



# Our 2023/24 Business Plan

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Our 2023/24 business plan is a complete but complex document. It runs to some 92 pages and includes:-

- Our purpose, 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 CPI inflation currently 10.1% (March 2023) and following on from a two part rent consultation, all assured tenancy rents have increased by less than inflation at 5%. The increase is part of our new business plan going forward, and underpins our key priorities and objectives.

**Those priorities fall generally into two main areas:-**

## 1. The Challenges Facing our tenants.

Our key focus is around the challenges that our tenants face, particularly from a financial perspective. Rising energy prices alongside the increasing cost of living have hit household budgets hard and will continue to do so for some time to come.

We understand the financial pressures and it was therefore important that this was reflected in our rent consultation discussions for 2023/24. During the consultation process, 73.6% of tenants replying to the rent consultation agreed with Thenue's approach of keeping rents as low as possible with a 5% increase for the coming year. Our Financial Inclusion and Energy Advice Teams will continue to provide valuable advice and support, helping to sustain tenancies and reduce some of the pressures households are feeling.

## 2. Delivery of Services, value for money and customer satisfaction.

Our focus at Thenue is on improving the service delivery in key areas such as repairs and grounds maintenance, areas that tenants recognise their rent money is spent on and therefore rightly expect to see value for this money. The impact of the Covid-19 pandemic and market changes in terms of trade availability and material costs have made the delivery of such services increasingly challenging over the last couple of years.

However, we are determined to deliver the best possible services we can and have been working hard alongside our contractors to ensure that targets are met with tenants and resident needs at the heart of the delivery.

We recognise the importance of customer satisfaction and involvement as we strive for continuous improvement.

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

Budget for the year to 31 March 2022	£ million
Income	£19.814
Expenditure	£15.412
Operating surplus	£4.402
Less non-operating costs, (net interest, goodwill)	£2.444
Projected surplus for the year	<u>£1.958</u>



Our values, as always are:-

**Passion**

We are committed, determined and motivated

**Excellence**

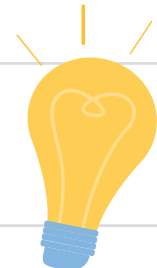
We aim to be the best we can be

**Respect**

We treat everyone with courtesy and dignity, recognising diversity

**Connection**

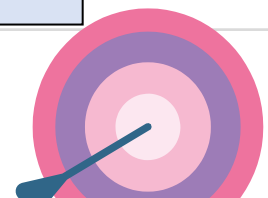
We listen, to engage with our customers and communities



**Our New Purpose is:** Delivering quality and affordable homes with excellent customer service.....improving homes, lives and communities.

**Our New Vision is:** Quality homes and stronger communities where people want to live.

Our 5 new strategic themes and 11 business objectives are:-



**For Customers**

- Increase the number of tenant Board Members
- Review of Service Charge & Factoring fees
- Evaluate the impact of the Cost of Living crisis
- Expand our digital offer for tenants and customers

**For Homes**

- Treasury Management review
- New Build programme review for next 3-5 years
- Consider the adoption of Sustainability reporting

**For Communities**

- Develop a Community Accountability Strategy in partnership with Area Associations, Scrutiny Panel and contractors working within our communities.

**For People**

- Launch of our renewed Purpose and Vision, with enhanced focus on customer service.

**For Partners**

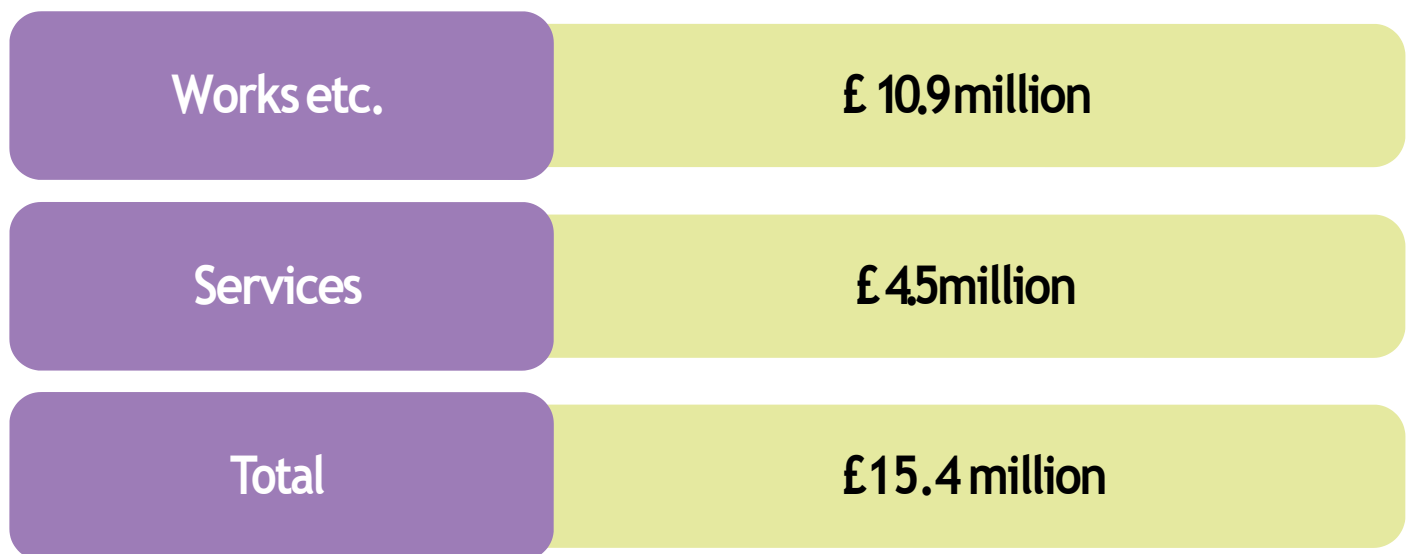
- Environmental & Sustainability Strategy alongside partners.
- Refinancing through our lenders.

Over the coming twelve months we expect to be increasing our stock of housing by around 90 units:-

Currently in development		Future development	
		Ruchazie Place	12
Landressy Place	27	44 Dalmarnock Road	10
		Springfield Road	41
<b>Total</b>	<b>27</b>	<b>Total</b>	<b>63</b>



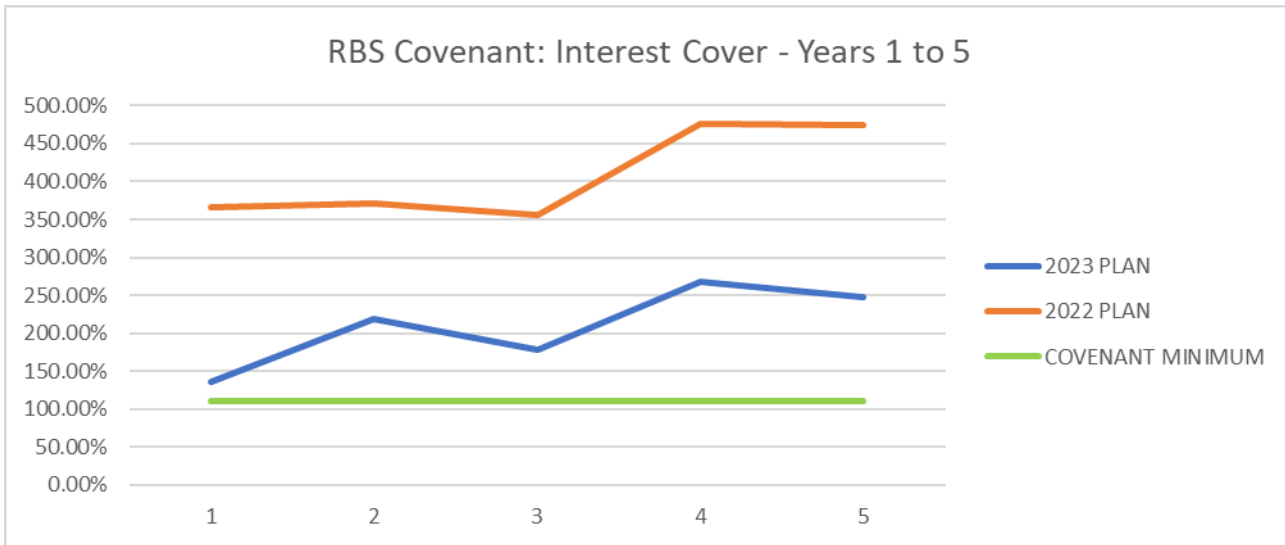
These new developments, plus all our other proposed expenditure extending beyond the 12 month period are advertised publically, and amount to nearly £ 15.4 million:-



We currently have loans outstanding of £36.1 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, demonstrated in the example below:



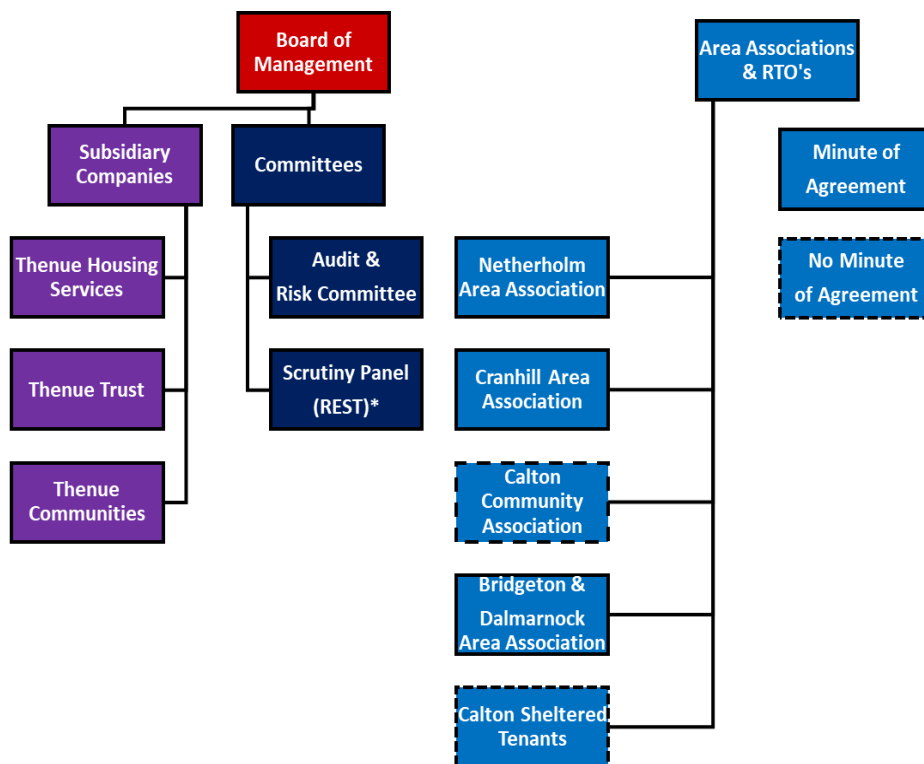
We always subject our key financial projections to a number of sensitivities, and this year is no exception as we look at how our business is affected by external conditions or stimuli.

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 seven 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 (9 individuals) and implemented by a staff team of around 80. The Board itself, (Chaired by Pauline Casey, and 3 of the 9 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 65 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	1	5	0	0	6	0
Business risks	11	2	9	0	0	11	0
General risks	23	3	20	0	0	23	0
Development risks	25	0	25	0	0	19	6
<b>Total</b>	<b>65</b>	<b>6</b>	<b>59</b>	<b>0</b>	<b>0</b>	<b>59</b>	<b>6</b>

Our six high areas of risk are:-

1. The pandemic, removal of UC top up, lifting of the energy price cap and inflationary pressures impacting upon poverty levels within our communities and reducing the impact of our community regeneration programmes.
2. The potential for treasury facilities no longer fitting the needs of the changing priorities and not representing value for money.
3. Without further investment, the potential for the condition of our sandstone tenements to deteriorate and need meet ESSHH2 targets.
4. If we were to fail to monitor financial covenants effectively, resulting in possible breaches and difficulties with lenders.
5. If staff changes within Senior Management roles resulted in vacancies that proved difficult to fill in the recruitment process.
6. 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, to the best of our knowledge, 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 a small number of new and emerging future areas that lend themselves to an improvement focus during 2023. Operationally, our performance for reactive repairs has not been at the expected levels whilst our main contractor adapts to the changing financial environment. We are now seeing improvements to this area of service and have secured alternatives to support the delivery if needed in the future.

As reported in the latest ARC submission, the number of completed EICRs fell due to access during Covid and the capacity of our contractor to complete the required numbers. As a result, an alternative contractor has now been procured and are currently working through the programme to ensure the association is delivering in this key compliance area by March 2023.

Following our FYFP submission in May 2022, the Association notified the Regulator that our underspend on Major repairs for 2021/22 had the potential to breach covenant without discussion with our lenders on the carry over. We submitted a revised FYFP in June 2022 and can confirm that our lenders have been accommodating of the carry over to ensure no breach takes place. This has enabled the major repair work delayed due to Covid restrictions to commence on site. New experienced appointments to our Senior and Management Teams give further assurance regarding our financial planning for the future.

An equality policy considers a diverse range of equality issues throughout Association services. We now have in place a new Equality Policy to ensure that it is central to our governance system and is used to mainstream equality policy objectives into practice. Our equality procedures include an equality impact assessment (EIAs) that we use to promote equality objectives throughout our organisational policies, procedures and other documentation. This will also take account of human rights issues, too, as human rights are pivotal to the equality mainstreaming process. The staff are receiving full training on the new policies and procedures in this area.

We continue to work hard on supporting our tenants during these ongoing difficult times, particularly with the cost of living and rise in energy prices. It is vital that we are able to provide quality services that represent value for money at this testing time for many. 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 11th October 2022.

A handwritten signature in cursive script that reads "Pauline Casey".

Pauline Casey  
Chair



**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 [gary.naylor@thenuehousing.co.uk](mailto:gary.naylor@thenuehousing.co.uk)