



Business Plan 2022/23 to 2024/25

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June 2022**

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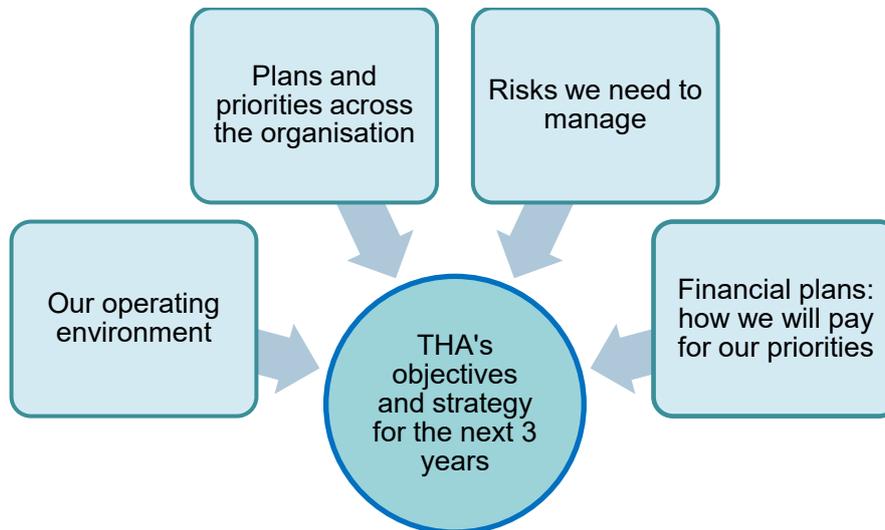
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EXECUTIVE SUMMARY

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

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



About Tollcross Housing Association

THA is a community-controlled housing association and an independent not-for-profit social business. We own and manage 2,284 homes for social rent, and we are the property factor for over 590 properties. All of our housing is located in the adjoining areas of Tollcross, Lilybank/ Newbank and Carmyle.

THA is led by an experienced and capable Management Committee. Our Committee members are volunteers who have a wide range of skills including strong local insight into the needs of our customers and community. The Committee is responsible for providing leadership and direction, while operational management is led by the Chief Executive and Leadership Team.

THA was set up in 1974, to address slum housing conditions in pre-1919 tenements in Tollcross. Over the years we have substantially exceeded that remit by:

- Establishing community ownership of housing in our area
- Acquiring and improving over 570 pre-1919 tenement flats
- Purchasing 1,582 homes from Glasgow Housing Association, following successful ballots of tenants in favour of stock transfer to THA
- Securing substantial public and private investment to create new and improved homes
- Managing our housing in a way that is responsive to local needs
- Investing in services and activities beyond housing that benefit the community
- Offering tenants good quality homes at affordable rents.

Operating Environment

We have used the business planning process to identify external and local factors that impact our business strategy and what THA's response should be. This is essential at the present time, when businesses of all types are exposed to a wide range of uncertainties and risks. These include:

- The residual risks associated with the Covid-19 pandemic and the need to address the legacy of social and health harms that the pandemic has left behind.
- The impact of high inflation and the cost-of-living crisis on THA tenants.
- The impact of inflation and increasing interest rates on THA as a business.
- Increasing property maintenance costs, caused mainly by Brexit and other global economic factors.
- Anticipated acceleration in Universal Credit migration for tenants currently receiving legacy benefits, placing financial pressure on tenants and THA's income streams.
- The developing economic impact of the war in Ukraine, for example turbulence in global energy markets and rising food prices.
- Cuts in Glasgow City Council budgets for essential neighbourhood services which will likely continue if planned cuts in UK public spending take place from 2023/24 onwards.
- Climate change obligations for Scotland's housing to be met over the next 10 years.
- National and citywide asks for accommodation to be let to homeless households.

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

THA's Strategic Direction 2022 to 2025

THA's strategic direction during the business plan period has four elements:

Consolidation and improvement Applicable to our core business as a landlord and property manager
Growth Through the new build opportunities we are taking forward
Partnerships Where this can help to address shared goals and increase capacity and value
Resilience A key priority across all parts of our business

Strategic Objectives and Priorities 2022 to 2025

THA's plans for the next three years are based on **six strategic objectives**. These describe the impact we want to make in our core business as a housing provider, as a partner in supporting our community, and in the management of the Association.

The strategic objectives are set out below, along with the main priorities the Management Committee has set for achieving these.

1

Assess THA's operating environment deliver quality, value for money services that meet our customers' needs

- Assess the affordability of our rents every year
- Deliver to a high standard our full range of housing and property management services
- Regularly review the quality of our services and make improvements where we can
- Restore our performance to pre-Covid levels, particularly for voids and rent arrears
- Use customer engagement, surveys and complaints to involve customers in our work and get their feedback on where THA can do better.
- Carry out customer profiling to understand our customers' needs and aspirations and what they expect from THA.
- Examine how the IT connectivity of tenants' homes can be improved.
- Promote the use of the digital options THA has developed to give customers more choice about how they can use our services.

2

Provide quality homes and neighbourhoods

- We intend to invest c £7.8m in major repairs and renewals to tenants' homes over the next three years
- Increase our investment in pre-1919 tenements in Tollcross, and support efforts to attract new Scottish Government investment in Glasgow's pre-1919 tenements
- Build more new homes across two sites, offering a choice of house types and tenures
- Obtain GCC grants and private finance to fund the development programme and obtain lender approval.

3

Manage our assets well, by spending wisely

- Meet all of our legal obligations for ensuring the safety of our tenants and their homes
- Continually develop our asset management information base
- Improve the energy efficiency of our housing stock
- Develop a plan to comply with the Energy Efficiency Standard for Social Housing by the due date of 2032.

4

Work with local partners to provide support and opportunities to people in our communities

- Consolidate THA's role as a community anchor organisation for Tollcross, Lilybank/ Newbank and Carmyle
- Examine future community aspirations and needs, including issues that have arisen as a result of the pandemic
- Work with the community and local partners/ organisations to help bring relevant services and activities to our community
- Promote regular activities and events that bring people together, tackle social isolation and promote community integration
- Seek community benefits provision from contractors as part of the development programme and other major investments by THA

5

Offer a great workplace environment

- Support our staff through excellent communications and access to learning and development opportunities
- Promote a performance culture across all of THA's teams
- Build on the improved working between teams that our new office building has made possible
- Be ready to respond to any future public health restrictions arising from the Covid-19 pandemic
- Consider longer term options on future working patterns in consultation with staff. This will take into account progress in restoring performance to pre-pandemic levels and customer views about how our services should operate as the Covid threat level hopefully recedes.

6

Make sure that THA continues to be well-governed and financially sustainable

- Implement a new Committee Succession Plan
- Make sure our approach to self-assurance is robust
- Prepare annual budgets and 5-and 30-year projections to ensure the Association's continued viability
- Stress-test our financial business plan annually
- Keep a strong focus on identifying and managing strategic risks

- Ensure we provide value for money across all of THA's service and business areas, based on our rents, customer feedback, efficiency and sticking to our budgets and financial plans.

1. INTRODUCTION

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

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

Local people, local control

By providing quality homes and services, we will create stronger communities and a better quality of life for our customers

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

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

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

Plans must be capable of adapting to changes in circumstances. This is particularly important, as we emerge from the Covid pandemic into a period of economic turbulence that impacts our customers as well as the Association. For this reason, we will prepare **Updates to the Plan** in years 2 and 3 of the planning cycle.

The Updates will be shorter than this year's base Business Plan, but will still review the key strategic, delivery and financial matters and describe our priority actions for the year ahead.

They will take account of changes in our operating environment and within the business, as well as continuing conversations with tenants and residents and our external partners and stakeholders.

The Plan is structured in four parts:

Chapters 2 to 5	<ul style="list-style-type: none">• Contextual information about the Association and our history• Statement of our vision and values, and the strategic objectives the Management Committee has set.• Detailed analysis of our operating environment and how this is likely to shape our plans for the future
Chapter 6	Our business strategy for the next three years, including: <ul style="list-style-type: none">• The principal actions we plan to take• The outcomes we will be looking to achieve
Chapters 7 to 9	Detailed description of current and future issues in each of our main service areas. This addresses customer services, asset management and community regeneration and describes the main priorities we will address in each service area during the first year of the Business Plan (2022/23).
Chapters 10 to 12	Assessment of issues that apply across all parts of the business: <ul style="list-style-type: none">• Corporate priorities and organisational management• Value for money, including rent affordability• Risk management
Chapter 13	Our financial plans and projections.

The Business Plan includes a set of appendices which provide further illustration of issues raised in the main document.

We have reviewed our business planning process this year and as a result have adopted a new planning process for the future, as shown at Appendix 1. The Plan takes account of the Scottish Housing Regulator’s “Recommended Practice” on business planning (2015) and its subsequent guidance (2020) on how the Covid-19 pandemic may affect future strategic and financial planning.

The Covid guidance was produced at a relatively early stage of the pandemic (August 2020) and has been overtaken by events in some respects. Accordingly, we have focused on the parts of the guidance that remain most relevant to the current position with the pandemic and the Association’s context.

2. OUR BUSINESS, HISTORY AND ACHIEVEMENTS

Business Profile

Tollcross Housing Association (referred to in the Business Plan as “Tollcross” or “THA”) is a community-controlled housing association. We are based in the east end of Glasgow, serving the communities of Tollcross, Lilybank/Newbank and Carmyle. We are an independent not-for-profit social business which means that we reinvest any surpluses we make for the benefit of our customers instead of distributing them to shareholders.

Tollcross has the following statutory registrations:

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

An at a glance overview of our business

We are a community-based housing association, registered in 1974	
<ul style="list-style-type: none"> • Governed by a Management Committee made up of volunteers • Core business: Provider of comprehensive housing, maintenance, asset and estate management services • Community anchor organisation for Tollcross, Lilybank/Newbank, and Carmyle • We employ 40.8 FTE office-based staff and 2 support staff • Stable governing body and a committed and professional workforce 	
We own and manage almost 2,300 homes	THA is a significant social business. Our audited accounts (2020/21) show that:
<ul style="list-style-type: none"> • We own and manage 2,284 social rented homes in Tollcross, Lilybank/Newbank, and Carmyle • Our average weekly rent for a 3-apartment property was £75.94 at 31 March 2021 (Scottish average £82.60) • Zero rent increase in 2020/21 (national average 1.2%) • 96% tenant satisfaction rating with THA's overall service (2019 survey, 910 tenants surveyed) (national average 90%) • 2 new build projects under active consideration, scope to provide c 90 mixed tenure homes in the next 3-5 years. Further sites are potentially available. • We also own 12 mid-market rent homes and we are the property factor for over 590 properties 	<ul style="list-style-type: none"> • Our turnover was £9.7m • Operating expenditure costs were £6.4m • 21.6% of turnover was spent on staffing costs • Our net surplus was £2.3m, 24% greater than annual turnover (???) • The net book value of our housing stock was £62.1m • We had £28.3m of bank loans and creditors to be repaid in the long term (at 31.3.21) • We had cash at bank of £10.2m at 31.3.21

Our Story

Registered in 1974, the Association's roots lie in Glasgow's policy of large-scale demolitions of slum housing from the late 1950s/1960s onwards, with people living in established communities being dispersed to a new generation of council houses on the city's outer edges.

The policy was unpopular with many residents whose protests paid off with the creation of new legislation and funding structures in 1974, to address sub-tolerable tenement housing. This facilitated a new breed of housing associations under the leadership of local people – Tollcross among them - which acted as buyers, developers, and managers of tenement housing.

Investment in the city's tenements has proved sustainable over several decades but further significant investment will be needed to maintain this position. This is particularly the case for properties treated on a "patch and repair" basis prior to 1984 when funding became available for a fully comprehensive approach, improving whole blocks to higher standards and changing the mix and size of housing layouts within the tenements. This timeline is key to understanding Tollcross's housing stock today, in particular the smaller flats that were typically produced during the first decade of the Association's history and the investment that will continue to be needed both internally and to the building fabric.

The Association embarked on a relatively small but locally significant programme of new house building from the 1990s onwards. This created greater diversity in house types and sizes, but not enough new homes to meet all of the housing needs present in the area. This sets the context for our continued interest in building more new homes in the years ahead.

A further chapter in Tollcross's history followed in 2011 when second stage transfers to the Association from Glasgow Housing Association were finally completed in Tollcross, Lilybank/Newbank and Carmyle following a seven-year transfer process. The transfer was among the largest in the city and as a result Tollcross's housing stock grew from around 700 homes to more than 2,000 homes, accompanied by substantial growth in our role as an employer.

While we are a very different organisation in many respects to the Tollcross Housing Association of the 1970s, we continue to be a place-based organisation with local leadership that is 100% focused on meeting the needs of the communities we serve.

This continuity of purpose has allowed us to change and adapt with the times, over more than 45 years. A selection of our achievements during that time is shown below.

Our key achievements 1974 to 2022: a selection

- Acquiring and improving over 570 tenement properties.
- Improving a further 300 properties on behalf of other owners and providing a factoring service to more than 500 properties in private ownership. This in turn has helped to promote good standards of neighbourhood management.
- Building over 300 new homes to complement the tenement rehabilitation programme, address housing mix imbalances, and meet particular needs.
- Investing millions in tenants' homes to date in comprehensive programmes of major repairs and planned maintenance. These programmes have provided new kitchens, bathrooms, windows, central heating systems etc. and have improved the energy efficiency of tenants' homes.
- Bringing community ownership to 1,582 homes in Tollcross, Lilybank/Newbank, and Carmyle, following successful tenant ballots in favour of stock transfer in 2011
- Supporting a wide range of wider action projects, to benefit residents and their local communities.
- Developing the Tollcross Advice and Learning Centre which first opened its doors in 2006 and which has provided a wide range of service and supports offered by the Tollcross Community Trust, Glasgow Kelvin College and others.
- Consistently achieving high standards in meeting the Scottish Social Housing Charter.
- Obtaining valued input to developing and improving our services through our long-standing partnership with the Performance Improvement Network and Performance Improvement Loops.
- Offering highly competitive rents in comparison with our peers and national averages.
- Taking customer feedback and complaints seriously and being open and transparent about lessons learned.
- Continuing to provide our sheltered housing service, after GCC withdrew revenue funding from all such sheltered provision in the city.
- Securing outstanding tenant satisfaction results. Currently, we have positive satisfaction ratings of 96% for the overall service we provide (national average 89%) and 98% for the value for money of the rents our tenants pay (national average 83%).

While we take pride in our achievements, there is always more to be done to deliver the best possible results for our customers and the wider community. That is the foundation for this Business Plan which sets out our plans and proposals for the next three years.

3. VISION, VALUES AND STRATEGIC OBJECTIVES

Our Vision

Our vision is:

Local people, local control

By providing quality homes and services, we will create stronger communities and a better quality of life for our customers

Our Values

As a charity and a community-controlled housing association, THA's values are based on valuing and respecting our customers; our Committee members; our staff; and our partners. We will always strive to be:

- ***Focused on the needs of our customers and communities***
- ***Open and accountable***
- ***Inclusive and respectful***
- ***Supportive of our staff and Committee members***
- ***Responsible, efficient and innovative***
- ***Fair and trustworthy***

Equality is central to our values. We will reflect this in our work and promote fair treatment and equal access to services and opportunities when working in our own right and when we are working with others.

Future Direction, Strategic Objectives and Business Strategy

Strategic Direction

THA's strategic direction during the business plan period will be:



We do not intend to carry out a strategic options appraisal of our current organisational form at the present time since we are financially secure, are performing well in service delivery, have high levels of tenant satisfaction and offer affordable rents. Accordingly, we believe that the Association can continue to deliver high standards for tenants.

We may consider carrying out options appraisals for specific initiatives or business areas, where this would add value to our decision making.

Strategic Objectives

The Management Committee has set **six strategic objectives** for the period 2022/23 to 2024/25.

These are the overarching goals we have set, in particular the impact we want to make in our core business as a housing provider, as a partner in revitalising our communities, and in the management of the Association.

Strategic Objectives 2022/23 to 2024/25

Services	Deliver quality, value for money services that meet customers' needs
Homes and neighbourhoods	Provide quality homes and neighbourhoods
Assets	Manage our assets well, by spending wisely
Communities	Work with local partners to provide or enable services and activities that benefit local people and our communities as a whole
Our people	Offer a great workplace environment that produces a positive staff culture and highly engaged staff.
Leadership and Financial	Maintain good governance and a strong financial business plan, to ensure we have the capacity to achieve our goals.

The strategic objectives and consideration of our operating environment are the key drivers for the Association's business strategy.

Chapter 4 sets out a detailed review of our operating environment, after which we return to the business strategy for 2022/23 to 2024/25.

4. STRATEGIC ANALYSIS

This chapter describes the local and external environments that Tollcross works in, and how these impact the Association and our future strategy.

Area of Operation

The following maps show our area of operation (outlined in in black borders on each map), which are based on three neighbourhoods in close proximity to each other:

Tollcross and Lilybank/Newbank

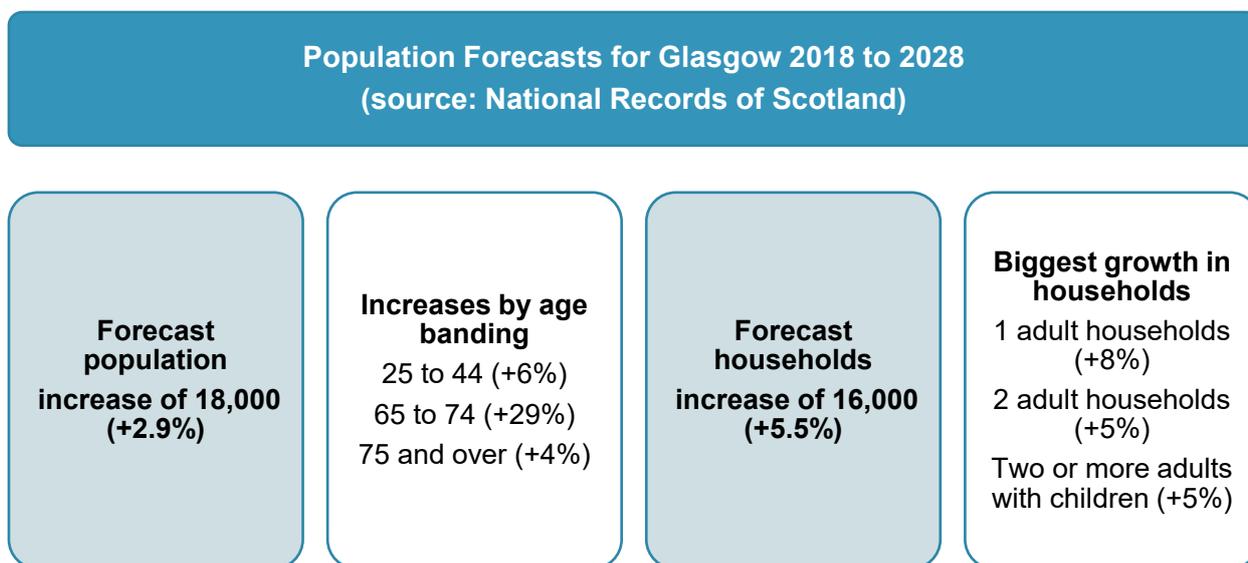


Carmyle



Population and Households

Between 1998 and 2020, Glasgow's population increased by 48,590 (8.3%). The latest official projections are shown in the graphic below for the period 2018 to 2028:



The growth in households in particular will contribute to increased demand for housing, although other data published by the City Council indicates that Shettleston multi-member ward (MMW) will lose population and with only marginal growth in the number of households.

GCC Forecasts 2014 to 2034

AREA	2014 to 2024	2024 to 2034
Population - Glasgow	PLUS 2.9%	PLUS 2.7%
Population – Shettleston ward	MINUS 3%	MINUS 2.4%
Households - Glasgow	PLUS 7%	PLUS 5.8%
Households – Shettleston ward	PLUS 0.4%	PLUS 0.1%

The population estimates are important if they signal significant change in the demand for housing, upwards or downwards. Housing demand may also have a bearing on the sustainability of schools, medical facilities and other local services and amenities. Cuts in public spending are forecast for the period ahead and could have a similar impact.

For now, the takeaways from these data are that:

- The Council's forecasts are that Shettleston ward may run in the opposite direction to the citywide trend
- We should continue to track demand for our housing closely
- We should do all that we can to make our neighbourhoods attractive to potential residents.

Diverse Communities

The 2011 Census provides the most recent official statistics about the number of **ethnic minority households** living in our area. The Census reported the following figures for the Tollcross and West Shettleston neighbourhood as defined by GCC:

Ethnicity	Tollcross and West Shettleston	Glasgow City
White British/Irish	14,150 (91.5%)	501,623 (84.5%)
White Other	786 (5.1%)	22,938 (3.9%)
All other ethnicities	530 (3.4%)	68,684 (11.6%)

The population in our area was less diverse than that of Glasgow as a whole, although there was a sizeable number of Tollcross residents in the “White Other” category (mainly migrant workers from eastern Europe). THA’s current tenancy records show that 9.4% of current first named THA tenants are Polish. Our records also show that 6.6% of THA tenants are of ethnicities other than White Scottish and Polish. This is considerably higher than the 3.4% reported for the general population in the Census in 2011.

Tenancy records also tell us that 11% of THA tenants describe themselves as **having a disability**. The numbers who may be affected may be higher:

- 16% of Tollcross and West Shettleston residents are recorded in the 2011 Census as having a long-term health problem that limited their day-to-day activities a lot.
- In our 2019 customer satisfaction survey, 43% of respondents said that they had a long-term condition. Of these, 30% said they had a long-term illness, disease or condition; 12% said they had a physical disability, while 11% reported having a mental health condition.

As described in Chapter 8, Customer Services, Tollcross is currently carrying out a Tenant Satisfaction Survey. This will provide improved local information about ethnicity and other protected characteristics, enabling us to tailor our service delivery as required.

Housing Market

GCC’s 2018 estimates provide the most up to date profile of the city’s housing stock, albeit this is only available at multi-member ward rather than neighbourhood level.

	Owner-occupied	Private Rented	GHA	Other Social Rented	Total
Shettleston MMW	6,170 (46%)	1,944 (15%)	937 (7%)	4,295 (32%)	13,346
Glasgow City	134,287 (45%)	59,021 (20%)	39,105 (13%)	68,832 (23%)	301,245

The data confirms the continued growth of private renting and that community-controlled housing associations (Tollcross and Shettleston) have a particularly high share of social rented housing in the ward.

Using National Records of Scotland data published by Rightmove, average house prices in THA's area of operation in the past year have been as follows:

THA stock area	Average selling price
Tollcross	£102,076 (110 sales)
Carmyle	£121,390 (30 sales)
Lilybank/Newbank	No sales listed

For both Tollcross and Carmyle, the averages for 2021/22 are considerably higher than during the previous 12 months. It is possible that the market slowdown caused by the pandemic in 2020 could be a factor, but this is speculative.

No third-party data is available on private rent levels.

Recent Rightmove advertisements show rents between £575 and £650 per calendar month for 1-bed tenement flats in Tollcross and £645 to £795 for 2-bed tenement flats, but the number of current advertisements was very small. There were no current advertisements available for properties in Carmyle or Lilybank/Newbank.

Few applicants for THA's housing have the financial means to buy a home or to rent in the PRS. Comparing our rents with those of neighbouring housing associations and sector averages is a useful way of understanding how "the market" appears to housing applicants who are seeking to rent from a social landlord.

THA average rents at 31 March 2021

compared with averages for East End social landlords and all social landlords in Scotland

	2 apartment	3 apartment	4 apartment	5 apartment
Tollcross HA	£67.65	£75.94	£92.02	£102.89
Peer Group Average	£71.46	£79.52	£90.24	£101.90
National Average	£79.48	£82.60	£89.81	£99.97

Scottish Index of Multiple Deprivation (SIMD)

The 2020 Scottish Index of Multiple Deprivation (SIMD 2020) provides statistics for nearly 7,000 datazones. These are small areas, typically with 700 to 800 residents, which allows very localised information to be obtained. The following map shows the 10 SIMD datazones that correspond with THA's area of operation.

SIMD DATAZONE MAP



SIMD can tell us how deprived an area is in comparison with all of the other datazones in Scotland using rankings from 1 (the most deprived in Scotland) to 6,976 (the least deprived).

The relative deprivation scores for the datazones in THA's area are shown below, in the order of **most deprived to least deprived**:

Datazone reference	THA Neighbourhood	SIMD 2020 rank	Datazone compared with all datazones in Scotland
S01010063	Tollcross	196	In 5% most deprived
S01010065	Tollcross	313	In 5% most deprived
S01010066	Lilybank/Tollcross	385	In 10% most deprived
S01010058	Lilybank/Newbank	534	In 10% most deprived
S01010062	Tollcross	615	In 10% most deprived
S01010144	Tollcross	767	In 15% most deprived
S01010077	Carmyle	831	In 15% most deprived
S01010076	Carmyle	1668	In 25% most deprived
S01010064	Tollcross	1762	In 30% most deprived
S01010075	Carmyle	2056	In 30% most deprived

The SIMD also includes rankings for issues such as income, employment, health and education. These are also ranked from 1 (most deprived in Scotland) to 6,976 (least deprived). Appendix 4 shows for reference these additional rankings for the 10 individual datazones in THA's area.

The most powerful SIMD data are the specific **indicators of deprivation** as shown in the following table. These report real facts that are specific to our area, using evidence such as benefit claims, hospital admissions, births and deaths, GP prescribing records, pupil attainment scores and more.

The table shows:

- The average results for the 10 data zones in THA's area
- The average results for all data zones in Glasgow
- The results for Mount Vernon and Sandyhills, an affluent neighbourhood that is very close to THA's area.

In the table:

Pink shading represents the worst result

Green shading represents the best result

SIMD INDICATORS 2020

	TOLLCROSS HA AREA (average, all datazones)	GLASGOW CITY (average, all datazones)	Mount Vernon & Sandyhills
INCOME			
Income Deprived (%)	25%	19%	3%
EMPLOYMENT			
Employment Deprived (%)	18%	13%	3%
HEALTH			
Comparative Illness Factor (standardised ratio) *	202	155	75
Hospital stays related to alcohol use: standardised ratio*	220	148	31
Hospital stays related to drug use: standardised ratio*	182	111	20
Standardised mortality ratio*	146	116	79
Percentage of population being prescribed drugs for anxiety, depression or psychosis	25%	21%	15%
Percentage of live singleton births of low birth weight	8%	5%	0%
Emergency stays in hospital: standardised ratio	153	119	82

	TOLLCROSS HA AREA (average, all datazones)	GLASGOW CITY (average, all datazones)	Mount Vernon & Sandyhills
EDUCATION			
School pupil attendance rate	71%	77%	91%
Average attainment rate (school leavers)	5.2	5.8	6.0
Working age people with no qualifications: standardised ratio	204	153	70
% of people aged 16-19 not participating in education, employment or training	7%	4%	1%
Percentage of 17 to 21 year-olds entering university	5%	7%	12%
RECORDED CRIME			
Crime Rate: Recorded crimes of violence, sexual offences, domestic housebreaking, vandalism, drugs offences, and common assault per 10,000 people	389	327	59

* **Note: Standard ratios**

The SIMD uses standardised ratios to report on a number of health and education indicators. This allows comparison of local results with the national average, with adjustments made to reflect the age and sex profile of the datazone. A ratio of below 100 is better than the national average while a ratio of more than 100 is worse. The higher the number, the worse the outcome is for the indicator being reported on.

The results show that **for every indicator of income, employment, health, education and recorded crime**, the average calculated for THA's area of operation is worse than the average for all datazones in Glasgow which is itself the most deprived council area in the whole of Scotland.

As would be expected, THA's area of operation has higher levels of deprivation than Mount Vernon/Sandyhills. However, the SIMD results show a shocking scale of inequality for every single one of the indicators shown – the comparison is quite simply “a tale of two cities”. The gap in income and employment deprivation is particularly significant since these create poverty which in turn leads to serious health inequalities, lower life expectancy and poorer educational outcomes.

There are also differences in outcomes between the three main THA stock areas. This is shown at Appendix 4.

SWOT ANALYSIS 2022 (strengths, weaknesses, opportunities and threats)

The Management Committee (MC) and Leadership Team have carried out a SWOT analysis exercise. The results are summarised below and are also reflected in the strategic objectives and priorities set by the MC.

STRENGTHS	WEAKNESSES
<p>PEOPLE</p> <ul style="list-style-type: none"> Experienced Committee Good Mix of skills Staff and Committee work well together <p>PERFORMANCE</p> <ul style="list-style-type: none"> Charter performance is of a high overall standard, compared with our peers and national averages Tenant satisfaction improving since pandemic <p>FINANCIAL MANAGEMENT</p> <ul style="list-style-type: none"> Financially strong as evidenced by bank balances <p>STAKEHOLDERS</p> <ul style="list-style-type: none"> Very strong tenant satisfaction results Good levels of customer engagement through PIN and PILs and plan is in place to further strengthen our engagement work Good reputation with SG, GCC, SHR and Lenders Partnership working with Shettleston and Parkhead Housing Associations <p>ASSETS</p> <ul style="list-style-type: none"> Future new build opportunities are available Maintenance plans in place <p>ROLE IN THE COMMUNITY</p> <ul style="list-style-type: none"> We invest in the community (Advice Centre, wider action) Community Anchor organisation for our area <p>ENVIRONMENT</p> <ul style="list-style-type: none"> Local environment is generally good 	<p>PEOPLE</p> <ul style="list-style-type: none"> We have a succession plan for the Management Committee but have more to do to implement it fully <p>PERFORMANCE</p> <ul style="list-style-type: none"> Increase in rent arrears and void losses during Covid Delays in re-letting some voids that have been refurbished <p>ECONOMIC ENVIRONMENT</p> <ul style="list-style-type: none"> Loans on variable interest rates: interest rates are increasing We still have exposure to final salary pensions risk (SPF and SHAPS) <p>ASSETS</p> <ul style="list-style-type: none"> Levels of energy efficiency, particularly in older tenement stock Adequacy of HAG levels for new build could affect our ambitions <p>CUSTOMER PROFILE</p> <ul style="list-style-type: none"> Insufficient data about profile of tenants, including equality monitoring Ability to meet the needs of an ageing population Some tenants do not look after their properties <p>ENVIRONMENT</p> <ul style="list-style-type: none"> Poor condition of some backcourts and landscaped areas

OPPORTUNITIES	THREATS
<p>PEOPLE</p> <ul style="list-style-type: none"> Implement the Committee Succession Plan <p>PERFORMANCE</p> <ul style="list-style-type: none"> Review and act on reasons for voids performance Make increased use of new technology in service delivery and in our internal processes <p>PARTNERSHIPS</p> <ul style="list-style-type: none"> More partnership working on high impact areas (e.g., energy efficiency and major repairs procurement) <p>ASSETS</p> <ul style="list-style-type: none"> Develop the identified opportunities for new build and mid-market rent <p>ROLE IN THE COMMUNITY</p> <ul style="list-style-type: none"> Community Anchor – connect with partners to bring more services that will benefit residents and the community Develop a plan for making better use of the Advice Centre, for the benefit of the community 	<p>PERFORMANCE</p> <ul style="list-style-type: none"> Universal Credit: significant risks to income collection and ability to manage rent arrears SHR expectations <p>COVID-19 PANDEMIC</p> <ul style="list-style-type: none"> Has receded at present, but may continue to be a threat Increased number of voids and related costs <p>ECONOMIC ENVIRONMENT</p> <ul style="list-style-type: none"> Inflation continues to rise sharply Interest rates will increase as the Bank of England attempts to damp down inflation. A significant part of our loan portfolio is based on variable rates. Cost of living crisis affecting our tenants and their ability to afford and/or pay their rent Pension deficits affected by wider economy Contractors' ability to continue trading Local impact of cuts in public spending <p>ASSETS</p> <ul style="list-style-type: none"> Costs associated with EESSH2 Welfare reform SHR expectations Increases in repairs and maintenance costs, if current trends continue

PESTLE ANALYSIS 2022

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

STRENGTHS/OPPORTUNITIES	THREATS/PRESSURE POINTS
SOCIAL FACTORS	
Covid-19	
<ul style="list-style-type: none"> • THA business continuity and safe delivery of services both achieved during the pandemic. • Impact of vaccinations and boosters • Increased emphasis on “learning to live with Covid” and Covid recovery. • THA potential to contribute with partners to local Covid recovery and anti-poverty work 	<ul style="list-style-type: none"> • Covid uncertainty and risks are still present so THA must remain in “be prepared” position • Vaccines must stay a step ahead of new variants to the virus • Covid recovery need a place- and community-based approach in communities such as ours. Not clear if Scottish Government (SG) or Glasgow City Council (GCC) will support that.
Deprivation	
<ul style="list-style-type: none"> • Impact by community organisations during the pandemic • Funding for local actions potentially available from the SG Empowering Communities Fund and Place Based Investment Programme • Joint funding bids by THA/partners could bring resources to our area • New Scottish benefits are being introduced (e.g. Scottish Child Payment; new Adult Disability Payment is being piloted to replace Personal Independence Payments) 	<ul style="list-style-type: none"> • New central/local government thinking is needed, particularly on jobs, poverty, health inequalities and education. • Community organisations can only do so much do so much without more government support. • SG/GCC use of “challenge funding” means that funding does not necessarily go to the places where it is needed most. • SG proposals for community empowerment and local democracy lack boldness.
Population Change	
<ul style="list-style-type: none"> • Modest but steady increase in population and households forecast for Glasgow. 	<ul style="list-style-type: none"> • Modest reduction in future population forecast for Shettleston ward. • Our older stock reduces capacity to meet changing housing and support needs of older tenants.
Homelessness	
<ul style="list-style-type: none"> • Increased access to settled accommodation for homeless households. • Housing First programme is imminent and will assist people with more complex needs. • THA performs well in making offers of housing in response to section 5 referrals. 	<ul style="list-style-type: none"> • Sustaining tenancies and minimising any negative impacts on neighbours if the right support is not in place. • Fewer rehousing opportunities for people not coming through the homeless route.

STRENGTHS/OPPORTUNITIES	THREATS/PRESSURE POINTS
<p>POLITICAL/LEGAL/REGULATORY FACTORS</p> <ul style="list-style-type: none"> • SG “Housing to 2040” Strategy: top priorities are increasing new housing supply, reducing homelessness, reducing carbon emissions. • THA has a “compliant” rating with the Scottish Housing Regulator. SHR expected to publish “Recommended Practice” on asset management. • No new bills are proposed on housing and homelessness in the 2021/22 session of the Scottish Parliament. • We have access to elected representatives at all levels. 	<ul style="list-style-type: none"> • Covid extension of Notice Period for NPRPs for rent arrears has led to higher arrears. • SG rented housing strategy: social landlords excluded from proposals for statutory rent controls. Could be covered instead by SG or SHR “guidance”. • Political uncertainty: impact of Brexit and possibility of Indyref2 in 2023 • UK policy on public spending, taxation and benefits. • Ongoing need to comply with SHR Regulatory Framework and guidance • Continued GCC funding cuts to local services
<p>ECONOMIC FACTORS</p> <p>Wages, Benefits, and the Cost of Living</p> <ul style="list-style-type: none"> • Residents have access to local income maximisation/money advice service at the Advice Centre. • Improved Universal Credit (UC) payment scheduling. • Scope for tenants to have Housing Benefit (HB) or UC housing costs paid direct to THA. 	<p>Cost of living crisis</p> <ul style="list-style-type: none"> • Increase in employee NI rates from April 2022. • Covid impact on unemployment and zero hours contract jobs. Risk of a freeze on working age benefits (as in 2016 to 2020). • £20 cut in UC October 2021, added to other aspects of UC that cause hardship. • CPI inflation is at its highest level for nearly 30 years. Forecast by the Bank of England to peak at around 7% in spring 2022. • Home energy bills, food costs and imported goods have increased significantly. • Ofgem price cap is now £2,017 per annum for prepayment customers, with further large increases expected later in 2022. UK/Scottish Government available but is currently up to £350 (part repayable).
<p>Economic Outlook</p> <ul style="list-style-type: none"> • The economy is recovering from Covid shocks, but this is variable between sectors. • Interest rates have been at historically low levels, but the Bank of England rate rose to 0.75% in February 2022 to damp down inflationary pressures in the economy. • The Bank of England stated (February 2022) that inflation will fall back towards its 2% target level over the next two years. This 	<ul style="list-style-type: none"> • Austerity: UK Government public spending cuts are due from 2023/24 onwards. This will lead directly to reduced resources available to the Scottish Government and GCC. • Significant increases in repairs and maintenance costs across the housing sector. • UK Chancellor has warned (March 2022) that the UK faces significant economic uncertainty due to Russia’s invasion of Ukraine.

STRENGTHS/OPPORTUNITIES	THREATS/PRESSURE POINTS
<p>Bank's recent forecasts on inflation have tended to be over-optimistic.</p>	<ul style="list-style-type: none"> It is difficult to predict how all the above factors will play out in the years ahead. Businesses of all kinds are likely to experience continued risks and uncertainties.
<p>TECHNOLOGICAL FACTORS</p> <ul style="list-style-type: none"> Potential for addressing digital exclusion and offering more digital options for service delivery. 	<ul style="list-style-type: none"> Low demand from tenants for digital service options, access to services will remain "multi-channel" for now. Digital exclusion among tenants. Risk of cyber-attacks on THA's business.
<p>ENVIRONMENTAL FACTORS</p> <ul style="list-style-type: none"> Major repairs programme can have a positive impact on energy efficiency and reduction of fuel poverty. THA compliance with the Energy Efficiency Standard for Scottish Social Housing (ESSH) (99% at 31 March 2021). THA completed installation of statutory fire and heat detection measures by the February 2022 target date 2021 Programme for Government says that the Scottish Government will: <ul style="list-style-type: none"> Invest £1.8 billion to decarbonise one million homes by 2030 (only 6% of the estimated total bill of £33 billion) Establish a (modest) £30 million fund for heat and energy efficiency projects by social landlords. THA and Shettleston HA are currently working together on the production of detailed plans for each Association. These will highlight the nature of the works that will be required to bring both Associations' stock up to the required standards, the cost of these works and an indication of timescales for this work. 	<ul style="list-style-type: none"> Continued mandatory raising of standards. Scottish Government to bring forward a review of ESSH2 to 2023, to "strengthen and realign" the Standard with net zero requirements. Will the Standard have changed in a year's time? ESSH2 compliance costs will vary but are expected to be substantial across the sector. SG currently says property owners will have to pay for works – but no assessment yet of affordability or sources of funding. HA borrowing would have to be met from rental income – risk of creating rent poverty. Report of ZEST working group which recommended a "Fabric First" approach – i.e., the building rather than things like heating. Scottish Government to respond. UK Government consultation is planned in 2021 on a revised EPC system. SG is proposing "national work on supply chains". Possibility that works will be planned and executed at national or regional levels? New technologies need to come to market – e.g., blue hydrogen heating at scale may be at least a decade away. The market is not yet offering affordable solutions, so less incentive to carry out works now. Replacement of existing fossil gas boilers will be prohibited in future. Overall – net zero aspirations of SG and GCC are clear, but not many of the tools for practical delivery are in place (e.g., clear policy, adequate funding, technology, procurement, public attitudes to change, buildings in mixed ownership).

Conclusions

This Chapter has shown the many external and local factors that could affect THA's future strategy and operations.

Issues such as the future path of Covid-19 and the performance of the economy are beyond our control. In such cases, we must monitor and assess potential impact and apply appropriate risk mitigations where this is feasible.

In other areas, it is possible to be more specific about future actions by THA. A sample of these is shown below, with more information provided in the relevant business plan chapters.

Response to the Covid-19 Pandemic

- Ensure that our services continue to operate in a secure and safe way.
- Be ready to adapt to any future changes in Covid public health restrictions to ensure business continuity and the safety of our customers, Committee members, staff and contractors
- Continue our efforts to restore performance to pre-pandemic levels.
- Consider longer term options on future working patterns in consultation with staff. This will take into account progress in restoring performance to pre-pandemic levels and customer views about how our services should operate as the Covid threat level hopefully recedes.
- Continue to work with local partners to develop relevant and effective community support services.

Response to Economic Factors Impacting Tenants and THA

- Incorporate the best estimates and data available in our financial planning, and stress test the Business Plan.
- Maintain proactive arrears management, income advice for tenants, and close working with DWP.
- Be prepared to change our resource usage if Universal Credit seriously threatens our income stream as it progressively replaces legacy benefits.
- Apply mitigations to risks that are high impact, notably threats to rental income, void losses and increased maintenance costs.
- Make allowance for continued increases in maintenance costs in our business plan stress testing.
- Continue to check our current assumptions that we have sufficient reserves to fund all planned investment works and the two proposed new build development sites. Develop contingency plans if required.
- Work with other housing associations to make the case for reinvestment in pre-1919 tenements, most of which were refurbished in the 197s and 1980s with an expected lifespan of 30 years for the level of works carried out
- Seek opportunities to work with like-minded partner housing associations to achieve efficiencies.

Political and Legislative Factors Affecting THA

Climate Change Obligations (Scottish Government and GCC requirements)

- Continue to develop our understanding of technological solutions for climate change works, the resulting costs, the prospects of Scottish Government funding, and approaches for procurement and delivery. All these areas are evolving at present, but we have begun work to scope out estimated costs and we will be working towards a THA strategy and plan as they are clarified.

To conclude, the future operating environment involves significant challenges and risks ahead for Tollcross and indeed for every social landlord in Scotland. We will monitor and evaluate the areas of change that affect us on an ongoing basis.

Sound management disciplines, including business planning, performance management and risk management will all be part of our toolkit for navigating our way ahead alongside a focus on sound and stable governance and strong financial management. These have been high priorities in the past and must remain so.

5. STAKEHOLDER RELATIONSHIPS AND PRIORITIES

THA's key stakeholders are shown below.

Stakeholders specific to THA	Strategic and Regulatory Stakeholders
<ul style="list-style-type: none"> •THA Tenants •Management Committee members •Local residents and owners •Housing applicants •Employees •Local groups and organisations we work with to benefit residents and the community •Neighbouring Housing Associations •Lenders, auditors, insurers 	<ul style="list-style-type: none"> •Glasgow City Council •Glasgow Health & Social Care Partnership •Scottish Social Services Council •Care Inspectorate •The Scottish and UK Governments •The Department of Work and Pensions (DWP) •The Scottish Housing Regulator (SHR) •The Office of the Scottish Charity Regulator •The Financial Conduct Authority

The Association has positive and productive relationships with its stakeholders, including local partner organisations, our funders and auditors and the local authority. Many of these relationships have matured over many years.

The Association's Customers

This is our most important stakeholder group.

THA encourages tenants and residents to be involved in decisions that affect them, and the Performance Improvement Network (PIN) and Performance Loops (PILs) have been effective vehicles for achieving this over the last decade. PIN performs the role of a customer panel.

We have recently launched a new Customer Engagement Strategy which aims to encourage more people to get involved and offers more options for involvement. More information about the new Strategy is provided in Chapter 10 of the Business Plan.

We collect customer satisfaction on a continuous basis, as well as conducting a three-yearly Customer Satisfaction Survey. Both feedback methods influence our service delivery.

As well as our tenants, we regard factored owners and applicants for housing as our stakeholders. We seek their opinions to help us develop the services that they receive from us.

The wider community

The Association has a close interest in what goes on in the wider community. We play an enabling role in supporting a range of community services that benefit the community. Our support may be financial or in-kind and generally involves supporting specialist organisations to provide services, rather than being directly involved in service delivery ourselves. Current examples of our

partnerships include:

- Leasing the Advice and Learning Centre to Tollcross Community Trust at no cost, as well covering staffing and office costs.

We are able to do this because the Centre is based in our previous office in Braidfauld Street which is owned by THA. The partnership with the Trust ensures that the building continues to provide a resource that is highly valued by the community. It also recognises the high levels of usage of the Centre by THA tenants which in the case of the Money Advice project generates a significant financial return to tenants and THA.

- Part-funding two Money Advice Workers (employed by the Community Trust,) with these posts providing welfare benefits and money advice services to THA tenants.
- Working jointly with Shettleston and Milnbank Housing Association and the City Council to explore future use and management options for the refurbished Tollcross Winter Gardens.

Glasgow City Council

Glasgow City Council (GCC) is the strategic housing authority, and also plays the lead role in the city on social housing investment and homelessness.

GCC delivers a number of neighborhood services in our area e.g., refuse collection and community safety. As a result of GCC cuts, housing associations throughout Glasgow must now fund the cost of bulk uplift services. There is concern that this may lead to further cuts, placing us in the position of having to fund other services which the Council decides it will no longer fund.

Glasgow Community Planning Partnership (GCPP)

We have no direct involvement with GCPP or its local structures. GCPP has addressed the statutory requirement for locality planning by setting up “Thriving Places” initiatives in 10 or so of the city’s most deprived communities, but there have been no efforts to extend this to THA’s area of operation. Regardless of structures, there is a need for better partnership working and information sharing between GCC, the Glasgow Health and Social Care Partnership and on the ground community organisations who have a vast amount of local knowledge and expertise in delivering services in the community.

Housing Benefit/Department of Work and Pensions (DWP)

THA’s income stream is highly dependent on housing benefit (HB) and Universal Credit (UC) payments. Accordingly, we maintain close relationships with both the City Council and DWP.

Lenders

THA has loans with Clydesdale Bank and the Royal Bank of Scotland (see Chapter 13 of the Business Plan). We attach the highest importance to compliance with all loan conditions and covenants and to maintaining regular and open communication with our lenders.

Scottish and UK Parliaments and Governments

THA tracks events and pipeline changes from both legislative bodies and governments.

The Scottish Government is responsible for legislation and policy on housing and other devolved matters. It is also responsible for managing the country's response to the Covid-19 pandemic.

Emerging Scottish Government policy on homelessness and climate change will have a major impact on our business. We also need to be alert to the Scottish Government's development of a rented housing strategy. While the most significant provisions are likely to be directed to making improvements in the private rented sector, the terms of reference for the review also include the work of social landlords.

Several matters reserved to Westminster affect us significantly, particularly in relation to welfare and benefits policy, taxation, health and safety, macro-economic policy, and Brexit. Each of these issues impacts THA and our tenants to a large degree.

Regulatory Bodies

THA is regulated by the Scottish Housing Regulator (SHR), the Office of the Scottish Charity Regulator (OSCR), Care Inspectorate and the Financial Conduct Authority.

SHR has the greatest impact on what we do. SHR regulates compliance with the Scottish Social Housing Charter, Regulatory Standards for RSL governance and financial management and other statutory requirements stated in its Regulatory Framework. SHR has powers to intervene where needed to secure improvement and protect the interests of tenants and other service users.

We pay close attention to guidance and general advice that SHR publishes on many topics. These include business planning, governance, financial performance, risk management, asset management, value for money and rent affordability.

Other than by submitting annual returns, we do not have many direct dealings with OSCR or the Financial Conduct Authority. We are aware of the importance of their roles, and the effect that they could have on us should we breach their regulations.

The Scottish Government's 2021 Programme for Government states that it will be looking to strengthen OSCR's regulatory regime, to improve public trust in the charities sector. Based on experience, we would expect OSCR and SHR to agree how any new statutory or regulatory measures can most efficiently be applied to charitable housing associations.

Insurers

Getting value for money is important to us, as is establishing a strong working relationship with our insurers. It is in our interest to understand their processes, and how they view the risks that they insure us for. We heed their advice on the breadth and level of cover we should take, and, when required, seek their opinion on insurance related matters.

THA's Staff

Finally, we aim to create a positive, supportive working environment for our staff team. We want all THA staff members to be clear about what is expected of them, committed to giving of their best in their roles, and to feel valued for the work they do on behalf of THA and our customers.

6. BUSINESS STRATEGY 2022/23 TO 2024/25

All of the activities described in the Business Plan flow from our strategic objectives, as set out in Chapter 3.

For each strategic objective, the Business Strategy describes:

- The priority actions we intend to take during the next three years
- The outcomes we seek to achieve – in effect, the difference we want to make and how we will be able to evidence what we have achieved.

The Strategy is set out in full at Appendix 3. This Chapter summarises proposed priorities in relation to each of the six objectives. These will be reviewed and if necessary updated when we update the Business Plan each year.

Business Strategy 2022 to 2025 Strategic Objectives and Related Priority Actions

Strategic Objective 1

Deliver quality, value for money services that meet our customers' needs

- 1) We will assess the affordability of our rents when conducting each year's rent review.
- 2) We will provide a full range of housing and property management services and deliver these to a high standard.
- 3) We will regularly review the quality of our services and where necessary improve them
- 4) We will restore our performance to pre-Covid levels, particularly for voids and rent arrears.
- 5) We will develop our approach to customer profiling so that we have good quality information about our customers' needs and aspirations and their expectations of the Association.
- 6) We will implement our updated Customer Engagement Strategy. We will use this, tenant surveys and customer complaints to identify where we can do better.
- 7) We will examine how the IT connectivity of existing and new homes can be improved. We will promote the use of the digital options we have developed to give customers greater choice in how they can access our services.

Business Strategy 2022 to 2025

Strategic Objectives and Related Priority Actions

Strategic Objective 2

Provide quality homes and neighbourhoods

- 1) We intend to invest £7.8 million in major repairs and renewals to tenants' homes over the next three years.
- 2) We will increase investment in pre-1919 tenements, to meet the expectations of current and future tenants.
- 3) We will support GCC efforts to secure new Government investment in Glasgow's pre-1919 tenements.
- 4) We will:
 - Build further new homes across two sites
 - Examine the feasibility of an element of mid-market rent in the programme, to generate surpluses that can be re-invested in THA's sheltered housing.
 - Obtain GCC grants and private finance to fund the development programme and secure RBS approval.
- 5) We will work with Glasgow City Council to ensure our neighbourhoods are clean and tidy.

Strategic Objective 3

Manage our assets well, by spending wisely

- 1) We will meet all of our legal obligations for ensuring the safety of our tenants and their homes.
- 2) We will improve our asset management information base.
- 3) We will improve the energy efficiency of our housing stock and develop a plan for compliance with the EESSH2 standard.

Strategic Objective 4

Work with local partners to provide support and opportunities to people in our communities

- 1) We will consolidate THA's role as a community anchor organisation for Tollcross, Lilybank/Newbank and Carmyle.
- 2) We will examine future community aspirations and needs, including issues that have arisen as a result of the pandemic.
- 3) We will work with the community and local partners/ organisations to help bring relevant services and activities to our communities.
- 4) We will promote regular activities and events that bring people together and promote community integration.
- 5) We will seek community benefits provision from contractors as part of the development programme and other major investments by THA.

Business Strategy 2022 to 2025

Strategic Objectives and Related Priority Actions

Strategic Objective 5

Offer a great workplace environment

- 1) We will support our staff through excellent communications and access to learning and development opportunities.
- 2) We will promote a performance culture across all of THA's teams.
- 3) We will build on the improved working between teams that our new office building has made possible
- 4) We will maintain a state of readiness to respond to any future public health restrictions arising from the Covid-19 pandemic.
- 5) We will consider longer term options on future working patterns in consultation with staff. This will take into account progress in restoring performance to pre-pandemic levels and customer views about how our services should operate as the Covid threat level hopefully recedes.

Strategic Objective 6

THA is well-governed and financially sustainable

- 1) We will implement a new Committee Succession Plan, to ensure that our Management Committee has the breadth of skills and experience needed.
- 2) We will make sure our approach to self-assurance data is robust.
- 3) We will prepare annual budgets and 5-and 30-year projections to ensure the Association's continued viability.
- 4) We will stress-test our financial business plan annually.
- 5) We will maintain a strong focus on identifying and managing strategic risks.
- 6) We will ensure we provide value for money across all of the Association's service and business areas, based on our rents, customer feedback, efficiency and sticking to our budgets and financial plans.

7. GOVERNANCE

Business Plan Objectives

To achieve our objectives, we must ensure that the Association is well governed, has sufficient resources and is able to manage the risks to which our business exposes us. We need to offer value for money at all times and most importantly, be able to retain the confidence of our customers as well as our funders and regulators.

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

Good governance and supporting our people are relevant to all six THA strategic objectives and are addressed explicitly in two of the objectives.

Our people	Strategic Objective 5 Offer a great workplace environment that produces a positive staff culture and highly engaged staff.
Leadership and Financial	Strategic Objective 6 Maintain good governance and a strong financial business plan, to ensure we have the capacity to achieve our goals.

Committee Structure

The Management Committee is the Association's governing body. It is supported by two sub-Committees (Operations, and Audit & Business). This structure is well-established and strikes an effective balance between strategy, performance and detailed scrutiny where this is needed. Appropriate Committee remit documents and a scheme of delegation are in place to regulate how the Committee structure operates.

Management Committee Members (at May 2022)

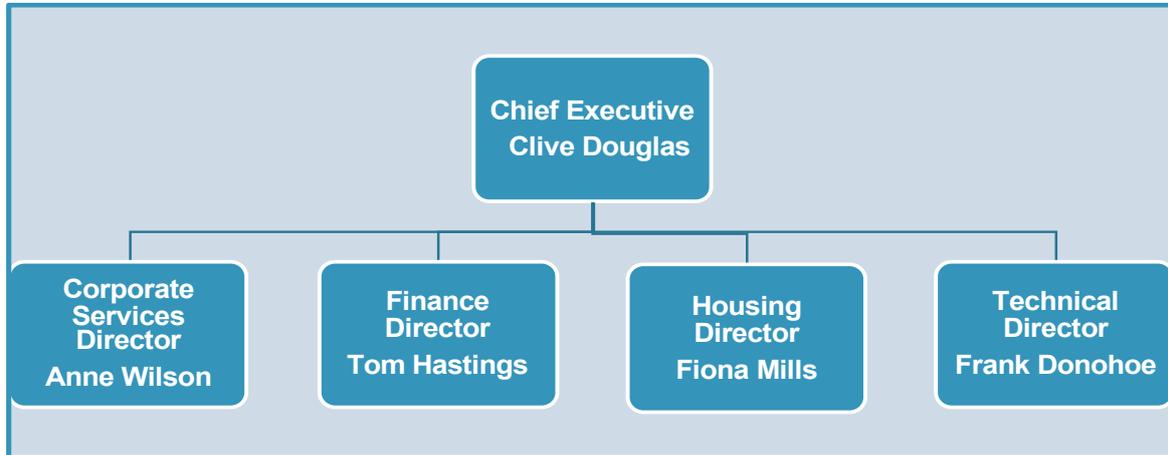
Member	Role on Committee
Andrea Bell	Chair
Christopher Elliot	Vice Chair
Esther Skimins	Secretary
William Dougan	Committee Member
Ian Smith	Committee Member
Ellen Garscadden	Committee Member
Agnes Phillips	Committee Member
Stephen Fleming	Committee Member
Geraldine Connolly	Committee Member
Theresa Findlay	Committee Member
John McMorrow	Co-opted Member
Sharon May	Co-opted Member
Drew McPhail	Committee Member

8 Committee members are Tollcross tenants, one member is a factored homeowner, and the remaining four Committee members live outside our area of operation.

7 Committee members have more than 9 years' service. We also have a number of newer members who include people living in the area of operation and a number of members who have been recruited because they have particular skills to offer that are relevant to our business.

Leadership Team

The Management Committee delegates responsibility for THA's day to day running to the Chief Executive who is supported by the Leadership Team. Members of the Leadership Team are shown below, with short biographies provided at Appendix 2 which also provides details of our overall organisational structure.



Governance Framework

Tollcross has a comprehensive set of **governance policies and procedures** which shape our governance approach and are regularly reviewed and updated.

We have well-established system of **annual appraisals** to review members' contributions and identify learning and development needs. Appraisals are facilitated by an independent consultant.

The appraisal process provides us with valuable feedback on how the Committee as a whole is operating. The 2021 round of appraisals identified a number of improvement actions which we have addressed including:

- Reducing the length of Committee reports in areas where this is feasible, to avoid information overload,
- To set time aside to review the strategic role of the Association and discuss how effectively or otherwise the Committee leads the Association
- To develop more opportunities for the Committee to interact with staff from all levels within the Association.

Succession Planning

The Association has a detailed Succession Plan that sets out the priorities we will address in 2022/23 and in some cases on a continuous basis from 2022/23 onwards. Our priorities include:

Current Succession Planning Priorities

- Continued development opportunities and support for our existing Committee members
- Developing our induction approach for new Committee members, and introducing mentoring arrangements
- Consideration of the preferred balance between local Committee members and members who are recruited because they have particular skills and experience that are relevant to the Association's business and the Management Committee's role and responsibilities
- Seeking to attract a member with technical expertise in building/construction
- Assessing the Committee profile for equality and diversity, and addressing any identified gaps
- Promotion of Committee membership in the community.

In relation to skills-based recruitment, the Management Committee has several members with extensive experience of working in social housing, financial management and banking. The future approach to external recruitment will be targeted to fill any identified gaps. It will also be influenced by the availability of vacant places on the Committee and by our purpose as a community-controlled housing association, so that external recruitment complements the substantial contribution that local people make to our governance.

We will implement a new system of **Committee profiling**, as part of the annual appraisal process.

Committee Profile

- The purpose is to build up an aggregate picture of Committee skills and experience across our main business areas, with a particular focus on the priorities set in the Business Plan.
- Skills and experience gained through working, volunteering or lived experience are all relevant.

The resulting profile will be used to identify any gaps in skills and will trigger discussions about areas for learning and development priorities for the Management Committee and/or areas to target through future recruitment.

Committee Training Plan

In 2022/23, we will refresh the Committee training plan. This will reflect the outcomes from the 2022 round of appraisals and also be linked explicitly to this Business Plan, so that the training plan takes account of the Association's strategy, priorities and risks.

Committee Assurance

The Association has a system in place for self-assurance, so that the Management Committee receives ongoing, evidence-based assurance of those areas where:

- We are meeting Regulatory Standards and other regulatory requirements, including areas where there is room to improve, and
- There may be material non-compliance.

This in turn leads to the Annual Assurance Statement made to SHR by the Management Committee.

Our 2021 self-assurance documentation was reviewed by the Association's internal auditors, who verified our self-assessment process and working files.

Following submission of our 2021 Annual Assurance Statement to the Scottish Housing Regulator, the Association's regulatory status for 2022/23 is "Compliant".

Business Plan Priorities for 2022/23

Committee Succession Plan

- 1) Continue to implement the Committee Succession Plan, including the priorities summarised on the previous page.

Committee Skills Profile

- 2) Complete a structured skills profile exercise for the Management Committee as a whole.
- 3) Use the results to identify any collective gaps in skills and experience and agree priorities for promoting Committee membership in the community and/or more widely.

Committee Learning and Development

- 4) Identify any learning or development needs that relate to the objectives and priorities in the Association's Business Plan and incorporate these in the 2022 round of Committee member appraisals and the Committee Training Plan.

8. HOUSING SERVICES AND OUR ROLE IN THE COMMUNITY

THA's housing services and work in the community contribute to the achievement of the following strategic objectives:

Strategic Objective 1

Deliver quality, value for money services that meet our customers' needs

Strategic Objective 2

Provide quality homes and neighbourhoods

Strategic Objective 4

Work with local partners to provide support and opportunities to people in our communities

Service Performance in 2020/21

In the unique circumstances of the Covid-19 pandemic, Tollcross continued to achieve good performance in most of the key aspects of our housing services during 2020/21:

- On the **two key measures of tenant satisfaction** (satisfaction with overall service and satisfaction that rent represented good value for money), Tollcross's results continued to be substantially better than our peer group average (PGA) and the Scottish average (SNA).
- We made offers of housing to 159 homeless households referred to us by GCC. This was more than any other housing association in our peer group and helped to ensure that homeless people had somewhere safe and secure to stay during the pandemic.
- The proportion of housing offers that were refused was lower than in the previous two years.
- Lost rent due to voids increased as a result of the pandemic, but we maintained performance at a level that was marginally better than the PGA and the SNA.
- The proportion of rent due that was collected continued to be higher than both the PGA and SNA. Gross rent arrears were around 1% higher than in 2019/20 but remained substantially better than the PGA and SNA averages.
- Our sustainment rate for new tenancies improved for all applicant types combined and for section 5 referrals, compared with 2019/20. Both results were better in 2020/21 than the PGA and SNA.
- We provided a full response to all customer complaints we received.

The detailed statistics supporting this commentary are set out in Appendix 5 to the Business Plan.

For all 12 Charter Indicators reported on¹, Tollcross's performance results were superior to both the peer group average and the Scottish average.

¹ The selected indicators form part of a value for money assessment method used by THA, as described in Chapter 11 of the Business Plan.

Customer Profile

As described in Chapter 4, our tenancy records provide data about the disability and ethnicity profile of our tenants. We will seek to collect data for all protected characteristics from a tenant survey which is due to take place in 2022/23.

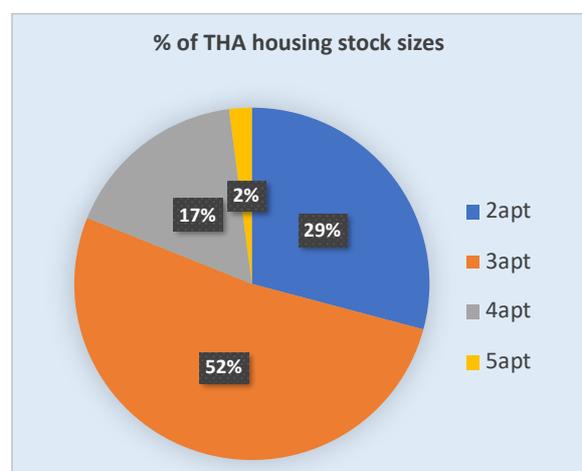
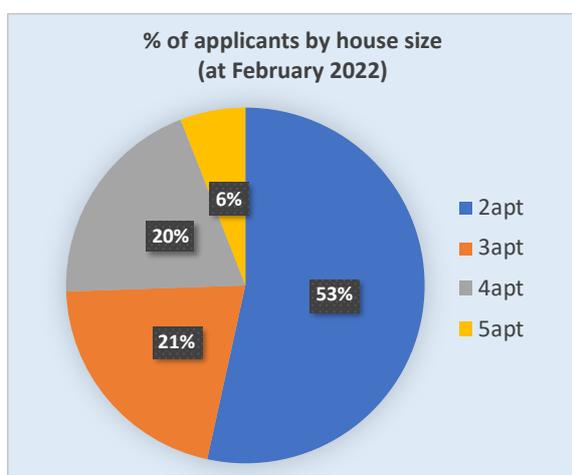
Almost 10% of our tenants are of Polish ethnicity. We are also seeing increasing ethnic diversity among our tenants and housing applicants, with more languages spoken and more nationalities represented.

We are reviewing our equalities data collection processes and have revised our monitoring questionnaire. Currently this is provided anonymously and we will be able to consider potential changes to policies, procedures and service delivery based on this information. In terms of communication, we currently offer a free translation service to our customers; our website has the facility to translate into several languages, as well as the 'read aloud' facility; we publicise the availability of our information in different languages and/or formats on our website, within our newsletters and during monthly satisfaction surveys. Our database is updated with any requests made.

At present, increased ethnic diversity among applicants and new tenants is mainly the result of section 5 referrals of homeless households, rather than increased numbers of ethnic minority people applying direct to THA because they have a positive preference to stay in the area. Matching housing need and stock availability can also be an issue. For example, almost three quarters of current African applicants require a 4 apartment or larger property. These house sizes account for only 19% of our stock with relatively low levels of turnover each year, which reduces rehousing prospects.

Demand for THA's Housing

The following charts show how the profile of THA's housing stock compares with the pattern of demand from housing applicants.



- The highest level of applicants relative to stock profile is for 2 apartments (29% of the housing stock, but 53% of housing applicants)

- The lowest level of applicants relative to stock profile is for 3 apartments (52% of the stock, but only 21% of housing applicants)

We have healthy waiting queues for all property types and sizes. Overall, we are seeing an increase in demand for houses as opposed to flats, particularly 3+ bedrooms.

We use a number of methods to boost demand and promote tenancy sustainment:

- We allocate some 3 apartment properties (where the bedroom is particularly small) to couples or a single person who may otherwise have qualified only for a 2-apartment property.

We have also done some conversions in these properties when they have become void to provide a better layout, as a result increasing demand for this property type.

- We provide décor vouchers, starter packs, and supermarket vouchers for all new tenants, if required.
- We flip Temporary Furnished Flats to permanent tenancies for homeless customers.

Allocations and Homelessness

THA provides rehousing for people in need from our housing list, existing THA tenants needing a move, and homeless people referred to us by the Health and Social Care Partnership (HCSP) casework teams who are charged with carrying out GCC's responsibilities for homelessness.

THA produces an annual lettings plan to guide our work in letting homes each year. This is based on forecast vacancies in the year ahead and our operational targets for letting properties to people in the various priority groups. In 2022/23, our targets are:

- Homeless 40%
- Transfer 30%
- Waiting List 30%

When we set the targets each year, we take into account things like if we have a new-build project ongoing, and what level of homeless lets Glasgow City Council has asked us to take. During the pandemic, GCC asked us to take 70% lets to homelessness.

We have a strong track record in providing housing for homeless households referred to us in this way. In 2020/21 we made 73% of our lets available to homeless referrals, one of the highest levels in Glasgow.

We agreed with the HCSP that the level of referrals to THA would be lower in 2021/22. This recognises that the HCSP needs greater co-operation from a number of housing associations, in catching up with their contribution to meeting the city's Rapid Rehousing Plan. This enabled THA to address a wider range of needs in 2021/22, while still making 45% of our lets to section 5s in the period April to December 2021. In addition, we have provided 18 temporary furnished flats for homeless people.

We follow a void-led process with the Casework Team for homeless referrals, i.e., we accept homeless applications if we have a suitable property at the time. For example, if we have a high turnover of 2 apartment properties, we will ask the casework team to provide us more 2 apartment applications.

Rents and Service charges

The cost of providing THA's services is met from rental income and service charges.

Our budget for 2022/23 assumes £9.74m of rental income. In addition, service charges may be payable, the items covered by service charges being:

- Landscaping costs relating to the maintenance of communal areas and cleaning of bin areas
- Stair and communal window cleaning services, for the relevant properties
- A communal heating system that provides heating and hot water to around 270 properties.
- Service charges for cleaning, communal heating and housing support at the Methven Street sheltered housing complex.

The Association's average rents in 2022/23 are:

2 apartment	£70.08
3 apartment	£78.67
4 apartment	£95.33
5 apartment	£106.59

A comparison between THA's rents and those charged by other landlords in the east end of Glasgow is provided in Chapter 11, Value for Money, which also includes an assessment of rent affordability.

Rent Arrears Management

Managing rent arrears has been challenging for the Association over the last two years:

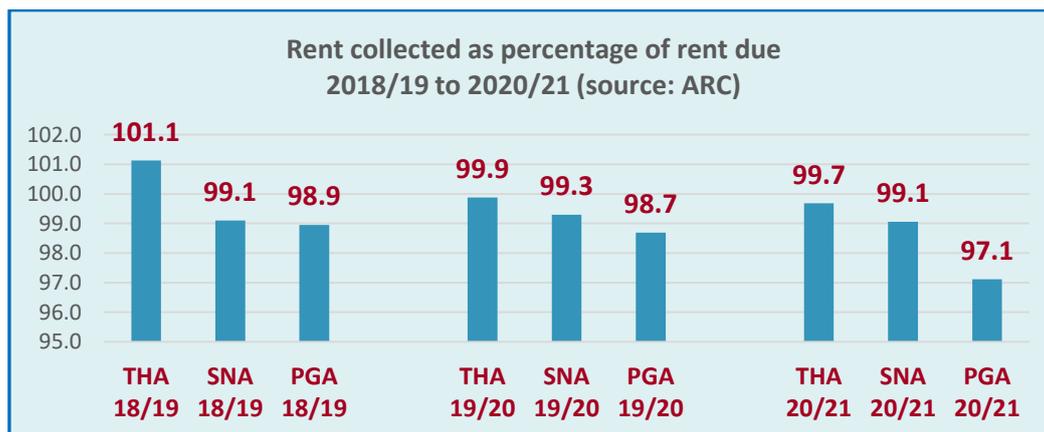
- The Covid-19 pandemic quickly placed many households on low incomes in financial difficulty.
- The legal remedies available to landlords to deal with tenants unwilling to pay rent or to engage to find positive solutions to their arrears were effectively suspended.
- It was often not possible to carry out in person arrears interviews.
- Universal Credit (UC) cases increased, due to new claims or changes in circumstances, and as a result of more households having to claim UC due to the impact of the pandemic on previous employment and/or income levels.

THA's total rent arrears rose by more than £100k between April and August 2020 before falling steadily during each of the remaining months in 2020/21. Having started the year at £172k, our arrears at the year-end in March 2021 were £215k.

Even with the increase in arrears that occurred in 2021, THA's rent collection and arrears performance continued to compare very favourably with our peer housing associations and national averages. This demonstrates that our systems are fundamentally sound and our strong track record in managing arrears places us in a good position for the future.

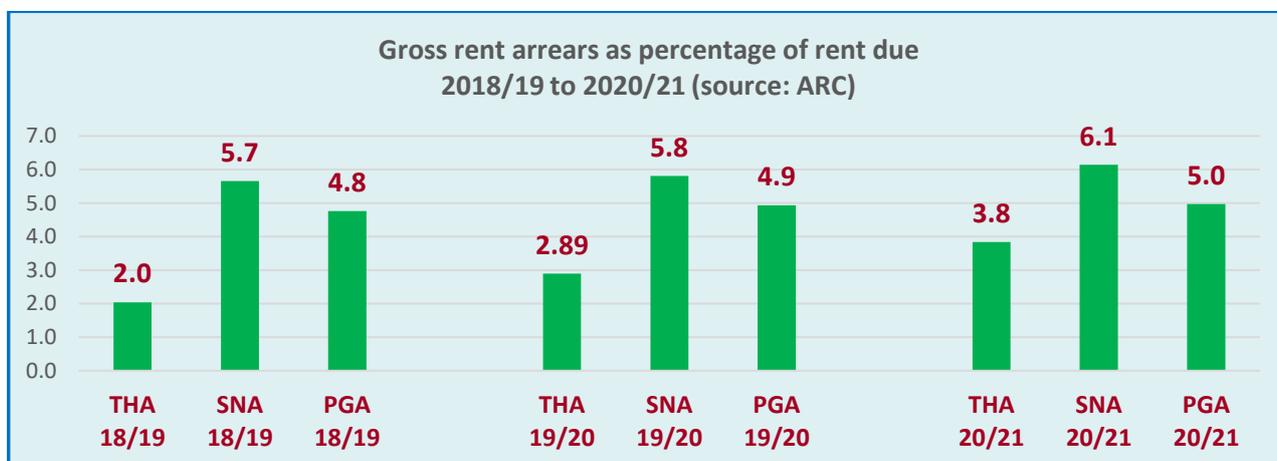
Rent Collection: 3-year average performance results

(PGA refers to our **Peer Group Average**, SNA refers to the **Scottish National Average**)



Gross Rent Arrears: 3-year average performance results

(PGA refers to our **Peer Group Average**, SNA refers to the **Scottish National Average**)



THA Ranking in Peer Group (1 = best performance in group, 9 = poorest performance)

	Gross Rent Arrears	Rent Collection
2018/19	1	1
2019/20	2 equal	2
2020/21	2	2

We are working hard to reduce our rent arrears to pre-pandemic levels, with total rent arrears standing at £205k at the end of December 2021, of which £115k was attributable to tenants in receipt of UC. Progress has been made more difficult by the current cost of living crisis, and by the impact

of Universal Credit and the growing number of tenants receiving UC as a result of the continued migration from legacy benefits.

The impact of Universal Credit on arrears cannot be overstated. At 31 December 2021:

- One in three of all THA tenants receiving Universal Credit (227 out of 680 cases) were in rent arrears
- Tenants receiving UC accounted for 56% of THA's total arrears but only 29% of all THA tenancies.

This trend has been observed in other housing associations and indicates that rent arrears will be increasingly difficult to manage since all tenants entitled to help with their rent will migrate from housing benefit to UC by 2024 or such other revised timescale set by DWP.

THA is proactive in using a wide range of tools to manage arrears and we do so in a manner that is also supportive to our tenants who are willing to engage with us to address their arrears. These include:

- Seeking direct payments of the housing element of Universal Credit.
 - This includes Managed Payments, payment towards existing arrears, and cases where the tenant has chosen to have their UC housing costs paid directly to THA
 - At the end of 2020/21, direct payments were in place in place for more than 50% of tenants who receive help with their rent through UC
- Offering Welfare Rights advice via the Advice Centre's Money Advice project and helping tenants with Discretionary Housing Payment claims.
- Working with DWP to secure benefit backdates for tenants.
- Agreeing revised arrangements with DWP so that tenants on UC are paid on the date of their claim, thus avoiding technical arrears arising.
- Providing food bank vouchers to tenants who are experiencing hardship.
- Providing help to older residents and families with children at Christmas, when arrears are more likely to increase due to the difficult and competing choices faced by those on very low incomes.

The Money Advice project is provided in partnership between THA and Shettleston Housing Association and has a high impact in both communities. In 2021/22, the main outcomes achieved were as follows:

Money Advice Project Outcomes 2021/22

No of referral/cases: 952 <ul style="list-style-type: none">• THA 501• SHA 271• OTHER 180	Debt dealt with: £425,083 <ul style="list-style-type: none">• THA- £263,243• SHA- £111,438• OTHER £50,402
Financial Gains: £1,052,474 <ul style="list-style-type: none">• THA £586,988 (202 cases)• SHA £147,966 (100 cases)• OTHER. £317,520 (102 cases)	

There is also a focus on helping customers to address fuel poverty and food insecurity. The Money Advice project supported over fifty applications to the Mega fund for fuel support in 2020/21 alongside ninety-four referrals to the local foodbank. The Project submitted three grant applications to the Aberlour Emergency Fund and all applications were successful. In addition, the project made several applications to The Glasspool Charity to support clients who were not successful in their applications to the Scottish Welfare Fund.

The Trust secured funding from the Winter Fuel Support which resulted in help for 106 customers with fuel vouchers and seventy-two customers with food vouchers.

We also work in partnership with G-Heat which provides customers with independent, face to face advice on energy related issues.

We are planning on the basis that more customers will find themselves in crisis with home energy costs in 2022/23, as a result of rapidly increasing energy bills with still more increases expected in the autumn. THA will continue to apply for grants to assist tenants with energy bills.

The Association's Role in the Community

The Association has a long history of promoting wider action initiatives within the area.

Our most visible contribution is the Tollcross Advice and Learning Centre. The Centre was first opened around 15 years ago and moved to its current home at Braidfauld Street in 2018. It is host to a local benefits and money advice service, and a range of community groups and support agencies provide services and activities from the Centre.

The Association's strategic approach to community regeneration is based on our role as a community anchor organisation. This means we may:

- Use our scale and organisational resources to **support or enable services in the community**.

Service delivery is typically carried out by partner organisations who specialise in particular types of services and activities that are needed in the community.

The nature of our support may be financial (as with the Advice Centre) or in kind, or it may be as simple as making our tenants aware of services that are available and how to access

them. Our staff also refer tenants to specialist organisations who may be able to help them with issues such as home energy advice.

- **Deliver some activities directly ourselves**, particularly where these relate to our core purpose and expertise as a social landlord and property manager and developer.
- **Provide a range of activities designed to support the community and improve people's quality of life.**

These include bus trips and Christmas vouchers for OAPs, panto tickets for children and families, school achievement awards, foodbank and pantry support and gas and electricity top-ups for households struggling with energy bills.

The Advice and Learning Centre is the main focus locally for providing services to the community. The box below provides some examples of what happens there and how the roles of different organisations mesh together.

THA Role and Responsibilities

- The Association owns the Centre and is responsible for its day-to-day management and property management
- Part-funding of the employment costs of two of the benefits and money advice posts (the other contributors being Shettleston Housing Association and the Scottish Government).
- Referral of THA customers and residents to benefits and money advice services and other relevant services
- Assistance to Tollcross Community Trust with fundraising

The main occupants of the building, with a full-time presence in service delivery are:

- **Tollcross Community Trust** (benefits and money advice service, various community activities such as environmental clear ups)
- **Glasgow Kelvin College** which provides a range of learning activities including courses that are certificated)

In addition, the **Centre is used by a wide range of groups and services**, some are volunteer led and some are provided by partner agencies. The Centre's services and activities include:

- The local Volunteer Project
- Credit Union Service (BCD Credit Union).
- Fuel advice (G:Heat)
- Basic Computing Class and drop-in with free internet access (including access to Universal Credit).
- Community Library (Glasgow Life)
- Work Club
- Advice and support provided by Jobs and Business Glasgow
- A Community Room.

Like all community facilities, the work of the Advice Centre was restricted during the Covid-19 pandemic. In addition, there are some pre-Covid issues to address such as usage levels and awareness.

In 2022/23, the Association will work with local volunteers, groups and organisations to review the Centre's usage and services provided, so that the Centre continues to meet local needs and can help the community to recover from the pandemic and strengthen its resilience.

Business Plan Priorities for 2022/23

Housing Services

Rent Arrears and Income Management

1. We will use the following measures in relation to rent arrears:

- Rent in advance – affordability checks when applicants are applying for re-housing.
- Review homeless referral and analyse the transitional period from moving out of their TFF to a tenancy.
- Referrals to Money Advice project for a benefit check to be done for all new incoming tenants and further checks for existing tenants.

Universal Credit

2. We will manage the significant risks that the continued rollout of Universal Credit creates for our future income streams, we will do this by:

- Continually monitoring UC caseloads, UC cases in arrears, and direct payments to the Association to establish trends. This is reported every month to the Management Committee.
- Working in partnership with DWP in relation to cases and to resolve any issues in relation to cases.
- Seeking external funding to support the continuation beyond 2023 of the Money Advice projects, the project plays a major part in managing UC claims for the benefit of tenants and the Association.
- Requiring Universal Credit claimants to provide Direct Debits for payment of rent if they wish to pay on their own rather than having the housing costs element of UC paid direct to THA. This will be commenced at sign up.

Allocations

3. We will manage housing allocations effectively and efficiently by:

- Working in accordance with the targets in the annual lettings plan.
- Reviewing our prospect interviews to ensure staff are asking the relevant question in terms of re-housing.
- Using customer feedback to consider whether a review of our re-let standard may be needed.

- Ensuring that the Homeless casework team have correct information about our stock and the communities we serve, for the benefit of customers and to ensure that “clean referrals” to THA are maximised.

4. We will contribute to the sustainment of new tenancies by:

- Providing practical support to new tenants who may need help with establishing and maintaining their tenancy (e.g. décor vouchers, starter packs, supermarket vouchers).
- Help homeless people in temporary furnished flats by flipping the occupancy of their temporary accommodation i.e. from temporary to a permanent let in the same property.

Homelessness

5. We will maintain and continue to develop THA’s position as one of the city’s leading housing associations in rehousing homeless people. We will do this by:

- Regular attendance at the Homeless monitoring group.
- Continuing our involvement in Pilot schemes to encourage best practice and in the Vanguard process for Homelessness.
- Providing ongoing training provided to Housing staff in relation to homelessness, housing options and housing first.

Digital Services

6. We will continue to work towards offering more of our services online. We will do this by identifying more THA services where a digital alternative to traditional methods could be offered. We have recently launched an online housing application form and will explore the scope to introduce more (for example, online tenancy sign-ups).

7. We will seek to develop good information about what our customers want from digital services in the future.

8. We will also explore with GCC how their move to digital for neighbourhood management services could provide a platform for joint working with THA on managing issues such as bulk uplift, fly tipping reports etc.

THA’s Role in the Community

1. We will secure the future of the benefits and money advice service, run by Tollcross Community Trust, as Scottish Government funding is currently due to come to an end in March 2023.

2. We will hold a community conference event to allow local organisations, volunteers and public sector partners to discuss what new services or activities are needed to promote Covid recovery and strengthen the community’s future resilience.

3. We will complete a full feasibility (funding already secured) to investigate the options for future use of the refurbished Tollcross Winter Gardens. This is a partnership project that also involves GCC and Milnbank and Shettleston Housing Associations.

9. ASSET MANAGEMENT

This chapter addresses the following Business Plan strategic objectives:

- 1) Delivering quality value for money services that meet our customers' needs
- 2) Provide quality homes and neighborhoods
- 3) Managing our assets well by spending wisely

The chapter sets out:

- THA's priorities over the 3-year period of the Business Plan
- How THA manages its assets, current issues, and the performance results we are achieving
- Priority actions for year 1 of the Business Plan (2022/23).

Implementation of the Plan during 2022/23 will be affected by the fallout from the Covid-19 pandemic, rising inflation, the war in Ukraine, the availability and cost of materials and sufficient grant levels to support our new build ambitions.

THA's priorities over the period 2022 to 2025

Action by THA	Measures of Success
Provide THA tenants with a reactive repairs service that is fast, efficient and effective	<ul style="list-style-type: none"> • Maintain local offices and staff based in our communities • Inspections provide assurance about quality of works carried out by external contractors • Contractors' performance in meeting THA quality standards and delivering service within available financial resources
Reactive repairs service is valued highly by tenants	<ul style="list-style-type: none"> • Excellent performance achieved in relation to Charter Indicators and THA's own key performance indicators. • High levels of tenant satisfaction maintained and tenant feedback used to make changes where needed
Future proof THA's housing, by investing and sustaining our housing stock	<ul style="list-style-type: none"> • THA's approach makes greater use of proactive inspections of our homes • All THA homes continue to meet the Scottish Housing Quality Standard (other than exemptions and abeyances) • THA's spending on major repairs and replacements is planned effectively, with reference to the asset management strategy, up to date stock condition survey data, life cycle costings and Financial Business Plan • Plan and deliver the programme of major repairs and cyclical maintenance approved by the MC, and review/update programme annually • Strategy in place to guide THA's approach to achieving the Scottish Government's 2032/2045 climate change targets • Positive feedback received from tenants about THA's communications on works to be carried out, and the quality of the completed works

	<ul style="list-style-type: none"> • Continue to deliver new build housing with plans to build an additional 89 homes over the next 4 years • Updating the stock condition survey, which will form part of our assessment of the future demand and financial performance of our houses.
Maintain the quality of our homes and ensure tenant safety through THA's cyclical maintenance programmes	<ul style="list-style-type: none"> • THA meets all legal obligations relating to tenant/resident safety (e.g., gas servicing, fire safety, asbestos management, electrical testing, water hygiene) • Life cycle assumptions and up to date property inspections are used to decide programming of cyclical work of an elective nature (e.g., painter work).
Getting the best value from THA's assets	<ul style="list-style-type: none"> • Maintain present high levels of demand for our homes • Achieve continued improvements in void relet times and void rent losses, in accordance with the targets set annually by the MC • Consider the intelligence of asset performance to enable risk identification, management or mitigation.
Provide services that deliver good value for money	<ul style="list-style-type: none"> • Up to date property surveys allow evidence-based targeting of resources • Repairs and planned maintenance are affordable under the budgets set by the MC • THA's best value approach delivers added value for residents • Best practice approach to procurement to achieve affordable solutions and community benefits • Explore partnerships with neighboring RSLs to secure efficiencies in contract procurement
Management Committee has effective oversight of performance	<ul style="list-style-type: none"> • Budgets and targets set annually by the MC • Audit and Risk subcommittee receives regular assurance, through budget reporting and forecasting • Annual independent review of accuracy of ARC data • Internal audit

Profile of THA's Services and Activities

THA's Housing Stock

Tollcross Housing Association's asset base (2284 housing units) is diverse in nature and is predominately situated in our three main areas of operation within the east end of Glasgow i.e., Tollcross, Lilybank/Newbank and Carmyle.

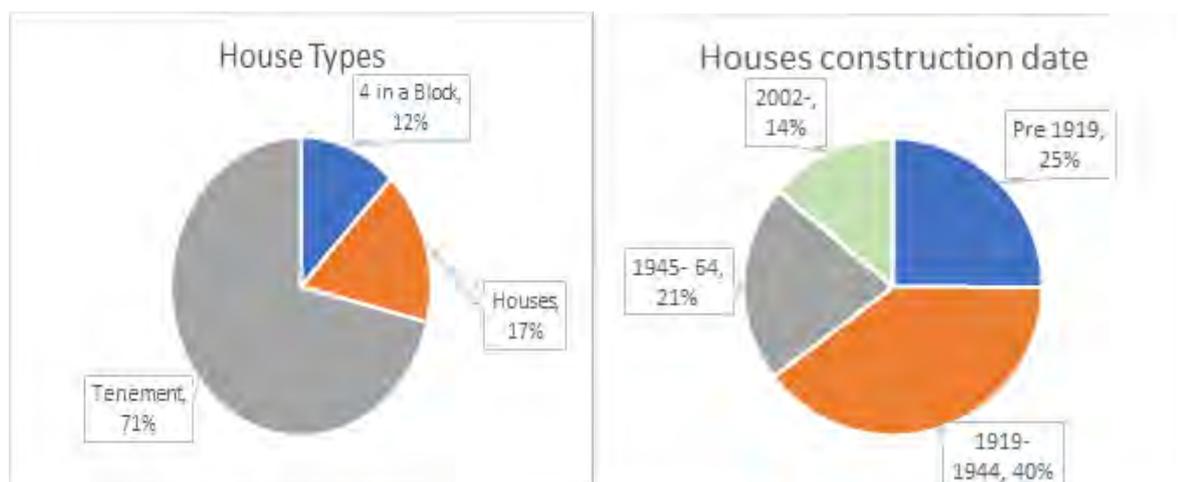
Housing Stock Profile (Rented)

House Size	4 in a Block	Houses	Tenement	Grand Total
2 apt	123	33	511	667
3 apt	86	160	942	1,188
4 apt	65	153	167	385
5 + apt	4	35	5	44
Total	278	381	1,625	2,284

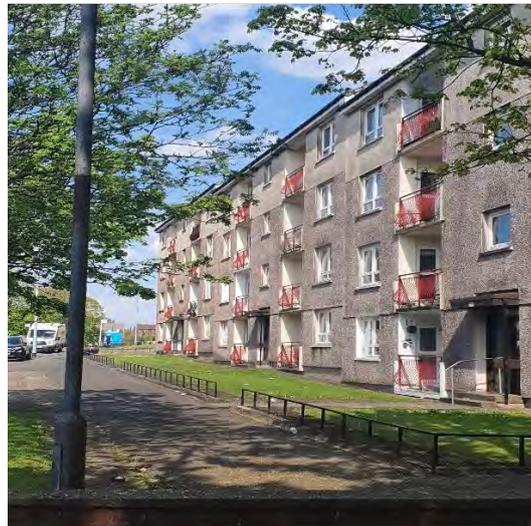
The breakdown of stock, based on construction date, is:

Pre 1919	1919-1944	1945- 64	1965-82	2002-	Total
572	905	491	1	315	2,284

The stock profiles for each house type and each house size are shown in the figures below.



Overall, THA is responsible for property management for approximately 2,300 homes. Some of which are shown in the next page.



In addition to our role in managing mainstream rented tenancies:

- THA is factor for 506 privately owned homes and commercial properties.
- THA owns 21 lock-ups
- THA owns 4 offices
- THA partly owns 17 shared ownership properties
- THA’s subsidiary Auchenshuggle Develops owns 12 mid- market rent homes.

THA’s core property services and activities are:

- Reactive repairs to tenants’ homes
- Cyclical maintenance and servicing, to ensure the quality of our homes
- Comply with all the tenant and resident safety duties and obligations
- Void management and repairs
- Maintenance of THA’s estates and the local environment
- Property adaptation works to tenants’ homes
- Ensuring that THA has and uses effectively the information needed for effective longer-term investment
- Managing THA’s planned maintenance programme for planned works, fabric repairs etc.
- Planning and managing the component replacement programme, to replace elements that have come to the end of their lifespan
- Procuring and overseeing repairs and maintenance works carried out by external contractors.

Service Delivery and Management

THA’s Maintenance Department is responsible for all client-side aspects of planning, supervising and managing maintenance services. All reactive, cyclical and planned works are carried out by external contractors on behalf of Tollcross Housing Association. We select external contractors using the procedures outlined in the Associations Procurement Policy. All planned And cyclical works would typically be procured through open competitive tender using Public Contracts Scotland. The Association is a member of Link Housing Associations Development Framework and this is used to procure all new build development works.

Office Based Staff	External Contractors
<ul style="list-style-type: none"> • All client functions (instructing, supervising, planning and managing maintenance services) 	<ul style="list-style-type: none"> • Planned maintenance, • Reactive maintenance including out of hours emergency repairs • Gas servicing and repairs • Void repairs • Cyclical painting • Landscape and estate management. • Electrical testing • Legionella testing

Asset Management Approach

The main factors influencing THA's asset management approach are:

- The age, condition and performance of our homes
- Tenant safety
- Demand for our housing
- Future investment needs, to ensure our housing continues to meet the Scottish Housing Quality Standard, mandatory energy efficiency standards EESSH1 and EESSH2,
- Tenant aspirations
- THA's financial capacity – what we can afford to spend on our homes and at what pace
- Whether we should consider alternative uses or disposal for any of our property assets.

The Association will use the data provide through the latest stock condition survey to review and update our current stock information and planned works programme. At the same time, we plan to invest over £3.3 m in major repairs this financial year (capitalised and revenue)

The cost included as revenue expenditure relates to rewiring of properties, replacement of door entry systems, replacement of close doors and new guttering and downpipes. In addition to this there will be environmental work carried out, fence replacements and various medical adaptations. Capitalised works will include kitchen, bathroom and central heating replacements will also continue during 2022/23.

The Business Plan cashflows are used to test whether future planned maintenance is affordable. As our latest review of the planned works program develops the resulting proposals will be tested for affordability and financial sustainability and the Business Plan will be revised accordingly.

Stock Condition and Performance

81% of the Associations stock is SHQS compliant. 411 of our homes within our sandstone tenemental stock are exempt due to kitchen sizes and layout, where it is physically impossible to increase the size of these failing kitchens. Many of these homes have had new kitchens fitted within the last few years, but they still fail to meet the required storage and space standard provision. In addition, to these exempt units there are also 12 properties where tenants do not wish any improvement works carried out in their homes (abeyances). In all of these remaining 12 cases the tenant has signed a mandate stating that they do not wish any work carried out in their home at present. We have planned that each year we will gain access to as many of these properties as possible to undertake these required SHQS works, however it is likely that the only time the Association will be able to gain access these properties to carry out the required work is when a property becomes void.

Additional Stock Condition Survey data will be obtained during 2022, to inform the development of the Asset Management Strategy and future investment programmes. Maintaining tenants' homes at SHQS levels and improving the insulation of our homes will be a key factor in setting future investment priorities.

All of the Association's homes will be expected to be brought up to the EESSH 2 target, noted below. It is accepted by the Scottish Government that there will be circumstances where it will be impossible for an RSL to bring certain houses up to this required standard. However, in these cases everything must be done to get the stock up to a position where it is as close to the standard as possible given the constraints identified.

EPC Rating	Stock position at 31 st March 2022
A	0
B	188
C	2,030
D	61
E	5
Total	2,284

The new EESSH 2 standard requires all properties to be “B” rated or better. This means that the Association will aim to improve 2096 properties (2,030 “C”, 61 “D” and 5 “E” rated) by 2032 to achieve the standard.

The Association is currently working in partnership with Shettleston Housing Association to appoint a team of consultants to produce a detailed plan allowing each Association to identify the extent of work required to bring each of the Association’s homes into full compliance with the EESSH 2 standard. At present, we note that only very recent new build project will require no further work. The detailed plan will highlight areas of stock where it may not be possible to reach the standard due to financial or technical constraints.

The purpose of the plan will be to identify what the likely cost of these works will be, allowing the Association to make provision for these works and costs when producing future financial plans. The scale of the works required to meet the EESSH 2 standards will be considerable which is likely to have a significant impact on the Association’s financial position moving forward. It is envisaged that the proposed plan will be completed by in this financial year and if required we will discuss the outcomes of this work with our lenders.

Demand

There is good demand for most of THA’s homes, and the percentage of THA houses becoming vacant each year has been below the Scottish average in four of the last five years. This indicates that THA’s areas of operations are more stable than the average. As noted in the housing services chapter, THA performs to a high standard in sustaining new tenancies. This also helps to reduce turnover, void numbers and costs. Demand is high from both existing tenants seeking a move and external applicants on the housing register

- In the previous year the figure was 73% as we made every effort to assist GCC with homeless cases during the worst of the Pandemic

Reactive Repairs

THA carries out reactive repairs using the following target timescales.

Emergency	THA responds to all emergencies within 2 hours and makes safe within 6 hours this includes out of hours service.
Urgent	THA will complete non-emergency and follow up works within 3 working days of being reported
Routine	Routine repairs, THA will be complete works within 5 working days of being reported
Right to Repair	Covers a number of small, defined qualifying repairs introduced as part of Housing (Scotland) Act 2001. complete within either 24 hour or 3 or 7 days

THA has good performance for the Charter Indicators that relate to reactive repairs, in comparison with other landlords locally and nationally. The following results use a 5-year average figure (2016/17 to 2020/21), to give a longer-term picture of performance. Obviously, recent out turns will be affected by the lockdown from the pandemic.

Repairs Type	Tollcross	GHA	Parkhead	Shettleston	Scot Ave
% Reactive repairs completed right first time	95%	96%	97%	93%	92%
% Tenants satisfied with repairs service	96%	92%	95%	92%	91%
Average working hours to complete emergency repairs	2.26	2.94	1.74	2.16	4.0
Average working days complete non-emergency repairs	2.46	5.52	5.56	4.28	6.6

As shown, THA's performance results have been of a very high standard. Performance results for a wider range of indicators are reported quarterly to the Management Committee and Operations Sub Committee, we use this data to complete the relevant sections of the Annual Return on the Charter and these results are also issued to all of our tenants annually through our Landlords Performance Report

Void Management

In the last five years, THA has lost an average of 0.52% of annual rental income due to properties being empty. This is lower than the national average and our performance is better than our neighbouring Associations in Parkhead and Shettleston.

Our average time taken to re-let empty properties has also been high in 2020/21, peaking at 56 days, however, our performance is slightly better than the national average of 56.3 days. This drop in performance is directly linked to the effects of the Covid 19 Pandemic. Due to Government Guidance, it was not possible to re let homes during long period of lockdown. Since a return to a more normal working situation, we have been working hard to reduce the void turnaround times and at present the timescale is 48. This figure is still artificially due to contractor issues with manpower and material shortages.

Compliance with External Standards

We are committed to complying to all our duties in relation to tenant and resident safety including recommended practice advice on landlord compliance management, monitoring and quality assurance. We regularly update our Governing Body on our obligations on our safety obligations and this matter is treated with the upmost seriousness.

Fire and Heat Detection Alarms

Following the fire at Grenfell Tower in 2017, the Scottish Government has introduced new requirements that social landlords must meet for smoke and heat detection within their properties. The deadline for compliance with the new standards was 1 February 2021 and we are fully compliant with this requirement.

Energy Efficiency Standard for Social Housing (EESH)

THA's compliance with the EESH as at 31 March 2022 is shown in the table below. This is equivalent to a pass rate of 99.03 %.

Number of properties in scope of EESH that meet the standard			
	Gas	Electric	Total
Flats	1,612	1	1,613
Four-in-a-block	276	0	276
Houses (other than detached)	371	0	371
Detached houses	2	0	2
Total that meets standard	2,261	1	2,262

We plan to be 100% EESH compliant as quickly as possible, but in all cases the current tenants of these failing properties do not wish improvement works to be carried out. The only time we can complete the required works is when the property becomes void.

Asset Disposal

THA currently has no plans to dispose of mainstream housing assets over the lifetime of the Business Plan. Once the update of our stock condition is completed, we will assess our asset performance and take a holistic view of their viability. We will continually review our asset performance data to enable, risk identification, management and mitigation.

Business Plan Priorities 2022/23 (Year 1 of the Business Plan)

The priority actions we intend to take during 2022/23 are set out in the rest of this chapter.

1) Reactive Repairs Service

In 2022/23, THA will:

- Maintain service continuity for emergency repairs and gas safety checks. We will adopt safe working procedures that safeguard the health and safety of tenants, THA staff and other workers.
- Maintain the quality and effectiveness of the repairs service.

In measuring success, we will consider:

- Performance in relation to Charter Indicators and THA internal targets
- Adherence to budgets
- Tenant satisfaction with the service.

2) Asset Management Strategy (AMS)

In 2022/23, THA will:

- Review our Asset Management Plan using the information provided by our latest stock condition survey, this revised plan will set out integrated plans for the future delivery of THA's repairs, maintenance and component replacement services.
- Review
- Continue to meet all health and safety requirements for compliance for our housing.
- Continue to consult with tenants and consider views and aspirations

3) Future Planned Maintenance and New Build Programme

In 2022/23, THA will:

- Complete a robust analysis of THA's revised data on stock condition and review our 5-year programme for investment in the housing stock, Deliver the approved 2022/23 planned maintenance programme,
- Work in partnership with Glasgow City Council and lenders to agree a funding package for developments in Altyre and Easterhill Streets.

4) Void Management

In 2022/23, THA will:

- Continue to improve performance in void losses and turnaround times for void properties, returning performance to pre pandemic levels
- Ensure that management continue to closely monitor voids spending,
- Monitor the voids strategy throughout 2022/23, to identify any changes that would be beneficial to THA and new tenants

5) External Requirements on Standards in Housing

In 2022/23, THA will:

- Complete further works needed to meet the Energy Efficiency Standard for Social Housing (EESH).
- Continue to review the options available to us for meeting the Scottish Government's increased energy efficiency requirements by 2032 (known as EESH 2)

6) Value for Money

In 2022/23, THA will:

Carry out a value for money review of the Asset Management function.

Follow best practice guidance in procurement activities.

Include Community Benefit Clauses in all new procurements carried out by THA.

10. CORPORATE MANAGEMENT AND PRIORITIES

This Chapter addresses THA's organisational management as well as a number of priority issues that span all of our business areas, such as customer engagement and equality and diversity.

Organisational Management

Premises and Facilities Management

The Association's office is at 868 Tollcross Road, in the heart of our community. The office is purpose-built and has won awards given by the Royal Institute of British Architects and the Glasgow Institute of Architects, as well as being a finalist in the RIAS Andrew Doolan Award for 2019.

THA also owns the Advice and Learning Centre at Braidfauld Street. The Centre is the main community hub in our area and provides a number of services and activities that benefit the community. THA is responsible for property management and the day-to-day management of the premises.

Finally, we own two sheltered housing complexes at Methven Street and Orchard Court.

Facilities management is a significant activity for the Association. The Covid-19 pandemic added considerably to our workload, in keeping abreast of public health guidance and acting to ensure we kept tenants, staff and visitors safe. While we have now entered a new official phase of "living with Covid", public health experts are clear that the virus will remain a threat. We will continue to follow official guidance closely. We will also be alert to the future implications of Covid-19 in our risk assessments and will stay ready to respond to any changes in public health guidance.

Staff Remuneration

The Association is a member of EVH and party to collective bargaining on terms and conditions and grading/salary levels. Information on 2022/23 salary and pension costs is provided in Chapter 13, Financial Plans and Projections.

Data Protection

The Association must comply with the law on both data protection (the collection and processing of personal information) and freedom of information.

Both areas are complex, and the consequences of non-compliance can be significant, particularly in relation to data protection where the Information Commissioner's Office has powers to issue substantial fines. The Association retains the services of RGDP LLP to provide advice and services in these areas including assistance with data breaches, subject data requests, freedom of information and environmental requests.

Health and Safety

The Association's legal obligations for health and safety apply to our roles as a landlord and as an employer. This is a vital area of our work since any failures on our part could have serious consequences for our customers or colleagues and result in significant reputational damage.

We have well-established systems and procedures for meeting our legal responsibilities, including:

- Quarterly reporting to the Management Committee
- A Health and Safety Board that meets quarterly and oversees a programme of regular checks and assessments and reviews the Health and Safety Action Plan, keeping the Management Committee informed as required
- H&S Control Manual
- RIDDOR reporting
- Coronavirus risk assessments
- Fire Risk Assessments
- Annual H&S Training for staff

Senior management responsibility lies with the Corporate Services Director, although we emphasise that all members of staff should understand and accept their responsibilities by working in accordance with the Association's risk assessments, policies and procedures. The Technical Director has responsibility for all stock safety matters.

Complaints Handling

The Association uses the Model Complaints Handling Procedure to manage complaints and to report on our performance. We have strong performance in investigating and responding to complaints within the target timescales set out in the Procedure.

We hold a monthly complaint handling group meeting, with representatives from each department of the Association. The main focus of the Group's work is on:

- Ensuring that our standards are met, and that staff continue to embrace a culture of focusing on complaints, resolutions and lessons learned.
- Examining any common causes or features of complaint, so that these can be fed back to the full staff team to maintain consistency and good customer experience.

The Corporate Services Director provides the Management Committee with a quarterly complaints analysis which again has an emphasis on lessons learned as suggested by staff and customers. This is fed back to our customers via the website and quarterly newsletters by way of "You Said, We Did".

Organisation Wide Priorities

Organisation wide issues are generally led by the Corporate Services Director and/or Chief Executive and supported by other Leadership Team members in their practical application.

In 2022/23, the major issues we will address are:

- The rollout of our Customer Engagement Strategy
- Equality and Human Rights policy and monitoring and data collection
- Commissioning and follow up to our next large-scale customer satisfaction survey.

Customer Engagement

THA has a long-standing track record in successfully promoting customer engagement in our work. The positive impact that tenants have made can be seen in changes and improvements made across a wide range of THA services. The main conduits for achieving this over the last decade have been the Performance Improvement Network (PIN) which performs the role of a scrutiny panel, supported by a number of topic-based Performance Improvement Loops (PILs) which monitor the Association's service standards and targets and report their findings and recommendations to the MC.

In total, more than 20 volunteers take part in 7 groups to fulfil this role. Relationships with THA have been constructive and productive. The groups have played an important part in developing skills and confidence among PIN and PIL members. The groups have also been eager to promote community events that bring people together which benefits individuals and the wider community.

We have been working to develop a wider range of opportunities and methods for involvement, so that people can choose what is right for them. After delays caused by Covid-19, a new Customer Engagement Strategy was approved at the end of 2021 with input provided by the PIN and PIL groups and TPAS Scotland. The key aims of the Strategy are to:

- Improve how we engage with customers to ensure people can be involved in a way that suits them
- Promote and provide a wide range of options for customers to get involved and take part in decisions
- Provide opportunities for customers to build confidence, knowledge and skills
- Train and support all of our staff across all department to ensure customers' voices are heard
- Work in partnership with customers to improve our performance and services through a range of informal and formal methods such as scrutiny and working groups
- Provide customers with information in a variety of ways
- Provide customers with a range of ways they can communicate with us

The Strategy is accompanied by detailed action plans. These are now being implemented, with the following priorities identified for 2022/23:

- Review of the THA website, seeking younger resident input
- Set up/support an owners' group
- Seek involvement of people who have used complaints procedures to help take forward improvements
- Use annual tenancy visits to get flash feedback on best/worst features of THA and our services
- Learning from other social landlords
- Increased use of local press and radio to raise awareness/profile
- Greater use of the Tollcross App to consult
- Working group of managers plus TPAS

Importantly, we encourage staff from across the Association to view customer engagement as part of their job role. To this end, we have set up a new Customer Engagement Team of staff from our various teams.

Equality and Diversity

The Association will conduct a review of our Equality and Human Rights Policy in 2022/23. This will set out our objectives and planned activities across the Association as a whole.

We are also working on a questionnaire to be issued to all of our tenants and other service users. This will gather information across all of the protected characteristics in the Equality Act 2010. This will in turn will contribute to our customer profiling and will address the monitoring requirements stated in the SHR Regulatory Framework.

We recognise that some people may have concerns about our reasons for seeking personal data and how we will store and use their data. We will do our best to address these concerns through the design and administration of the questionnaire, and by providing reassurance where we can to anyone who has concerns.

Through these actions, we will address the requirements of the SHR Regulatory Framework which states that a social landlord must have:

- ... assurance and evidence that it is meeting all of its legal obligations associated with housing and homelessness services, equality and human rights...
- ... assurance and evidence that it considers equality and human rights issues properly when making all of its decisions, in the design and review of internal and external policies, and in its day-to-day service delivery.

To comply with these requirements, landlords must collect data relating to each of the protected characteristics for their existing tenants, new tenants, people on waiting lists, governing body members and staff.

Customer Satisfaction

Regulatory guidance requires social landlords to conduct satisfaction surveys to be carried out at least every 3 years, so our next large-scale survey will take place later in 2022.

The survey is a critical exercise, because it gives the Management Committee and regulators assurance about our performance, while also allowing customers to have direct influence over how we work and what we can do better in the future.

The 2019 survey results show that very few respondents identified any improvements they wanted to see made to our services or to their homes. This is something we will consider further in designing the 2022 survey, so that we can be assured we have the best possible information on tenants' future needs and aspirations and their expectations from the Association.

This may involve changing the focus of some parts of the survey as well as including a more interactive element through focus groups or similar. This could be beneficial from a tenant profiling perspective, because it would build in a stronger "looking ahead" dimension.

Business Plan Priorities for 2022/23

Covid-19

- 1) Continue to take account of Covid-19 in our risk assessments relating to HR and facilities management. Track changes in public health guidance and respond appropriately.

Customer Engagement Strategy

- 2) Continue the rollout of the Customer Engagement Strategy. Implement the action plan for 2022/23, as set out in the Strategy.

Equality and Diversity

- 3) Review and collect data from the equalities monitoring questionnaire, with the Equality Act protected characteristics, taking account of the Regulatory Framework and 2021 sector advisory guidance. Analyse the results and identify any required development actions across the Association's functions.
- 4) Complete a review of the Association's Equality and Human Rights Policy.

Customer Profiling and Customer Satisfaction Survey

- 5) Develop our customer profiling approach, including the commissioning of the Association's next large-scale customer satisfaction survey.

Staffing

- 6) Continue to be proactive in helping our staff to maintain good mental health.

11. VALUE FOR MONEY

Links to our Strategic Objectives

The need to achieve value for money (VFM) is relevant to the following strategic objectives described in the Business Plan:

- Deliver quality, value for money services that meet customers' needs
- Provide quality homes and neighbourhoods
- Manage our assets well, by spending wisely
- Maintain good governance and a strong financial business plan, to ensure we have the capacity to achieve our goals.

THA's Overall Approach

THA takes a very practical approach to value for money, by linking VFM to the overall outcomes described throughout the Business Plan.

THA planned outcomes that contribute to VFM

High levels of customer satisfaction in all of our main services areas	We invest wisely in tenants' homes and neighbourhoods
Tenants find our rents affordable and good value	We are efficient and effective in how we work
We are responsive to tenant feedback and understand their priorities and expectations	We work in partnership with others to address shared priorities
THA continues to be a financially viable and sustainable business	Our performance results and costs compare favourably with our peers and sector average

As the Business Plan and this Chapter in particular demonstrate, we perform strongly in relation to these outcomes.

- THA's tenant satisfaction levels are excellent
- Our rents are lower in most cases than our peer group and the national averages
- Our rents generally pass the affordability tests we have set and are regarded by tenants as representing good value
- Our Charter performance results are strong when compared with our peer group and the national averages, both in the last year and when examined over the last three years
- We have a sustainable financial business plan which provides a strong platform for continued investment in tenants' homes.

As would be expected, there are areas where we wish to do more, and which will also contribute to improved value for money:

- We are developing a new analysis of our asset base which will enable us to target stock investment efficiently and effectively.
- We have launched our new Customer Engagement Strategy and will examine the options for carrying out customer profiling work, possibly as part of our next customer satisfaction survey in 2023.

We also recognise that the current economic situation is creating challenges for our tenants and the Association where we are seeing multiple cost pressures for our business, particularly in relation to repairs and maintenance costs. These circumstances require us to perform a balancing act;

- While our costs have increased significantly, we cannot simply pass these costs on in full to our customers.
- If we seek efficiencies, we must do so with care. If we make the wrong judgements, we may struggle to maintain levels of service, performance and tenant satisfaction. In these circumstances, the pursuit of value for money must be consistent with our wider objectives.

Over the three years of this Business Plan, we will ensure that our Business Plan priorities include a set of actions to address VFM issues. This will reflect actions that relate to continuous improvement work as well as actions that have the potential to improve our business efficiency and to align our activities and spending closely to tenants' priorities.

Peer Group Comparisons: Context

The Association is a member of the benchmarking club, the Quality and Efficiency Forum.

We also use Scottish Housing Regulator datasets, the Annual Return on the Charter (ARC) and analysis of Annual Financial Statements (AFS) to benchmark with housing associations with a similar profile to Tollcross based on size and ownership of a mixed stock portfolio of pre-1919 tenements, stock transfers and new build development.

The organisations we have selected as our peers for benchmarking purposes are shown below:

CBHA9 Peer Group

Govanhill HA	Partick HA
Maryhill HA	Shettleston HA
Milnbank HA	Southside HA
Parkhead HA	Tollcross HA
	Whiteinch & Scotstoun HA

When benchmarking our rent levels, we use a peer group of organisations that operate in the east end of Glasgow. This is because local rental comparisons are the most meaningful for tenants and for THA.

East End Rents Peer Group

Milnbank HA	Thenue HA
Parkhead HA	Tollcross HA
Shettleston HA	West of Scotland HA

Tollcross's Performance: Value for Money Indicators

We use a set of **value for money indicators** drawn from the ARC and AFS.

For each indicator, we compare Tollcross's performance with the average results for the CBHA9 group and with national average results. The indicators have been chosen because they each contribute to one and sometimes more than one of the following value for money principles:

EFFICIENCY

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

FINANCIAL

Evidence of a positive financial impact, resulting in a measurable net monetary gain or otherwise contributing to the Association's financial wellbeing.

VALUE

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

The following table illustrates three-year average results for the period 2018/19, 2019/20 and 2020/21 inclusive. Appendix 5 contains the detailed supporting data for this period, as well as results for 2020/21 only.

VFM Indicators

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

↑ Tollcross result is **BETTER THAN** the compared average

↘ Tollcross result is **MARGINALLY POORER THAN** the compared average

↓ Tollcross result is **SIGNIFICANTLY POORER THAN** the compared average

	Tollcross compared with national average	Tollcross compared with peer group average
EFFICIENCY		
Time to complete emergency repairs	↑	↘
Time to complete non-emergency repairs	↑	↑
Tenancy offers refused	↘	↘
Time taken to re-let empty properties	↑	↑
Rate of staff sickness absence	not avail.	↑
FINANCIAL		
Collection of rent that is due	↑	↑
Gross rent arrears due	↑	↑
Rent loss through empty properties	↑	↑
VALUE TO THE CUSTOMER		
Tenant satisfaction with overall service provided by landlord	↑	↑
Tenants who feel the rent paid is good value for money	↑	↑
Properties meeting the SHQS	↓	↓
Properties meeting the EESSH	not avail.	↑
Tenants satisfied with quality of their home	↑	↑
Tenants satisfied with repairs service	↑	↑
New tenancies sustained for more than a year	not avail.	↑

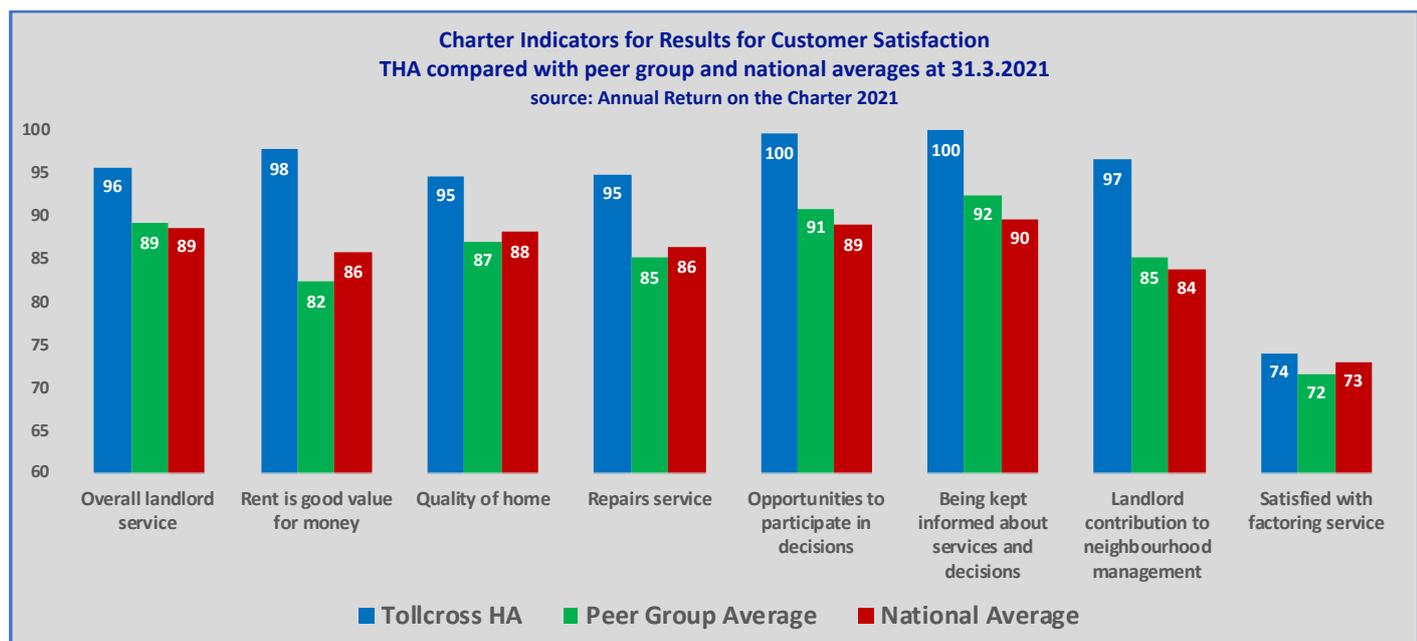
THA's results are exceptionally strong when benchmarked with both the peer group and Scottish averages. The only significant exception is the SHQS compliance rate, when compared with the Scottish Average (THA 84.3%, Scottish Average 93%).

THA's results reflect the number of SHQS exemptions and abeyances applicable to pre-1919 tenement stock. This applies to many of the peer organisations in the CBHA9 peer group. For example, THA's 2020/21 SHQS compliance rate of 81.5% was only 2% lower than the peer group average and ranked 5th best out of 9 in the peer group. This indicates that THA's performance on SHQS is within normal parameters for comparable organisations with older tenement stock.

Customer Satisfaction

Customer satisfaction results are one of the most significant tests of value for money. As the chart below shows, THA has outstanding levels of customer satisfaction based on the eight Charter Indicators that all social landlords are required to report on annually to the Housing Regulator

Tollcross's performance results are superior to the CBHA9 peer group average and the Scottish national average for all 8 ARC measures of satisfaction, generally by substantial margins.



Partnership Working

Partnership working is key to our strategy for creating value for our customers and community and achieving efficiencies in challenging financial times.

Tollcross and Shettleston Housing Associations are actively looking at areas where business resources and staff could be shared. This process has already resulted in the partnership with Tollcross Community Trust and the Income Maximisation Team. Here both Associations worked in partnership to obtain grant funding for the Trust. This funding allowed for the appointment of two shared members of staff and the provision of a vital service across the two Associations' operational areas.

The current focus is on investigating the potential for sharing or adapting the current staff teams to provide additional services, or current services in a more efficient manner.

- Tollcross already employ a paralegal member of staff and we are exploring how this resource could be share across both organisations to help save on legal costs.
- Both Associations are looking at how they deliver “wider role” projects to their communities. It would appear that a more strategic “G32” wide approach to service delivery and grant funding applications would be more effective and would provide a much more attractive option to funders.

We are also working jointly on the production of planning documents that will show how both Associations will be working towards achieving EESSH 2. Both organisations share many stock types, so there will be a great commonality on the works required to bring stock up the required standard. At present our joint working is focused on the production of these plans, but it is envisaged that this will continue into the procurement and works stage of the required EESSH 2 retro fit works.

Tollcross is looking at how we might make better use of Shettleston’s direct works subsidiary, Upkeep. Tollcross has always used Upkeep for some works. However, given the current difficulties in sourcing contractors, works and material costs and the quality of works there may be an option for Tollcross to use Upkeep more extensively and hopefully this will help control costs and quality.

Digital Services

There have been steady increases over the last decade in the number of tenants who have internet access through broadband or a smartphone. At the time of our 2019 customer satisfaction survey, two-thirds of the survey respondents said they had internet access. There was also a significant increase in the numbers saying they would consider using online to pay rent or to report repairs. As would be expected, levels of interest were far higher among younger tenants.

This feedback has been reflected in how the Association has developed our digital offering:

- Core services (reporting repairs, paying rent, making a complaint) are available online via the THA website and app. Applying for housing can also be completed on the website
- Since there are still many tenants who cannot use digital or prefer to do business with us in the traditional ways, our approach is “multi-channel” so that individual customers can choose what works best for them.

Rent Levels and Rent Affordability

Guiding Principles

The Association’s approach to rent-setting is based on the following principles:

- Keeping rents affordable, particularly to those working for low wages and who pay some or all of their rent themselves
- Keeping rent increases to the minimum needed to provide high quality services and homes, in line with tenants' expectations
- Keeping our rents competitive in comparison with those of other housing associations
- Making sure THA has sufficient income to meet our obligations to tenants and funders, invest in our housing and maintain headroom to manage future financial and economic risks.

Current Rents and Rental Comparisons

THA's average rents at 31 March 2021 are shown below, alongside the averages for the East End Rents peer group already described and the national averages for all social landlords in Scotland.

	2 apartment	3 apartment	4 apartment	5 apartment
Tollcross HA	£67.65	£75.94	£92.02	£102.89
Peer Group Average	£71.46	£79.52	£90.24	£101.90
National Average	£79.48	£82.60	£89.81	£99.97

The results show that Tollcross average rents were:

- Around £4 per week less than the East End peer group average for both 2 and 3 apartments
- £12 a week less than the national 2 apartment average and £7 a week less than the national 3 apartment average.
- £2 a week more than the East End peer group and the national for 4 apartments
- £1 a week more than the East End peer group average for 5 apartments and £3 a week more than the national average

Therefore, Tollcross's average rents are demonstrably low for 2 and 3 apartments. Since these house sizes account for 81% of our stock, this benefits a high proportion of our tenants.

Our rents were only slightly higher than both compared averages for larger house sizes.

In our most recent large-scale customer satisfaction survey, 98% of respondents said that their rent was very good or fairly good value for money. **This is the third best result of almost 190 social landlords in Scotland, as reported in the 2021 ARC.**

The Management Committee approved a rent freeze in 2021/22, in recognition of the serious impact the Covid-19 pandemic had on tenants' incomes and outgoings.

With inflation increasing apace throughout 2021, an inflation plus 1% increase for 2022/23 would have amounted to 6.2%. The Association made budget efficiencies, enabling the Management Committee to approve a much lower 3.6% increase. It is worth noting that CPI inflation had reached 6% when the increase was introduced in April 2022 and is expected to stay on an upward path until

the end of the year.

Preserving our competitive rents will be increasingly challenging during the 3-year period of this Business Plan, unless the wider economic outlook improves. As described in Chapter 13, Financial Plans and Projections, the budget set for 2022/23 recognises that there will be substantial increases in our costs. We will need to absorb these additional costs while at the same time being responsive to increasing pressure on tenants' household incomes and raising sufficient rental income to provide the quality services and investment that tenants rightly expect. Striking this balance will be difficult, and it is quite likely that seeking efficiencies in costs year on year may need to become the norm in future.

This will also need to achieve a good level of dialogue with tenants about the relationship between rent and how tenants would wish us to prioritise future spending.

Rent Affordability

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

The affordability assessment is based on THA average weekly rents for 2022/23:

House Size	Average Weekly Rent
2 apartments	£70.08
3 apartments	£78.67
4 apartments	£95.33
5 apartments	£106.59

The other factors taken into account are:

- We identify a range of household types combined with employment circumstances that we know are common within our housing.
- Household types are matched to the relevant THA house size and rent level
- For each household type, we make a range of assumptions about the number of adults working and the number of hours per week each adult works.
- Finally, we calculate how much of the household's income is spent on rent, using two assumed income levels:

- **Firstly, households with “moderate incomes”**

Moderate incomes are the 30th percentile of average household earnings for Glasgow, as published by the Office of National Statistics in its Annual Survey of Household Earnings (ASHE).

This allows rent affordability to be tested for working households whose earnings are below average but also higher than would make them eligible for help with their rent from housing benefit or Universal Credit.

- **Secondly, households earning the Minimum Wage (people aged 23 plus)**

This relates to what the UK Government now calls the National Living Wage (NLW), which the majority of people still refer to as the national minimum wage which is a more honest label. Rates are NLW 2022/23 rates.

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

Moderate Incomes Test

Household Type	Number of bedrooms	THA weekly rent	Household Income	Rent as % Household Income
Single person	1-bed	£70.08	£318.47	22.0%
Couple (1 FT, 1PT)	1-bed	£70.08	£477.71	14.7%
Couple (2FT)	1-bed	£70.08	£636.94	11.0%
Single parent (1 child) (1 FT)	2-bed	£78.67	£414.01	19.0%
Single parent (2 children) (1FT)	2-bed	£78.67	£509.55	15%
Small family (2 children)	2-bed	£78.67	£668.79	12%
Single parent (2 children)	3-bed	£95.33	£514.36	19%
Small family (2 children)	3-bed	£95.33	£673.60	14%
Large family (3 children)	4-bed	£106.59	£764.33	14%
Pensioner couple	1-bed	£70.08	£477.71	14.7%
Single pensioner	1-bed	£70.08	£350.32	20.0%

All of the household types fall comfortably within the target level of rent being less than 25% of household income and are **highlighted in green**. Only one household type would spend more than 20% of their income on rent.

Households of working age working for Minimum Wage

Households earning the minimum wage who have children generally qualify for Universal Credit to top up their incomes. Accordingly, the following calculations show rent as a percentage of household income in two ways:

- Net earnings from Minimum Wage employment only
- Net earnings from Minimum Wage employment plus any Universal Credit the household is entitled to.

Green shading means that the 25% test is met, **yellow shading** is a marginal fail and **pink shading** is a fail.

Household Type & hours worked	No. bedrooms	THA weekly rent	Net earnings pw	UC entitlement pw	Rent as % of net earnings only	Rent as % of net earnings plus UC
Single person (FT)	1-bed	£70.08	£297.26	£0	24%	24%
Couple (1 FT, 1PT)	1-bed	£70.08	£486.55	£0	14%	14%
Couple (2FT)	1-bed	£70.08	£594.52	£0	12%	12%
Single parent, 1 child (1 PT)	2-bed	£78.67	£189.94	£162.04	41%	22%
Single parent, 2 children (1FT)	2-bed	£78.67	£297.26	£160.24	26%	17%
Small family, 2 children (1FT)	2-bed	£78.67	£297.26	£162.04	26%	17%
Couple (1 FT, 1PT)	2-bed	£78.67	£486.55	£0	16%	16%
Single person (FT)	2-bed	£78.67	£297.26	£0.00	26%	26%
Single parent, 2 children (1FT)	3-bed	£95.33	£295.68	£220.93	32%	18%
Small family, (2 children (2FT)	3-bed	£95.33	£594.52	£58.20	16%	15%
Large family, 3 children (2FT)	3-bed	£95.33	£594.52	£114.64	16%	13%
Large family (3 children)	4-bed	£106.59	£594.52	£110.98	18%	15%

Pensioner Households

The affordability tests consider the following typical scenarios:

- Single pensioners and pensioner couples whose income consists of the State Pension only.
- The same two household types where income consists of the State Pension and a modest occupational pension.

The results are as follows:

Household Type	Pensioner couple state pension only	Single pensioner state pension only	Pensioner couple with occup pension	Single pensioner with occup pension
Number bedrooms	1-bed	1-bed	1-bed	1-bed
Weekly rent	£70.08	£70.08	£70.08	£70.08
State Pension	£283.70	£141.84	£283.70	£141.84
Occup Pension (if any)	£0	£0	£150.00	£100.00
Housing Benefit	£70.08	£70.08	£0	£41.00
Pension Credit	£0	£41.00	£0	£0
Total income	£353.78	£252.68	£433.70	£282.84
Rent Affordability %	20%	28%	16%	25%

The calculations for people earning **the Minimum Wage** show that is not a “Living Wage” at all, because some working households still have to fall back on Universal Credit in order to pay their rent and meet other essential living expenses.

The affordability results change significantly when eligibility for UC is added to the calculations, and this should be regarded as the primary way of measuring affordability for people earning the Minimum Wage. It is clear that working for the Minimum Wage can only produce an acceptable income if there are two wage-earners with both ideally working full-time. In the calculations, **no account is taken of either Child Benefit or the new Scottish Child Payment**. This is because these are designed to be spent on the child rather than as a top up for essential household expenditure such as the payment of rent.

Only one household type (a **single person working full-time for the Minimum Wage** occupying a 3 apartment) fails the 25% affordability test and the failure is marginal. This is a common feature of rent affordability assessments since single people with no children are generally disadvantaged by the benefits system as well as by having just one source of income to run a home. Single parents can also lose out if they are working less than full-time. The results for **pensioner households** show that a single pensioner whose income comes only from the State Pension fails the 25% test, even when Pension Credit is added to their income. As with the working household scenarios the essential issue is the low level of household income, rather than THA charging high rents. Pensioner households are also assumed by the benefits system to have lower outgoings than households of working age.

Non-working households face a different set of pressures. While Housing Benefit or Universal Credit may cover the rent, the level of benefits paid for other living costs is extremely low. While collecting rent and controlling rent arrears are major objectives for THA, so is ensuring that tenants receive practical help with maximising their incomes and we address this through our support for benefits and money advice services available through the Advice and Learning Centre. Our Housing Officers also play a vital role in working with tenants to prevent or reduce rent arrears.

Financial Performance

THA's financial performance and ratios provide additional insight into efficiency and value for money. This is addressed in Chapter 13 of the Business Plan.

Business Plan Priorities for 2022/23

Asset Base

1. We will continue our study to measure the efficiency of each area of the Association's stock.

To date, the exercise has considered a wide range of cost and performance factors such as rent, arrears, repairs cost, future investment, staffing costs, anti- social behaviour, demand, voids and void loss, tenant satisfaction. The study will highlight if there are any potential future viability issues with any of the stock and allow the Association to make more informed strategic decisions moving forward.

Partnership Working

2. We will continue to work with our neighbour Shettleston Housing Association. In the coming year, key topics and initiatives will include staff sharing, wider role working, developing an information base to assist with EESSH2 planning, and environmental maintenance. Relationships between our two organisations are positive and constructive and will hopefully lead to other opportunities for joint working, for example in relation to joint procurement.

Customer Profiling

3. We will consider the most appropriate methods for undertaking customer profiling work, to help us deliver value in those aspects our services that are of the greatest importance to our customers.
4. We will promote more digitalisation of our customer services and contact methods, including encouraging tenants who are able to make greater use of the methods we already provide.

Performance Improvements

5. Restore our performance results to pre-pandemic levels, giving particular attention to void management and arrears management results.

Financial Control

6. Mitigate cost increases where feasible by exercising good financial control over expenditure in relation to our approved budgets. Identify efficiencies if required to keep the 2023/24 rent increase within acceptable limits, in recognition of the financial pressures being experienced by many THA tenants.

12. STRATEGIC RISK ASSESSMENT

Introduction

This Chapter describes the top-rated strategic risks set out in THA's Risk Register and following the approach described in our Risk Management Strategy

Since risks and THA's response to them changes over time, this Chapter is best seen as a snapshot of risks at the time the Business Plan was prepared. The Risk Register itself is reviewed and updated quarterly and contains the most up to date profile of risks at all other times.

The following information is shown below for the top-rated risks:

- A description of the risk and its primary impact
- A Risk Score, as described below
- Potential additional impacts of the risk, if it were to crystallise.

Some of the risks shown have an operational as well as a strategic dimension, for example a failure to follow our established procedures could be the cause of non-compliance with our legal obligations for safeguarding the health and safety of our tenants and our staff. In such cases the risks could have a wider strategic significance because they could result in harm to tenants or result in regulatory intervention or significant reputational damage.

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

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

Risk Scoring Method

Risk Scores are based on the following descriptors, with the scores for likelihood and impact multiplied to give an overall risk score:

Score	Likelihood	Score	Impact
5	Almost Certain	5	Catastrophic
4	Likely	4	Major
3	Possible	3	Moderate
2	Unlikely	2	Minor
1	Rare	1	Insignificant

We then match the multiplied scores to the following heat map:

		LIKELIHOOD				
		Rare (1)	Unlikely (2)	Possible (3)	Likely (4)	Almost Certain (5)
I M P A C T	Insignificant (1)	1	2	3	4	5
	Minor (2)	2	4	6	8	10
	Moderate(3)	3	6	9	12	15
	Major (4)	4	8	12	16	20
	Catastrophic (5)	5	10	15	20	25

Overall Rating

Low
Medium
High

Top-rated THA Strategic Risks (risks classed as “high”)

Risk and Primary Impact	Additional Potential Impacts	Risk Rating in Register
F7 Increasing inflation and interest rates, plus Brexit, Covid pandemic and conflict in Ukraine continue to cause volatility in the economy.	<ul style="list-style-type: none"> Impact on THA costs, rental income, loan charges and cashflow Severe pressure on tenants' incomes Significant increases in the cost of imported construction materials/ products and disruption to supply chains UK public spending cuts anticipated 2023/24 onwards, squeezing local services Economic forecasting less reliable 	16
F14: Cessation Event in SHAPS or SPF pension scheme requiring full payment of deficit. Falling membership numbers in staff team due to unaffordability or no members able to join SPF as only open to GHA SST transferring staff	<ul style="list-style-type: none"> Revaluation of SHAPS final salary scheme and proposals for Past Service Contributions awaited from the Pensions Trust in summer 2022 	20

Risk and Primary Impact	Additional Potential Impacts	Risk Rating in Register
<p>H14: Reforms to welfare system impacting upon income stream and affordability of rents. Numbers of tenants transferring to UC increasing ahead of predictions due to economic situation</p>	<ul style="list-style-type: none"> Increasing numbers of tenants on UC as part of managed migration process. (to be complete by end 2024 but may be extended) Rent collection continues to be slower and more resource-intensive 	16
<p>H21: Rent arrears may rise above business plan projections resulting in reduced income. Rent arrears had risen sharply due to Covid and UC, however although still high the rise has stabilised.</p>	<ul style="list-style-type: none"> Experience shows that UC increases hardship for tenants and rent arrears Managing arrears may continue to be highly resource-intensive Reputational damage if there is less income to reinvest in tenants' homes and services 	16
<p>CS18: Failure to ensure Health and Safety processes and procedures in place for all areas of business and that they are implemented consistently across all areas of the business. Failure could lead to failed audit, HSE intervention and legal action.</p>	<p>Failures could also result in:</p> <ul style="list-style-type: none"> Fines or prosecution Reputational damage SHR engagement or intervention Increase in insurance premiums 	15
<p>CS20: Increased levels of staff absence, particularly due to poor mental health, could lead to requirement for additional resources and place burden on other team members. No great increase in staff absences since return to full office working.</p>	<ul style="list-style-type: none"> Reduced staff morale and/or increased staff turnover Make THA less attractive to potential employees 	15
<p>CS21: Coronavirus Restrictions the Pandemic are re-introduced for public health reasons.</p> <p>This would place renewed pressure on maintaining business continuity and could lead to reduced levels of performance and customer satisfaction.</p> <p>It could also impact on the health of staff / Committee with resulting impacts on resources and ability to function under Association rules and standing orders and in line with Regulatory Framework.</p>	<ul style="list-style-type: none"> Reduced staff and committee morale Renewed disruption to achieving business objectives/ priorities 	20

Managing and Monitoring Risks

Scoring risks is a useful discipline but it is not an exact science and does not remove the need for careful monitoring and thinking about the causes and tools for managing risks.

The same principle applies to managing risks. Processes and tools can be summarised in the Register, but it is also critical to take account of all of the features of the risk when it arises, particularly for more complex risks.

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

Risk Appetite

The Management Committee's main focus in this Business Plan is consolidating and improving the performance of our core business and to pursue relatively modest growth through new housebuilding to help regenerate our area and increase our ability to respond to housing needs.

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

We will also seek to consolidate and develop our role as a community anchor organisation for our area of operation. This may involve some external fundraising and direct delivery of services by THA. However, our financial and people resources for undertaking such work are finite, and our expertise lies in housing and property management rather than more specialist community development/support services.

Accordingly, we will continue to seek partnerships for service delivery with others, to address community needs. This approach will also help to keep any risks within acceptable levels while maximising the impact that can be achieved.

Internal Audit and Self Assurance

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

Our internal auditors are Quinn Internal Audit. The internal audit programme for the last three years has included audits of the following service and business management areas:

AREA	TOPIC	2019/20	2020/21	2021/22
GOVERNANCE	Assurance Statement	✓	✓	✓
	Equality and Diversity			✓
	Welfare Rights Oversight			✓
HOUSING	Allocations inc. Homelessness		✓	
	Rent Arrears			
	Tenant Participation			✓
MAINTENANCE	Void Management	✓		
	Tenant Safety		✓	
FINANCE	Budget Setting & Control		✓	
	Rent Setting and Affordability		✓	
ANNUAL FOLLOW UP	Follow up	✓	✓	✓

Business Plan Priorities for 2022/23

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

- 1) The Management Team will review the strategic and operational risk registers quarterly, with the Audit and Business sub-committee reviewing the Strategic Risk Register on the same cycle.
- 2) We will agree a new internal audit plan and programme with our internal auditors.
- 3) We will follow up all matters raised in internal audit reports.
- 4) In carrying out this year's programme of self-assurance work, we will update our assessments of compliance, drawing on reports and other evidence that have been received or developed over the course of the previous 12 months.

13. FINANCIAL PLANS AND PROJECTIONS

Background

CPI inflation rose to 7% in March. The vast majority of the increase in inflation is almost exclusively the result of higher fuel and energy bills coupled with an increase in food costs. The Bank of England increased the base interest rate for the fourth time to 1% and indicated that more interest rate rises are to come, and the United Kingdom was about to “enter a very difficult period” of low growth and high inflation that could bring with it higher unemployment.

Global inflationary pressures have intensified sharply following Russia’s invasion of Ukraine. This has led to a material deterioration in the outlook for world and UK growth. These developments have exacerbated greatly the combination of adverse supply shocks that the United Kingdom and other countries continue to face. Concerns about further supply chain disruption have also risen, both due to Russia’s invasion of Ukraine and to Covid-19 developments in China. There would appear to be no let-up in the spiral of cost increases and inflation is predicted to rise by 10% by the end of this year.

Based on the MPC’s current forecasting for future energy prices, CPI inflation is projected to fall to a little above the 2% target in two years’ time, largely reflecting the waning influence of external factors. There is no guarantee that the Bank’s predictions will be correct.

While the Bank of England does not see the UK economy entering a recession, it warns that there is a risk of this happening later in 2022 if consumer spending does not meet expectations, or if October’s energy price cap review results in a higher-than-expected rise in bills. Economic commentators have not dismissed the possibility of a recession with many saying that the Bank is “walking a tightrope” between inflation and recession.

The gloomy outlook has recently been reflected in a report from the National Institute of Economic and Social Research (NIESR) who estimate that 1.5 million households across the UK will struggle to pay food and energy bills over the next year, as rising prices and higher taxes squeeze budgets and predict the UK will fall into recession this year.

The business plan has been prepared against a difficult economic backdrop with costs of investment, interest rates and wage costs rising well above the 2% Bank of England inflation target. Difficult decisions in relation to rent increases and investment appear to be inevitable. For many of our tenants the challenges are more acute. Temporary changes to the benefits system, including the increase to Universal Credit and Working Tax Credit, will have supported living standards for families receiving these benefits, while eviction freezes and actions on homelessness during the pandemic will also have provided temporary respite. This support has now come to an end.

1. The £20 uplift to Universal Credit has now been withdrawn, offering no additional support to those who are not able to work or are looking for work.
2. Those on ‘legacy’ benefits (excluding Working Tax Credit) pre-dating Universal Credit received no increased support at all.

The cost-of-living crisis will affect all of our tenants, whether on benefits, in employment or on pensions. The Association will to the best of our ability continue to support the most vulnerable within our community. To maximise the benefits for our tenants, going forward the Association must develop a strategy that delivers efficiencies and focuses on budgetary control. This is key to the future success of the Association and will assist in restricting the level of future rent increases. However, in the short term, delays in investment may also be the price of restricting future rent increases.

Financial Objectives

This chapter provides an overview of the Association's financial performance and future projections, as set out in full in **Appendix 8** of the Business Plan. Appendix 8 should be referred to for a comprehensive statement of the financial aspects of the Business Plan.

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

- Deliver quality, value for money services that meet customers' needs.
- Provide quality homes and neighborhoods.
- Manage our assets well, by spending wisely
- Work with local partners to provide or enable services and activities that benefit local people and our communities as a whole
- Offer a great workplace environment that produces a positive staff culture and highly engaged staff.
- Maintain good governance and a strong financial business plan, to ensure we have the capacity to achieve our goals.

The budgets are also based on the following financial objectives

- To maintain sufficient cash balances to ensure that the Association has sufficient cash reserves at all times to meet its obligations as they arise,
- To comply with all lending terms of the Clydesdale Bank and Royal Bank of Scotland at all times.
- Work to budgets, protecting cashflow and making efficient use of our resources

Budget and Assumptions for 2022/23 and Beyond

The financial forecasts take into account the current economic circumstances and it will be important to continue to review and monitor the financial projections on a monthly basis.

Changes in assumptions include:

- Bank Base rate 2% (2022/23) rising to 4% by 2028
- Inflation 5% in 2023/24 and 4% in 2024/25
- Bad debts increased to 3% in 2022/23 to 2024/25

A full list of the assumptions is attached at Appendix 8.

The rent increase for 2022/23 has already been implemented and was 3.6%. The Management Committee approved a rent freeze in 2021/22, in recognition of the serious impact the Covid-19 pandemic had on tenants' incomes and outgoings.

With inflation increasing apace throughout 2021, an inflation plus 1% increase for 2022/23 would have amounted to 6.2%. The Association made budget efficiencies, enabling the Management Committee to approve a much lower 3.6% increase. Going forward the business plan assumes that rents will increase each year by inflation + 1%. This has been a long-standing policy of the

Association and to date has allowed THA rent levels to compare favourably with others across Glasgow and nationally.

The bad debts in Yr1 to Yr3 have been assumed to increase to 5% to reflect the cost-of-living crisis and reduce from year 4 back to 1.27%.

Period	Void levels
Yrs. 1 to 3	3.00%
Yrs. 4 to 30	1.27%

Management Costs

Changes in the management cost assumptions include:

- Pension deficit payments be continued until March 2025. The current estimate was that these payments would end in March 2023.
- Additional provision made for insurance costs of £50,000 per annum
- Staff costs increased to cover the EVH pay increase of 4.1%

Maintenance The Association faced a major challenge in ensuring how to make their workplaces safe, abiding with national standards on social distancing and handwashing.

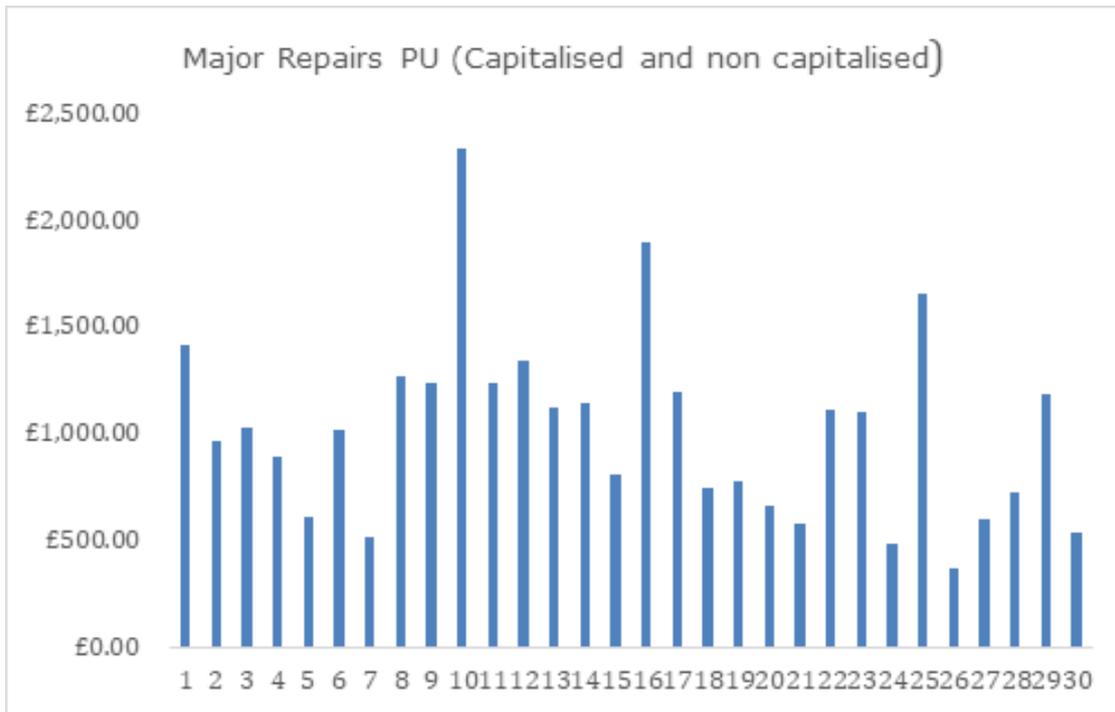
The health and safety of our tenants is of paramount importance and we have to individually assess and consult with each tenant before we can deliver any of our investment plans (including cyclical and reactive maintenance programme.)

Planned Maintenance (Capitalised and Uncapitalised)

Type	2022/23	2023/24	2024/25
Planned Maintenance	£3,249,300	£2,216,962	£2,372,095

2022/23 will also be a period of review, gaining a better understanding of our investment requirements through an update of our stock condition survey. We will also fulfil our landlord compliance obligations re asbestos, electrical, fire, gas, and water safety.

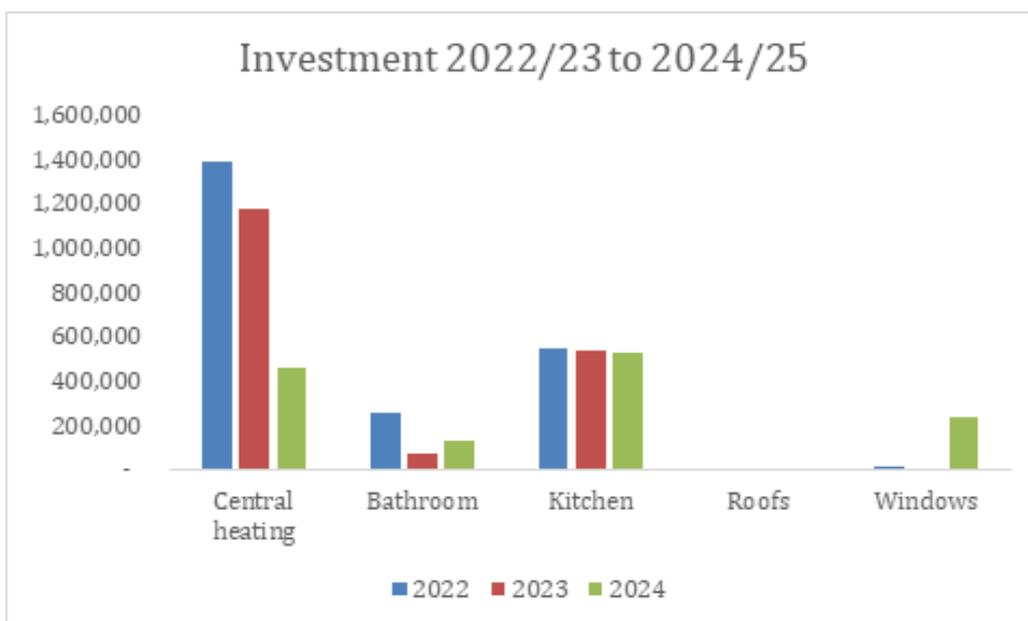
Our current investment plans estimate a spend of £30,600 per home over the next 30 years as profiled in the graph below.



The stock condition surveys will be updated this year and our business plan will be revised next year to reflect the refreshed costings. All costs increase by inflation + 0.5% each year.

All costings exclude any liabilities due to be met by the Association and owners in relation to obligations for EESSH2 and Net Zero, which will require detailed investigation and discussions with the community and our stakeholders into the costs, funding, and processes of delivery.

We will invest £5.4m in component replacements in the next 3 years with the main investment being in heating systems and kitchens.



Cyclical Maintenance

The cyclical budget has been set at £426,400 per annum (2022 price base) with cost increasing each year by inflation plus 0.5%.

Type	2022/23	2023/24	2024/25
Cyclical Maintenance	£426,400	£426,400	£426,400

Reactive Maintenance

The reactive budget has been set at £1,164,000 per annum (2022 price base) with cost increasing each year by inflation plus 0.5%.

Type	2022/23	2023/24	2024/25
Reactive Maintenance	£1,164,000	£1,222,000	£1,222,000

The Association has provided £51,000 per house of repairs (cyclical, planned and reactive) for each home over the life of the plan, which equates to an average maintenance spend of £1,700 per house per year.

In addition to the above, we provide other services to our tenants including stair cleaning, estate maintenance and bulk uplift.

New Build Development

We are committed to assisting the Scottish Government in delivering their targets for new build social housing and ensuring that as many new modern homes are built in Tollcross and in all areas we serve. The current business plan assumes that we will complete 2 new developments in Altyre Street and Easterhill Street that will deliver 89 new homes by 2026.

The development costs and assumed levels of grant are noted in the table below. Glasgow City Council has not confirmed that these projects will proceed and agreement on project costs is outstanding. Contract prices have increased considerably and discussions will continue with the Council to ensure that the developments are viable and we obtain the necessary level of grant support to take these forwards.

Development Project	2023/24	2024/25	2025/26
Altyre Dev Costs	£6,000,000	£2,550,000	£0
Altyre HAG	£5,730,000	£0	£0
	2023/24	2024/25	2025/26
Easterhill Dev Costs	£200,000	£6,000,000	£1,720,000
Easterhill HAG	£200,000	£4,550,000	£0

Statement of Comprehensive Income

A copy of the Statement of Comprehensive Income for the period to 31 March 2052 is attached at Appendix 8. Based on the current assumptions The Association will continue to report operating surpluses and surpluses after loan interest has been accounted for.

Period: 01 April 2022 - 31 March 2027	2023	2024	2025	2026	2027
	£000's	£000's	£000's	£000's	£000's
Total Turnover	9,789.90	10,358.00	10,859.80	11,791.10	12,132.50
Operating Expenditure	-8,347.70	-8,261.50	-9,287.00	-9,322.80	-9,356.50
Operating Surplus/(deficit)	1,442.20	2,096.40	1,572.80	2,468.40	2,776.00
Interest Receivable	43.9	43.5	43.2	43.2	43.5
Interest and financing costs	-1,225.30	-1,219.80	-1,209.20	-1,865.90	-1,495.80
Surplus before tax	260.9	920.2	406.9	645.6	1,323.60
Taxation					
Surplus after tax	260.9	920.2	406.9	645.6	1,323.60

Statement of Financial Position

The net assets of the Association at 31st March 2027 are projected to increase to £37.2m, an increase of approximately £1.9m over the next 5 years. A copy of the updated Balance Statement of Financial Position for the period to 31 March 2052 is attached at Appendix 8.

Period: 01 April 2022 - 31 March 2027	2023	2024	2025	2026	2027
	£ 000's				
Fixed Assets					
Intangible assets and goodwill					
Tangible fixed assets	66,021.70	72,577.00	81,008.30	82,354.60	81,411.40
Fixed Assets Total	66,021.70	72,577.00	81,008.30	82,354.60	81,411.40
Current Assets					
Trade and other debtors	251.5	264.1	274.2	279.2	284.2
Cash and cash equivalents	9,031.90	7,954.50	3,135.00	7,490.30	8,467.80
Current Assets Total	9,283.50	8,218.70	3,409.20	7,769.50	8,752.00
Less - Creditors - amounts due within 1 year	-1,398.00	-1,467.90	-1,526.60	-1,557.10	-1,588.30
Net current assets/liabilities	7,885.50	6,750.80	1,882.60	6,212.30	7,163.70
Assets less current liabilities Total	73,907.20	79,327.80	82,891.00	88,566.90	88,575.10

Creditors - amounts due after more than 1 year	-38,756.00	-43,445.10	-46,750.10	-51,780.40	-50,465.00
Provisions for liabilities					
Pension provisions	-1,210.30	-1,021.60	-872.9	-872.9	-872.9
Net assets Total	33,940.90	34,861.10	35,267.90	35,913.60	37,237.20
Reserves					
Income and Expenditure Reserve	35,339.80	36,260.00	36,666.80	37,312.50	38,636.10
Restricted [and/or Endowment] Reserve	-1,398.90	-1,398.90	-1,398.90	-1,398.90	-1,398.90
Total reserves	33,940.90	34,861.10	35,267.90	35,913.60	37,237.20

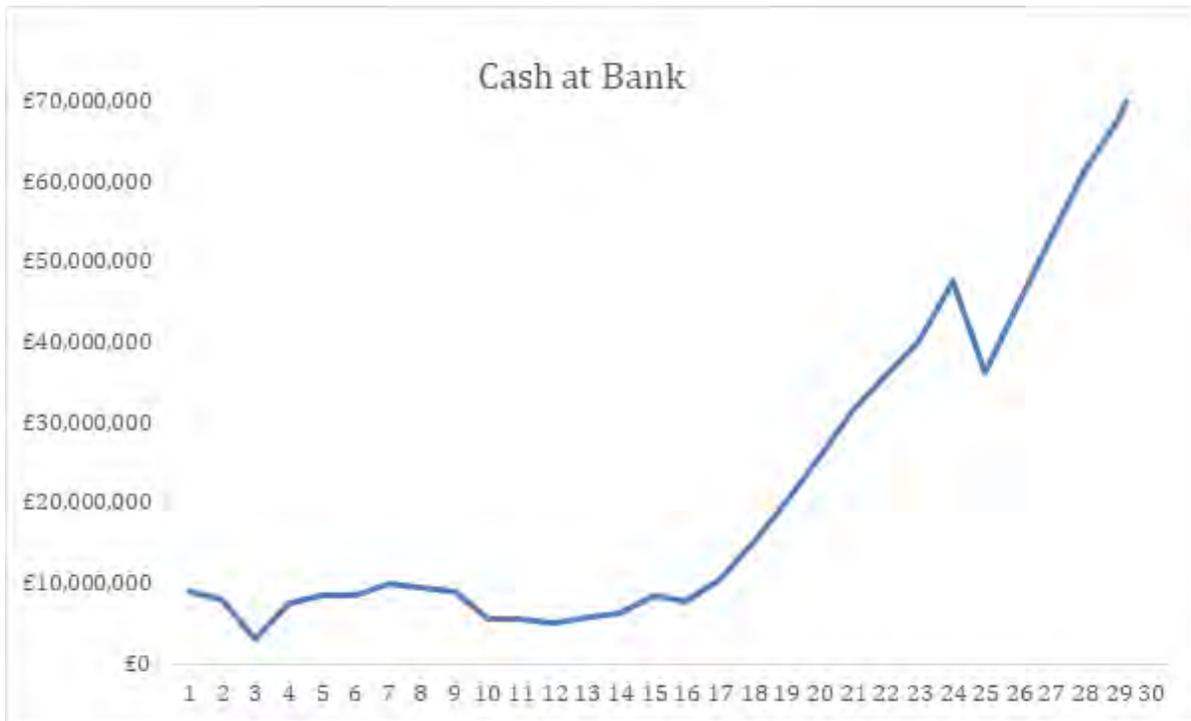
Cash at Bank

The pandemic and the cost-of-living crisis has rightly brought back into focus the importance of cash for all businesses and households. Cash will always remain vital for the financial health of any housing association. We are fortunate to be holding significant cash balances and our closing balances as at 31 March 2022 disclose cash of £10.9m.

However, it is easy to become complacent about the sustainability of cash flowing through the business when cash at bank sits at such healthy levels. We will not lose sight of the fact that we must continue to focus on investing in our homes, ensuring the health and safety of tenants and residents and delivering value for money for tenants.

	2023	2024	2025	2026	2027
Cash at Bank	£9,031,900	£7,954,500	£3,135,000	£7,490,300	£8,467,800

A copy of the updated cashflow for the period to 31 March 2052 is attached at Appendix 8. The lowest cash at Bank is recorded as £3.1m in 2025. Cash at bank averages £7.2m in first 5 years of the plan. As illustrated in the graph below, cash at bank levels remain positive throughout the 30 years.



Key Ratios

The table below highlights some of our KPIs against those used by the Scottish Housing Regulator in monitoring our performance and these are also the similar to the KPI's used for financial reporting within the Association.

The table below highlights some of the key performance indicators from the financial projections up to 31 March 2027 with a comparison against the 2021 dataset information provided by the Scottish Housing Regulator.

Indicator	2023	2024	2025	2026	2027
Current assets to current Liabilities	6.6	5.6	2.2	5.0	5.5
Debt Per Unit	£11,901	£11,447	£10,990	£12,867	£12,439
Average Debt PU Sector 2021	£15,500	£15,500	£15,500	£15,500	£15,500
Interest paid as a % of Rent and Service Charge	13%	12%	11%	16%	13%
Net Debt PU	£7,976	£7,990	£9,628	£9,733	£8,896
Gearing	38%	33%	28%	33%	31%
Net Gearing %	25%	23%	25%	25%	23%
Interest cover	216%	275%	241%	210%	287%
Gross Surplus %	15%	20%	14%	21%	23%
Gross Surplus % National Average 2021	25%	25%	25%	25%	25%
Voids %	1.53%	1.53%	1.53%	1.53%	1.53%
Voids % National Average 2021	1.5%	1.5%	1.5%	1.5%	1.5%
Bad Debts %	3%	3%	3%	1.27%	1.27%

Bad Debts % National Average 2021	0.65%	0.65%	0.65%	0.65%	0.65%
Staff costs as a% of Rent and Service Charge	25%	24%	24%	23%	23%
Staff Costs as a % of Rent and Service Charge National Average 2021	24%	23%	23%	23%	23%
Reactive Costs PU	£506	£560	£560	£560	£560
Reactive Costs PU National Average 2021	£553	£553	£553	£553	£553

Some of the assumptions pertaining to the future effects of downturn in the economy (bad debts) emphasise the potential negative effects this could have on the business. The indicators reveal the Association is viable and the assumptions in the business plan highlight we perform in line with and in many instances, better than the Scottish average. We anticipate that many of the outturns reported by the Regulator in 2021 will continue to rise and our performance will hopefully be seen in an even better light.

Sensitivity Analysis

We have undertaken sensitivity analysis on our financial plans and projections and an analysis is provided below, covering key business areas including variation in responsive repairs costs, cyclical maintenance, major repairs, voids and arrears, interest rates, rent policy and management costs:

The Committee have considered the potential impact of various sensitivities, and courses of action open to Tollcross if a combination of adverse circumstances threatened the financial viability of the organisation. Various strategies were discussed, with significant increase in rent levels not favoured.

Merger with another, wealthier neighbouring Association was identified as a last resort option, though there was an awareness that an extremely challenging climate would also likely affect other associations adversely, larger ones perhaps even more so.

Significant costs savings was another area identified, though the Committee recognised the need to maintain key services to tenants and to ensure properties were adequately maintained. Disposal of unencumbered, higher value void stock, possibly on the open market, was identified as an option, subject to any required consents. This could be a realistic means of generating significant additional resources to deal with financial problems. Conversion of stock to alternative, higher earning tenures was also noted as a potential option.

Key Risk Factors and Mitigating Actions

In our external Environmental Assessment and our analysis of internal business factors, we identify various issues that may impact on the business specifically. However, many of the challenges that we face are not under control. The effects of: -

- Brexit
- Lockdown in China
- War in Ukraine
- Inflation
- Interest rates and
- Heating costs

are profound on our business and the communities we serve. Whilst, we have a strong desire to be a community anchor, we do not have the resources to shield our customers from a cost-of-living crisis. That task falls to the Government, and it is unclear if they can address the problems for the poorest in our neighbourhoods. The Management Committee has approved an updated risk management strategy and risk register and oversees the overall approach to risk.

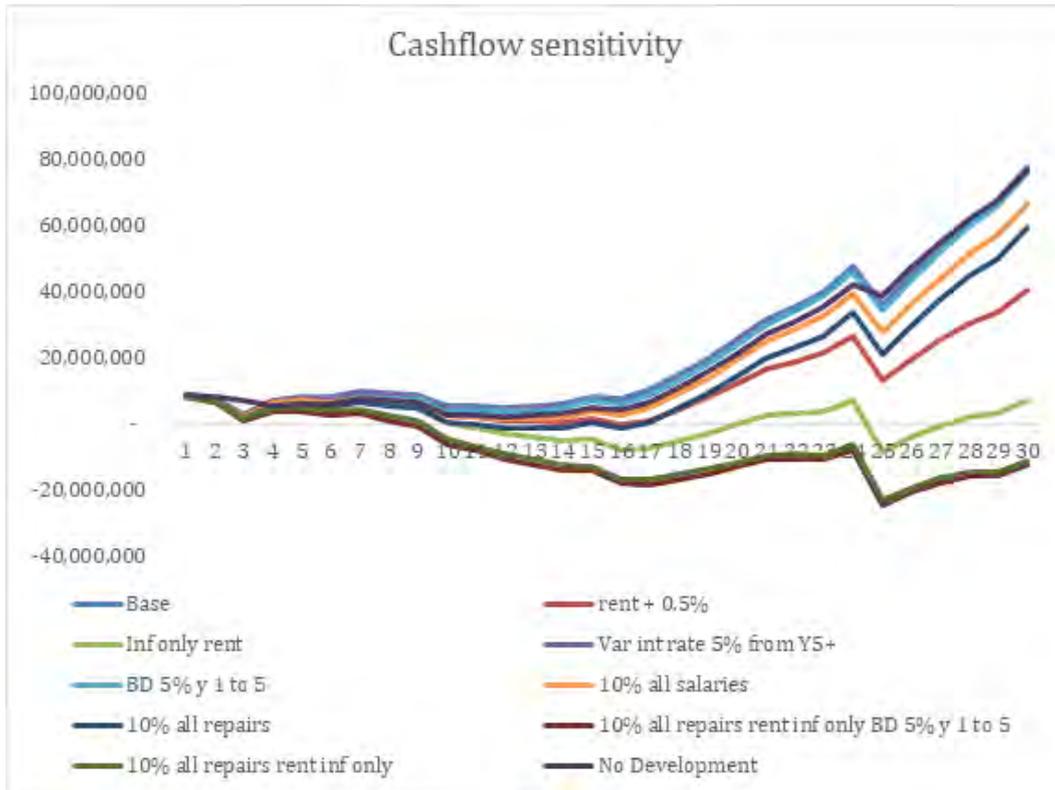
We gain assurance from auditors on these internal control systems and the role of the auditors (internal and external) is only part of the control process and management of risk. The Committee, staff and external consultants contribute to the process of risk management through a variety of different reports and reviews that are presented to the Management Committee.

When significant decisions are being made these are always accompanied by appropriate reports outlining the options relating to that decision and what effect this will have on viability.

The financial plan is made up of many assumptions over the 30-year period and it is important that the impact of these assumptions is understood. Sensitivity analysis demonstrates the impact of different assumptions on the plan and in particular the effect on the annual surplus/deficit and loans borrowed. At the time of preparing the Business Plan, none of the changes outlined below are anticipated. However, the situation will be monitored closely and in the event of one or more changes in the assumptions made, appropriate action will be taken to ensure that we remain financially viable and covenant compliant. We will always take decisions in the best interests of our tenants. We can run other sensitivities if required by our stakeholders.

Sensitivities	Y30 Cash £	Deficits Yrs.	Peak Debt £	Year	Y30 Debt
Base	77,583,400	NA	30.8m	2025	£0
Inflation only rents	7,280,200	Y11-20; Y25-27	30.8m	2025	£0
All repairs + 10%	59,507,600	Y11-14; Y16	30.8m	2025	£0
Variable interest rate 5% from Y5	76,741,400	NA	30.8m	2025	£0
Base Bad debts 5% Yrs. 1 to 5	76,102,800	NA	30.8m	2025	£0
Salaries + 10%	66,763,400	NA	30.8m	2025	£0
Rent policy inflation + 0.5%	40,738,200	Y16	30.8m	2025	£0
Repairs + 10% Rent Inflation only	- 10,795,600	Y10-30	30.8m	2025	£0
Repairs + 10% Rent Inflation only BD 5% Y1 -5	- 12,240,400	Y9-30	30.8m	2025	£0
No Development	76,734,600	NA	27.4m	2023	£0

As with all financial plans the projections are regularly reviewed to take account of new and changing circumstances. While it is useful to have a static benchmark against which to judge actual performance, it is equally important to regularly review and reforecast financial projections to incorporate any factors which may impact on our plan.



We understand that it is not just the identification of risks but how they will be managed. The planned response to any of the changes identified could include:

- Increased rents
- A partnership with another RSL (transfer of engagements or constitutional partnership).
- Significant costs savings (reducing investment and/or staff costs)
- Disposal of unencumbered, higher value void stock, possibly on the open market, subject to any required consents.

These could be a realistic means of generating significant additional resources to deal with long-term financial problems. However, at all times decisions must be taken that are in the best interests of tenants.

Loan portfolio covenant structures

We have loan facilities with 2 mainstream Lenders to the RSL sector, RBS and the Clydesdale Bank PLC (CBL). Each Lender sets covenants (controls) over their lending and we have to satisfy these conditions of lending on an ongoing basis. At present the RBS covenants are linked to the business plan and our plan must be submitted to them for approval within 2 months of the start of the financial year. The Clydesdale Bank covenants are tested from the statutory accounts.

The Lenders apply their own definitions and set their own covenants. Both RBS and CBL set an Asset Cover test. The Association monitors and controls these covenants, against the set definitions, on a quarterly basis within their management accounts. Interest Cover simply tests the ability of the Association to repay its interest back to the lender.

Asset Cover tests the level of security (Property) that has to be given to the lender to support their facility and gearing measures the level of debt against the historical value of the housing property.

However, in some of the sensitivities outlined above would result in covenants being breached and there would be a material adverse effect on the financial performance. As previously mentioned, appropriate action would be taken to ensure covenant compliance and financial viability.

We continue to monitor these covenants on a quarterly basis and we will be tested and reported to the Management Committee and respective lenders annually.

The projections show compliance with the Clydesdale Bank interest cover and gearing covenant over the term of the loan. Clydesdale Bank reviewed the loan term earlier this year and exercised their right to seek repayment of their loan by 17 November 2030. This was previously due to be repaid in November 2040. The RBS Facility C loan is due to be repaid in 2026. Our plan assumes that we refinance the RBS Facility C and the Clydesdale Bank loan at the same time. In addition, we have also assumed that in 2026 we will also borrow to support the assumed development of 89 homes for social rent. New borrowings of £14m are included in our financial projections and the current working assumption is that this would be supported by bond finance at a rate of 4.5%. A bond would protect future cash flow by only requiring annual interest payments only and the Bond is assumed to be repaid in 2047 from cash reserves. Further detailed discussion would be required with Committee before any decision was taken on future bond finance.

We recognise the importance of cash management and the administration and compliance with the terms set out in its loans with current lenders, the Clydesdale Bank and RBS. The underlying principle that shapes our Treasury Management Policy is that the Board is risk-averse. Our TMP adopts the key recommendations of CIPFA's Treasury Management in the Public Services; Code of Practice and Cross Sectoral Guidance Notes (2021).

Loan portfolio

The Association has total loans outstanding of £28.3m as at 31 March 2022, split as follows:

Lender	Loan outstanding
RBS	£24.4m
Clydesdale Bank	£3.9m
TOTAL	£28.3m

The loans are fully drawn. The plan assumes new private finance of £14m of bond finance in 2026 to fund the refinancing of Clydesdale Bank and RBS (£7.5m) and the balance (£6.5m) for potential new build projects. After transfer the Association fixed £15m of their loan with RBS at a rate of 5.23%. With the remainder of their borrowing's variable.

Clydesdale Bank borrowings are currently 100% variable. Just over 42% of the Association's debt is fixed and protected against adverse movements in interest rates. The percentage of fixed rate loans will increase significantly if we secure bond finance in 2026.

The average cost of capital calculation is attached at Appendix 8; this shows the Association was paying 3.25% of interest charges (31 March 2022). We estimate that a 1% rise in interest rates would increase the Association's interest costs by approximately £163,000.

Conclusion

Whilst we cannot expect to be precise over such a period of time, it is sensible to project forward based on realistic assumptions of likely trends building in, where possible, some contingency. A key element to the foundations of such a model is a set of realistic cost assumptions. Our plans will be updated once the updated stock condition survey is completed.

Clearly the budget provides a starting point for this based on current experience of actual costs across the organisation. However, given the uncertain times we live in, there is a clear need for constant reviewing and updating of assumptions on a regular basis, and taking account of wider economic factors that are likely to impact on the Association.

Developing a framework that focuses on efficiency and budgetary control are the keys to success for our Association. The mission going forward is to simply work to budgets, remain covenant compliant, protect future cash flow and deliver for our community.