhouse's community-controlled housing associations through EHRA.

PESTLE Analysis 2020: Other Factors

Social Factors

Deprivation in BHA's community

The latest edition of the four-yearly Scottish Index of Multiple Deprivation was published in February 2020, and is a valuable source of information for BHA.

Changes in SIMD rankings were significant in Rogerfield but modest in Blairtummock, when the 2020 results are compared with the previous SIMD report (2016):

- The overall SIMD rank for Rogerfield improved from the 5% most deprived to the 15% most deprived of all datazones in Scotland. Rogerfield also saw an improvement in its ranking for income deprivation.
- Both Blairtummock datazones stayed in the 5% most deprived in Scotland. One of the Blairtummock datazones recorded a slight improvement in the education domain ranking, moving from the 5% most deprived to the 10% most deprived
- Both areas recorded better results on the level of reported crime.

Appendix 2 shows more information about the 2020 SIMD rankings. This shows that people living in our community experience substantial inequality, for example in relation to low incomes, poor health and educational attainment.

The SIMD includes detailed indicators on health, education etc. that lie behind the rankings, and this allows the results for BHA's area to be compared with those for Glasgow as a whole. This

shows that there are unacceptable levels of deprivation and inequality, compared with the city as whole.

The SIMD results also show that the policies of central and local government are not doing enough to achieve better outcomes, and there is a clear connection to the Covid-19 pandemic. People with underlying health conditions are at greatest risk from the virus itself, while poorer communities will be particularly exposed to the social and economic effects of Covid-19.

Economic and Financial Factors

Universal Credit (UC)

- Causes landlords difficulties in maintaining levels of rent collection and controlling increases in bad debts. Also causes significant hardship for claimants.
- Impacts will increase and intensify: full rollout of UC is now planned by September 2024.
- BHA actions have included close management of UC cases; promoting direct payment of housing costs to BHA; and funding a local money advice service covering UC and other benefits.
- More tenants will move on to UC, either as a result of the phasing out of legacy benefits or job losses caused by Covid-19

Brexit

- The prospect of “no deal” and the resulting economic shocks forecast by the Bank of England have receded for the present. Risks could return if trade deals on terms that safeguard the UK economy are not in place by the end of 2020.
- UK Government can request an extension to end of 2020, but has said it will not do this. Initial reports are that negotiations are not progressing well.
- Possibility of Brexit risks occurring at the same time as a severe economic downturn caused by Covid-19.
- Worst case scenario for BHA could include increases in inflation and borrowing rates; reduced labour availability for construction; higher cost of imports for maintenance materials.

Inflation

- CPI inflation was 1.5% in March 2020 and is forecast by the Bank of England to fall to less than 1% in the next few months. The Bank also forecasts a relatively rapid recovery in economic activity after Covid-19 passes, with inflation set to rise to around the 2% target. The Bank also states that it will take further action as necessary to support the economy and ensure a sustained return of inflation to the 2% target.
- Inflation varies below the headline rate, and this will impact on consumers, particularly those on very low incomes.

Cost of pension contributions

- BHA is protected from the recent 5.7% cost increase for contributions to the SHAPS defined benefit pension scheme, as it closed the scheme some years ago. It will still need to make past service deficit payments.

Interest rates

- Bank of England base rate reduced to 0.1% as an immediate response to Covid-17 pandemic.
- An adverse Brexit outcome or other economic factors could create inflation which is generally the main factor in driving up interest rates.

Availability of External Funding

Current economic climate may create uncertainty about access to new funding. This is not currently an issue for BHA, which intends to self-fund planned maintenance contracts. Should borrowing prove necessary, the Association has unencumbered stock to support this.

Political Factors

Scottish Government (SG) policy and priorities

- Scottish elections in 2021 and possible independence referendum at an unknown time could cause political and economic uncertainty.
- SG's current top housing priorities are new homes and homelessness. Levels of funding and subsidy for new development post-2021 could both reduce.
- SG has helped mitigate the impact of the Bedroom Tax (BT) in Scotland, but its wish to abolish the BT has not been agreed by Westminster.

UK Government policy and priorities

- Responsible for many areas of policy that directly affect BHA, including welfare reform, immigration, macroeconomic policy, public spending levels and Brexit. Each of these has a high impact on BHA.

Glasgow City Council (GCC) policy and priorities

- GCC faces severe financial pressures, and non-statutory neighbourhood services are particularly vulnerable to cuts.
- GCC is introducing Rapid Rehousing policy, which will increase requests for settled housing from social landlords. Consultation has only involved the largest landlords, and GCC has not agreed to EHRA requests for discussion.
- GCC has responded to the legal requirement for it to establish locality planning through the Thriving Places initiative. In some parts of Glasgow, community-controlled housing associations (CCHAs) have been designated as "community anchors", with responsibility for promoting community engagement in locality plans. The Council has not offered any such meaningful role to CCHAs in Greater Easterhouse.

Legislative and Regulatory Factors

Freedom of Information

- BHA now subject to FOI – procedures introduced

Building Standards

- New Building Standards Technical Handbook published by Scottish Government in 2019.
- New build developments must now meet the Glasgow Gold Standard set by GCC. This involves considerable cost implications.

Housing Legislation

- There is no legislation relating specifically to social housing in the Scottish Government's current "Programme for Government". This is unlikely to change until after the 2021 elections.

Scottish Housing Regulator (SHR)

- New SHR Regulatory Framework, and requirement to complete self-assurance assessments against regulatory requirements.
- SHR has set out separately expectations on a wide range of other matters. These include: rent affordability and rent increases; business planning; asset management; governance; financial performance; risk management; cost control; and value for money.

Environmental Factors

Scottish Government targets to reduce impact of climate change

- BHA complies with Energy Efficiency for Scottish Social Housing (ESSH).
- "ESSH 2" standard: requires all social housing to achieve EPC Band B by 2032, with a further goal for all social housing in Scotland "as far as reasonably practical" to be carbon neutral by 2040.
- There is uncertainty about what would be satisfactory technical or financial reasons for not achieving the EPC Band B, as is written into the Standard. Financial affordability and support and the capacity of the market to provide the new technological solutions needed are also unclear.

GCC policy on climate change

- GCC commitment to Glasgow becoming a "carbon neutral city" by 2030 – recommendations to GCC from Working Group are under consideration and include a recommendation to replace gas central heating with electrically powered central heating.

SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats)

The Association has refreshed the SWOT analysis in the base 2018 base Business Plan. The main changes to the original analysis are highlighted in green shading in the table below.

| STRENGTHS | OPPORTUNITIES |
|---|---|
| <ul style="list-style-type: none"> Local and community-controlled Experienced and skilled committee and staff Business continuity achieved during Covid-19 emergency Flexibility and good team work High-performing housing and repairs service and high levels of customer service and tenant satisfaction Commitment to regeneration Good housing stock and good investment plan for housing and backcourts Value for Money Good partnership working with local organisations (e.g. FARE, food bank, Connect) Service delivery by BRO Able to change service level agreements Local employment and training opportunities Good estate management standards | <ul style="list-style-type: none"> Derelict land External validation of stock condition Fill gaps in environmental services previously carried out by GCC (also a threat) Improved communications plan to transmit positive messages Re-engage young people, e.g. a youth committee or sounding board Covid-19 may reignite political interest in greater community governance as the key to tackling deprivation and inequality Committee and staff development Low cost home ownership opportunities in South Blairtummock Seven Lochs project |
| WEAKNESSES | THREATS |
| <ul style="list-style-type: none"> Lack of control over emergence from Covid-19 – depends on infection rates and government guidance Not good at promoting what we do No GCC support for new build Succession planning Continued impacts from closure of local Housing Benefit and DWP offices GCC's approach to partnership working on homelessness is weak Management input and costs in South Rogerfield Time to manage open spaces | <ul style="list-style-type: none"> Welfare Reform/expansion of Universal Credit SHR Regulatory Framework Continuing cuts in local services as a result of GCC budget cuts Gaps in environmental services due to GCC priorities and funds (also a threat) Increases in BHA's cost base arising from changes in the wider economy and Brexit Failure to maintain compliance with Clydesdale Bank loan covenants Cyber crime as this is in the risk register Developers in South Blairtummock Freedom of Information |

The Association's key stakeholders are unchanged since the base Business Plan.

The Plan Update for 2020/21 was developed at the height of the Covid-19 lockdown, between April and June 2020. BHA took the view that it would be inappropriate and potentially insensitive to seek tenant views on the Plan Update, at the peak of a global pandemic. We were nevertheless able to use information from the activities set out in BHA's Tenant Participation Strategy, and we will ensure that tenant consultation on the Business Plan takes place when it is safe to do so.

For the same reasons, we did not conduct consultation specifically on the 2020 Plan Update with BHA's organisational stakeholders. Again, we were able to draw on information from our ongoing contact with various partners over the previous year which had addressed a number of strategic and operational issues relevant to the Plan Update. This is reflected in the PESTLE analysis provided earlier in this chapter, and in other content throughout the Plan Update.

Looking to the future, BHA has developed a new planning framework document (Appendix 10). This establishes the points in the overall planning process when we will seek to engage with tenants and other stakeholders in future years.

CHAPTER 5

Asset Management

Business Plan Objectives

Asset management contributes to the following BHA strategic objectives:

- Provide high quality and affordable services, homes and environment for our community.
- Maintain BHA's financial strength and continued viability ensuring value for money.

and to the achievement of

Safeguarding BHA's resilience and supporting BHA's tenants and the community during the Covid-19 pandemic and its aftermath.

Context

BHA undertakes a wide range of asset management activities:

- Managing and investing in our homes and neighbourhoods, through responsive and cyclical repairs, and major repairs and replacements.
- Improving the thermal efficiency of tenants' homes, to reduce fuel poverty.
- Providing factoring services to home owners.
- Using our role as a landlord and factor to improve standards of neighbourhood management and the quality of the local environment.

There have been minor changes in the housing stock since the 2018 Business Plan. We have since sold five properties in South Rogerfield and acquired two more, giving a total of 711 rented properties at 31 March 2020. We will seek to buy more properties in the period ahead, targeting properties in South Rogerfield that would give us the voting majority in specific blocks.

Demand for BHA's stock continues to be good, with ARC data for 2018/19 showing that:

- BHA has a very low rate of tenants giving up their properties each year
- We achieve good results for new tenants who are able to sustain their tenancies
- We lose only a small amount of rent each year because properties are empty.

| Indicator and year | BHA | National Average |
|--|------|------------------|
| 2018/19 | | |
| Percentage lettable self-contained houses that became vacant in year | 4.7 | 8.6 |
| 2019/20 (BHA only) | 4.5 | |
| 2018/19 | | |
| Percentage sustainment rate for new tenancies (ARC definition) | 93.1 | 88.8 |
| 2019/20 (BHA only) | 92.3 | |

| Indicator and year | BHA | National Average |
|--|-----|------------------|
| 2018/19 | | |
| Percentage of rent due lost through properties being empty | 0.1 | 0.9 |
| 2019/20 (BHA only) | 0.1 | |

An expanded version of this table which also compares BHA with EHRA landlords in Greater Easterhouse and GHA is provided in Appendix 3.

Impact of Covid-19

Most of BHA's asset management activities will be affected by the Covid-19 pandemic.

In the initial phase of the emergency, government guidance has required that all non-essential construction activity should cease. At that time, BHA:

- Moved to carrying out emergency repairs only
- Continued to carry out gas safety inspections, except where any members of the households had symptoms of the virus or were self-isolating
- Suspended work on our Area 1 Backcourt Improvement contract, which had just begun.

The Scottish Government's Covid-19 "road map" has said that the overall approach to easing the lockdown will be "gradual and incremental and will be matched with careful monitoring of the virus".

The road map has allowed construction work to resume in a limited way in the early stages, starting with outdoor works, with the level of activity to be gradually increased when it can be shown that infection rates are under control and the move to the next stage can safely take place. There will be a continued requirement for social distancing throughout.

No timescales are available yet that would provide certainty about when BHA will be able to restore a full repairs service and to move forward with component replacement works and other contracts.

Performance and Achievements in 2019/20

Reactive Repairs

BHA's performance in relation to the Charter Indicators for reactive repairs was as follows in 2019/20:

| Measure | BHA 19/20 | BHA 18/19 |
|---|-----------|-----------|
| Average hours to complete emergency repairs | 2.35 | 2.0 |
| Average working days to complete non-emergency repairs | 3.5 | 3.5 |
| % reactive repairs completed right first time | 97.1 | 96.9 |
| % properties with gas safety record renewed by anniversary date | 100 | 100.0 |
| % tenants satisfied with repairs service | 91.0 | 99.7 |

BHA's performance for the same set of measures was considerably better than the Scottish National Average in 2018/19, the most recent year for which data is currently available.

An expanded version of the table which also compares BHA with EHRA landlords in Greater Easterhouse and GHA is provided in Appendix 3.

| Measure | BHA | Scottish Avg |
|---|-------|--------------|
| Average hours to complete emergency repairs | 2.0 | 3.7 |
| Average working days to complete non-emergency repairs | 3.5 | 6.6 |
| % reactive repairs completed right first time | 96.9 | 92.5 |
| % properties with gas safety record renewed by anniversary date | 100.0 | 99.9 |
| % tenants satisfied with repairs service | 99.7 | 91.7 |

Green shading means that BHA's result in 2018/19 was better than the Scottish National Average.

Major Repairs & Planned Maintenance

The Association invested £611k on major component replacement works during 2019/20, as well as carrying out cyclical maintenance works and other essential expenditure needed to meet statutory requirements. Details of component replacements are shown below.

| Works Type | 2019/20 outturn |
|---|-----------------|
| Number of Boilers | 91 |
| Number of central heating systems installed | 33 |
| Number of kitchens | 84 |
| Total expenditure 2019/20 | £611,456 |

During the year, BHA:

- Carried out smoke/fire detection upgrades to 643 properties
- Ensured that all of our housing stock continues to meet the Scottish Housing Quality Standard
- Achieved 100% compliance with the Energy Efficiency Standard for Scottish Social Housing
- Began a stock condition survey that will produce 100% data over the next three years, to inform future planned maintenance programmes
- Put out to tender the backcourt improvement works in Area 1, and appointed architects for Area 2.

Business Plan Priorities 2020/21

Reactive Repairs

The Association's main priority in 2020/21 will be to make maximum progress towards restoring a full reactive repairs service. We will plan carefully for this, to ensure we comply with government guidance and safeguard the safety of tenants, BHA staff and people employed by our contractors.

Planning work will include completing risk assessments and holding discussions with our repairs contractors. BHA uses a small pool of contractors for repairs works, and this will enhance our ability to manage the process effectively. We are also reviewing our list of contractors, to make sure that BHA has up to date health and safety policies and insurance details.

Asset Management Strategy

BHA has commissioned a stock condition survey (SCS), which so far has examined 40% of common closes/blocks and 35% of individual properties. Survey works are currently suspended due to the Covid-19 lockdown.

The SCS will resume as we move out of lockdown, although this will require social distancing procedures to be in place since the survey involves internal inspection of tenants' homes.

When complete, the SCS results will be the key information source to inform a new asset management strategy for BHA. The surveys that have been completed to date do not suggest any significant differences to the current BHA component replacement plan.

Investment Programme: Component Replacements

During the next 5 years, BHA plans to invest £1.335m in major repairs and cyclical maintenance. Upon completion, we anticipate that this investment will have achieved the following outcomes for BHA tenants:

- 126 Kitchen replacements
- 34 Boiler installations
- 92 new bathrooms
- 107 properties receiving new windows replacements
- 180 properties re-wired

The programme assumes a modest level of activity in 2020-21, before accelerating in the subsequent years. This means we will be able to review the programme proposals alongside the stock condition survey results. It also means that BHA is not in the position of seeking to put more substantial levels of work on site, at the height of the uncertainty and risk caused by Covid-19.

We intend that all of the works planned for the next five years will be self-funded from BHA's cash reserves. This is reflected in BHA's financial projections for the next five years (see Chapter 10 and Appendix 8).

Across all five years of the programme as it currently stands, proposals for component replacements are as follows:

| 2020-2021 | Number | Unit Cost | Total |
|-----------|--------|-----------|-------------------|
| Bathrooms | 27 | £1,549.00 | £41,823.00 |

| 2021-2022 | Number | Unit Cost | Total |
|-----------|--------|-----------|--------------------|
| Bathrooms | 34 | £1,549.00 | £52,666.00 |
| Kitchens | 66 | £2,581.00 | £170,346.00 |
| | | Total | £223,012.00 |

| 2022-2023 | Number | Unit Cost | Total |
|-----------|--------|-----------|--------------------|
| Windows | 57 | £3,311.00 | £188,727.00 |
| Re-wire | 57 | £2,423.00 | £138,111.00 |
| Bathroom | 19 | £1,549.00 | £29,431.00 |
| | | Total | £356,269.00 |

| 2023-2024 | Number | Unit Cost | Total |
|-----------|--------|-----------|--------------------|
| Re-wire | 73 | £2,483.00 | £181,259.00 |
| Kitchen | 5 | £2,581.00 | £12,905.00 |
| Pipework | 1 | £1,994.00 | £1,994.00 |
| Boiler | 6 | £2,070.00 | £12,420.00 |
| Bathrooms | 12 | £1,549.00 | £18,588.00 |
| | | Total | £227,166.00 |

| 2024-2025 | Number | Unit Cost | Total |
|-----------|--------|-----------|--------------------|
| Windows | 50 | £3,311.00 | £165,550.00 |
| Kitchens | 55 | £2,581.00 | £141,955.00 |
| Re- wire | 50 | £2,423.00 | £121,150.00 |
| Boilers | 28 | £2,070.00 | £57,960.00 |
| | | Total | £486,615.00 |

Stock Safety Works

In addition to all routine work, priorities in 2020/21 will be:

- Completing works for smoke and heat detection**

At 31 March 2020, BHA had completed the necessary works to all but 63 of our properties. Unfortunately, our programme of works was then suspended due to Covid-19. We are confident that we will be able to complete the remaining works by the statutory deadline of February 2021, as long as there is not a second peak of infections during the months ahead.

- Electrical Inspections**

Our programme of electrical inspections is now nearing completion, with inspections to the final 69 properties scheduled to take place in 2020/21.

Backcourt Improvement Works

The 2018 Business Plan outlined our plans to invest around £2.5 million in backcourt improvement works during the period 2018/19 to 2021/22. This programme will be delivered in four contracts.

The expenditure profiles are reflected in BHA's financial projections for the next five years, and the works will be self-funded by BHA.

As noted earlier, the Area 1 contract went on site shortly before the Covid-19 lockdown took place and all work was then suspended during the lockdown period. The contract is expected to re-start at the end of June 2020. This will depend on the contractor's access to human resources, and will continue to be impacted by the effects of the pandemic. We are also aiming to put the Area 2 contract on site before the end of the financial year.

| | | No. Units | Year | Cost incl fees |
|---------------|--|----------------------|-------------|---|
| Area 1 | Aberdalgie Path, Boyndie Street, 38-66 Aberdalgie Rd, 2-14 Duntarvie Rd. | 79 | 2020/21 | £860,231 (inc VAT) £716,874 (ex VAT) |
| Area 2 | 26-28 Errogie St, 7 Easterhouse Place, 137-149 Easterhouse Rd | 55 | 2020/21 | £653,400 |
| Area 3 | 1478-1482 Westerhouse Rd, 68- 74 Aberdalgie Rd, 1-7 Duntarvie Place | 57 | 2021/22 | £677,160 |
| Area 4 | 2-6 Duntarvie Place, 7-13 Duntarvie Road | 20 | 2021/22 | £237,600 |
| | Programme Total | 211 | | |

New House Building

BHA's area has large swathes of derelict land earmarked by GCC more than 10 years ago for private sector housing that has never materialised. BHA has been keen to resume a development programme in our area to address this and complete the regeneration of the area.

Efforts to secure GCC support for a renewed development programme have not been successful to date. This will remain on the Association's agenda for the future, but we are not anticipating that any tangible progress will be made with GCC during 2020/21.

CHAPTER 6

Housing Services and Community Regeneration

Business Plan Objectives

The Association's housing and community regeneration services contribute to the following BHA strategic objectives:

- Provide high quality and affordable services, homes and environment for our community.
- *[through rental income and arrears management]* Maintain BHA's financial strength and continued viability ensuring value for money.
- Maximise opportunities and reduce inequalities for our community.

and to the achievement of

Safeguarding BHA's resilience and supporting BHA's tenants and the community during the Covid-19 pandemic and its aftermath.

Context

Covid-19 Pandemic

BHA provides a full range of services to tenants and housing applicants, although some services are not operating normally at present due to the Covid-19 pandemic.

As a community-based housing association, BHA's housing services normally involve very high levels of personal interaction between tenants and staff and tenant visits to the BHA office.

Covid-19 has changed this overnight. To comply with government advice, the initial lockdown stage involved the following changes for our housing services:

- Prior to the announcement of the Lockdown we closed the office to the public to reduce contact
- Upon introduction of the Lockdown, all BHA staff began to work from home as we did not fall under the criteria for essential workers
- We have been calling all tenants over 65 years old or those who we are aware are vulnerable and ensuring they have support/assistance.
- We have provided a telephone and email service to deal with advice on rent payments and arrears, estate management and neighbour issues, welfare rights and financial inclusion advice, tenant welfare issues and complaints. Tenants have also been able to take part in virtual meetings with BHA staff, using Zoom or Microsoft Teams.
- We have ensured that all telephone calls and emails are dealt with within a day.
- We have provided regular updates on Twitter and BHA's website to advise residents on all the support services which are available. We issued a newsletter to all residents and this provided information and links to a variety of organisations. Money Advice telephone appointments were also offered to assist tenants.

- We have advised the Scottish Housing Regulator of changes in service delivery, in accordance with SHR's advice on reporting such changes as Notifiable Events.

Throughout the Lockdown period, it has necessary to suspend work on void management and allocations, as well as repairs and other works, as described in the previous chapter.

With the first minor relaxations to the lockdown requirements, attention will now turn to planning for the reintroduction of our housing and other services, when it is safe to do so. This is described later in this chapter.

Universal Credit: Impact on Tenants and BHA's Finances

Universal Credit (UC) is the other main challenge facing our housing services.

The number of BHA tenants on UC rose sharply during 2019/20, with the number of known cases increasing from 35 to 93. We expect numbers to increase steadily until 2024, which is the latest target announced by the Department of Work and Pensions for finally arriving at full rollout of UC.

Over the course of 2019/20, BHA found that around two-thirds of tenants on UC had rent arrears, with an average amount of arrears between £300 to £400. In common with other landlords, our experience is that some aspects of UC lead directly to rent arrears, in particular the 5-week period that new UC claimants must wait for their first payment, and DWP's inability to match UC direct payments with our timescales for when rent payments are due.

Managing UC arrears cases takes up more of our staff time than other cases and DWP's plans to increase the caseload of its officers is a concern. It is likely this would mean social landlords have to spend more time than we already do, assisting and supporting tenants to claim UC and then maintain their claim with DWP.

Overall, BHA succeeded in keeping the average level of UC rent arrears relatively stable in 2019/20. This was partly due to proactive practice in getting tenants to agree that DWP will pay the housing costs part of their UC to BHA. Such arrangements are in place for around 60% of all tenants on UC.

We are seeing an increase in claims for UC due to Covid-19. It is possible (or perhaps likely) that this trend may increase, when Government support for furloughing payments reduces later in the year and if more tenants lose their jobs because of the deep recession that has now begun.

Performance 2019/20

Our main service developments in 2019/20 were completion of **a comprehensive tenant satisfaction survey** by independent researchers, and **a rent harmonisation study**.

The rent harmonisation study was a substantial piece of work, and included a considerable level of consultation with BHA tenants. The new arrangements took effect on 1 April and are described further in Chapter 8, on rent affordability.

The following table shows the headline results from the latest tenant satisfaction survey (2019/20), and compares these with the Scottish national average from the 2019 ARC, for all social landlords

in Scotland. An expanded version of the table which also compares BHA with EHRA landlords in Greater Easterhouse and GHA is provided in Appendix 3.

Tenant Satisfaction Results

| Measure | BHA 2020 survey | BHA 2016 survey | Scottish Avg (2019 ARC) |
|---|-----------------|-----------------|-------------------------|
| % tenants satisfied with overall service provided by landlord | 91.7 | 97.0 | 90.1 |
| % tenants who feel landlord is good at keeping them informed about services and decisions | 96.6 | 99.1 | 91.6 |
| % tenants satisfied with opportunities given to them to participate in landlord's decision making | 91.5 | 97.2 | 86.5 |
| % tenants satisfied with quality of home | 88.9 | 96.4 | 88.1 |
| % tenants satisfied with repairs service | 91.0 | 99.7 | 91.7 |
| % tenants satisfied with management of neighbourhood | 93.4 | 97.7 | 87.8 |
| % tenants who feel rent for their property represents good value for money | 92.1 | 91.3 | 83.2 |

Green shading BHA's result in 2019/20 was better than the compared averages from the 2019 ARC

Pink shading means that BHA's result in 2019/20 was not as good as the compared averages from the 2019 ARC

BHA's latest results (2020) are not as good as the previous 2016 survey, although the results are better than the national average, apart from satisfaction with the repairs service. BHA can also draw reassurance from the result on whether rent is good value for money.

Benchmarking Results

BHA also performs strongly in service delivery (housing management and repairs) when compared with the Scottish National Average. The results shown below are for financial year 2018/19, which is the most recent year for which the ARC information is available. An expanded version of the table which also compares BHA with EHRA landlords in Greater Easterhouse and GHA is provided in Appendix 3.

ARC Results Comparison, 2018/19

| Measure | BHA | Scottish Avg |
|--|-------|--------------|
| % tenancy offers refused | 39.0 | 36.3 |
| ASB cases resolved within local target | 100.0 | 87.9 |
| % tenancies began in previous year remained more than a year - applicants assessed statutory homeless LA | 100.0 | 87.9 |
| % tenancies began in previous year remained more than a year - all | 93.1 | 88.8 |

| Measure | BHA | Scottish Avg |
|---|--------|--------------|
| % lettable self-contained houses that became vacant in year | 4.7 | 8.6 |
| % collected of rent due | 99.0 | 99.1 |
| % gross rent arrears of rent due | 2.7 | 5.7 |
| % former tenant rent arrears written off | 53.7 | 37.9 |
| % of rent due lost through properties being empty | 0.1 | 0.9 |
| Average calendar days to re-let properties | 11.6 | 31.9 |
| % of court actions initiated which resulted in eviction | 0.0 | 19.9 |
| 2 Apt - Average weekly rent | £62.75 | £76.10 |
| 3 Apt - Average weekly rent | £69.58 | £77.70 |
| 4 Apt - Average weekly rent | £80.08 | £84.43 |
| 5+ Apt - Average weekly rent | £90.66 | £93.49 |
| Total - Average weekly rent | £71.14 | £79.07 |

Green shading BHA's result in 2018/19 was better than the national average (2019 ARC)

Pink shading means that BHA's result in 2018/19 was poorer than the national average

Orange shading means BHA's result was the same as the national average

These results show that:

- BHA had exceptionally low rents
- BHA performed well in sustaining new tenancies
- BHA dealt quickly with antisocial behaviour complaints
- BHA had an exceptionally low level of tenancy turnover
- BHA had a low level of rent arrears, although the level of former tenant arrears was relatively high
- BHA had an above average level of refusals when making offers of housing, but this was cancelled out by an exceptionally low amount of lost rent on empty properties
- BHA was also quick to re-let empty properties
- BHA did not evict any tenants in 2019/20

BHA continued to perform strongly in service delivery in 2019/20, as indicated in our most recent ARC return to the Scottish Housing Regulator.

| Measure | 2018/19 | 2019/20 |
|--|---------|---------|
| % tenancy offers refused | 39.0 | 20.6 |
| ASB cases resolved within local target | 100 | 100 |
| % tenancies began in previous year remained more than a year - applicants assessed statutory homeless LA | 100 | 100 |
| % tenancies began in previous year remained more than a year - all | 93.1 | 97.0 |
| % lettable self-contained houses that became vacant in year | 4.7 | 4.5 |

| Measure | 2018/19 | 2019/20 |
|---|---------|---------|
| % collected of rent due | 99.0 | 99.9 |
| % gross rent arrears of rent due | 2.7 | 2.7 |
| % former tenant rent arrears written off | 53.7 | 15.3 |
| % of rent due lost through properties being empty | 0.1 | 0.1 |
| Average calendar days to re-let properties | 11.6 | 10.3 |
| % of court actions initiated which resulted in eviction | 0.0 | 0 |

Homelessness

In 2019/20, BHA received 15 section 5 referrals from Glasgow City Council, with five housed. This was equivalent to 19% of all BHA lets during the year.

There has been an aspiration from GCC for 40% annual lets but it has consistently failed to give us enough referrals to reach that level. This is because the Council's working practices are frequently inefficient and ineffective (e.g. when BHA contacts the people referred, we find out they have already been housed or that they have expressly said they can't stay in Easterhouse).

Priorities for 2020/21

Covid19 Management

At the time of the MC approving the Business Plan Update, Scotland had just entered the first stages of easing the Covid-19 lockdown. Over the rest of the year, BHA's priorities will be to:

- Provide our services in a way that is safe for BHA tenants and other service users, staff and contractors
- Develop and implement plans that allow our services to be progressively restored in accordance with public health guidance and the needs of our tenants, with proposals and progress charted using BHA's Business Continuity Plan.

As noted in the Asset Management chapter, the Scottish Government has said that the overall approach to easing the lockdown will be "gradual and incremental and will be matched with careful monitoring of the virus" and that there will be a four-stage "road map" from where we are now to full resumption of most aspects of social and economic life.

The Association's activities (both office-based and site-based) fall under Stage 3 of the road map. The first stages of re-opening non-essential offices are expected to take place from late July, subject to relevant guidance being followed, particularly in relation to social distancing and with working from home and working flexibly remaining the default.

SG guidance for Phases 3 and 4 is summarised below:

Phase 3

- Remote working remains the default position for those who can.
- Non-essential **indoor office** workplaces can open, once relevant guidance agreed, with physical distancing.

Phase 4

- Remote and flexible working remains encouraged.
- All workplaces open with improved hygiene and in line with public health advice.

The Association is also making use of sector guidance published by SFHA, on behalf of the Social Housing Resilience Group, and engaging with BHA staff.

Tenant Satisfaction Survey follow-up

At the time of the Covid-19 lockdown, BHA was preparing to set up a number of tenant focus group meetings, to discuss the results of the recently completed Tenant Satisfaction Survey. We will re-schedule these meetings, as soon as it is safe to do this.

The meetings are important, because the latest survey showed reduced levels of satisfaction in a number of areas, compared with the previous survey in 2016. BHA will take the opportunity to find out:

- What reasons may have contributed to this
- Tenants' views about areas where we can make changes or improvements.

Rent Collection and Arrears Management

In 2020/21, BHA will face challenges not only from Universal Credit but also the impact that Covid-19 may have on tenants' circumstances.

We anticipate that rent arrears will increase significantly for these reasons, although we are presently within our arrears target (2.9%, compared with the target of 3%). We will seek to mitigate the risks of arrears continuing to increase by:

- Continuing BHA's current disciplines of effective arrears management, as reflected in our long-term performance results¹
- Making contact with all new claimants, where possible, to explain the UC process in relation to rent and to discuss payment options
- Encouraging direct payment of UC housing costs to BHA, and seeking to increase the number of UC recipients who agree to do this.

Welfare Rights/Money Advice

BHA will continue to provide tenants with access to a local money advice service funded by the Association, to help maximise tenants' incomes and their ability to pay rent.

¹ ARC data shows that BHA's 5-year average gross rent arrears figure is 3.3%, for the period 2014 to 2019. This is substantially better than the Scottish national average for the same period (5.4%).

We will continue to work in partnership with Provanhall and Gardeen Housing Associations, and with Connect Community Trust which is employer for the post which meets the needs of all three housing associations. Following a change in staff, Connect has appointed a new worker to provide this service who took up post in July 2020.

Homelessness

The Association was unable to accept section 5 referrals during the initial stages of the pandemic, but we are continuing to support the housing of homeless persons by providing Glasgow City Council with void properties for use as temporary furnished flats (TFFs). To create more opportunities for rehousing, we are planning to carry out some internal transfers and possibly convert some existing TFFs to permanent section 5 lets.

The Council has set us a target of 35% of all BHA lets, which we consider to be unrealistic based on past performance in making competent referrals to us. We also have concerns that setting the target at this level will restrict access to rehousing for applicants in other categories who also have pressing types of housing need.

Service Development

Options appraisal of district heating prepayment metering system

BHA is currently examining the feasibility of introducing a district heating prepayment metering system, for the 58 properties we own that are covered by district heating. The ambition is to put residents in charge of their heating consumption and costs and to save money on their energy bills.

There are two separate, interconnected elements to this piece of work:

- We are considering changing the pre-payment charging system supplier (Insite) who deals with the tenants, to improve customer service and functionality.
- Simultaneously, heat meters within each property are coming towards the end of their useful life and will require to be replaced in the next 2-3 years. The meters measure the amount of energy being used and transmit this to the Insite meter (via cabling) in order that Insite know what is to be charged to the occupant.

We will address these issues by carrying out an options appraisal during 2020/21. This would have to consider the costs of moving to a new pre payment firm (new meters and install costs + ongoing charges to occupants) versus remaining as is, and also look at how we replace the Heat Meters. The first change is not essential, but may be desirable, whereas the second is essential as the Heat Meters will become much less accurate over time impacting on the charging strategy and so on.

Resident Involvement

Having had recent success in encouraging BHA tenants to participate, we will aim to build on this during 2020/21. We will offer a range of ways for residents to engage with us, from larger-scale events such as the annual Gala Day, to smaller and more targeted groups – e.g. recent work with over 60s residents.

Digital Access to BHA's Services

BHA has recently introduced a number of enhancements via the SDM Web Portal, to give tenants greater choice about how they wish to use BHA's services. We have been promoting the Portal during lockdown, and carrying out an exercise to significantly increase the number of tenant email addresses we hold.

The Portal allows tenants to access current arrears, recent payments, print rent statements, request and view recent repairs, view the progress of outstanding repairs and make online payments. We have introduced text messaging as an integral element of the SDM software.

We have also introduced the SDM Customer Relations module. This makes dealing with customer queries more efficient as all contact details, recent repairs history and rent account transactions are available on one screen preventing the need for access to various different modules. This produces a benefit for tenants as it allows us to deal with enquires more quickly and effectively.

In 2020/21, we will monitor the effect of these changes and promote their use by BHA tenants who wish digital access to services. This is an opportune time to do so, since traditional methods such as visiting the office are restricted by the Covid-19 virus.

Community Regeneration

Our successful programme of community regeneration will be more important than ever, due to the anticipated social and economic impacts of Covid-19. Working alongside local delivery partners, BHA's priorities in 2020/21 will combine established and new services/activities:

Established

- Continuation of the Modern Housing Apprentice Project
- Continuation of FARE's work providing activities in the community hall.

New

- Land Transfer in Rogerfield to develop a community greenspace
- Growth through Growing which is about promoting and supporting grow your own in tenants' private gardens
- A Community Chest

BHA will continue to work with our subsidiary Blairtummock and Rogerfield Opportunities Ltd (BRO). BRO will provide services to BHA under service level agreements in three areas (Grounds Maintenance, Stair Cleaning, and Gutter Cleaning), as well as void clearances, handy man service and other ad hoc repairs/maintenance when commissioned by BHA. Providing jobs and apprenticeships is key to BRO's remit and this contributes to BHA's community regeneration objectives.

Performance Management

The Management Committee has set a number of targets and key performance indicators for 2020/21, as shown in Appendix 6. In view of the situation with Covid-19, and depending on how long the current restrictions on service delivery last, these may become less relevant or unachievable as 2020/21 progresses.

CHAPTER 7

Governance, Leadership and Organisational Management

Business Plan Objectives

Good governance will help BHA to achieve all six of our strategic objectives. This is recognised explicitly in the following BHA strategic objective:

- Ensure we are well governed and have the skills and knowledge required in the Association.

Decision-making structures and delegated authority arrangements are unchanged since the 2018 Business Plan, other than interim changes made in response to the Covid-19 emergency. As a result:

- Management Committee (MC) meetings are taking place using online technology
- In the initial stage of the emergency, we are focusing MC meetings on essential decision-making and ensuring that the MC is informed about the Association's response and resilience. The MC has formally delegated emergency powers to the Office Bearers and Director to deal with emergencies or ensure compliance with public health guidance. Use of these powers is reported back to the MC.

Context

Management Committee Membership

The MC currently has 11 members (see details at Appendix 1).

- All MC members are local residents
- Eight MC members are tenants of the Association and two sharing owners. The remaining MC is an owner occupier..

The MC has three Office Bearers – the Chair, Secretary and Treasurer – who are elected annually by the MC. The current Office Bearers are:

Chair: Gary Wood

Secretary: Margaret Pirrie

Treasurer: Irene Black

All of our Committee members are volunteers who contribute their knowledge, skills and experience for the good of their community.

This has been a feature of BHA since we were first set up more than 30 years ago as part of a Glasgow-wide initiative to transfer the ownership and management of housing to local communities. We ensure that committee members receive feedback, training and any other support needed through annual review meetings and training opportunities provided through EHRA and other support organisations such as SHARE and EVH.

Senior Staff Structure

BHA's full organisational structure is also shown at Appendix 1, along with short biographies of our senior managers. The MC delegates responsibility for BHA's day to day running to the Director, who in turn is supported by the other members of the Management Team (Housing Services Manager, Finance Manager and Community Regeneration Manager).

Organisational Management

ICT

BHA replaced our server in June 2020, as part of our normal cycle for hardware replacement. We have also provided laptops to staff who requested one, to assist with home working.

Staff wellbeing

BHA has a good track record in supporting a number of successful staff wellbeing initiatives, from resilience and mindfulness practice to a cycle to work scheme.

During the time that staff have been working from home, we have issued guidance on Health and Safety, as well as reminding staff to take proper breaks and to avoid working late. We are not monitoring hours and are accommodating child care needs when arranging meetings etc. We have been bringing people together every fortnight for an hour and do a quiz.

We will continue this work throughout 2020/21, as we all continue to work through the issues raised by the Covid-19 pandemic.

Staff pensions

MHA closed the SHAPS defined benefit scheme some years ago, based on the increasing level of employer contributions required and affordability for staff. We will, however, have to continue to meet SHAPS past service deficits, and these are factored into the Association's budgets and cashflows.

Business Plan Priorities 2020/21

Governance

- 1) To commission and complete an external review of BHA's governance, followed by an internal audit of governance practice.
- 2) To carry out the annual reviews of committee members' skills and contributions, and implement an updated committee training plan.
- 3) To continue to develop our approach to succession planning, implementing the new process agreed as part of the 2020 review of the succession planning policy.
- 4) To continue implementation of the action plan put in place following BHA's 2019 self assurance review and complete the 2020 Annual Assurance Statement (guidance awaited from SHR on the requirements for Annual Assurance Statements in 2020, in light of the situation with Covid-19).

- 5) To monitor the approved business plan for BRO.
- 6) To review the role and responsibilities of BHA sub committees, following completion of the governance self assessment.
- 7) To work with a local group to help establish a youth committee for BHA

Organisational Management

- 1) Ensure business continuity, by enabling BHA staff to work from home with reliable access to the Association's systems
- 2) Continue to give priority to supporting the wellbeing of staff during the Covid-19 emergency

CHAPTER 8

Rents and Affordability

Business Plan Objectives

The Association's rental policies contribute to the following BHA strategic objectives:

- Provide high quality and affordable services, homes and environment for our community.
- Maintain BHA's financial strength and continued viability ensuring value for money.

and to the achievement of

Safeguarding BHA's resilience and supporting BHA's tenants and the community during the Covid-19 pandemic and its aftermath.

Context

Along with service quality and tenant satisfaction, rent affordability is one of the most important factors the MC considers in seeking assurance about value for money.

BHA's Average Rent Levels

BHA has a long history of charging rents that are extremely competitive in relation to sector averages. This has been due to the Management Committee's wish to keep rents as affordable as possible, as well as low levels of debt and low operating costs.

BHA's average weekly rents for 2020/21 are shown below.

| House Size | Current Year 2020/21 | 2019/20 |
|-----------------------------|-------------------------|---------|
| 2 Apt | £65.10 | £62.75 |
| 3 Apt | £72.05 | £69.58 |
| 4 Apt | £80.33 | £80.08 |
| 5+ Apt | £87.09 | £90.66 |
| Total - Average weekly rent | £73.05 | £71.14 |

In setting rents for 2020/21, the Association implemented the recommended rents associated with our rent restructure (see below), rather than the normal practice of stating a percentage by which all rents would increase.

The following table illustrates how our rents in 2019/20 compared with other landlords.

| Measure | BHA | EHRA Average | Glasgow HA | Scottish Avg |
|-----------------------------|--------|-----------------|---------------|-----------------|
| 2 Apt | £62.75 | £64.42 | £76.91 | £76.10 |
| 3 Apt | £69.58 | £70.33 | £81.84 | £77.70 |
| 4 Apt | £80.08 | £79.39 | £95.68 | £84.43 |
| 5+ Apt | £90.66 | £90.09 | £104.80 | £93.49 |
| Total - Average weekly rent | £71.14 | £72.85 | £83.51 | £79.07 |

As can be seen, BHA and EHRA average rents were substantially below the national average in all cases and £12 to £16 a week less than the rents charged by GHA.

Rent Restructure 2020/21

BHA has implemented a new rent structure, effective from 1 April 2020. This was carried out because BHA's existing rent structure had become complex and difficult to understand. BHA also wished to address differences between the original stock and additional properties purchased through stock transfer.

BHA worked with tenants and specialist consultants to arrive at a new system that is fairer and easier to understand. Tenants and BHA's Management Committee each had a strong preference for a much simpler rent structure based only on property size and types, and this is the solution that has now been adopted.

The restructure outcomes do not increase BHA's overall income, instead some tenants will pay more and others less in order to achieve greater fairness in rent setting for comparable properties.

For tenants whose rents will go up, increases in any one year are capped at no more than £5 per week until the "new rent figure" is reached. Some rents will reach the new rent figure in year 1 or year 2, and a small number will take up to 4 years for the new rent figure to be reached.

In the longer term, BHA's future budgets and cashflows assume that rents will increase in line with inflation only, to help keep rents affordable. Current rent levels also give headroom to introduce rent increases, if this was unavoidable to manage future risks.

Rent Affordability

The affordability test set by the Association is based on a rent: income ratio of 25%, meaning that **rent should be no more than 25% of household income**.

North Star Consulting prepared a rent affordability assessment during the rent restructuring review, and BHA has further developed this in the course of preparing the Business Plan Update.

SFHA Affordability Tool

North Star Consulting analysed BHA rents by house size, comparing them with the income levels assumed in the SFHA Affordability Tool, market rent levels and the Local Housing Allowance.

In the following table, the percentages shown in the column shaded green represent the results of the affordability tests using the SFHA Tool.

Table 1: Affordability Results, using the SFHA Affordability Tool

| Bed Size | Rent | Household Type | Rent as % of Income | % of Market Rent | % of LHA | Income after rent |
|----------|--------|----------------------------|---------------------|------------------|----------|-------------------|
| 1 bed | £59.72 | Single Person | 20.9% | 47.1% | 64.9% | £225.57 |
| 1 bed | £59.72 | Couple = 1xFT, 1XPT | 14.0% | 47.1% | 64.9% | £368.22 |
| 1 bed | £59.72 | Couple = 2 FT | 10.5% | 47.1% | 64.9% | £510.86 |
| 1 bed | £59.72 | Pensioner Couple | 14.0% | 47.1% | 64.9% | £368.22 |
| 1 bed | £59.72 | Single Pensioner | 19.0% | 47.1% | 64.9% | £254.10 |
| 2 bed | £67.25 | Single Parent (1 child) | 18.1% | 41.9% | 57.7% | £303.63 |
| 2 bed | £67.25 | Single Parent (2 children) | 14.7% | 41.9% | 57.7% | £389.21 |
| 2 bed | £67.25 | Small Family (2 children) | 11.2% | 41.9% | 57.7% | £531.86 |
| 3 bed | £76.43 | Small Family (2 children) | 12.8% | 47.7% | 65.6% | £522.68 |
| 3 bed | £76.43 | Large Family (3 children) | 11.2% | 47.7% | 65.6% | £608.27 |
| 4 bed | £84.14 | Large Family (3 children) | 12.3% | 23.9% | 40.8% | £600.56 |

The results show that:

- The BHA rents for all house sizes and household types fell comfortably within the target rent: income ratio of 25%, with only one household type slightly above 20%.
- All of the BHA rents were less than half those charged in the private rented sector, and comfortably within the Local Housing Allowance threshold.

Further Assessment of Rent Affordability

The SFHA Affordability Tool does not fully meet BHA's needs, because it is based on higher incomes than many BHA tenants in low paid work would typically have. In addition, the SFHA Tool incomes are too high to qualify for benefits, whereas BHA has many tenants who rely on both wages and benefits to make ends meet.

BHA has carried out further testing, to go deeper into the specific circumstances that often affect affordability for tenants in low-paid work. To do this, we have examined:

- **Number of hours worked per week** – working less than full-time hours is not always a positive choice, it can also be the result of zero hours contracts where the worker has no control over their hours or working pattern
- **Level of earnings** – most of the tests we have carried out are based on the Minimum Wage, but we have also tested the Living Wage and a higher levels of earnings of £20,000 per year which works out at £11 per hour for somebody working full-time
- **Whether a household has one or two people in work**
- **Eligibility for Universal Credit (UC)** - we tested this rather than housing benefit, since UC is now the way of receiving help with housing costs for new tenants and for those whose circumstances have changed.

The results are shown in Table 2 and are based on BHA's average rents for 2020/21. The total income column includes earnings from work, and any Universal Credit the household would qualify for. The last column of the table is colour-coded as follows:

- **Green shading** means that BHA's target rent: income ratio of 25% or less of household income is achieved
- **Pink shading** means that the rent: income ratio is greater than 25%.

Table 2: Affordability Results for households working for low wages

| Household Composition | Employment Profile | Total income (monthly) | Rent:income ratio |
|---|--|------------------------|-------------------|
| 2 APT | | | |
| Couple age >25 years | 1 partner works full-time at Min Wage 1 partner works 20 hours per week at £11 per hour | £2,136 | 13% |
| Couple age >25 years | 1 partner works full-time at £11 per hour | £1,439 | 20% |
| 1 adult working age, >25 yrs | Works 35 hours per week for Living Wage in Scotland hourly rate | £1,264 | 22% |
| 1 adult working age, >25 yrs | Works 35 hours per week for Min Wage | £1,204 | 23% |
| 1 adult working age, >25 yrs | Works 21 hours per week for Min Wage | £901 | 31% |
| 3 APT | | | |
| 2 parents, 2 children | 1 parent works full-time for £11 per hour | £2,139 | 15% |
| 2 parents, 2 children | 1 parent works full-time for Min Wage | £2,053 | 15% |
| 2 parents, 2 children | 1 parent works 28 hours per week at Min Wage | £1,986 | 16% |
| 1 parent, 2 children | Parent works 21 hours per week for Min Wage (child care costs netted off UC payment) | £1,716 | 18% |
| 1 parent, 2 children | Parent not working | £1,238 | 25% |
| 4 APT | | | |
| 2 parents, 2 children | Both parents work full-time for Min Wage | £2,534 | 14% |
| 2 parents, 2 children | 1 parent works 28 hours per week at Min Wage 1 parent works 16 hours per week at Min Wage | £2,246 | 15% |
| 5 APT | | | |
| 2 parents, 3 children, 1 grandparent | 1 parent works full-time at Min Wage | £2,247 | 17% |

Comments and Conclusions

The results shown in this chapter provide assurance that BHA rents are affordable at the 25% ratio, for all but one of the household types earning very low wages (single person working 21 hours per week at the Minimum Wage).

Table 2 shows that even with help from Universal Credit, those on the lowest earnings will generally spend a bigger share of their household income on rent compared with tenants who have higher earnings (Table 1).

Affordability results are better for households with children, this has long been built into the system

of tax credits and now Universal Credit. The calculations in Table 2 do not include child benefit as household income, since this is money that should be spent on the child rather than household bills such as rent.

The household types that fare least well are single people working full-time or part-time for the Minimum Wage, and single parents who are not in employment and have dependent children.

In this respect, BHA's results are typical of the picture across the housing sector. This is because the tax and benefit systems treat single people less favourably than households with children. Single people may find it much harder to afford a tenancy, unless they are in better-paid employment. This is also the case for single people under 25, where North Star's report shows that even with BHA's low rents, younger people will find it extremely difficult to afford a tenancy.

CHAPTER 9

Strategic Risk Assessment

Business Plan Objectives

The Association's identification and management contributes to the achievement of all of BHA's strategic objectives. Effective risk management has become more important than ever, due to the Covid-19 pandemic and current high levels of economic uncertainty.

Strategic Risk Register and Key Risks

The Association's Strategic Risk Register is included in the Business Plan, at Appendix 5.

BHA's risk assessment method follows HM Treasury guidance by examining identified risks for **inherent risk** (the level of risk if no action is taken) and **residual risk** (the level of risk after measures to control it are applied).

BHA's method also assesses the likelihood and potential impact of each risk. This involves scoring likelihood and impact from 1 to 5, using the scoring descriptions shown in the 'heat map' graphic below.

| | | | | | | |
|------------|---------------------------|-------------|---------------|---------------|---------------|----------------------|
| Impact | Extreme/catastrophic 5 | 10 | 15 | 20 | 25 | 30 |
| | Major 4 | 8 | 12 | 16 | 20 | 24 |
| | Significant 3 | 6 | 9 | 12 | 15 | 18 |
| | Moderate/minor 2 | 4 | 6 | 8 | 10 | 12 |
| | Insignificant 1 | 2 | 3 | 4 | 5 | 6 |
| | | 1 Remote | 2 Unlikely | 3 Possible | 4 Probable | 5 Highly Probable |
| Likelihood | | | | | | |

The two scores are multiplied and then the score for impact is added again, to clearly highlight risks that have the greatest potential impact. In the heat map:

Red means the residual risk score is 15 or more

Amber – risk score is between 8 and 12

Blue or green – risk score is 7 or less

BHA's Most Significant Strategic Risks

The Risk Register is a snapshot of risks at a given point in time. For example, Covid-19 would not have appeared on a risk map prepared six months ago, whereas it has very quickly become the highest-scored risk in the whole Risk Register.

The categorisation of risks at the time of the Business Plan Update is shown in the following summary table. This is based on **the eight risks that have been scored most highly based on residual risk**, which is the level of risk that remains after measures to control it have been applied.

The summary table deals only with describing the risks and their possible impacts/triggers, and how they have been scored. The actions BHA is taking to mitigate each risk are described in the Risk Register itself. For example, the BHA Business Continuity Plan is updated continuously to take account of Covid-19 risks and the measures that the Association has put in place, or may need to put in place.

Risk Register Summary: BHA's "Top 8" Risks

| RISK & POTENTIAL IMPACTS | RISK SCORE (RESIDUAL) | |
|--|-----------------------|-----------|
| Failure to ensure business continuity in the event of Covid-19 emergency Risk Factors: <ul style="list-style-type: none"> • Outbreak of infection among staff and/or community • Staff/contractors not wearing PPE • Isolation and lack of support for vulnerable residents • BHA systems do not support homeworking • Damage to BHA property/assets • Potential for financial losses, legal action, damage to BHA's reputation and standing in the community • Uncertainty about BHA's financial resilience in the post-emergency period Risks could result in: <ul style="list-style-type: none"> • At worst, illness or loss of life • Inability to provide a service (e.g. tech issues or staff illness) • Significant increase in rent arrears if tenants who are able to do not pay rent • Disruption to BHA's governance • Deterioration in MHA's financial resilience, which could lead to weaker cashflows and the need for higher rents and reduced spending on BHA's services and homes | Impact | 5 |
| | Probability | 5 |
| | Score | 30 |
| Reductions in BHA income and tenant ability to pay rent due to Universal Credit <ul style="list-style-type: none"> • Steady increase in number of tenants on UC • Arrears occur on new tenancies due to UC payment waiting time • Jobcentre Plus in Shettleston is not easily accessible • Benefits sanctions • Barriers to applying for benefits online • Rent collection demands reduce staff time available for other essential work | Impact | 4 |
| | Probability | 5 |
| | Score | 24 |

| RISK & POTENTIAL IMPACTS | RISK SCORE (RESIDUAL) |
|---|--|
| Impact of external political/financial factors create threats to BHA's Business Plan For example, as a result of Covid-19 and Brexit <ul style="list-style-type: none"> • Increase in unemployment and reduced ability to pay rent • Possible increases in inflation and interest rates • Possible increase in repairs and maintenance costs if imports cost more • Increased risk of contractor financial failure • Increase in BHA's operating costs | Impact 4 Probability 4 Score 20 |
| Failure to meet tenant safety obligations <ul style="list-style-type: none"> • Risk of harm to tenants • Regulatory attention (HSE and/or SHR) • Damage to BHA's reputation | Impact 4 Probability 3 Score 16 |
| GCC cut backs have an adverse impact on the local environment and residents' quality of life. <ul style="list-style-type: none"> • Pressure on BHA to "fill the gaps" at extra cost, to maintain quality of the neighbourhood environment | Impact 3 Probability 4 Score 15 |
| Failure by Management Committee to exercise sound governance, leading to regulatory intervention <ul style="list-style-type: none"> • Breach of Regulatory Standards • Notifiable Events and whistleblowing complaints | Impact 3 Probability 3 Score 12 |
| SHR moves BHA to medium or high engagement, with resulting risks for covenant compliance <ul style="list-style-type: none"> • SHR scrutiny, leading to possible intervention and associated costs • Threat to BHA's continued independence in the worst case scenario | Impact 4 Probability 2 Score 12 |
| Failure to respond appropriately to the threat of cyber attacks <ul style="list-style-type: none"> • Disruption to BHA's operations • Data loss • Damage to BHA's operations | Impact 3 Probability 3 Score 12 |

Business Plan Priorities

The Risk Register will be reviewed and updated by the Director, with input from BHA's managers, each quarter and is then reported to the Management Committee. Committee reporting is currently on a three-month cycle, to reflect the increased level of risk associated with Covid-19 and other external factors.

The Committee's role is to review any material changes to existing risks, any new risks that have emerged, and any areas where action is needed to safeguard the interest of the Association and

its tenants and service users.

In addition, BHA will have two internal audits carried out in 2020/21, on our management of GDPR and on BHA's governance.

CHAPTER 10

Financial Plans and Projections

Business Plan Objectives

Sound finances and strong financial management are the foundation for achieving all of BHA's strategic objectives. This is recognised in the following BHA strategic objective:

- Maintain BHA's financial strength and continued viability ensuring value for money.

Context

This chapter provides an overview of BHA's financial position, drawing on the detailed data contained in our budgets, financial projections and audited accounts.

The chapter provides information in the following areas:

- Financial objectives
- The main assumptions used in our financial planning
- Financial viability
- The stress testing carried out to assess the resilience of the business plan
- Compliance with covenants.

Financial Objectives

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 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.

Summary of Key Assumptions used in BHA's Financial Projections

The **main assumptions** used in the 5- and 30-year financial projections are shown below table.

| Budget Heading | Assumptions used |
|---|---|
| Inflation | 2% increase per annum |
| Interest rates on loans | Gradually rise from 5% in year 5 to 5.5% by 2036 and remain at that level for the remainder of the plan |
| Rents, factoring and service charges | Years 1 to 5: There shall be no inflationary uplift to rents as part of the Rent Harmonisation plan in years 1 and 2. In years 3 and 4 most tenants will move back onto a projected inflationary increase of 2% per annum with all tenants having moved onto an inflationary uplift of 2.2% by year 5 Then increase by 2% per annum (assumed rate of inflation only) from year 5 onwards |
| Wages | Increase by 2% per annum (assumed rate of inflation only) |
| Insurance costs | Increase by 3% per annum from year 5 to year 30 |
| Reactive repairs | Years 1 to 5: Increase by inflation rate of 1.5% in year 1 incrementally to 2% by year 5. Then reduce to 75% of year 5 costs plus inflation (to reflect the ongoing investment in stock), followed by prior year plus inflation thereafter |
| Major and cyclical repairs | Based on cost/programme proposals prepared by Housing Management Team. Next stock condition survey is programmed for 2020/21 (subject to Covid-19 situation permitting access to tenants' homes later in the year), with results feeding through to future financial projections |
| Pension costs | Final salary scheme closed. Outstanding payments to SHAPS are c £95k in 2020/21 and repayment of deficit (c £70k) |

Financial Viability

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

- The Association is projecting that surpluses will be made throughout most of the 30-year period. Though there are periods where it is predicted that borrowing may be necessary, the budgets are prepared on a prudent basis. Should borrowing be necessary, the Association is in a strong position to borrow.

- 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).
- The Association has repaid debt early before and has capacity to do so again. In periods when cash deposits are attracting negligible interest rates, paying off debt can be an efficient use of surplus cash.

Stress Testing

It is important for BHA to assess the risks to the Business Plan and our resilience to withstand these.

The base cash forecast shows that borrowing will not be required until 2032. All repairs and replacement works are expected to be funded through cash reserves and revenue up to that point.

However, there are challenges in predicting and budgeting for unexpected events such as BREXIT and the global Covid-19 pandemic.

The full impact of these events may not be felt for several years. As there is currently little concrete evidence upon which to base assumptions which would support an updating of the base case budget, the budget has been left with the assumptions it contained when it was passed by the Management Committee in January 2020.

At present:

- The Bank of England's initial assessment of the impact of Covid-19 (May 2020) is that the UK economy will experience a deep recession, but that this will be very short-lived and the economy will recover to pre-Covid levels as soon as key sectors are restored to full activity;
- On Brexit, a number of commentators have expressed concern about the economic fallout if the UK fails to achieve trade agreements by the deadline of 31 December 2020, but the UK Government is expressing positive views about future economic prospects even if trade agreements are not concluded by the end of the year.

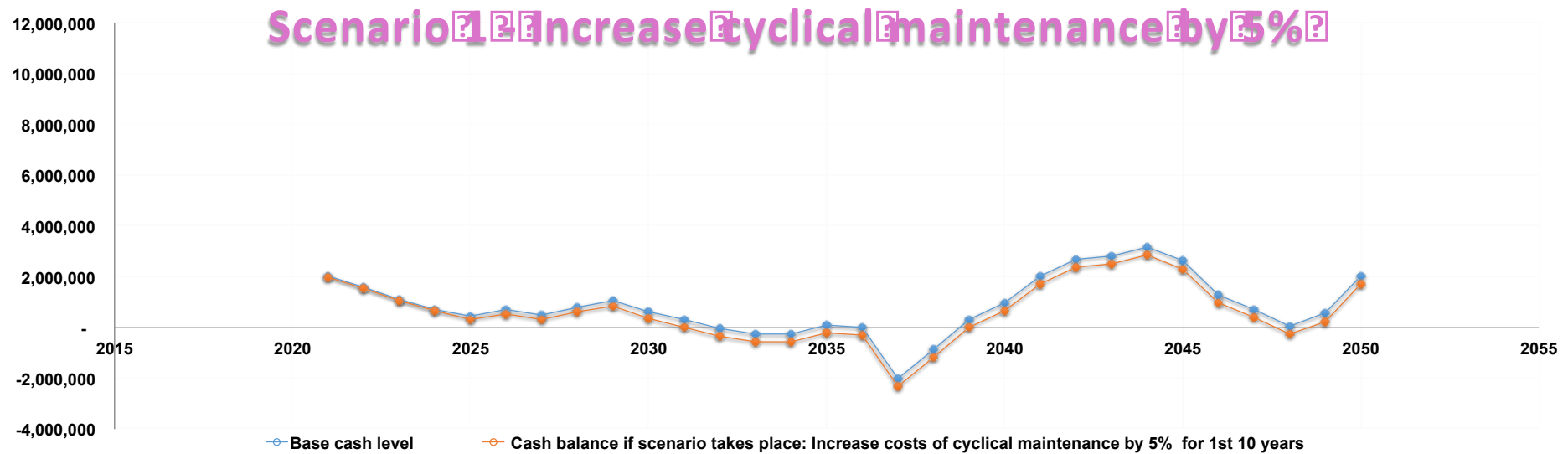
The Association will continue to track developments during 2020/21 and we have made allowance for the potential impact of adverse changes to key variables within our financial projections. In this regard, we have addressed five stress testing scenarios:

- 1) Increase the cost of cyclical maintenance by 5% for first 10 years of the projection
- 2) Salary costs increase by 1% each year for the first 10 years of the projection
- 3) Rents do not increase from year 3 for a further 5 years
- 4) Increase cost of reactive, major and minor repairs by 5% for first 5 years of the projection
- 5) Increase bad debts by £50,000 per annum for first 5 years of the projection

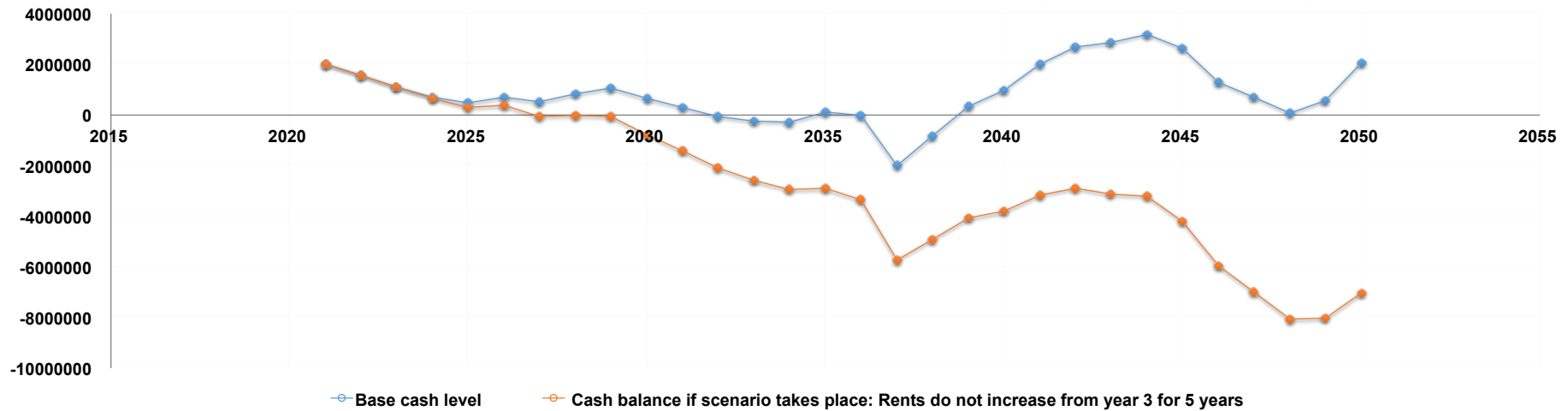
Of these five scenarios, only test 3, where there is a period of rents not increasing, shows the expected cash balance dipping below zero (borrowing required) before 2032, in this case in 2027.

This scenario is the one over which the Association has the greatest control, should corrective action be needed to preserve the financial position.

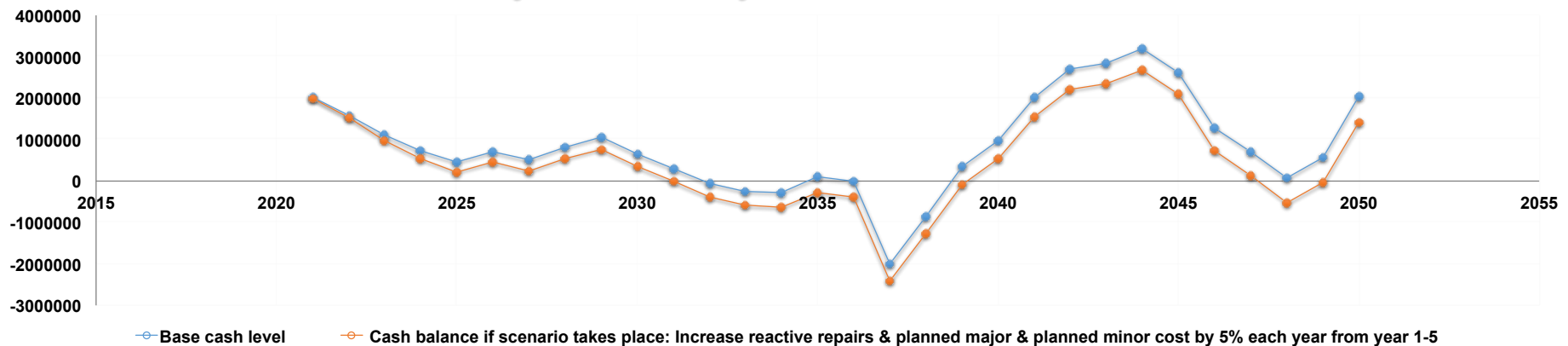
The graphics on the following pages provide a visual representation of each scenario.



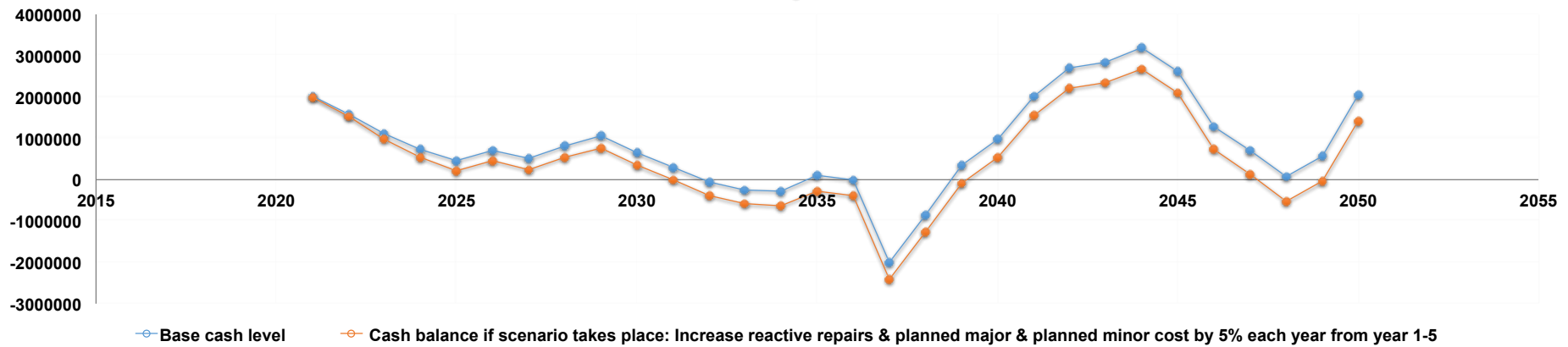
Scenario 3: Rents do not increase from year 3 for 5 years



Scenario 4: Increase reactive repairs cost by 0.5% each year from year 6 onwards



Scenario 5: Increase bad debt by £50,000 per year for 1st 5 years



Covenant Compliance

Loan Covenant Calculation

| | | | | | |
|--------------------------------------|--------------|--------------|--------------|--------------|-------------|
| Operating surplus/(deficit) | (1,132,478) | (199,960) | (298,776) | (282,460) | (175,841) |
| Add back | | | | | |
| Bank interest receivable | 13,693 | 6,826 | 4,624 | 2,255 | 310 |
| Depreciation (housing) | 678,297 | 707,633 | 717,314 | 736,727 | 757,200 |
| Planned maintenance (see note below) | 1,698,858 | 849,863 | 826,232 | 721,822 | 127,141 |
| Net operating surplus | 1,258,370 | 1,364,362 | 1,249,394 | 1,178,343 | 708,810 |
| Interest Payable | 112,928 | 108,416 | 103,725 | 98,843 | 93,761 |
| INTEREST COVER** | 11.14 | 12.58 | 12.05 | 11.92 | 7.56 |

**** Clydesdale Bank covenant is 1.2 times**

There is also a loan to value covenant requirement which is currently well met.

We provide the Management Committee with confirmation of compliance as part of BHA's Management Accounts. Compliance testing is also carried out as part of the financial projections, and we expect that existing loan covenants will continue to be met comfortably.

Later in 2021/22, we plan to discuss the release of security with the Clydesdale Bank as we have repaid a significant amount of loans in the past 3 years. This has been delayed due to the Coronavirus pandemic.

Treasury Management

BHA has loans from Nationwide Building Society and Clydesdale Bank. As at the end of Financial Year 2019/20 £3.573 million remains to be paid with £182,703 of that due in 2020/21.

Nationwide holds security over 184 properties and Clydesdale Bank currently over 170.

Cash flow projections have shown that the repayment of capital and interest can be met without recourse to refinancing.

The loans are due to be repaid between 2029 and 2040.

Loan Portfolio

| Lender | Maturity | Fixed or Variable |
|------------|----------|-------------------|
| Nationwide | 2035 | Variable |
| Nationwide | 2036 | Variable |
| Nationwide | 2036 | Variable |
| Clydesdale | 2029 | Variable |
| Clydesdale | 2040 | Fixed |

Investments

Blairtummock Housing Association complies with the CIPFA code on Treasury Management and focuses primarily on protecting invested capital.

Deposits are reviewed quarterly by the Finance and Audit Committee.

Liquidity is monitored and investments altered in line with projected cash needs.

Treasury Management

The main treasury management issues likely to arise during 2020/21 are as follows:

- The external economic environment will be monitored closely, to provide early warning of any factors that will increase BHA's costs or reduce its income.
- BHA has financial capacity to raise additional loan finance if required, but does not anticipate that this will be necessary for the purposes of the services and future investment shown in the Business Plan.
- The financial projections confirm that BHA will be able to meet loan covenants. Covenant compliance assessments will be reviewed quarterly and reported to committee.
- BHA will review the securities it has given for loans, and this will inform any proposals to rationalise loan securities where this would be beneficial to the Association.

CHAPTER 11

Implementing and Reviewing the Business Plan

Roles and Responsibilities

The Director is accountable to the Management Committee (MC) for managing the Association's overall performance, including the delivery of the Business Plan and the priorities it sets out.

MC scrutiny will include:

- Reviewing overall performance in relation to the Business Plan twice a year, at the mid-year point and when approving the following year's Plan.
- Reviewing financial and services performance, including targets or key performance indicators, as part of the ongoing cycle of committee meetings during the course of the year.

Oversight of Risks

The Director will maintain oversight of risks, and report to the Management Committee any emerging risks to the Association's strategic objectives, financial position or reputation. As directed by the MC, the Association may undertake additional risk analysis and reporting for business areas that are considered to involve higher levels of risk to BHA.

Internal Communications

The Director will discuss the Business Plan with the staff team, including the associated action plans by service/business area. The aim will be to give all colleagues a strong connection with BHA's organisational aims and priorities and their role in helping to meet these.

Annual Business Plan Updates

The next Business Plan Update will cover the period 2021/22. The main purpose of the Update will be to:

1. Confirm that the current strategic objectives continue to be appropriate.
2. Update the strategic analysis, to identify changes that could affect our strategy or risk exposure.
3. Review achievement against the Action Plans for the previous year, and prepare new Action Plans and targets/key performance indicators for the year ahead.
4. Update the strategic risk register.
5. Update the financial projections for the next 5 and 30 years, with appropriate stress testing carried out.

The completed Business Plan Update document will be presented to the Management Committee for approval no later than the end of June 2021. In the following year (2022/23), the Association will produce a new Business Plan.