

PAISLEY HOUSING ASSOCIATION

BUSINESS PLAN 2016-2020

March 2020

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1.0 EXECUTIVE SUMMARY

This is Paisley Housing Association's second Business Plan covering the period 2016-2020. It outlines the development of the Association and current business priorities. It is updated annually with the involvement of the Board, all Staff and key stakeholders. The key priority for the next four years remains significant investment in stock through planned and cyclical maintenance. The current economic climate is also impacting on RSL's and keeping pace with the constantly changing housing environment and regulatory framework is also a challenge. PHA is ready and able to meet these challenges through a robust Governing Body, an experienced Senior Management Team and committed hard working staff.

2.0 KEY FACTS & FIGURES

Name of Association	Paisley Housing Association Limited
Registered Office	64 Espedair Street, Paisley , PA2 6RW
Tel No.	0141 889 7105
Fax No.	0141 848 9434
Email	admin@PHA.org.uk
Website	www.Paisleyha.org.uk
Facebook	Yes
Chairperson	Ian Johnstone
Vice Chairperson	Jim Weir
Secretary	Eileen Graham
Chief Executive	Kathleen McCutcheon
SHR Registration No.	HCB 166
Scottish Charity No.	SCO35589
Industrial & Provident Society No.	2171 (s)
Total Rented Stock	1206 (1 held for development)
Total Factored Units	287
Property Factored Registration Number	PF000305
Number of Staff (FTE)	30
Name & Address of Bank	Bank of Scotland The Mound, Edinburgh, EH1 1YZ
Name & Address of Solicitors	T C Young 7 West George St, Glasgow, G2 1BA

Name & Address of External Auditors	Alexander Sloan Chartered Accountants 36 Cadogan St Glasgow G2 7HF
Name & Address of Internal Auditors	Quinn Internal Audit & Business Support Services 55 Lady Place, Livingston EH54 6TB

3.0 VISION STATEMENT

“The association aims to remain focused on providing quality, affordable homes and excellent customer services.”

PHA STRATEGIC OBJECTIVES

1. **PLACE** – Providing quality, safe, affordable, attractive, warm homes.
2. **CUSTOMER SERVICE** – Provide excellent customer service which represents best value for money and embraces current technology and communications.
3. **GOVERNANCE** – Ensure a robust governance structure through the strengths of the governing body.
4. **ASSET MANAGEMENT** – Ensure the Association invests wisely making best use of assets.
5. **VIABILITY & VALUE FOR MONEY** – Ensure financial viability and value for money in all operations and services.
6. **HUMAN RESOURCES** – Recruit, develop and retain professional staff.
7. **REGENERATION** – Focus any wider role projects on enhancing core services, improving quality of life for our residents and improving life chances.
8. **PARTERSHIPS** – Explore partnerships which assist the Association to meet our vision and strategic objectives.
9. **PARTICIPATION** – Give customers opportunities to participate in a variety of ways that meets their priorities.

4.0 PAST, PRESENT AND FUTURE

A Brief History of PHA

Paisley South End Housing Association was set up on the 24th May 1984 formed from a steering group who wanted to focus on the renovation of the South of Paisley. The purpose of the Association at that time was the comprehensive rehabilitation of tenemental property. It was not until 1993 that the first new build was completed in Barterholm Road. In 1998, after several years of negotiation, former Scottish Homes properties in the Foxbar and Rivers areas transferred to PHA. The Association became a charity in 2004 and continued to carry out factoring work by establishing the subsidiary Paisley South Property Services. The Association now owns 1204 rented stock, part owns 2 shared ownership properties and 287 properties are factored under PSPS. The Association continues the tradition of improving tenemental property and building new houses throughout the Paisley area.

What PHA has achieved

PHA has achieved the rehabilitation of 501 properties and built 301; purchased 5 properties through the Mortgage to Rent scheme and own one unimproved flat held for development. In 1998, just over 500 properties transferred from Scottish Homes to PHA of which we continue to own 398. It is only in April 2012 that the original contract was removed.

Investment has totaled £70,588m of which £49.578m was funded through grants.

We have lease arrangements with a number of organisations including Women's Aid, Renfrewshire Council Homelessness Department, Blue Triangle. We have an Information Sharing Agreement with Loretto Care.

The Organisational and Constitutional Structure

The Association is : registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 as a Registered Society (PAISL02-54)(2171R(S)) ;a registered Scottish Charity No. SC035589; registered with the Scottish Housing Regulator Reg No HCB 166. We are not registered for VAT.

The Association operates under the model charitable rules (2013) and membership is open to all who qualify. We currently have 33 members.

FLAIR

The Association is also constitutionally affiliated to FLAIR (Federation of Local Associations in Renfrewshire and East Renfrewshire).This is a group of 6 RSL's within Renfrewshire and East Renfrewshire who meet regularly to share ideas, staff resources, lobby collectively, attend working groups, apply for joint funding, etc.

IFLAIR

I – FLAIR is an extension to the above with the Associations in Inverclyde (Oak Tree and Cloch) .The purpose of IFLAIR is to jointly procure planned and cyclical works for the period 2012- 2020 . The first Framework (2012-16) procured £22M of works. The second Framework was signed in April 2016 and committing jointly £27.8M- £39.5M value of work in the areas such as gas safety, painterwork, landscape maintenance, kitchen replacement and installation of gas heating. The Association will enter it's third Framework in 2020 – 2025. The value of the IFLAIR Framework will be in the region of £67M.

The Governing Body's composition and operation

The Association is governed by a Board of a maximum of 15 people who meet monthly and have an interest in the Association's work.

There are also Audit & Risk and HR Sub Committee's and an independent board Paisley South Property Services. These sub committee's meet quarterly.

The Board is governed by a number of key documents which define their role and operation. These documents are: Delegated Authorities & Standing Orders, Financial Regulations, The Scottish Social Housing Charter, The Scottish Housing Regulatory Framework, and Risk Management Policy & Strategy.

All Board carry out annual Board Appraisals (Oct – Dec) and follow a Corporate Training Plan.

The strength in the Board lies in the diversity of age, experience, skills and background. The Board comprises of a mix of tenants, tenants from other landlords and people with a background in housing who have an interest in Renfrewshire. Details of Board members are at **Appendix 1** .

The Management Structure and Capacity

PHA has a Senior Management Team of 4 staff led by the Chief Executive. CV's for all senior staff are attached at **Appendix 2**.

Staff

PHA currently employs 30 staff. All staff are office based with the exception of our Estate Caretaker who is based at our multi-storey in Foxbar in an Estates Team. The current staff structure of the organisation is attached at **Appendix 3**. PHA also receives development services from Williamsburgh HA and Maryhill HA . The last staff structure review was carried out in 2011. Housing Management carried out a review in 2013 to prepare for the introduction of Welfare Reform. A further review of the staff structure is due in 2021 to ensure the staff resources are in place to meet future Business Objectives. The Association is an equal opportunities employer. A 360 degree staff appraisal system is in place and carried out each September with every staff member agreeing a personal Training & Development Plan.

Advancement and Reward

The Association is a full member of EVH and offers terms and conditions based on 25 days annual leave, 15 days public holidays, flexi time and negotiated salary increases within the EVH grading guidelines. The Association still offers a Final Salary 60TH defined benefits Pension to those who joined the scheme before 2017. The option of a CARE or defined contribution scheme are now the main options open to new staff since Auto Enrolment into a pension scheme for all staff was implemented in February 2017. The Pension Scheme is open to review in 2020 through a short life working group.

Key Stakeholders

PHA's Key Stakeholders are tenants, factored owners, non factored owners, housing applicants, members of the public who use our service, Renfrewshire Council, Lenders and other RSL's. A list of Key Stakeholders is contained in **Appendix 4**.

5.0 ENVIRONMENTAL ANALYSIS

The Association works in a constantly changing environment taking into account the wider strategic agendas of Renfrewshire Council and the Scottish Government. The key factors which currently impact on the Association's operating environment are

Changing demographics – the two key changes are the increase in new forming households and an increase in the elderly population with people living longer.

Cuts to Local Authority Budgets – the impact of this is universal. Staff within the Council are constantly changing which makes forging good relationships more difficult. We are also seeing "mission creep" with the Association taking on roles which have previously been the responsibility of the Council.

Energy Efficiency - Meeting the Energy Efficiency Standard for Social Housing by 2020.

Lenders – Although initial feedback from the lenders we actively work with is positive, it is clear the terms under which funding can be accessed will be much tighter/cost more and there is still concerns more generally that lending may not be available.

New Regulatory Framework- a greater emphasis on self assessment and a focus on the skills of the Governing Body to have the mix of skills to operate in a challenging environment. The focus on self assurance is the most recent challenge (2019).

Pensions – the Association currently has a number of staff on final salary pension. PHA closed the FS scheme to new members in April 2017. We offer as an alternative a CARE scheme and a DC scheme for auto enrolment purposes. The increasing cost of all Pension Schemes will be considered in 2020/21 by a short life working group. The outcomes of this group will come into effect in 2021/22.

Private Rented Sector- the PRS acts both as a competitor to our rented accommodation whilst at the same time much of the PRS is poorly managed and maintained with little investment long term which blights our stock.

Welfare Reform- this represents the single biggest risk to RSL’s income in decades. The impact of WR cannot be emphasized enough.

The Association has adapted strategies to address most of these issues through our risk management strategy, performance targets and workplans. However some issues remain outwith our control. The current environment means change is constant and the SMT and Board have to ensure a close working relationship to ensure any significant changes are spotted, assessed, planned for and therefore any negative risks reduced or removed.

6.0 PAISLEY SOUTH PROPERTY SERVICES

Background to PSPS

Paisley South Property Services (PSPS) is a non charitable subsidiary of PHA. PSPS was established in March 2004 to carry out the factoring function of PHA. The Association was carrying out significant comprehensive tenemental improvement works in the centre of Paisley and it offered factoring services to the owners who remained in the properties after work was complete. There are currently 287 properties factored by PSPS. Properties are mainly tenemental and often in mixed tenure closes. 65% of owners are non resident. The breakdown is as follows

Property Type	Tenure	Number of closes	Number of owners
Tenement closes	All owners	3	18
Tenement closes	Mixed	94	264
4 in a block closes	Mixed	3	5
TOTAL		100	287

Relationship to PHA

PSPS is a subsidiary of the parent company PHA. Staff from PHA carry out all factoring activities on behalf of PSPS. These activities include

- a. Carrying out common repairs.
- b. Quarterly invoicing.
- c. Offer of Buildings Insurance as part of the PHA block insurance policy.
- d. Carrying out planned common works.
- e. Assistance in claiming owners grants for common works.
- f. Provision of additional services such as landscape maintenance, bulk uplift and stair cleaning.
- g. Dealing with information requests and complaints.
- h. Offering advice and signposting to other agencies.
- i. Providing information about community activities.

Governance structure

PHA and PSPS are in a Group Structure. PSPS operates under an Independence Agreement from PHA. There is a separate PSPS Board of Directors. The Board is made up of independent people (

although none currently serving on Board) and members of PHA's Board. The Board meet quarterly and are supported by the Head of Housing of PHA. The overall remit of the Board is to make decisions in the best interests of the owners it represents.

Performance Reporting

The Head of Finance & IT of PHA presents quarterly Management Accounts. A set of Financial Statements are independently audited and presented by external auditors.

The Head of Housing of PHA presents Quarterly Key Performance Indicator's and other associated business. The Board reviews the Management Fee Structure on an annual basis.

Legal Obligations

PSPS conducts its business in a manner that ensures it complies with all relevant legislation. It's appointment and management of property is based on the title conditions or where these are silent the Tenement (Scotland) Act 2004.

With the introduction of the Property Factors (Scotland) Act 2011 PSPS's has achieved full compliance with the requirements of the Act.

As a subsidiary of PHA, PSPS also meets the regulatory requirements of the Scottish Housing Regulator for factoring and reports annually on this. With the introduction of the Scottish Social Housing Charter PSPS continues to work towards developing its service to achieve the outcomes related to owners.

Customer Satisfaction and Action Plan.

PSPS commissioned a customer satisfaction survey through an independent survey company called Research Resource. The results were distributed to all owners in 2019 and information was made available through our website. Overall satisfaction levels were reasonable with 89% satisfaction with PSPS as a factor. Priorities for owners are investment and maintenance of the common areas such as door entry systems, bin stores and gutters. The next survey is due in 2022.

Complaints

As of October 2012 Owners have access to the First Tier Tribunal to pursue complaints. Our Complaints Policy has been amended to reflect this. Complaints from owners are reducing year on year.

Financial Information/Risk

As well as the Performance Management reports, an Annual Budget and 5 year financial forecast are also presented on an annual basis for consideration and approval.

PSPS is considered a relatively low risk for PHA, in particular the financial impact on PHA is limited.

The Factoring Service is not a significant proportion of PHA income (being less than 1%) however it is an essential part of our core services work due to the high numbers of closes with both tenants and owners which can impact on planned and cyclical work.

Factoring debts have been increasing, particularly due to increased charges for owners for larger cyclical and planned maintenance works. Regular monitoring of these debts is on-going.

Internal Audit

PSPS Factoring service was subject to an Internal Audit by Arneil Johnstone in November 2015. An Action Plan was presented to PSPS in May 2016. This action plan is now complete. This will also take cognisance of the long awaited Thematic Study on Factoring from the SHR.

7.0 ASSET MANAGEMENT STRATEGY

The Asset Management Strategy is a key part of the Business Plan as it details how we will invest significant financial resources to protect our stock which is of primary concern to tenants, lenders and the Scottish Housing Regulator. It is of critical importance to the Board and takes up considerable staff resources. The Association's Asset Management Strategy (April 2016) details our strategy to achieve both EESSH and enhance the quality of the environment for residents. The Strategy is attached at **Appendix 5**.

The key messages from the Asset Management Strategy are

- We have a good mix of stock types with no significant undersupply and no concerns over our non traditional properties.
- Turnover is fairly stable year on year, although there has been a significant increase in 2019/20. We have demand for most of our areas. There are no long term voids.
- Current and prospective tenants have increasing expectations. Where we have lower demand in Foxbar flats sustainability is being tackled through targeted investment in component replacement and improvement in the energy efficiency and visual attractiveness of these flats.
- Planned maintenance from 20/21 no longer requires to focus investment mainly on sustaining our older stock in Foxbar but is spread across the stock.
- Improvements in computer modelling for Energy Performance stock ratings indicate that meeting EESSH will not require substantial investment over and above the energy efficiency works carried out through planned maintenance in older Foxbar stock.
- We have a flexible approach to buying and selling that takes into account primarily planned maintenance and, to a lesser extent, area blight.

Investment

The Association has spent £11m in the last 10 years improving our stock through the installation of heating systems, double glazed windows, kitchens, roofs etc. By 2024 the Association will have completed significant component replacement in our older properties. By March 2025 we will have completed a catch up in kitchen and bathroom replacement and from there be in a position to

follow the standard life cycle replacement across our stock where appropriate. PHA's Planned & Cyclical Maintenance Programme is attached at **Appendix 6 and 7**

SHQS & EESSH

The Scottish Housing Quality Standard (SHQS) was met 100% by the target date of 31/03/15. The Association has a strategy to meet the Energy Efficiency Standard for Social Housing (EESSH). Our key milestones for this are

Target to get an EPC for each property

15/16	70%	851/1204
16/17	74.5%	897/1204
17/18	87.3%	1051/1204
18/19	91.4%	1100/1204
19/20	91.4%	1100/1204

Target for stock meeting EESSH as evidenced by an EPC

15/16	53%	640/1204
16/17	58.1%	700/1204
17/18	70%	843/1204
18/19	80%	963/1204
19/20	87.5%	1053/1204

Stock Condition Survey

The Association plans for its Senior Clerk of Works to carry out an internal Stock Conditions Survey in 2018 of non standard components.

Buying & Selling Strategy

The Association introduced a Buying & Selling Strategy in October 2013 as part of the Asset Management Strategy to assist with factoring and planned and cyclical maintenance. The Strategy is reviewed annually in March.

Joint Procurement

The Association works within the new procurement legislation that came into operation in 2016. IFLAIR jointly procured £22M worth of planned and cyclical maintenance work via its first collaborative Framework Agreement for 2012-16, and £20M in our second four year Framework 2016-2020. PHA spent £5.5M in 2016-2020 and anticipates planned and cyclical works of £7-8M for Framework Three.

Environmental Strategy

The Association has set aside £3M (£600,000pa) to tackle poor environmental standards throughout the stock. This includes poor fencing, disused bin shelters, issues with parking, neglected back courts, paths and stairs in poor condition which are unattractive and offer little amenity to residents.

Development & Regeneration

A key Business Objective is for the Association to continue to develop and build more affordable housing .The Association continues to research and respond to various Government initiatives but is ultimately hampered by the increasingly difficult development environment. Key projects remain

- Orchard Street – currently pursuing acquisitions
- Glenburn in partnership with Sanctuary HA (on site March 2020)
- Westerfield (on site April 2020)

8.0 TENANTS: SATISFACTION AND SCRUTINY

Tenant Satisfaction

The Association appointed (as part of FLAIR) Research Resource to carry out a Baseline Customer Satisfaction Survey in 2019 .Key headlines from tenants are

95% are satisfied with the association as a landlord overall.

100% are satisfied we keep them informed.

63% are satisfied we involve them in our decision making processes.

93% are satisfied with the repairs service.

93% are satisfied with the quality of their home.

84% consider their rent was good value for money.

A full Customer Satisfaction Survey Action Plan is attached at **Appendix 8** for tenants & **Appendix 9** for owners. The next survey is due 2022.

Tenant Scrutiny

The Association submits an Annual Charter Return to the Scottish Housing Regulator and publishes an Annual Report to Tenants detailing its performance in achieving the standards and outcomes of the Scottish Housing Charter. The Tenant Participation Working Group (TPWG) assisted in the development of this report. Tenant scrutiny has been taken forward through carrying out mystery shopping in 2015 which resulted in an implementation plan for improvements to be completed the 2016 and through our TPWG undertaking scrutiny training with the Tenant Participation Advice Service. Since then the Association has not been able to sustain either the TPWG or the Tenant Scrutiny panel and focus on other forms of engagement with Tenants.

9.0 HUMAN RESOURCES & OFFICE PREMISES STRATEGY 2016-19

Background

The Association regularly reviews the staff structure to ensure human resources can meet customer and business requirements. The Association considers the staff structure to be adequate and efficient for the size and scale of the organisation and diversity of services provided. The Association

offers an excellent package of benefits to staff on a par with the Sunday Times and Best 100 workplaces. **See Appendix 11.**

Areas of Growth

The Association now has an Estates Team approach introduced in 2016/17 to test value for money in areas such as voids, stairlighting and reactive jobs.

Areas of Concern

Office Premises

The Association will move to new premises in Paisley Town Centre in 2020.

Pensions

The increased costs of pensions generally and the current SHAPS Final Salary scheme & the pension deficit contribution, in particular, is a concern for the sector. The Association will continue to review its options and to provide a satisfactory and affordable pension. A review took place before auto enrolment in February 2017, following on from the revaluation of the SHAPS pension scheme. A further major review has started for 2020/21 with the involvement of a Short Life Working Group made up of staff and Board. The outcome is expected in 2020 for a decision about the future of the pension scheme in 2021.

ICT

Priorities for the Association in IT are the renewal of our existing IT Housing Management system and the use of IT in interacting with our customers.

10.0 PHA BUSINESS OBJECTIVES 2016-20

Our updated Business Objectives are attached at Appendix 12

11.0 FINANCIAL FORECASTS 2021-25

The Association produces, as well as its annual budget, 5 year and 30 year financial plans to meet Business Objectives. A copy of the Association's 5 year financial plan for 2021-25 is attached at Appendix 12 along with key assumptions we make. These plans are subject to scrutiny from Senior Staff and Board and are used by our external auditors, lenders and the SHR. The 5 Year Financial Plan was reviewed in March 2020.

The Association can fund the PHA planned operational activity during the coming 5 year period. However it will require borrowing to deliver id development programme. The Association has also taken out a no interest loan to fund the planned fire legislation works to ease the funding of this through rents.

Overall the Association is subject to constant external forces such as changing interest rates, economic recession, conditions within the labour and construction markets, rising insurance costs, etc. All of which we have no or limited control over.

The Association has taken a number of steps to ensure we have protected ourselves against the vagaries of market forces. These steps include

- Joining the IFLAIR Framework Procurement.
- Establishing a realistic cashflow for our planned maintenance.
- We have only published our planned investment 1 year in advance to ensure public expectations are contained.
- Use of frameworks and longer term contracts where it is felt appropriate

The Association will continue to review and develop its processes with the aim of procuring as efficiently as is practical and to maximise income received into PHA.

The Association has assessed its financial projections for the next 5 financial years, taking account of the recent changes in accounting standards, against the financial covenants set by its various lenders and does not foresee failing these financial covenants.

12.0 SENSITIVITY ANALYSIS

Key Sensitivities:

The 30 year cashflow scenarios have been developed to ensure that the Association has made an accurate assessment of our anticipated income and expenditure requirements over the short, medium and longer term. The Association is particularly remains sensitive to:

- Restriction of rent increases to 1.5%
- Repair costs rising above 2%

Restricting rent increases to 'inflation only' has the most significant negative impact on our cashflow. This is a particular area of risk as there is pressure to minimise rent increases and to link rent increases to the lower CPI rate rather than the RPI rate. The most recent 5 year financial plan assumed rents increase by 2.5% but also assumes our expenses only rise by 2% overall which will require efficient purchasing and use of existing resources

The issue of affordability for tenants is starting to push through in our rent and service charge consultation surveys and the perception of value for money of rent against service provision is at 84%. A review of the Rent Setting Policy was completed in March 2016 due to phase in over 10 years. The aim of this was to further harmonise our rents and bring the former Scottish Homes properties into alignment with our other properties. An interim review of this is due in 20/21.

Repair costs can rise either because construction industry inflation is higher than 2% or we require spending more on repair costs than the Stock Condition Survey suggests. Although not as significant as rent restrictions, such increases would still have a noticeable effect on cashflow longer term.

Other Sensitivities

The other key areas of sensitivity, although not as significant as the above, are:

Voids/ Bad debts increases – updated figures to be calculated along with updated 30 year financial plan

Increase in arrears – updated figures to be calculated along with updated 30 year financial plan

An increase of 1% in salaries has less of an effect short-term but the cumulative effect longer term is more significant. updated figures to be calculated along with updated 30 year financial plan

A 1% increase in base rate - . updated figures to be calculated along with updated 30 year financial plan

Meanwhile, increases in inflation generally improve our financial position, as our rental income rise greater than our costs.

Overall the Association is crystal clear about the nature of fluctuations in any of the main items of income and expenditure. A robust and developed performance management and monitoring system is in place to ensure these changes are captured, reported and reacted to in adequate time. This ensures good governance and financial safety.

The 30 year financial plan will be updated in May 2020 and this section will be updated at that time.

The Association considers risk management on an ongoing basis : reacting to risks as they arise and planning for risks we have intelligence about in advance. The formal process is for Senior Staff and Board to identify risk on an annual basis. This assesses likelihood and impact of a potential risk. A SWOT analysis is updated regularly at Staff and Board Away Days. See **Appendix 13**. Risks are categorised and prioritised with an assessment of what resources and actions are required, in what timescales, to minimise any exposure to risk.

In particular the Association assesses and monitors the risks to it achieving its key business objectives as set out in this plan.

Risk is monitored on a quarterly basis by the Audit & Risk Sub Committee. PHA's External and Internal Auditors can assist with highlighting of risk.

A summary of higher level risks are detailed in **Appendix 14 - Summary of Key Risks**

The key risks we have identified in 2016-19

- Cashflow issues
- Welfare Reform
- Low Demand in some of our properties.

14.0 PERFORMANCE MANAGEMENT, MONITORING AND PLANNING

The Association uses a range of Performance Management and Monitoring tools to ensure it meets Business Objectives

- Annual Targets *
- Quarterly KPI's *
- Annual Accounts
- Annual Budgets
- Quarterly Risk Reports
- Monthly Senior Staff Meetings
- Monthly Board meetings
- Quarterly Sub committee meetings

*Appendix 15

The Association uses a planning calendar which outlines our annual process for informing and improving practices. **Appendix 16.**

15.0 WELFARE REFORM

Welfare Reform is the accepted term for the significant changes which are being introduced by the UK Government between 2012 & 2023.

The main change impacting on social housing is rationalising 5 different benefits, including housing Benefit, into one benefit Universal Credit. UC places the responsibility of payment onto the applicant and removes direct payment of housing costs to landlords except in exceptional circumstances.

The introduction of UC is singularly the biggest cultural change both in terms of tenants having to change their attitudes and behaviours for the payment of rent and for Housing Associations receiving rent. As such UC presents a significant risk to Housing Associations. It has taken the following strategic actions to mitigate against the likely effects of Welfare Reform:

- UC Live Service June 2015 up to Sept 2018:
 - Completed a Welfare Reform Strategy and implemented its Action Plan
 - Changed the business assumptions for rent arrears and turnover
 - Incorporated WR into our Risk Strategy
 - Carried out training for staff and Board members
 - Our Welfare Benefits Officer focused resources on UC cases
 - Energy advice was provided to UC tenants to maximise income
 - Restructured the HM staff team to operate functionally
 - Engaged in partnership working with Council & DWP through liaison meeting
 - Advertising campaign to support our tenants affected by UC
 - Maximise use of Discretionary Housing Payments to alleviate hardship
- UC Full Service Septembers 2018 onwards:
 - Completed the WR Strategy Action Plan
 - Continued to recognise UCs impact on business assumptions for the budget

- Reviewed risk and increased the risk rating for the full service
- Intensive training with DWP, in house and external sessions with other housing providers
- Restructured HM team to operate generically , reducing patch to enable more engagement with UC cases
- Reviewed our Arrears Policy
- Developed effective monitoring and reporting systems to advise the Board
- Introduced UC direct electronic payments
- Piloting access to DWP portal for UC
- Continued working in partnership with DWP and other agencies
- Sought funding to enhance core business which would positively impact on UC tenants

The Association will need to keep under review the impact of Welfare reform on an ongoing basis as the impact will be long term and cumulative for some years.

16.0 INTERNAL AUDIT

The Association recently appointed Quinn’s Internal Audit & Business Support Services to carry out a 3 year programme of Internal Audit. The Audit Programme is attached at Appendix XX. In 2020/21 we will carry out Internal Audit on Governance and Treasury Management.

17.0 REGULATORY ENGAGEMENT

The Association has no current regulatory engagement with the SHR. We await the outcome of our first Assurance Statement which was submitted in October 2019. A copy of the Statement is attached at Appendix XX.

18.0 VALUE FOR MONEY STRATEGY

Definition of VFM

Our general definition of VFM is the Association is “ doing the right things and doing those things right in the pursuit of our social objectives that benefit a range of stakeholders”.

More specifically to anyone who rents a property from the Association (including prospective tenants), our definition of VFM is:

Tenants pay rent (and service charges) in return for the association providing high quality services which meets their needs and expectations, delivered as efficiently and cost effectively as possible. In particular tenants can expect:

- A good quality home with affordable rent and service charges.
- A fast and efficient repairs service.
- Professional & customer friendly advice services.
- Their property maintained to modern, efficient standards on a regular basis.

- Their neighbourhood maintained to the highest standard possible within the limits of the Association's control

Our Objectives in achieving VFM are to:

- Charge affordable rents & service charges
- Maximise income (for the Association and tenants)
- Efficiently procure
- Continuously improve services
- Invest in our stock for the future.

In the pursuit of VFM we aim to comply with:

1. The Scottish Social Housing Charter. – Getting Good Value from Rents and Services

- No 13: services that provide continually improving value for the rent and other charges
- No 14: Balance struck between level of service provided, the cost of the service and affordability for customers
- No 15: Tenants get clear info on how rent & other money spent, (in particular above threshold)

2. The Social Housing Regulators Regulatory Framework of Governance and Financial Management for Social Housing

- No 3: The RSL manages its resources to ensure its financial well-being and economic effectiveness

Our Commitment to our service users is

- **We will embed VFM in everything we do**
- **We will be able to demonstrate this to service users**
- **We will communicate this to service users**

VFM Action Plan

The main focus of VFM during 2016 - 2019 will be on saving money while delivering the same level of service (or better) .The Association plans to progress the following actions

1) Review Staff Structure – Chief Executive

We plan to carry out a review of the staff structure during 2016/17 to ensure it efficiently meets our business needs/priorities. Completed November 2016.

2) Reactive Repairs Review – Head of Technical

During 2016/17 we plan to carry out a comparison of cost of jobs charged by the multiple contactors we currently use against the prices charged by the larger single contractors used by other FLAIR Associations. Never completed as too difficult to achieve.

3) Review of Back Office Costs – Head of Finance

We have selected 3 areas of spend that we will review during 2016/17 to assess if savings can be achieved in these areas:

- a) Annual printer costs (maintenance and consumables)
- b) Postage

c) Photocopier

4) Review of Current Loans – Head of Finance

As part of the tendering for the loans to fund the Orchard St Development and the working capital requirements the association will assess the benefits of refinancing against the associated costs to repay the previous loan and refinance during 2017/18. Completed 2019.

5) Review of the Pilot Estates Team – Chief Exec and SMT

For December 2016 the association plans to review the effectiveness of the Estates Team. In particular, if efficiencies can be achieved in Bulk Uplift costs, Bin Assistance and Void Repair Costs. Completed. Estates Team retained.

6) Review of Actual Service Costs at Oliphant Court & Consultation with affected tenants on the future Service Charges – Head of Housing

During 2016/17 we started discussions with residents within Oliphant Court on the services they receive and the price they pay for these services. The review will be finalised in 2017. Completed.

7) Purchase of a new Housing Management System & related IT- Head of Finance Manager

As part of the purchase of a new HMS system, we will review our current processes and future needs to improve our services to take best advantage of automation, mobile working and customer self-service. This project will be tendered in 2017 and implemented in 2018. This project is still ongoing in 2020 and has been extremely problematic.

The Association's progress in review of these actions will be published in our Charter Report in October each year.