



**Strategic Plan  
2024/25 – 2026/27**

**Supporting a vibrant community by offering affordable, good  
quality homes and services with people at the heart of  
everything we do**

## Foreword

Welcome to Cernach Housing Association's strategic plan for April 2024 to March 2027.

This plan details our strategy and provides a framework for the implementation and achievement of our strategic objectives during the period of the plan. This is complemented by a delivery plan and a resourcing plan, both of which will provide the 'how' of our strategic plan. This format has been in place at Cernach since 2022 following industry best practices shared via training at SHARE's Governance Conference. We also take account of the Scottish Housing Regulator's advisory Business Planning guidance, as well as results of an options appraisal carried out in 2024.

Due to changing our format, alongside economic climate in previous years, we had previously opted to have single year business plans. We planned to move to a longer cycle when economic and social conditions return to relative stability and believe that we are now in the position to be able to effectively plan for a three-year period.

Our focus over the length of this business plan is on maintaining and improving our stock and ensuring we continue to sustain a vibrant community within Drumchapel where people want to call home.

This document has been prepared on the basis of discussions held by the Management Committee at Committee meetings and strategy review events attended by staff and Committee over several years, but most recently in February 2024. We confirmed these discussions and decisions, including the KPI targets at the March 2024 meeting of the Management Committee.

Our collaborative approach to involving staff and Committee in agreeing our priorities and concentrating on the things that matter to Cernach, based on a thorough appraisal of our own situation, ensures a good understanding and ownership of our objectives.

This document should also be considered in conjunction with our asset management plan and long-term financial projections as all documents inter-relate to each other. Whilst this document is strategic in nature, it is supplemented by a comprehensive delivery plan and resourcing plan. The Association has a comprehensive system of operational workplans to supplement these, and ensure that each member of the staff team and all Management Committee Members can be clear on all roles and responsibilities to ensure the overall success of the business.

## Summary

In addition to our established and continuing work in areas such as (i) keeping rents affordable, (ii) assessing and managing risks, (iii) protecting our main income stream via effective rent management and (iv) strong financial management, we have a range of activities which will receive increased focus over the coming twelve months. By the end of March 2025, we will:

- Focus on tenant and resident safety, ensuring compliance across gas safety, electrical safety, water safety, fire safety and asbestos, as well as progressing our work in relation to a proactive strategy to tackle damp, condensation and mould, and introduce use of the EVH landlord safety manual.
- Progress work in relation to tenancy sustainment and cost of living activities, including sourcing funding for residents wherever possible, by working in partnership with others to deliver services which ensure value for money, including through third sector partners
- Investigate ways in which the Association can best address national homelessness targets and priorities
- Enhance our work with tenant voice, including holding and supporting community events, as well as utilising new technology to engage more effectively
- Keep up to date with changes to SHNZS and decarbonisation and make plans for the future
- Following our most recent stock condition survey and assumptions for future planned maintenance, review and implement our medium-term programme, ensuring best value for money within current economic conditions
- Carry out key procurement exercises including for i) reactive maintenance ii) gas servicing iii) close cleaning and iv) ICT services, ensuring value for money
- Carry out a large-scale resident satisfaction survey and review findings to drive service improvements
- Consolidate recent changes in the staff team and management team; focus on succession planning and continue delivering a consistent approach to staff training
- As the senior officer has signalled their intention to retire in the 2024/25 financial year, prepare for and carry out a senior officer recruitment exercise
- Recruit new members to our Management Committee to strengthen and complement the existing skills and continue to develop all members through training and attendance at industry forums
- Carry out work in relation to the way the Association delivers services to our stakeholders, particularly through enhanced digital options

Additional contextual information can be found in the remainder of this document and detailed information is included in the accompanying delivery plan and resourcing plan. We will update this section on an annual basis to reflect the relevant business year.

## Background

The Association celebrated its 30-year anniversary in 2021 and looks forward to continuing to provide an outstanding housing experience for the Drumchapel community.

Since being registered as a housing association in 1991, we have completed fifteen phases of improvement and new build development, including acquiring homes through various transfers from Glasgow City Council in our early years and a second-stage transfer from Glasgow Housing Association in 2010. Our most recent development phase was completed in 2021. We currently own 877 properties, all within a defined local area. We also carry out factoring services for 141 owners in the local area in addition to 16 properties in shared ownership.

As a Registered Social Landlord (RSL) in Scotland we are regulated by the Scottish Housing Regulator and, as a Registered Charity, we are regulated through the Office of the Scottish Charity Regulator (OSCR). We are governed by a Management Committee of up to fifteen members, all of whom currently are local residents who participate on a voluntary basis, and are ultimately accountable to our members, tenants and other stakeholders.

The Committee is supported by a staff team of 19 individuals filling 17.6 full-time equivalent posts, led by the Director who provides a key link between the Committee and staff. Our staff team is based in a purpose-built office located in the centre of our community.

## Looking forward

Our core responsibilities will always be to provide the best service possible to all of our customers whilst safeguarding the considerable assets over which we have stewardship on the community's behalf. In achieving this, we will have decisions to make on *big ticket* strategic priorities as well as more routine day-to-day matters. Discussions at our most recent planning events, for example, focus on improving our homes and ensuring affordability in the long-term for our tenants. We therefore do not have current plans to develop any more new build housing or acquiring additional stock in the short to

medium term as we see our top priority being the maintenance and improvement of our existing assets. That being said, we would look to evaluate any development opportunities on a case-by-case basis through a robust risk assessment and feasibility study process.

We hope that this document conveys the Committee's vision for the next three years, while setting the tone for the next five or so years and, together with the accompanying delivery plan and resourcing plan, outlines how we are going to achieve this. Because of the uncertainties around the cost-of-living crisis and the general global climate, and the impact these have on planning, we have focused specific detail mainly on what we will achieve over the next twelve months. However, we cannot look at the coming year in a vacuum and the business plan will therefore reflect our three-year strategy.

## Mission statement and strategic themes

The Association's mission statement sums up our purpose which is enshrined into our strategic themes; our core values then determine how we function. At our planning events held in 2021 we reviewed our corporate aim and strategic objectives.

Flowing from this, operational objectives and key performance indicator (KPI) targets are agreed every year to support the strategic objectives, and broader plans for implementation of these are found in the delivery and resourcing plans.

We discussed our revised mission statement at the December 2021 planning event, there was then staff input during February 2022 prior to the Committee agreeing the final wording at the March 2022 Committee meeting. These are outlined below.

### Mission statement

Our mission statement encapsulates all that we believe in a simple and straightforward way. Everything that we do can be linked back to the mission statement.

**Supporting a vibrant community by offering affordable, good quality homes and services, with people at the heart of everything we do.**

### Strategic goals

We will achieve our mission statement by implementing our strategic goals.

The delivery plan and resourcing plan provide more detail on how each of these will be achieved, together with details of timescales, lead officers and, where appropriate, how each will be resourced. The goals are also cross-referenced to our risk matrices and this provides an additional layer of assurance, acting as an early warning system if any barriers to achieving the goals emerge.

The nine strategic goals are based around the three themes of:

- *Improving lives*
- *Investing in assets*
- *Engaging the community*

## Improving lives

- 1) To provide quality housing management and advice services, rent account management, estate management, and maintenance services for the local community;
- 2) To help alleviate homelessness and provide high quality rented housing at affordable rents through appropriate long-term investment and future-proofing;
- 3) To invest in and develop our people to ensure that the Association is an employer of choice.

## Investing in assets

- 4) To undertake a comprehensive planned maintenance programme to achieve secure, safe and sustainable homes which work towards carbon neutrality;
- 5) To meet and, where possible, exceed the Standards of Governance and Financial Management and the Scottish Social Housing Charter; alongside striving for full assurance in our Annual Assurance Statements;
- 6) To ensure the work of the Association is supported by effective governance and financial controls, and that staff and Committee are accountable to tenants, owners and others accessing our services.

## Engaging the Community

- 7) To maximise community involvement and community spirit through continued involvement in the management of homes, provision of services and across wider role initiatives;
- 8) Foster positive connections and good practice sharing across a range of partners and stakeholders, including as a Community Anchor organisation;
- 9) Ensure equality, diversity and strong governance is reflected across all areas of our activity.

## Operating environment

As part of the business planning process, the Association has conducted two environmental analyses – a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis and a STEP (Social & cultural, Technological, Economic and Political and/or legal factors) analysis.

These were developed at the strategy away days in December 2021 and finalised following staff input. They were then further revised by the management team prior to specific discussion by Committee when agreeing this version of the strategic plan.

### SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>➤ Rent levels compare well with other RSLs</li> <li>➤ Strong performer across KPIs in comparison with other RSLs</li> <li>➤ Sound financial management and financial strength</li> <li>➤ Well maintained and managed housing stock that is in high demand</li> <li>➤ Effective and supportive Management Committee; well qualified and experienced staff team</li> </ul>	<ul style="list-style-type: none"> <li>➤ Unknown requirements and costs to bring stock up to SHNZS</li> <li>➤ Increased tenant H&amp;S reporting requirements resulting in higher costs</li> <li>➤ Post-war housing stock infrastructure ageing – eg paving slabs, fencing</li> <li>➤ Maintenance cost increases and reduced availability of contractors, particularly in relation to planned maintenance</li> <li>➤ Mixed tenure blocks complicating repairs</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>➤ Wider access to funding as a result of charitable status and community anchor</li> <li>➤ Partnering arrangements with DRUMCOG</li> <li>➤ Access to funding via green agenda for stock improvement</li> <li>➤ Ability to secure financial gains to tenants through in-house Welfare Rights Service</li> <li>➤ Improved technology offering more opportunities to engage with stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>➤ Increased, but unknown, costs in relation to SHNZS</li> <li>➤ Cost of living – high costs and insufficient supply following Brexit</li> <li>➤ Steeply rising costs – energy, basic food items and National Insurance</li> <li>➤ Welfare reform/Universal Credit</li> <li>➤ Reduction in services from Glasgow City Council</li> </ul>

## STEP analysis

Social and cultural factors	Technological factors
<ul style="list-style-type: none"> <li>➤ Homelessness – including pressures around tenancy sustainability</li> <li>➤ Ageing population</li> <li>➤ Poor health and well-being; including mental ill health, greater prevalence of chronic illness (physical and mental), difficulties around addiction, increasing long-term sick population</li> <li>➤ Communication and engagement challenges – need to pinpoint demand for translation and alternative formats</li> <li>➤ Incidence of violence, domestic abuse, anti-social behaviour and neighbour disputes</li> </ul>	<ul style="list-style-type: none"> <li>➤ Increased use of ICT, email and internet by customers, staff and partner agencies</li> <li>➤ Digital exclusion</li> <li>➤ Data protection/security</li> <li>➤ Internet – online benefit claims and receipt of other services</li> <li>➤ Benefits and drawbacks of social media</li> </ul>
Economic factors	Political and/or legal factors
<ul style="list-style-type: none"> <li>➤ Increasing numbers of people unable to afford food, utilities and other basic items</li> <li>➤ Reliance on benefits – benefit levels reducing through welfare reforms and real decreases</li> <li>➤ Personal debt rising, including high-interest pay-day loans</li> <li>➤ Poverty and deprivation indices high in our area of operation</li> <li>➤ Volatile inflation levels</li> </ul>	<ul style="list-style-type: none"> <li>➤ Brexit impact</li> <li>➤ Political instability</li> <li>➤ Scottish Government intervention in rent setting</li> <li>➤ Social Housing Net Zero Standard (SHNZS)</li> <li>➤ Sustained cuts in benefit levels; more people facing benefit sanctions</li> <li>➤ Continual reduction in spend for housing capital grant and adjacent related services → more pressure on RSL to pay for services</li> </ul>

The above analyses were agreed following group work by staff and Committee. They represent what we consider to be the five main strengths, weaknesses, etc, facing the Association at the time of writing. During the group discussions, other factors were highlighted but we have limited the number under each heading to five as this allows us to have an appropriate focus on the areas that require most consideration.

Going through these exercises provided a mechanism for systematically thinking through the extent to which the Association can cope with its operating environment and

the many factors it has to manage, and this allowed us to then consider and balance the opportunities against the skills present within the Association.

We have retained details of all strengths, weaknesses, etc that were discussed at the planning event and we will regularly review the above tables to ensure that they remain accurate and relevant. Together with any new factors that emerge, any events that could change the above will be noted as part of the six-monthly review of risks. This is particularly important where the impact is negative.

SWOT and STEP are useful and popular tools and, indeed, are endorsed by the SHR as good practice. However, it should be borne in mind that they are also subjective. By approaching this via group exercises involving Committee and staff, we would hope to minimise subjectivity.

## Risk management

Risk management is embedded into the culture of Cernach Housing Association. The Association's strategy for managing risk is contained within the risk management policy (methodology) and matrices (practice). During 2023/24, we reviewed the risk management methodology policy and updated our approach to noting risks and tracking mitigating actions we take to address and minimise risk, as well as confirming the Association's risk appetite which could generally be categorised as risk averse. We therefore believe we have a robust system in place.

This framework links the identification of risk throughout the business planning process. The key external and operational risks arising from our business plan objectives and our operating environment are identified and an assessment made of the likelihood of those risks occurring. This, together with our action to mitigate this risk and the potential impact they would have on our business if they did occur, is scored on our risk register.

Flowing from this, risk matrices are prepared and an action plan drawn up to improve the risk score (where practicable). This includes the identification of specific actions aimed at mitigating, managing or transferring the risk. The risk register is reviewed every six months by the Management Committee, quarterly by the Assurance sub-Committee (ASC) and on an ongoing basis by senior staff.

We will work in 2024/25 to identify a series of 'golden rule' trigger points across our main KPIs and financial indicators to provide an early warning system of any areas

which may be problematic. These will be discussed monthly at Management Team meetings and escalated where appropriate to the Management Committee.

Finally, we have incorporated risk management into the Committee training plan – with risk being identified as a popular choice for further training in the Committee training plan following the appraisal process in 2021.

The most recent review of the risk matrices was completed at the December 2023 Management Committee meeting following input from frontline staff and the management team. The key risks identified are noted below:

**Increases in costs for goods, services, works**, putting pressure on short and medium-term cash flows and projections, requirement to stretch key activities over longer period ie planned works, inability to progress some activities, threat to asset management integrity

**Economic aspects of Brexit**, such as increases in cost of living, energy prices, unemployment/reductions in hours, potential volatility of Sterling, increases in the Association's operating costs.

**Supply aspects of Brexit**, such as shortages of labour and materials. This could cause costs to rise significantly and/or impact our ability to progress works.

**Welfare reform leading to real reductions in benefits, prevalence of low/zero hours contracts and increased unemployment.** All of these impact tenants' ability to pay rent, heat their homes and buy essential goods, meaning not only an increase in rent arrears but a negative impact on health and well-being.

**Geopolitical unrest impacting services (for example in Ukraine/Palestine)** giving rise to similar risks to Brexit in relation to causing pressure on material costs as well as energy costs.

**Low Management Committee numbers** that could lead to breaches in Rules, inquorate meetings, poor decision making, lack of experienced members and lack of succession planning capability

**Failure to manage tenant health and safety requirements** potentially resulting breaches in legislation, poor service, poor living conditions, tenant physical safety compromised

The likelihood of the first five risks occurring is outwith the Association's control. Our mitigation is therefore concerned with (i) preventive action in relation to impact and (ii) ongoing monitoring of any movement on these events.

Risks in relation to low Management Committee numbers and tenant safety are what the Association considers to be 'Operational' risks which can be largely managed and influenced by the Association's actions. There are therefore key mitigation actions which are closely monitored in order to minimise the likelihood of the risk occurring.

To support the Assurance sub-Committee and the Management Committee, the whole staff team has a day-to-day contribution to make to ensure that we manage the risks effectively as possible; frontline staff devise and deliver the preventive actions and the management team monitors overall movement.

## Audit

### Internal audit

The Association operates a robust internal audit programme. Programmes are agreed in advance by the Management Committee and the senior management team and the service is delivered by a suitably qualified independent company. The Scottish Federation of Housing Associations' (SFHA) guidance underpins our internal audit activity.

Internal audits to be conducted are generally of a mix of operational housing management and maintenance functions, governance, finance, risk, equality and diversity and major contract management. They are done on a rolling basis, ensuring an interface with the risk matrices. Also included in each internal audit programme is an audit of any allocations to connected persons that have occurred since the previous audit. Internal audit procurement was conducted in 2022/23 in line with good practice.

The internal auditor attends the Management Committee annually to present findings and discuss recommendations; once presented and agreed, all recommendations are input into one of our operational trackers and progress reported to the Assurance sub-Committee on a quarterly basis. The internal auditor also attends ASC meetings.

### External audit

The external audit is conducted annually following the financial year end, with the on-site part of the audit normally taking place in June each year. External auditors are re-appointed by share members at the AGM. Procurement for external audit was last conducted in 2022/23 in line with good practice. An audit summary report is presented to the Management Committee at the end of each audit and the audited financial statements are presented to members at the AGM, normally held in August each year.

### Mini audit

In addition to audits conducted by external organisations, the management team conducts in-house mini audits at regular intervals on operational functions. Feedback from these are made to all staff operationally involved to ensure any issues are picked up quickly and internally. We find mini audits to be a useful tool and are looking at ways to broaden the scope of these.

## Assurance

We are an RSL with a £4.9 million turnover and responsibility of safeguarding a significant asset base – not only in terms of the £34 million worth of housing assets, but we are mindful that these are people’s homes. Failure to undertake our responsibilities in a prudent, transparent and accountable manner could therefore have a detrimental impact on people’s lives and the overall stability of the community.

It is therefore important that we are able to provide assurance to our tenants, other customers and stakeholders that we are acting appropriately. We have an established track record at Cernach of self-assessment in relation to the Standards of Governance and Financial Management and the Scottish Social Housing Charter and we have always taken assurance seriously. We carried out independent assessments of these standards in 2022, and since October 2019, we have issued an Annual Assurance Statement – this was introduced by the Scottish Housing Regulator and is a useful way of the Management Committee (as the governing body) making an explicit public statement on assurance each year.

To date, we have published five Annual Assurance Statements, each time being able to state that there are no areas of material non-compliance with any part of the assurance framework.

In 2021, we overhauled our approach to developing the AAS and have continued this approach since then. Staff and Committee members participated in a series of meetings which considered our performance across all of our operational and governance activities. In 2023, we also included tenant and resident feedback on key points to gain further assurance and enhance tenant voice within the process. We considered a significant evidence bank and used the SFHA’s toolkit to help come to a view on each separate element. At the end of the 2021 process, we invited an external specialist to conduct a wrap-up session and carried out an internal audit on the process. These exercises confirmed good practice which the Association had in place, as well as providing suggestions for improvement moving forward.

The Corporate Services & Assurance Manager leads on the Association’s approach to assurance generally, supporting the Director and Depute Director in delivering overall strong governance and a proactive approach to self-regulation.

## Operational infrastructure

### Management Committee

The Management Committee has overall responsibility for the work of the Association, leading and directing the organisation to achieve its stated objectives in accordance with the Standards of Governance and Financial Management and the Scottish Social Housing Charter. It benefits from having a good mix of people with the skills and knowledge it needs to be effective.

The Management Committee operates a devolved structure with an Operations sub-Committee and an Assurance sub-Committee. The Management Committee and the Operations sub-Committee meet nine times each year (and the Management Committee has an additional meeting immediately following the AGM) with the Assurance sub-Committee meeting quarterly. Additionally, we had a special meeting in November 2022 and November 2023 to consider the 2023/24 rent review to which all staff members and our finance agents were invited. This worked well and the Management Committee will review whether this is required in future depending on the operating context at the time.

We reviewed the Committee standing orders and remits in 2022; at this point we do not envisage any change to the two-tier structure. This review delegated more powers to the sub-Committees, thus allowing more specialist discussion on a range of (mainly operational) activities whilst freeing up time at the full Management Committee to focus more on matters relating to strategy, governance, financial management and financial strength.

### Committee succession planning

The Management Committee has a training needs analysis completed on a regular basis which helps identify areas of interest or areas in which members feel their knowledge could be strengthened. This has historically been carried out jointly with our partners in DRUMCOG, however the Management Committee have opted to refresh this approach over the past few years with additional sessions. These sessions have primarily been short, immediately before or after Management Committee or sub-Committee meetings, and delivered by our staff team or consultants wherever possible to give a Cernach-specific perspective – as well as to be reactive to changing best practice or legislation. Both attendance and feedback from these sessions reflect a

preference for this style of delivery, therefore the Association will continue this practice within the lifespan of this business plan.

An annual review of Management Committee member performance and individual Committee members' effectiveness review has been undertaken and was last completed in 2023 internally. 360° peer appraisal of the Chair is also carried out every one or two years.

To help meet regulatory requirements, a review meeting with long standing members (nine years' continuous service) who are standing for election at the AGM is held as required to confirm that objectivity, independent challenge and continued effectiveness can be demonstrated. To date, three Committee members have completed nine years' service and have participated in a review interview. All other members have less than nine years' service.

To help meet the long-term requirements of an effective chair, as well as adherence to the 'five-year-rule', we also seek to further develop office bearers and sub-Committee chairs so that there is a range of candidates where vacancies and gaps may arise. We have had a new Chairperson in post since the 2023 AGM following the previous Chairperson completing five years' service, and therefore do not anticipate a change in Chairperson in the short-term. We therefore continue to support the new Chairperson in their new role but continue to look to develop other Management Committee members who are open to office bearing roles in future.

The above training and more specific work with office bearers and sub-Committee chairs help ensure that we have a Committee (i) whose members understand the roles and responsibilities of being chair and (ii) whose members are equipped with the skills and knowledge to fulfil positions of responsibility in an effective manner.

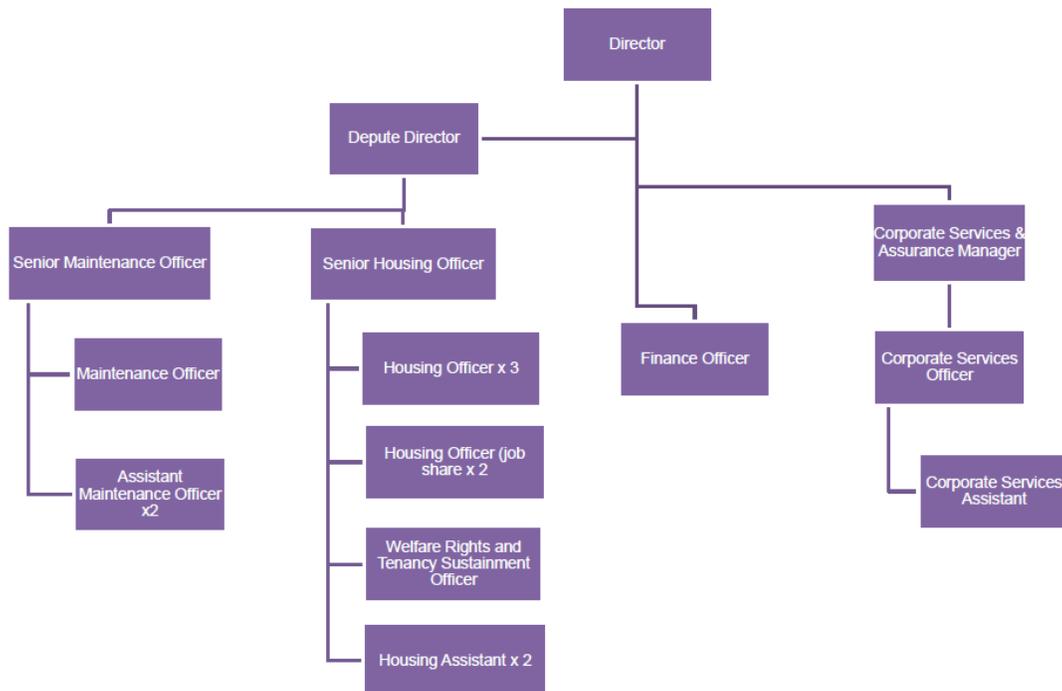
We have good level of turnover on the Management Committee with a healthy mix of newer and more experienced members. Work done by frontline staff has been very effective in identifying local residents who are interested in being Committee members, to the extent that we had a competitive election at the 2021 AGM. However, following a skills gap analysis, we are working to recruit some new members to complement the existing cohort and further strengthen the organisational complement in the first half of 2024/25.

Succession planning in practice has been very good and the results of this can be seen in the smooth transition of Vice Chairperson to Chairperson in 2023. We reviewed our Succession Planning Policy in 2022/23 which takes account of both staff and

Committee succession. The policy follows current good practice the Association has in place, while enhancing the level of training and development plans which are in place.

## Staff

Our staff team comprises nineteen individuals with a staff structure as detailed below. The staff team has authority delegated from the Management Committee to carry out the operational management of the Association's overall strategic direction, and is led by the Association's Director.



## Staff succession planning

We value our staff team and take a proactive approach to training and development to facilitate personal growth, as well as assuring that our team is adequately resourced in the event of staff turnover.

We have several strategies in place to support development of the staff team, including:

- Quarterly one-to-ones, two of which annually focus on training and development
- Budgetary resources to support staff on external training
- Regular internal training sessions on key areas
- A two-year training and development plan for all staff

- Support for further education in key disciplines

We recognise that for talent to grow within Cernach, and the wider housing association sector, there may be a desire to take forward ‘apprentice’ level posts where a need arises. Cernach will therefore seek to investigate funding opportunities where these arise and meet business need.

As a small organisation, we work to identify natural successors for posts, should any internal opportunities or vacancies arise. For example, as the Association’s Director moved to work part-time hours (0.6 FTE) in November 2022 and has discussed upcoming retirement planning, we have reviewed our options should the post become vacant. However, as the senior officer of the organisation, the post is of strategic and regulatory importance and should the post become unexpectedly vacant in the short or medium term, our Depute Director would step up on an interim basis and we would seek to recruit a replacement full-time Director. As part of this contingency planning, as well as to strengthen the Association’s overall skillset, the Depute Director has had a comprehensive training plan for the past three financial years which has focussed on organisational leadership.

In line with good practice, the Association carried out an independent options appraisal in 2023 to evaluate options should the Director post become vacant. This report confirmed that maintaining the independence of Cernach by recruiting a full-time Director best serves the interests of tenants. This confirms the assumptions made in previous business plans, as well as the general opinion of the Management Committee in previous years. In compiling this report, interviews were carried out with senior staff, Management Committee members and exercises done with the entire staff and Committee team to explore all available options. The responses from all internal stakeholders were unanimous in that recruitment of a full-time Director was the preferred option.

This independent report also confirmed that Cernach demonstrates financial stability, maintains effective local responsiveness and accountability and demonstrates strong governance structures.

## Information and communication technology

The Association has invested considerably in the use of information and communication technology (ICT) and this has become an integral part of the Association's day-to-day operations. Day-to-day management of our ICT services is carried out by our ICT support company. We intend to carry out procurement for ICT services in 2024.

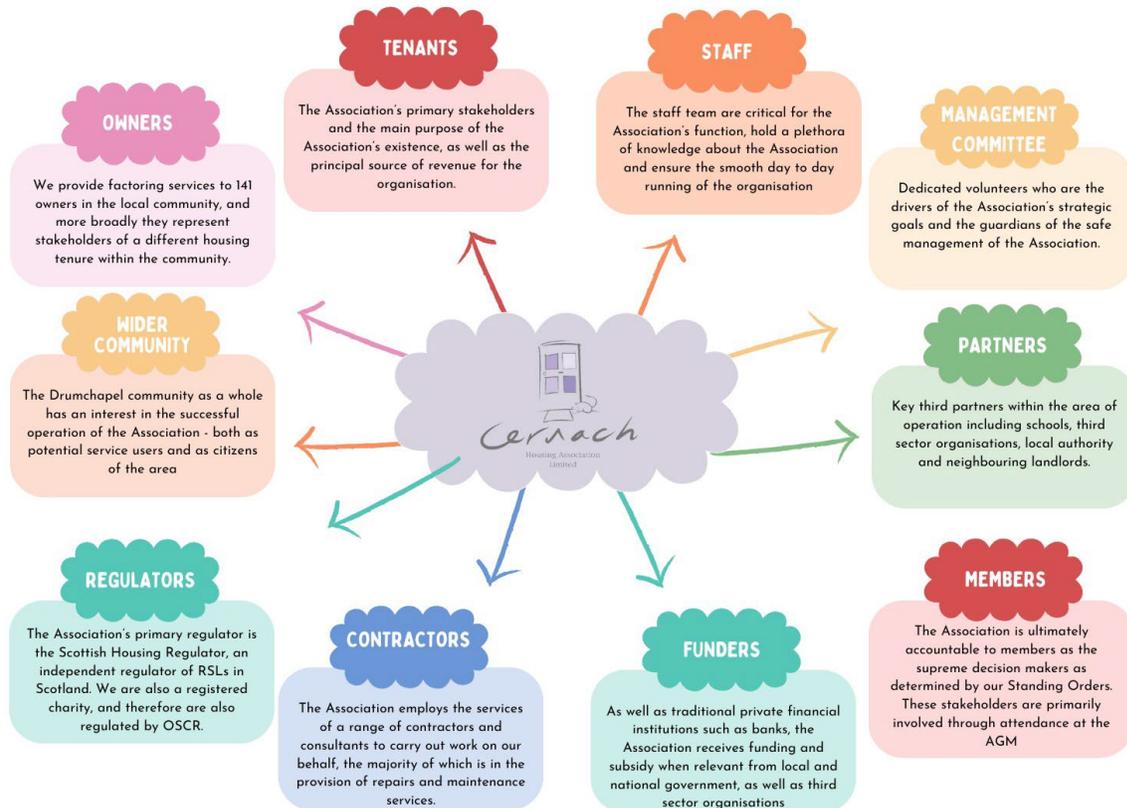
2022/23 presented significant challenges in relation to ICT provision, and we have worked since then to enhance the Association's approach to cyber security in particular. In 2023/24, we achieved Cyber Essentials Plus accreditation which we intend to retain through assessment on an annual basis.

We commenced work on moving the organisation forward in relation to digital and ICT strategy more generally by working with an external consultant to utilise best practice and specialist knowledge. This will result in a standalone ICT strategy which will guide the Association forward over a three-year period and will encompass areas such as cloud migration, device management, key software recommendations and telecommunications.

During the lifespan of this business plan, we will continue to invest in ICT, trialling new approaches in order to streamline working practices. We will focus on ensuring our ICT provision is working for all members of the staff team and Management Committee and seek to invest in updated systems where feasible and beneficial.

## Stakeholders

The Association has a number of key stakeholders who all contribute to the management and operation of the organisation. These stakeholders can be summarised in the stakeholder map below.



## Finance

We are living in uncertain economic times: as individuals; as businesses; as a society. Not only are we going to be dealing with the financial aftermath of the pandemic, but we are also faced with increasing costs and reduced supply because of Brexit. There is a significant cost-of-living crisis affecting the United Kingdom at present, particularly in relation to fuel costs.

As rent is the Association's main source of income, the decision to increase rents for 2023/24 and 2024/25 was an incredibly difficult process for the Association. The Association held special meetings of the Management Committee in conjunction with our financial consultants, FMD, which was also open to all staff. We also carried out a more detailed rent consultation, with more information and opportunities to contribute than in previous years.

The decision to increase rents by 5% in 2023/24 and 4.6% in 2024/25 represented the lowest amounts that the Association could increase rents while still maintaining the ability to carry out the planned maintenance programme and remain financially viable in the long term and, as inflation at September CPI was 10.1%, was 5.1% below what our CPI only increases in our usual business planning practices would dictate in 2023/24 and 2.1% below what it would dictate in 2024/25.

As part of the rent consultations this year we sent a comprehensive pack and held evenings sessions in the office to give tenants ample opportunities to engage with us. We received a record number of responses for this consultation. Both years, this approach received an 85% favourable response from tenants completing the survey based on a turnout of 32%.

The resourcing plan and the long-term financial projections provide detailed information on how the Association will fund its activities in the short and long terms. In this document, we provide some headline information on the two key strands of (i) financial health and (ii) financial management.

### Financial health

The Association is strong financially:

- Our long-term financial projections show clear financial viability, even when tested against combined adverse scenarios including higher planned and reactive maintenance costs alongside some potential decarbonisation initiatives

- We have very low loan debt; indeed, we funded the non-grant elements of the two recent new build developments from reserves
- Our management costs compare well with others in the sector
- Our 30-year forecasts are based on (CPI) inflation-only rent increases; our rents are low compared to sectoral averages
- More than half of our stock is unencumbered and excess security is estimated at £4.1million at the end of March 2023. We could therefore raise additional finance if required; there are no indications whatsoever that this would be required
- All outstanding loans are due to be paid off within the next five years
- In the next five years, we forecast surpluses of more than £4.7 million with cash balances averaging £3.7 million

## Financial management

The Association is well-managed financially:

- We continually receive a very positive annual external audit
- We have a full suite of policies and procedures that are kept under review and which reflect industry best practice
- We identify and manage all financial risks
- We have a robust and established reporting structure
- We maintain an effective approach to treasury management in full compliance with the CIPFA code and best practice
- We undertake significant amounts of Committee training in finance and our staff have appropriate qualifications and experience
- 30-year forecasts are presented annually to all Committee and staff including analysis of combined adverse events and discussion of any potential trigger points
- We use industry best practice assumptions when making long-term financial forecasts which are compiled by well-informed and respected financial consultants
- Financial forecasts, assumptions and planning models are routinely validated by the Association's internal auditor during compliance and assurance assessment activities

## Rents and affordability

### Rents

Affordability of rents (and any related services) is critical if we are to remain an attractive landlord of choice and help our tenants in an increasingly difficult economic climate.

However, this must be balanced to ensure adequate resources with sufficient headroom for the Association to effectively operate over the short, medium and long-term. The Association's average rents remain low across all apartment sizes when compared nationally, as well as against others in the local area. We consult with our tenants annually on any rent increase decisions and their feedback informs the decision taken by the Management Committee.

As noted above, we carried out a significantly more detailed rent consultation in 2022/23 and 2023/24 due to high levels of inflation. With inflation at September 2022 sitting at 10.1% and rising, the Association could not reasonably increase rents by this level. Prior to commencing consultation, the Scottish Government also passed unprecedented emergency legislation limiting all rent increases. While the relevant dates of this legislation did not affect the Association's rent increase timescales, it did set the tone for the approach that all RSLs should take both in that year, and beyond.

The long-term projections are usually modelled on an inflation-only rise year-on-year, and will ordinarily be based upon the September CPI rate, and have therefore been reworked to take account of the below-inflation increases in three of the previous five financial years. The Association is also conscious that the high levels of inflation and cost-of-living crisis could still be in place when it comes to the 2025/26 rent increase and beyond, therefore an additional meeting of the Management Committee can be provided for if required in November each year to allow similar levels of scrutiny in relation to affordability and financial viability to take place. It is expected that the Management Committee will take a decision annually in September as to whether this meeting is required.

## Assessing affordability for tenants

The Association will principally be guided by tenant views and comparative information when considering affordability from the tenant perspective, but the affordability tool developed by the SFHA is also relevant. We will assess our rent increases against this figure annually when making recommendations for increases to ensure that rent levels remain affordable.

We also assess our rent increases against figures collated and circulated by the Glasgow and West of Scotland Forum of Housing Associations (GWSF) to ensure that ours continue to compare well with others. This will be assessed annually when making a recommendation for increase.

More detailed rent affordability information is contained in our resourcing plan.

## Value for Money

There is no “golden rule” on what constitutes value for money, nor is there a simple test to establish whether it exists. Value for money is subjective and requires organisations to make judgements about (i) what it means to them in the first place and (ii) whether or not they are achieving it. For Cernach Housing Association, we assess value for money based on a series of industry standard indicators as well as the opinions and priorities of our stakeholders - particularly tenants and other service users. We no longer issue a separate statement on value for money, predominantly due to our ethos that this is firmly embedded within our mission and business plan. We ask our tenants to comment on the Association’s overall value for money in line with the SHR’s standard tenant satisfaction measures, however we also balance these survey metrics with tangible indicators which provide a more holistic view of value.

The Association uses a range of benchmarking tools and indicators dependent on the particular area of business being assessed for value for money indicators. For example, where assessing staffing levels and operational efficiency, the Association will compare against landlords of similar stock size, as well as those facing similar operating environments – such as those in peripheral housing schemes within the Glasgow area.

These tools and comparisons can be found in more detail within the delivery and resourcing plans that support this document – however the Association’s aims and ethos reflect prioritising strong value for money across all areas of the business on a constant basis.

The Association therefore vigorously pursues value for money through compliance with all elements of the SHR’s regulatory framework, effective joint working, most commonly with other local landlords, as well as effective procurement.

## Procurement

The Association’s procurement policy outlines when and how we will seek value for money when procuring services, works and goods and supplies. As a general rule, cost is not the only criterion we taken into account when variations in quality and/or output could have an effect on the overall quality of the outcome.

Where we wish to take qualitative elements into account, we will procure on the basis of quality and price and the split to be used will be advised to all tenderers as part of the tender documents/brief. We also seek to be as open and transparent as possible when selection is being based on subjective criteria as well as costs.

The policy also allows procurement by negotiation, but there must be a value for money assessment carried out in all instances. Contracts above the Scottish Government and UK thresholds must always be tendered in the prescribed manner.

The procurement policy was last reviewed in October 2021 and was updated from the July 2018 version to help ensure that we continue to observe legal, regulatory and best practice requirements. We will therefore seek to review this policy in 2024-25. Several of our staff involved in procurement have received specialist training to ensure best value and correct procedure when issuing tenders.

## Asset management

The Association sees asset management to be one of our key functional areas over the lifespan of this business plan, both for our planned maintenance program and developing our response to the new Social Housing Net Zero Standards (SHNZS). The Association has considerable assets and varied stock, and therefore there is a high degree of uncertainty in relation to requirements and costs of renewal and improvement works at this stage, alongside increasing costs in relation to tenant safety requirements. Our approach to asset management is contained within the Asset Management Plan (AMP) in more detail; the AMP links directly to this plan. We keep the plan under regular review, and the most recent stock condition survey will be reflected in the 2025/26 review of this plan, however the findings from the October 2023 survey are consistent with the content of the existing AMP and therefore wholesale review was not required. Alongside our business planning cycle, the Association agrees the five-year investment plan for planned and cyclical maintenance in April each year and this provides the most up-to-date plan for major works.

### Housing stock

Prior to the stock transfer in 2010, the Association's housing stock was predominantly new build stemming from the early 1990s onwards. This stock is diverse in terms of size, type and design with a balanced mix of two, three, four and five apartment bungalows, terraced, semi-detached, detached houses, cottage flats and traditional flats.

The stock which transferred to the Association from Glasgow Housing Association on 29 March 2010 on the other hand is predominantly post war tenemental stock with the overwhelming majority being three-apartment properties. This resulted in the Association have a more diverse range of stock both in terms of age and type.

During 2019 - 2021 we completed our most recent new build phases and added an additional 84 new build units to our stock to include medically adapted properties and larger family homes to help address the needs within our community.

A breakdown of the housing stock type and mix is contained in the [asset management plan](#).

The Association currently holds its stock condition and life cycle cost data on Excel spreadsheets by development. Each spreadsheet identifies the development,

construction date and number of units. The information contained within the spreadsheet identifies individual building elements and the life span of each element. It also identifies when and what level of investment is required.

During 2023/24 we carried out an updated stock condition survey and incorporated findings into our planned improvements work, and this will be reflected in our next Asset Management Plan, but in the interim has it been incorporated into our long-term financial projections. All works will be considered in line with our thirty-year financial projections to ensure the Association remains financially viable in the short to medium term, as well as the longer term.

## Registered office

The Association's registered office is located at Marion McDonald House, 79 Airgold Drive, Drumchapel, Glasgow, G15 7AJ. This office is an asset as the Association provided the building using its own resources and private finance. The office was extended in 2020/21 to respond to our growing asset base and, therefore, staff team.

## Systems for measuring and monitoring performance

### Key performance indicators (KPIs)

The Association sets out its own key performance indicators for the main areas of operation, as well as key targets and tasks which are contained in our internal workplans. Progress against these indicators is reported to the Management Committee and/or, where relevant, one of our sub-Committees and a review of performance is included at each Management Team meeting. An annual review, and re-setting of targets for the year ahead, takes place at an annual planning event attended by Committee and staff.

All operational and strategic targets are discussed and agreed by all staff and the Management Committee and everyone therefore "buys in" to their individual and team targets. There is a high level of awareness of how individual contributions fit with the Association's overall aims and staff take great pride in working towards and achieving targets.

More information on how these will be achieved is included in the delivery plan. However, for ease of reference, we have appended a list of KPIs for 2024/25 to this document and will update this document annually to reflect the most recent targets.

## Tenant and resident voice

The Association aims to continually improve the service provided to our tenants. We do this via a range of mechanisms including post-repair telephone surveys, surveys following planned improvement works and post-inspections of repairs, a comprehensive and independent tenant and owner satisfaction survey is commissioned every three years, and we gather continual feedback from individuals using our services. The most recent large-scale satisfaction survey took place in early 2022, with the next one due in October 2024 and we will incorporate feedback from this into our organisational workplans and business planning decisions.

Over the life of this business plan, we also plan to increase tenant and resident voice in our community and are exploring different methods of doing so, including by utilising new software to better reach out to tenants and analyse responses. In particular, we want to ensure that we are empowering tenants to have a say in the management of their local area wherever possible and to ensure that Cernach remain an approachable and caring community organisation.

## Monitoring and review

An agenda work plan for Management Committee meetings for the year ahead and the policy review programme is agreed at the beginning of each year to ensure that all required reports are taken. Arrangements for monitoring performance on the service delivery KPIs is specified in the work plan.

We are now in our fifth year of completing the Annual Assurance Statement (AAS) and have incorporated findings from this into an operational tracker which is reported to the Assurance sub-Committee.

## Benchmarking

The Association participates in the Quality and Efficiency Forum (QEF) where our performance is benchmarked with other forum members and good practice is shared. A benchmarking report issued by the QEF is presented to Committee annually, normally in June or July.

The Association assesses its level of compliance annually against the Scottish Housing Regulator's Standards of Governance and Financial Management and the Scottish Government's Scottish Social Housing Charter standards and outcomes. Baseline assessments were carried out independently in 2013/14, 2018/19 and most recently in 2022/23 and we conduct interim reviews internally on an annual basis. This will therefore take place in the first quarter of each year so the results of this can be used to inform our Annual Assurance Statement. We will conduct an independent review of these standards no later than 2027/28.

We analyse data obtained from these sources in order to inform our delivery plans against strategic objectives on an annual basis, which in turn will form our resourcing plan to ease organisational pressures and ensure continuous improvement.

## Conclusion

Our business plan, including the strategic, delivery and resourcing plan elements, is supported by our Asset Management Plan and long-term financial projections, all of which are integrated into the Association's mainstream reporting systems. Our business plan links and complements all the Association's other strategies and plans. It is central to all strategic and operational decisions throughout the year.

All actions contained within the business plan will be integrated into the staff activity plans with progress in achieving the various aspects of the plan monitored and reported as described in the delivery and resourcing supplements.

The Association is confident that our sound business planning process will ensure good governance, effective management and financial viability. Our "whole organisation" approach ensures understanding and ownership right across the organisation.

This format represents a change from previous business plans and this is now the third version. We believe this change has been effective, and we will continue to monitor the effectiveness of this format in consultation with staff, Committee Members and other stakeholders.

## Supporting documents

The following supporting documents, which are separate from this plan, may be of assistance:

- Business delivery plan
- Business resourcing plan
- Financial projections
- Asset management plan
- Operational workplans
- Management Committee workplan
- Operations sub-Committee workplan
- Assurance sub-Committee workplan
- Management Committee and staff structure

## Key Performance Indicators – 2024/25

	Item	ARC Ind.	2024/25 Target
1	Percentage of tenants who received a satisfaction survey in the year	1, 2, 5, 7, 13 & 25	<b>25%</b>
2	Percentage of 1st and 2nd stage complaints, including those related to equalities issues, responded to in full in the last year, that were resolved by the landlord.	3 & 4	<b>100%</b>
3	Percentage of total rental income lost through voids (general needs)	18	<b>0.9%</b>
4	Average time to re-let void properties (general needs)	30	<b>20 days</b>
5	Percentage of total rental income lost due to non-technical and technical arrears	27	<b>3.8%</b>
6	Percentage of factoring arrears	-	<b>13%</b>
7	Percentage of former tenant arrears	-	<b>0.8%</b>
8	Percentage of Anti-social behaviour complaints resolved fully by landlord	15	<b>90%</b>
9	Percentage of properties which received a property inspection within the year	-	<b>20%</b>
10	Percentage of emergency repairs completed within target	-	<b>100%</b>
11	Average number of hours to complete emergency repairs	8	<b>2 hours</b>
12	Percentage of repairs completed within target for Right to Repair	-	<b>100%</b>
13	Average number of days to complete non-emergency repairs	9	<b>3 working days</b>
14	Percentage of repair jobs which received a satisfaction survey	12	<b>10%</b>
15	Average time taken (working days) to complete applications for adaptations once approved	21	<b>50 days</b>
16	Percentage of repairs completed 'right first time'	10	<b>96%</b>
17	Times in the year where we failed to complete a gas safety check within timescale	11	<b>0</b>

	<b>Item</b>	<b>ARC Ind.</b>	<b>2024/25 Target</b>
18	Percentage of compliance with requirement to carry out EICR every five years in each property	C8 & C9	<b>100%</b>
19	Percentage of water tanks compliant with legionella risk assessment and control regulations	-	<b>100%</b>
20	Percentage of properties with a passing EPC (Band A-D), not including statutory exemptions	C8 & C9	<b>100%</b>