



# Our 2020/21 Business Plan

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Our 2020/21 business plan is a complete but complex document. It runs to some 108 pages and includes:-

- Our mission, vision and values
- Our strategic and business objectives
- The environment we operate in
- Our approach to asset management, procurement growth and Community Regeneration
- Risk management
- Our strengths, weaknesses, opportunities and threats
- Our short and long-term finances, including our 30 year financial forecasts
- Some adverse 'what-if' scenarios and sensitivities



With UK RPI inflation currently at 2.7%, (January 2020), and following on from a six week rent consultation, all assured tenancy rents have increased by less than inflation at 2.6%. The increase is part of our new business plan going forward, and underpins our key priorities and objectives.

Those priorities fall generally into three main areas:-

**UC** *Universal Credit*

## Universal Credit

- Full migration for all tenants of working age from summer 2020.
- Helping all our tenants with the transition.
- Helping all our tenants to maximise their income at all times.
- Assisting tenants with any financial or debt issues.



## Protecting tenants safety, confidentiality & resilience

- Managing any asbestos, electrical, fire and health & safety concerns.
- Ensuring tenants' confidential data is stored securely.
- Helping communities become stronger through our Community Regeneration programmes.

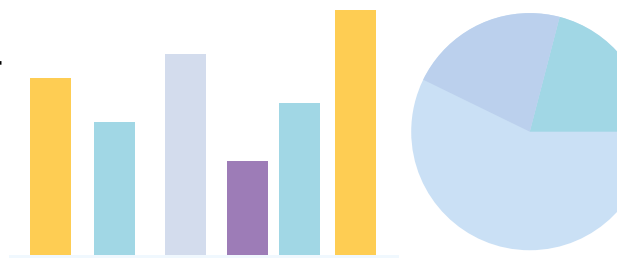


## Using technology to be more efficient

- Assisting more tenants to get the most out of our mobile app.
- Equipping our staff with technology so that you don't need to come to us; we'll come to you in your own home.
- Becoming more efficient so that the staff resources we have are used better.

**The projected finances for the whole organisation going forward are:-**

Budget for the year to 31 March 2021	£ million
Income	£17.672
Expenditure	£13.610
Operating surplus	£4.062
Less non-operating costs, (net interest, goodwill)	£1.983
Projected surplus for the year*	£2.079



\* Which we use for planned repair and replacement work. In 2020/21 we plan to spend £2.894 million in this way and that means we do not need to incur loan interest to pay for it.

**Our values, as always are:-**

**Passion**

We are committed, determined and motivated

**Excellence**

We aim to be the best in everything we do

**Respect**

We treat everyone with courtesy and dignity, recognising diversity

**Connection**

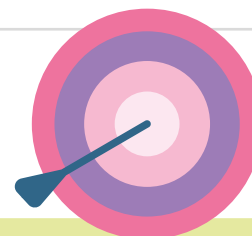
We listen, to engage with our customers and communities



**And our vision remains:**

Working together we create better homes and stronger communities...making people happy.

**Specifically our 5 strategic objectives and our 12 business objectives are:-**



**A variety of affordable housing & related services**

- Using QL (housing management software) for gas and data retention

**Tackling poverty**

- Universal Credit Strategy review
- Cost of EESSH 2

**Listening and responding to customers**

- Review communications strategy
- Fire risk assessments
- New Community Regeneration Strategy
- Area Association minutes of Agreement
- 65% tenants using the self-service app

**Investing in our People**

- Succession planning and strengthening the Board

**Value for money**

- Efficiencies resulting from mobile working
- Our second Annual Assurance Statement
- Business continuity plan and IT failures

Over the coming twelve months we expect to be increasing our stock of housing by around 250 units:-

Currently in development		Future development	
44 Dalmarnock Road	10	Tobago Street	38
Abercromby Street	77	Former transport hub, Dalmarnock	33
Landressy Place	27	Tureen Street	47
Littlehill Primary, Blackhill	18		
<b>Total</b>	<b>132</b>	<b>Total</b>	<b>118</b>



These new developments, plus all our other proposed expenditure extending beyond the 12 month period are advertised publically, and amount to nearly £17 million:-

<b>Services etc.</b>	<b>£1.1 million</b>
<b>Contracts</b>	<b>£15.5 million</b>
<b>Total</b>	<b>£16.6 million</b>

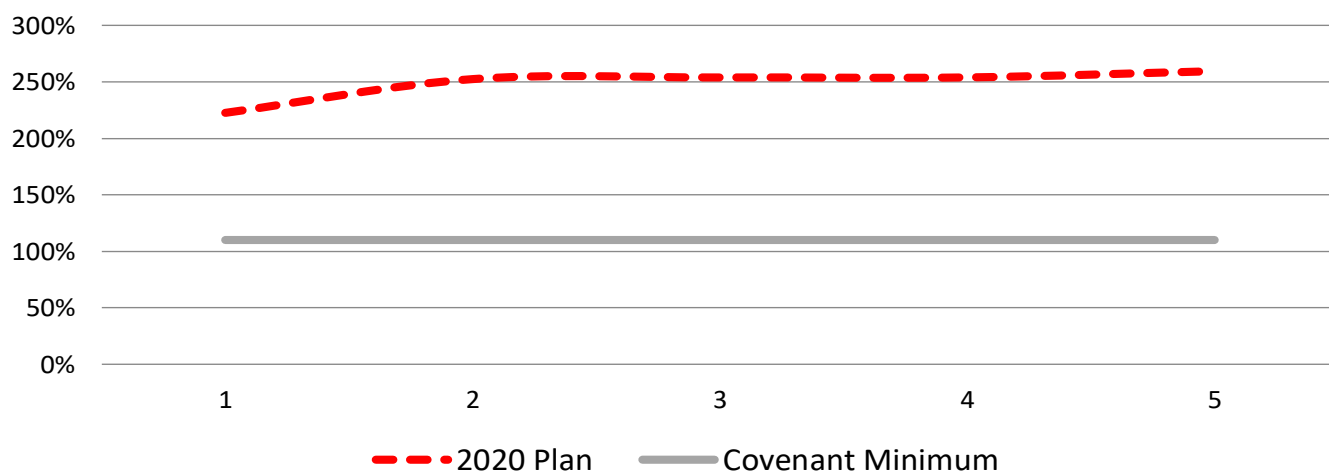
We currently have loans outstanding of £38.9 million, (Nationwide, Royal Bank of Scotland and The Housing Finance Corporation), and all have loan covenants attached to them. A loan covenant is a condition in a commercial loan that requires the borrower to fulfil

certain conditions or which forbids the borrower from undertaking certain actions, or which possibly restricts certain activities to circumstances when other conditions are met.

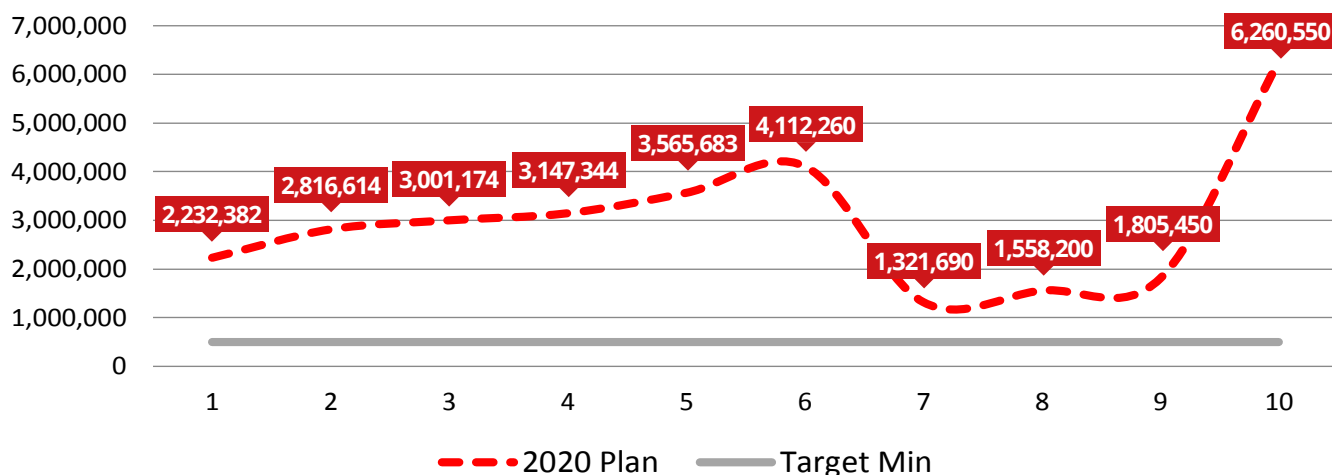
All our loan covenants are met, and below is a couple of examples:-



## RBS Covenant: Interest cover - Years 1 to 10



## Interest Cover Headroom £ - Years 1 to 10



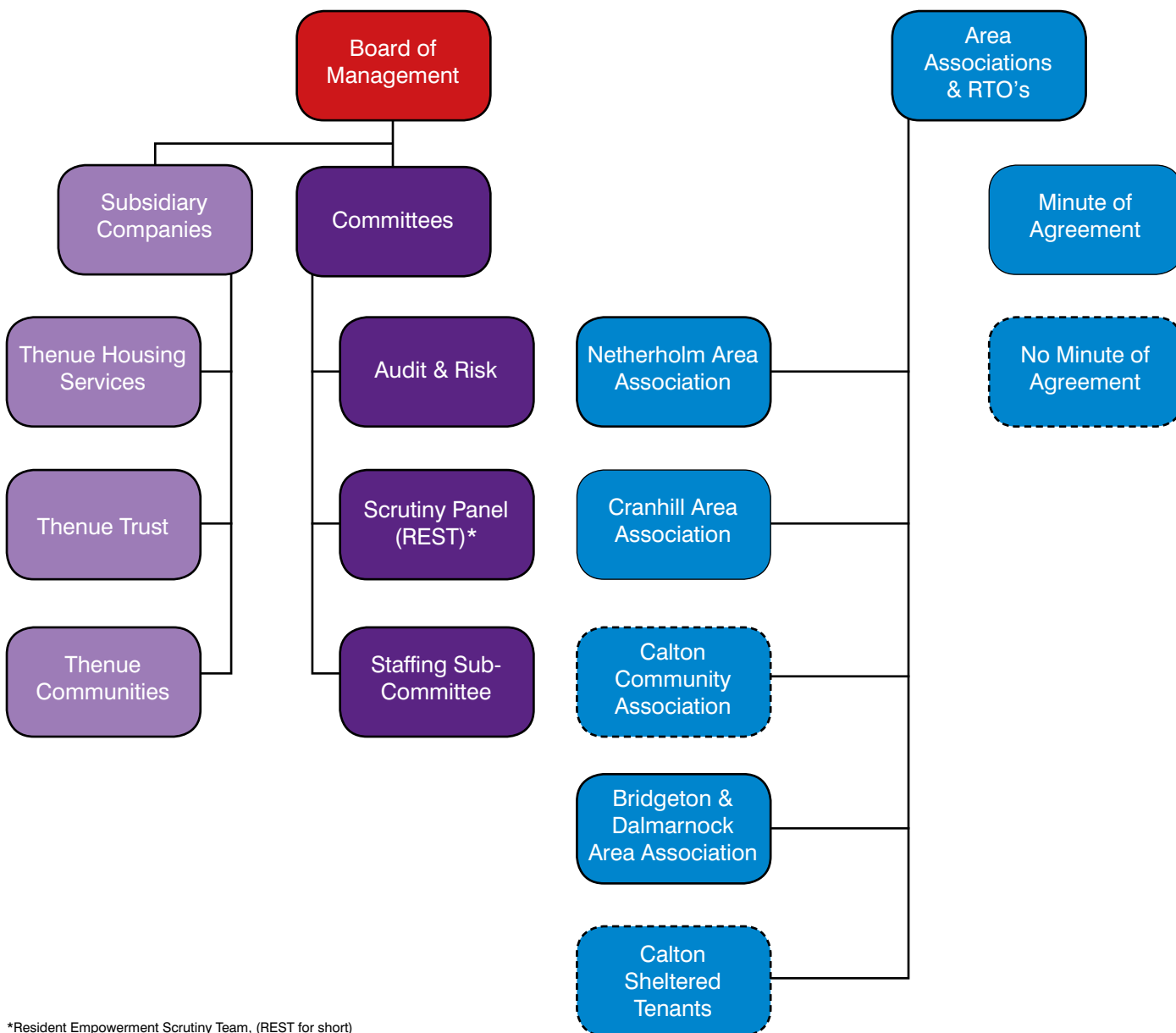
We always subject our key financial projections to a number of sensitivities, and this year is no exception as we look at how our business is affected by external conditions or stimuli.

The following table explains what we mean by sensitivity analysis and scenario planning:-

Sensitivity Analysis	Scenario Planning
<p>Sensitivity analysis is an exercise performed on the base financial projections within the Business Plan to assess the financial effect of changes in the key economic and financial assumptions which underpin the financial forecasts.</p> <p><b>Examples include:</b></p> <ul style="list-style-type: none"> <li>• Changes in economic assumptions such as interest rates, inflation.</li> <li>• Changes in rent increase assumptions void levels, bad debts, pension costs etc.</li> </ul> <p>The aim of introducing various sensitivities is to assess the financial strength of the business to cope with such changes should they arise.</p>	<p>Scenario planning also subjects the base financial projections to alternative assumptions, but the changes considered here are intended to illustrate the effect of changes in more strategic areas of the business.</p> <p><b>Some examples include:</b></p> <ul style="list-style-type: none"> <li>• Alternative development programme assumptions – e.g. building more/fewer properties and with different grant levels applied.</li> <li>• Alternative asset management strategies e.g. stock retention versus stock demolition.</li> </ul>

Overall, we have subjected the business plan to twelve sensitivities, so that we can work out what we will need to do in any particular adverse situation.

The work of the association is directed by our Board of Management, (13 individuals) and implemented by a staff team of around 80. The Board itself, (Chaired by Derek Quinn, and 10 of the 13 are local residents), has a fairly flat structure, (it meets 10 times a year), and this together with the relationship between it and resident community groups is shown below:-



\*Resident Empowerment Scrutiny Team, (REST for short)

Our analysis of risk yields some 39, and they are spread out evenly between our strategic risks, business risks and other more general risks:-

Category of risk	Total number of risks	Risk score before control			Risk score after control		
		High	Medium	Low	High	Medium	Low
Strategic risks	6	1	5	0	0	6	0
Business risks	12	1	11	0	1	10	1
General risks	21	1	20	0	0	20	1
<b>Total</b>	<b>39</b>	<b>3</b>	<b>36</b>	<b>0</b>	<b>1</b>	<b>36</b>	<b>2</b>

Our three high areas of risk are:-

1. Testing our business continuity plan to ensure it accurately mirrors appropriate actions to deal with emergencies, IT failures and cyber-crime.
2. Implications of Welfare Reform changes resulting in increased rent arrears, reduction in income, increased bad debts and collection costs.
3. Full Service Universal Credit roll out from summer 2020 may significantly reduce income and significantly increase workload for our teams.

Each year we publish our Assurance Statement, and the October 2019 statement is:-



The Board of Management at its meeting on 29 October 2019 confirms that we have individually and collectively reviewed and assessed a comprehensive bank of evidence to support this statement that Thenue Housing Association, to the best of our knowledge, has substantive evidence to provide assurance that Thenue Housing Association is compliant with:-

- All relevant regulatory requirements as set out in Section three of the Regulatory Framework
- The Regulatory Standards of Governance and Financial Management
- The relevant standards and outcomes of the Scottish Social Housing Charter
- Our statutory obligations in respect of tenant and resident safety, housing and homelessness and equalities and human rights

In assessing the evidence, we have identified a small number of minor areas for continuous improvement. We will continue to implement and progress these areas during the course of the year. Having reviewed the identified actions we are satisfied that none are material to our current compliance with the Framework.

Number	Regulatory requirements	Statement by the Board of Management
1	Requirements for local authorities and RSLs	We can confirm that Thenue Housing Association complies fully with the requirement for:- <ul style="list-style-type: none"> <li>• Assurance and notification</li> <li>• Charter performance</li> <li>• Redress for tenants and service users</li> <li>• Whistleblowing</li> <li>• Equalities and human rights</li> </ul>
2	Requirements for RSLs only	In addition, we can confirm that Thenue Housing Association complies with the four additional RSL requirements
3	The Standards of Governance and Financial management for RSLs	Submitted separately, for the Board's consideration is a separate report covering the seven standards of governance and financial management. Within this report there is specific evidence, for the Board; therefore, the Board can reassure itself (or otherwise) that Thenue complies.
4	Constitutional Requirements for RSLs	We can confirm that Thenue Housing Association complies fully with the constitutional requirements. They are all set out in the association's current set of rules, which were last approved by the Members at a Special General meeting in September 2014. The Board has already decided that it will aim for a further review in September 2020.

This statement, signed by the association's Chair, was authorised by the Board of Management at its meeting held on 29th October 2019.

A handwritten signature in black ink, appearing to read 'Derek Quinn', written over a horizontal line.

Derek Quinn, Chairman



**This business plan summary is just that; it's a summary.**

Much of our full document is commercially sensitive, but if there is anything specific that you need to know more about us here at Thenue, then just ask us at [Charles.turner@thenuehousing.co.uk](mailto:Charles.turner@thenuehousing.co.uk)