



Our 2021/22 Business Plan

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Our 2020/21 business plan is a complete but complex document. It runs to some 106 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 1.4% (March 2021) and following on from a six week rent consultation, all assured tenancy rents have increased by less than inflation at 1.1%. The increase is part of our new business plan going forward, and underpins our key priorities and objectives.

Those priorities fall generally into four main areas:-

Risk Appetite

A Risk Appetite Statement articulates an organisation's philosophy and approach to the management of its key risks; it guides decision-making and ensures appropriate governance around risk-taking. At the present time we have not produced a risk appetite statement. However, we do have in place a number of checks and balances associated with risk. Our Board of Management will be responsible for setting the Risk Appetite of the Group which it will then review periodically.

Cash

We have tested the robustness of our finances to withstand changes in some of the key economic and financial assumptions which underpin our financial forecasts. Cash and the generation of cash is a key priority for our business and we set key performance targets for the collection of cash from rents which is our main source of income. We monitor our performance in this area throughout the course of the year

Homeworking

Will 2021 spell the end of the traditional office for us? The pandemic has had a number of knock-on effects upon the way we all live our lives, not least the rise in home-working. Before March 2020, all our staff, in entirety, were office-based. We had been preparing to shift to more flexible forms of working, at some point in the future. The pandemic brought everything forward a couple of years. Looking forward we need to know what an agile, more flexible future might look like.

Communication

Covid-19 has significantly changed the way that all housing organisations, tenants, residents, and community groups operate. Traditional methods to engage are now limited, shifting to digital wherever possible, and a great demand for online support has risen. During 2021 we will be revisiting and rewriting our Communication and Engagement Strategy to evaluate the changing environment. Our aim is to establish the areas of communication we will be improving upon.

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

| Budget for the year to 31 March 2022 | £ million |
|--|-----------|
| Income | £18.031 |
| Expenditure | £14.175 |
| Operating surplus | £3.856 |
| Less non-operating costs, (net interest, goodwill) | £1.576 |
| Projected surplus for the year* | £2.280 |



* Which we plan to use for planned repairs and replacement work. In this way 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

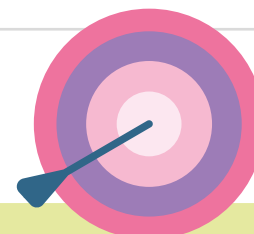
We listen, to engage with our customers and communities



And our vision remains:

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

Specifically our 5 strategic objectives and our 10 business objectives are:-



A variety of affordable housing & related services

- Risk Appetite Statement
- Business Continuity Plan

Tackling poverty

- Cost of EESSH 2*

Listening and responding to customers

- New Communications strategy*
- 2020 Tenant Survey Action Plan
- New Process for Gas Safety*

Investing in our People

- Succession Planning and Board Recruitment

Value for money

- Value for Money Statement
- Effectiveness of new mobile working technology*
- Remote Working Modules

* = part carried forward from 2020

Over the coming twelve months we expect to be increasing our stock of housing by around 224 units:-

| Currently in development | |
|--------------------------|------------|
| Abercromby Street | 77 |
| Landressy Place | 27 |
| Green Street | 9 |
| Total | 113 |

| Future development | |
|--------------------|------------|
| Tobago Street | 38 |
| 44 Dalmarnock Road | 10 |
| Springfield Road | 45 |
| Craighead Avenue | 18 |
| Total | 111 |



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

| | |
|-------------------|----------------------|
| Works etc. | £12.7 million |
| Services | £3.7 million |
| Total | £16.4 million |

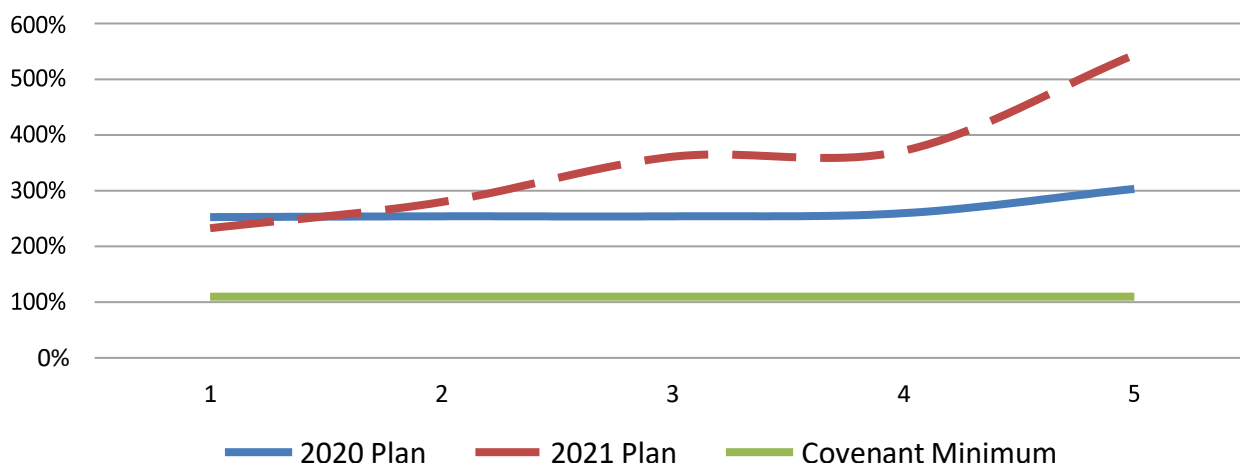
We currently have loans outstanding of £38.5 million, (Nationwide, Royal Bank of Scotland and The Housing Finance Corporation), and all have loan covenants attached to them. A loan covenant is a condition in a commercial loan that requires the borrower to fulfil

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

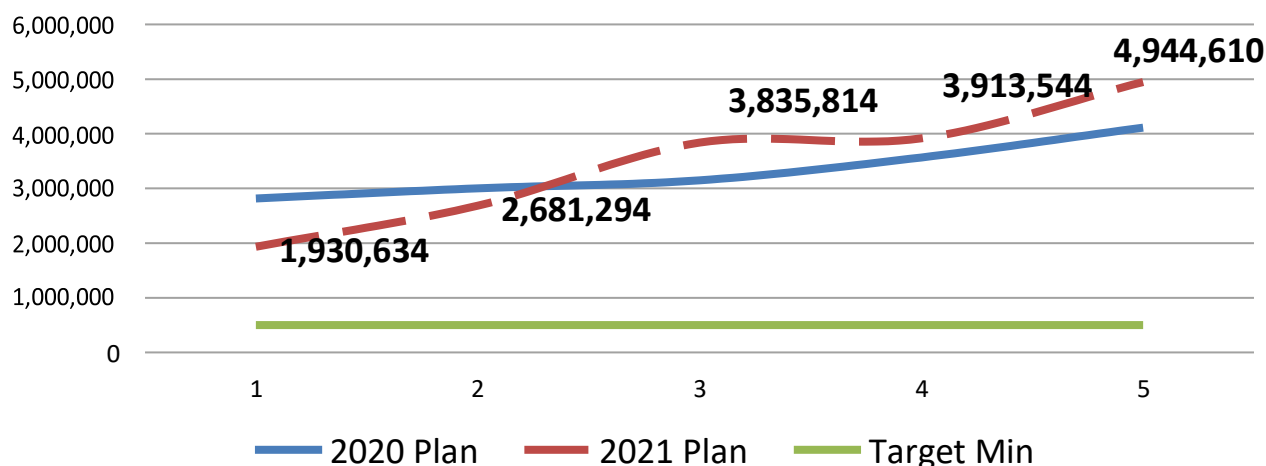
All our loan covenants are met, and below is a couple of examples:-



RBS Covenant: Interest cover - Years 1 to 5



Interest Cover Headroom £



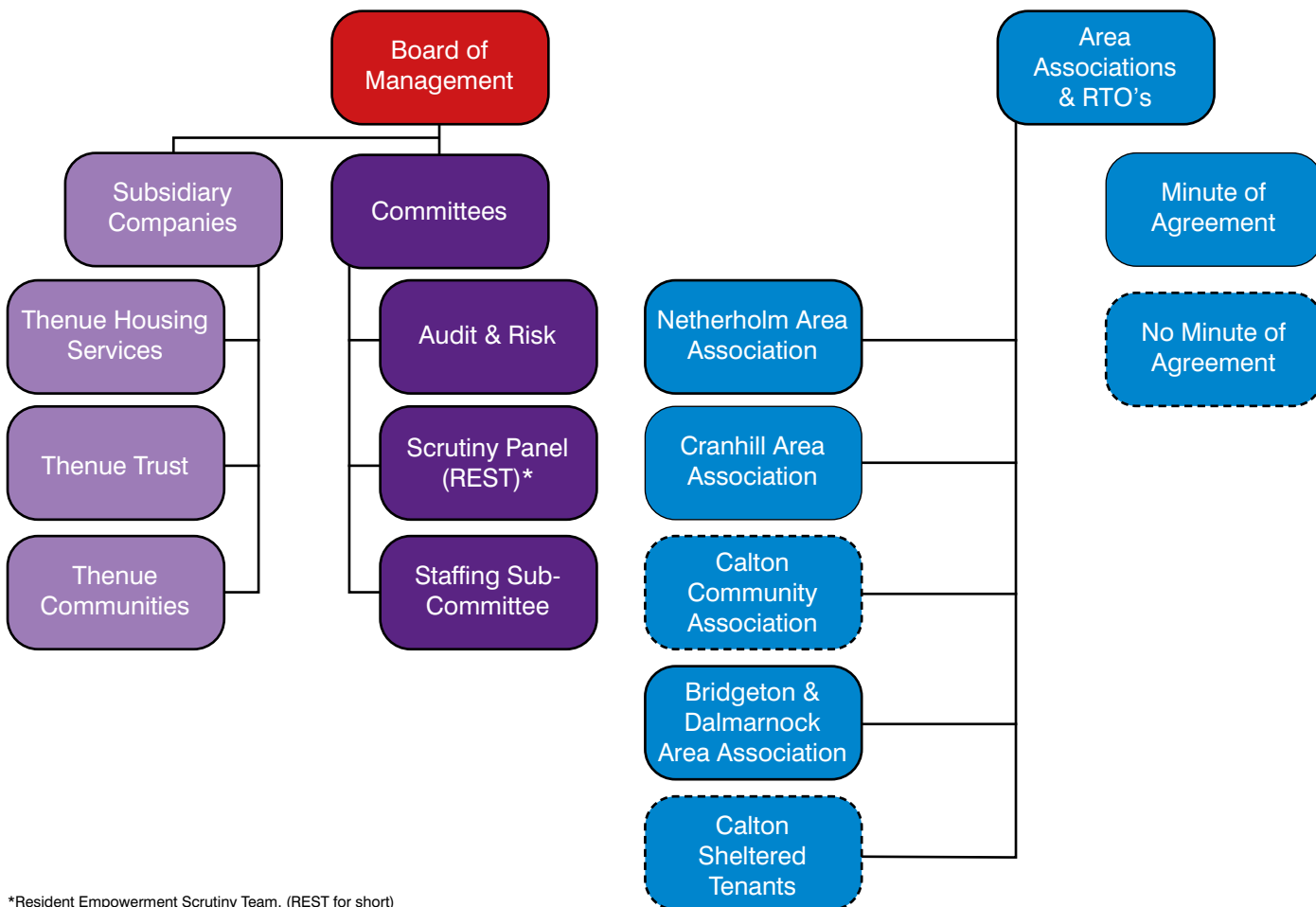
We always subject our key financial projections to a number of sensitivities, and this year is no exception as we look at how our business is affected by external conditions or stimuli.

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>Examples include:</p> <ul style="list-style-type: none"> • Changes in economic assumptions such as interest rates, inflation. • Changes in rent increase assumptions void levels, bad debts, pension costs etc. <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>Some examples include:</p> <ul style="list-style-type: none"> • Alternative development programme assumptions – e.g. building more/fewer properties and with different grant levels applied. • Alternative asset management strategies e.g. stock retention versus stock demolition. |

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.

Our work is directed by the our Board of Management (10 individuals) and implemented by a staff team of around 80. The Board itself, (Chaired by Derek Quinn, and 6 of the 10 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 64 risks, 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 | 4 | 2 | 0 | 1 | 5 | 0 |
| Business risks | 10 | 1 | 9 | 0 | 1 | 9 | 0 |
| General risks | 22 | 2 | 20 | 0 | 0 | 21 | 1 |
| Development risks | 26 | 0 | 26 | 0 | 0 | 20 | 6 |
| Total | 64 | 7 | 57 | 0 | 2 | 55 | 7 |

Our seven high areas of risk are:-

1. Full Service Universal Credit roll out from summer 2020 may significantly reduce income and significantly increase workload for our teams.
2. We become 'disconnected' from our tenants and our service to them does not continually improve, or even, given the Covid-19 restrictions, diversify using technology.
3. Failing on value for money drives down overall tenant satisfaction and disquiet.
4. Although we operate in the top 15% of deprived communities, we have no real measure of poverty in our communities.
5. What if the Board succession plan is not successful and the new rules result in Board numbers falling below 7?
6. Implications of Welfare Reform changes resulting in increased rent arrears, reduction in income, increased bad debts and collection costs.
7. Our repairs contractor Mears pulling out of our contract following their extraction from all but a couple of contracts in Scotland. The risk will be the ability to deliver an efficient and cost effective service should this happen.

Each year we publish our Assurance Statement:-



The Board of Management confirms that we have reviewed and assessed a comprehensive bank of evidence to support this statement that Thenue Housing Association is confident that there is substantive evidence that the Association is compliant with:-

- All relevant regulatory requirements as set out in Section 3 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 only a small, but not significant number of areas that lend themselves to ongoing development. Some relate to the overall performance during the global Covid-19 pandemic, where our performance has not matched our normal expectations. We have begun to implement and progress these areas during the course of the year and will continue to be the best we can during these uniquely difficult and stressful times, offering our best services to all our customers. Having reviewed the identified actions we are satisfied that none are material to our current compliance with the Framework.

This statement, signed by the association's Chair, was authorised by the Board of Management at its meeting held on 24th November 2020.

A handwritten signature in black ink, appearing to be "D. O.", is written over a horizontal line.



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