



fairfield housing
association

3 Year Business Plan 2020 - 2023

2021 Update

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Executive Summary

In 2019/20 Fairfield Housing Association (FHA) produced a Business Plan, as a combination of a guiding document for its direction and activities for the three year period 2019 - 2022, along with the detailed financial plans which support these. The original plan has been reviewed and refreshed and this version provides an update of the plan for the year 2021/22 and rolls forward the delivery plan and 30 year forecast by one year.

The Business Plan Objectives and Financial Plans have been reviewed to assess and recognise the impact of Covid-19 and further reviews will be undertaken should restrictions continue.

Future Constitutional Arrangements

This plan has been reviewed during a period of potential constitutional change for Fairfield Housing Association (Fairfield). A Strategic Options Appraisal was completed in January 2021 and the Board have concluded that it would be in the best interests of tenants if Fairfield undertook a Transfer of Engagements (ToE) to Kingdom Housing Association (Kingdom).

Reference is made to this arrangement within this version of the plan, however it has been prepared as a refresh of the existing Fairfield 3 year business plan and a separate business plan is being prepared based on a ToE, which will supersede this plan should the ToE proceed.

If the ToE does not proceed, for whatever reason, this plan will continue to apply throughout 2021/22 and a new plan will be produced.

Regulatory Status

Throughout the last year Fairfield has remained subject to statutory intervention from the Scottish Housing Regulator (SHR) and this status has been continued through the publication of the 2021 Engagement Plan, however good progress has been made to address the risks associated with previous non compliance with financial, governance and management regulatory standards.

There continues to be 4 SHR appointees on the Fairfield Board and there is a shared services arrangement with Kingdom. These factors have contributed to the recovery of Fairfield in respect of regulatory compliance.

Review of 2020/21

2020/21 was a challenging year for all RSLs due to the global pandemic. Maintaining services to tenants has been the priority over the last year, however significant progress has also been made in relation to Fairfield's governance, financial management and compliance arrangements.

Examples of some key achievements over the last year are highlighted below.

- All key policies have been reviewed or developed;
- Procurement compliance arrangements have been progressed;
- Improved financial management arrangements have been implemented;
- A new management structure has been introduced;
- Fairfield has converted from a fully mutual Co-operative to a Housing Association with charitable status;
- A new risk management structure has been implemented;
- New performance management arrangements have been introduced;
- A review of Service Charges has been undertaken;

- Contracts have been progressed in respect of property health and safety requirements and housing quality standards;
- Contracts have been progressed to repair properties damaged through storm and severe flooding;
- Home working arrangements have been implemented to ensure services continue to be provided to tenants;
- A new digital infrastructure has been implemented along with new systems to reduce risk and provide efficiencies.

Vision, Mission, Values and Objectives

Tenants are at the heart of shaping and creating thriving, inclusive and engaged communities, in all our areas of operation.

This is Fairfield’s Vision and describes the outcome we would like to see as a result of our activities over the next three years. In support of this, we have defined our purpose, considered the values needed to drive our work, and set six strategic objectives.

Mission: To deliver high quality affordable homes and excellent services which meet the needs and aspirations of our customers and communities.	
<p>OUR VALUES</p> <p>Trust: we take responsibility, communicate transparently, commit and deliver</p> <p>Hearing: we place a focus on ensuring that we are listening to our tenants</p> <p>Respectful: we treat each individual with respect and ensure equality for all</p> <p>Innovation: we continue to explore ways to provide modern services</p> <p>Value: effective, efficient, added value and social impact</p> <p>Excellence: we strive for excellence in everything we do</p>	<p>OUR OBJECTIVES</p> <ol style="list-style-type: none"> 1. Strong, sustainable and effective strategic governance and financial management. 2. Desirable high quality homes and attractive environments where people want to live and contribute. 3. Excellent, continually improving, modern, customer-driven services and performance. 4. Demonstrable value for money and social impact. 5. High performing, skilled, empowered and sustainable staff team. 6. More than a landlord: a partner in developing active community development, wider regeneration and renewal.

The Story So Far

Fairfield’s history and a summary of its achievements and current challenges are explained in Chapter 3. After decades of neglect, the Association emerged in 1988 from the passion and energy of a small group able to harness statutory agencies and funding to regenerate Fairfield into a vibrant community. The next twenty years saw quality homes, innovations and development of new build housing in Fairfield. In the last 10 years new development in Muirton and the City Centre, mean that the Association’s housing portfolio is almost equally balanced between its original refurbishment programme and new homes.

Issues experienced in the last few years became apparent in 2018, and resulted in statutory intervention in December 2018 with seven statutory appointees placed on the Board of Management and a Statutory Manager appointed. Achievements and progress since intervention are recorded, including its options appraisal outcome in July 2019 and decisions taken in January 2020 to share services with Kingdom Group with intent towards a longer term constitutional partnership. The Options Appraisal concluded in January 2021 confirmed the intention to pursue the ToE to Kingdom Housing Association.

The business case for the ToE is being developed and any transfer will only take place if it is supported by tenants as part of a transfer ballot. Subject to a favourable ballot the transfer will take place towards the end of 2021/22.

Operating Environment and Performance Review

In Chapter 4, we provide base data on our properties and services and identify the external and internal drivers and influences on our work. In Chapter 5 we have assessed our strengths, weaknesses, opportunities and threats (SWOT), as well as our external environment using a PEST (Political, Social, Demographic and Technological) assessment.

Strategic and Delivery Planning Framework

Our plans and priorities have been formed under the six strategic objectives with Chapter 6 setting out what we want to do. Chapter 7 provides a high level Delivery Plan to outline how we will do this.

The planned actions will in turn be developed as team and individual job plans. Some key deliverables are:

- Continue governance and financial improvements to achieve compliance with Standard 6, including Board member learning and development.
- Implement and monitor the shared services arrangement with Kingdom and progress the longer term constitutional arrangement.
- Progress an improvement programme to replace windows and doors to tenement flats in Fairfield and initiate a phased environmental improvement programme.
- Develop customer service standards and focus on customer excellence.
- Improve and target resourcing and systems to support service and performance improvement.
- Develop and implement a procurement plan to achieve full procurement compliance.
- Invest in staff learning and development with performance review systems, and associated learning and development plans.
- Provide local housing management services for over 260 Kingdom Housing Association properties
- Improve on our partnership working and provide a community anchor point, advocating for, and brokering opportunities for enhanced tenancy services and activities which support thriving communities.

Performance Targets

Performance during 2021/22 has been impacted by Covid however our actual performance over recent years is provided in chapter 8 of the plan.

Key Assumptions, Resources and Budgets

The financial assumptions and plans are shown in Chapter 9 and Appendices A- C. The plan sets out the key assumptions underpinning preparation of the 30 year financial forecasts. They demonstrate what the Association will need to do to remain a viable concern, be able to meet its commitments and the requirements in relation to service and asset management.

Sensitivity analysis demonstrates the areas of pressure and risks. The biggest pressure on cash flow and on loan covenants arises from a scenario of no real rent increases combined with voids and bad debts running significantly higher than current projections. If there were to be no rent increases, or higher than assumed inflation, voids or bad debts, this would require measures to be implemented to reduce expenditure in order to maintain a financially viable organisation.

Risk Strategy

The final section of the plan summarises the risk strategy. The detailed risk register is maintained as a separate document, updated regularly through the year. A summary risk is provided as part of the appendices.

1 INTRODUCTION

- 1.1** This is the third update to the Business Plan prepared by Fairfield Housing Association (FHA) in recent years. It provides an overview of FHA as an organisation, its services and activities, and the environment in which it operates. It has been developed in the context of considerable challenges for FHA, including the following;
- Significant organisational turmoil during 2018 led to statutory action commencing in December 2018,
 - An options appraisal in July 2019,
 - A further options appraisal, in January 2020, concluded in January 2020 that a Transfer of Engagements (ToE) to Kingdom Housing association would recognise the best interests of the FHA tenants.

This has all happened in the context of global health pandemic.

- 1.2** This plan is not based on a post ToE operating environment and a separate business case is being developed based on the ToE therefore this plan has been produced as a refresh of the existing 2020 - 2023 Business Plan. A ToE business case will supersede this plan, however this version represents the base case for FHA, based on the scenario if the association remained as an independent organisation. If the ToE does not proceed, for whatever reason, a fresh plan will be prepared for the year 2022 onwards.
- 1.3** The first comprehensive plan was approved covering the period 2020 - 2023 and this document updates this reflecting achievements and actions completed since then and anticipated changes because of collaboration with Kingdom Group. It is an update rather than a new Business Plan. The first plan was prepared by the Board of Management , leadership and staff team aware that the plan would evolve as the Board became more informed by the recommendations from the options appraisal, the views of tenants and other key stakeholders.
- 1.4** Our Business Plan is a key strategic document which communicates our vision, mission and strategic objectives and sets out how we will deliver on those objectives. The plan articulates the strategic direction and ambition of the Board as the governing body of the organisation. It provides a framework for action which communicates to customers, staff, and key stakeholders what the organisation aims to achieve over the life of the Plan. It also provides an overview of where we want to get to and how we will get there, described in our Annual Delivery Plan..
- 1.5** We have prepared this Plan having due regard to the Scottish Housing Regulator's (SHR) Recommended Practice for Business Planning of December 2015, the current Regulatory Standards of Governance and Financial Management and the new SHR Regulatory Framework launched in February 2019 and which came into effect on 1 April 2019.
- 1.6** As a provider of social housing, we have fully scrutinised and reviewed our Business plan to ensure that no person or group of people are negatively impacted as a result of any of the protected characteristics in the Equalities Act 2010.

The Business Plan Process

- 1.7** 2018/19 was a difficult year for the Association which saw the organisation being placed under Statutory Intervention with the Scottish Housing Regulator (SHR) on 8 December 2018. This followed a detailed investigation commissioned by the Board in July 2018. A Statutory Manager and seven Board of Management appointees were appointed in December 2018 by the SHR to support the Board of Management and staff team to address the serious governance failings that had been identified and ensure the organisation complies with all the regulatory requirements of the SHR going forward. Due to the good progress made, the number of appointees was reduced from seven to four in 2020.
- 1.8** The statutory intervention led to a change in long standing leadership both at the Board of Management and senior staff levels. In 2019, there were ten Board member resignations including the former Chair, Secretary and Treasurer. This level of turnover presented significant challenges, with enthusiastic new elected members appointed from August 2019 onward but embarking on a steep learning curve. Members and appointees were engaged in an important strategy day in January 2020 leading to decisions about the strategic direction of the organisation reflected in this plan. Achieving a sustainable governing body remains a strategic priority of this plan.
- 1.9** The former Chief Executive left the organisation on 1 April 2019. An experienced Interim Chief Executive was appointed in 2019 to work alongside the Statutory Manager leading the staff team through a necessary period of change and transformation. In July 2019, further change led to appointment of the interim Chief Executive to the role of Statutory Manager, while a new interim Chief Executive was appointed. From 1 May 2020, through the collaboration with Kingdom Group. This has resulted in a new leadership team for the Association led by Kingdom's Chief Executive under a shared services arrangement.
- 1.10** Following the options appraisal recommendations in July 2019, consultations with tenants and staff, a stock condition survey, and discussions with other current or potential stakeholders, a decision was taken in January 2020 that collaboration with Kingdom Group, under a series of service level agreements, with intent towards constitutional partnership, was the best solution for our tenants.
- 1.11** The second strategic options appraisal was concluded in January 2021 and the Fairfield Board took the decision to pursue a ToE with Kingdom Housing Association. The Board have appointed a Transfer Adviser to ensure independent decision making and advise the Fairfield Board throughout the ToE process
- 1.12** Each year, the Business Plan will be refreshed and rolled forward. This will ensure we always have a current Business Plan which sets out
- Our strategic ambitions and values for the remaining term of the Plan.
 - The updated 30-year financial projections to establish and test our long-term financial health and future viability.
 - A review of the current and anticipated operating environment
 - A Summary Delivery Plan of key activity for the coming year.
- 1.13** The next comprehensive review of the strategic plan will be in 2022/23, subject to the outcome of the ToE business planning process.

2 VISION, MISSION, VALUES and OBJECTIVES

2.1 The Board of Management reviewed the Association's purpose and objectives at the strategy sessions in February 2021 and agreed that they remain relevant and appropriate. This section sets out the statement of vision, mission, values and objectives to drive this plan.

2.2 Vision

Tenants are at the heart of shaping and creating thriving, inclusive and engaged communities, in all our areas of operation.

2.3 Mission

To deliver high quality affordable homes and excellent services which meet the needs and aspirations of our customers and communities.

2.4 Values

Our values have been developed from discussion by staff, Board and tenants into a short set of memorable values to form the touchstone for the Association's work. These are:

Trust: we take responsibility, communicate transparently, commit and deliver

Hearing: we place a focus on ensuring that we are listening to our tenants

Respectful: we treat each individual with respect and ensure equality for all

Innovation: we continue to explore ways to provide modern services

Value: effective, efficient, added value and social impact

Excellence: we strive for excellence in everything we do

2.5 Strategic Objectives

Our six strategic objectives are explained and expanded in section 6. They are summarised here illustrating the link to our mission, vision and values.

1. Strong, sustainable and effective strategic governance and financial management.
2. Desirable high quality homes and attractive environments where people want to live and contribute.
3. Excellent, continually improving, modern, customer-driven services and performance.
4. Demonstrable value for money and social impact.
5. High performing, skilled, empowered and sustainable staff team.
6. More than a landlord: a partner in developing active community development, wider regeneration and renewal.

2.6 Culture

Organisational culture is derived from the convergence of organisational structures and processes, values, objectives, and underlying behaviours and assumptions. Following statutory intervention, the Association understood that

long-standing dysfunctional underlying behaviours and assumptions had negatively impacted on the Co- operative's governance, corporate health and service delivery.

Since December 2018, Board and staff, supported by Statutory Managers and Interim Chief Executives, have been working to address this recognising that it takes time to generate and support development of a different culture in an organisation.

More significant change will continue over this Business Plan period as the organisation continues to evolve, with attention to design of structures, services and processes which support and enable behaviours consistent with the Association's stated values. The Chief Executive has monthly staff meetings, issues monthly staff newsletters and facilitates engagement which is positively impacting on behaviours and organisational culture.

3 THE STORY SO FAR

What and Who we are

- 3.1** Fairfield Housing Co-operative (FHC) was a fully mutual Co-operative registered as a social landlord with the Scottish Housing Regulator (No 129), and with the Financial Conduct Authority under the Association & Community Benefit Societies Act 2014 (No. 2274 RS). Formed in 1986 as Hunter's Village Housing Association and renamed Fairfield Housing Co-operative in 1988.
- 3.2** FHA has expanded over thirty years, and owns 514 self-contained homes in Fairfield, Muirton and City Centre areas of Perth. It provides its services from a local office, which it owns, at the heart of the Fairfield estate, the original base for the Association's development.
- 3.3** Fairfield converted from a fully mutual Co-operative to a Housing Association with charitable status in November 2020.
- 3.4** Staff numbers have fluctuated over the years, with a staff establishment in 2018/19 of 10.8 staff dropping to 8.8 in 2019/20 and projected to stabilise at 11 in 2021/22.
- 3.5** 2019/20 saw high staff turnover as a consequence of statutory action, and use of temporary staff and agents pending firm decisions being taken about the organisation's strategic direction.
- 3.6** Most of the staff are operational office based staff, with two estate caretakers working within the developments. Currently the association directly employs 11 staff, with additional staff providing services through the arrangement with Kingdom.

Our History

- 3.7** Fairfield, like many housing associations, was formed in 1988 as a result of a small group of passionate people, determined to improve the community they lived in and to secure investment for this.
- 3.8** In the mid-1930s, 200 modern sought-after Council homes were built in the Crieff Road area of Perth as part of a slum clearance initiative. The estate was named Hunter Crescent recognising the support of Sir Thomas Hunter, the Lord Provost of Perth and then its MP until 1945.
- 3.9** The estate became known as "Hunters", a name which endured and applied to the first name for the Association, Hunter's Village Housing Co-operative. Until the late 1960s Hunters was a model housing estate with a vibrant community life but by the mid 1970's, the area and the people who lived in it had been forgotten and abandoned.
- 3.10** The local authority did not maintain, repair or update the housing stock which started to fall into disrepair and deteriorated rapidly. In the mid 1970's an "upgrade" by the Council led to properties being whitewashed and gardens were

replaced with concrete landscaping – without consultation. In the 1970s and 80s, “Hunters” became a byword for high crime, poverty and deprivation, 80% unemployment, drug abuse and poor living conditions. By 1985 the population had dropped to about 500 people, from over 2000. Outsiders became scared to live or go there; yet a strong community spirit still existed and became the basis for hope that the community could be regenerated.

- 3.11** A small group of residents, Councillors, and a solicitor, formed the Fairfield Housing Trust, determined to rebuild and offer a fresh start for the area. Hunter’s Village Housing Co-operative was born in 1986, with the Council transferring the homes and land to the new tenant-owned and run organisation. In 1988 we renamed as Fairfield Housing Co-operative, in an attempt to address the stigma attached to the name “Hunters” and with the support of grant funding from Scottish Homes, tenants took action to regenerate the area physically, economically and socially.
- 3.12** In 2020, Fairfield became a registered housing association and charity.

Achievements to Date

- 3.13** From completing the first refurbishment of tenements around 1990 through to new builds on the Fairfield estate up to 2008, the Association developed a reputation for innovation and quality. The refurbishment took place in eight phases, with Gaia architects a key partner, bringing different design concepts and solutions to refurbishment and new build within the Fairfield area. Particular attention was given to energy efficiency and insulation levels. There was national and local recognition, for example, for:
- 1995: A Scottish National Heritage Award
 - 1997: A Perth Civic Trust award for 17 low energy apartments at Leslie Court
 - 1998-9: Commendations for the quality of refurbishment at Angus Court
 - 2005: Perth Civic Trust Gold award for fourteen low allergen homes at Tollhouse Gardens
 - 2006: Commenced partnership on large scale regeneration project in Muirton
 - 2008: Perth Civic Trust design commendation for seven new homes at Angus Court.
 - 2009: Acquisition of fifteen flats at Morris Court, opposite the main Fairfield estate, as “off the shelf” acquisition
 - 2009: First 13 homes completed in Muirton
 - 2011: First City Centre development of 16 flats at Rutherford Court, name in recognition of late St Johnstone legend Drew Rutherford
- 3.14** Investment in refurbishment and new building in or very close to the Fairfield estate, was complemented by continued investment in community involvement, and on maintaining the homes and environments. Bathrooms and kitchens were replaced in 2003 – 5 in many properties, and the Association took advantage of grants available between 2014 - 2016 to upgrade electric heating systems to gas central heating. Of the 54 properties with electric heating, most of these have energy efficiency yielding above average EPC ratings.
- 3.15** From 2010 – 2018, the Association expanded beyond its original purpose to build

new homes in the City Centre and Muirton, adding 155 properties to the Co-operative's housing stock. While the underlying strategy for this is unclear, it led to partnerships with other locally involved RSLs – Caledonia and Kingdom - and delivery of much needed new homes, including spacious family sized houses with gardens. Within Perth City, the Association's flats are on tight, difficult development sites and have no doubt contributed to an improvement of the city streetscape.

- 3.16** The planned maintenance programme has been delayed over the last few years, most significantly due to the restrictions imposed due to the pandemic. During 2020 contracts were progressed for electric safety inspections along with the installation of smoke detectors and other health and safety installations
- 3.17** In 2021 the contracts will be progressed for the replacement of doors and windows within the Fairfield estate.
- 3.18** A planned programme of replacements and improvements will be developed by Kingdom as part of the ToE process, which will include the catch up on works that were postponed and planned priority improvements

Fairfield Today

- 3.19** In 2018, Fairfield celebrated 30 years of existence and achievements with a fun day in July attended by almost 250 people. At the same time , concerns were being expressed about systemic failures in governance and leadership which were having a detrimental impact on the organisation and its tenants. The Board of Management , at the behest of the Scottish Housing Regulator, commissioned an independent investigation in July 2018 and the resulting reports in November 2018 gave cause for concern. The Scottish Housing Regulator (SHR) decided to exercise its statutory powers under the Housing (Scotland) Act 2010, appointing 7 statutory appointees to the Board of Management, including a new Chair. These highly experienced leaders in the RSL sector, provided support on a voluntary basis. The SHR also used its powers to appoint a Statutory Manager to lead and direct required changes for the organisation to achieve regulatory compliance and to support the Board in appraisal of strategic options for the best future shape of the organisation to safeguard the interests of tenants.
- 3.20** The last 2 years have seen the start of a recovery journey, with renewed focus on the innovation, quality and commitment to tenants and community which was evident in our first twenty years. Since Statutory Action began significant progress has been made as illustrated through the examples below;
 - Governance and financial management improvements are progressing well, with all key governance documents reviewed, updated or developed.
 - An Audit, Risk & Finance committee has been established.
 - New external and internal auditors, French Duncan and Wylie & Bisset respectively, and new legal advisors, T C Young, were appointed following procurement exercises.
 - An outstanding loan was refinanced from Clydesdale Bank to Triodos Bank and the Nationwide loan has been repaid.
 - A 20% Stock Condition Survey carried out by external consultants JMP, provided baseline information to allow planning and costing of our future maintenance and improvements programme to ensure we have adequate

financial capacity to deliver these works.

- Performance reporting was enhanced with an externally validated Annual Return on the Social Housing Charter submitted to the Scottish Housing Regulator made from best available data. Steps continue to be taken to improve data quality assisted by an upgrade to housing and property management software.
- Operational improvements have been made in several areas e.g. gas safety compliance monitoring and procurement.
- We became a partner in the Perth & Kinross Common Housing Allocations Policy and Register improving access to housing and relationships with local stakeholders, and ensuring our allocations policy meets statutory requirements
- We established a Tenant Panels and commissioned an independent Tenants Satisfaction Survey to seek feedback on tenants' priorities and views to focus service improvements, and inform decisions about the future. The work of the group will be reinvigorated as part of the development of the ToE business case.
- Our Collaborative Working Agreement with Kingdom came into place on 1 May 2020, with a new Management Team to lead the next phase of Fairfield's journey.
- We completed an options appraisal to inform our decision making on our future strategic direction, taking into account new information from tenants and about the condition of our tenants' homes and neighbourhoods. This led us to explore its main recommendation, culminating in a Board of Management strategy session in January 2021 which decided to implement this.

3.21 With 514 homes, over 600 tenant members, Fairfield is committed to continuing to rebuild its relationship with tenants, residents and other community stakeholders. We will continue to work on strengthening our governance and operations. Tenants' interests are pivotal and we will continue our clear direction towards excellent services, quality homes and wider community development. In all of this we look forward to our collaboration with and services from Kingdom and the benefits we believe this will bring to both our organisations.

4. OPERATING ENVIRONMENT

- 4.1 This section provides information about FHA's internal and external operating environment as it relates to our objectives and which may affect the course of operational delivery in the coming years.

Governance and Board of Management

- 4.2 In September 2020, Fairfield Housing Co-operative members voted at a Special General Meeting (SGM) to convert to a charitable RSL; Fairfield Housing Association.
- 4.3 The Board makes the key decisions, sets the strategic direction, provides challenge and oversight, ensuring that all activity are in the best interests of tenants and that the Association's duties as a landlord, property owner and employer are met.
- 4.4 The Board comprises nine elected tenant members, one co-optee and four appointees. The appointed members bring extensive combined experience of leadership and governance roles within housing associations. The appointments have been renewed by the Scottish Housing Regulator to January 2022.
- 4.5 Since intervention there have been ten Board member resignations and ten new appointments. Appendix F provides details of each Board member, membership of sub-committees and biographical details. While new members are highly committed, their level of knowledge, experience and expertise is still at early stages of development. In December 2019, the Scottish Housing Regulator considered the collective governance capacity of the Board without external support to be weak. There has been investment in Board training and development since January 2019, focused on governance and finance. Turnover of members means a requirement to repeat and refresh, as well as to expand the range of ways in which Board members can acquire the necessary knowledge and expertise for running a regulated social landlord.
- 4.6 The Scottish Housing Regulator issued its new Regulatory Framework and associated statutory guidance in March 2019. This revises the previous six standards, adds a seventh standard relating to disposals and constitutional change, introduces new requirements including production of an Annual Assurance Statement, amends the indicators for the Annual Return on the Charter and its approach to and description of Engagement Plans. The Board of Management has received training on this new framework which will be regularly refreshed and incorporated into the planned Board induction and training programme. In November 2020, the Board determined that FHA did not meet 2 of the Standards of Governance and Financial Management

Employees and Agents

- 4.7 The baseline staffing position for the Association is an establishment of 10 posts (FTE), of which there are eight management and administration staff and two estates caretakers. The uncertainty resulting from statutory engagement and the intensity of the work response required significantly affected staff turnover, with the Association operating for six months of 2019/20 with five office-based permanent staff, reducing to four in September. Professional agents or consultants and temporary administration staff supplemented the resources pending first the

outcome of the options appraisal, and then pending a decision on implementation of this. The support from Kingdom was introduced in May 2020 and this has greatly improved the management of the organisation and the ability to comply with regulatory requirements and deliver on our objectives.

4.8 FHA is currently a full member of EVH (Employers in Voluntary Housing) and staff members are employed on EVH terms and conditions. If the ToE proceeds, membership of EVH will be withdrawn and the Fairfield staff will transfer under TUPE to Kingdom.

4.9 The Management Team comprises:

- Chief Executive: Bill Banks (shared service with Kingdom);
- Head of Governance: Calum Kippen (shared service with Kingdom)
- Finance Director; Ken Tudhope (shared service with Kingdom);
- Housing Manager: Paul Green

Fairfield also had a Head of Operations post within the approved management structure, however the post holder resigned early April 2021, therefore this currently remains as a vacancy within the approved structure. The decision has been taken not to fill the post at this stage and should the Transfer to Kingdom take place the responsibilities will be incorporated into the post transfer structure. During the transitional period the responsibilities have been allocated to the Housing Manager, other staff and others within the Management Team, with additional support from Kingdom where required.

An organisational structure chart is provided in the appendices together with summary CV information. Additional temporary staff may be appointed during 2021/22 to assist with operational issues related to housing, customer services, asset management and areas associated with the transfer process.

Our Properties and Neighbourhoods

4.10 The Association owns 514 properties, with the housing mix and locations provided in the tables and charts below. The stock is mostly spread across five sites in the small city of Perth, with 12 properties, individually purchased under the Scottish Government's Mortgage to Rent scheme, dispersed across the city.

Fairfield is in the north west of the city, a semi-circle of land and homes bounded by the A85 Crieff Road and "the Lade", a former mill stream running from the Tay in the city centre to the River Almond further north. It has a far higher proportion of housing in the social and private rented sectors (circa 80%) than Perth or Perth & Kinross as a whole. Over 80% is flats, the majority in refurbished tenements, with individually allocated garden spaces to front and rear in place of traditional tenement back courts mixed with communal grassed and planted areas and hedging. Originally intended as part of the "greening" of a landscape previously blighted by concrete slabbing, the organisation and cost of upkeep of these spaces is proving challenging for tenants, the Association and Council.

Muirton is located on the opposite side of the Lade and separated from Fairfield by the main A912 road. It is a five-minute drive, 12-minute walk (0.6 mile), from the Co-operative's office. Part of a major regeneration areas, after demolition of former

local authority housing, Association homes in this area are interspersed with rented and shared equity homes owned by Caledonia Housing Association, and properties for sale. All newly built since 2009, under a development agency agreement with Caledonia Housing Association, 98% of the Association's homes in this area are terraced, semi-detached and detached homes, and include four homes for wheelchair users. Properties are in high demand and there is little turnover in this stock.

City Centre: Three city centre flatted developments have been completed since 2010:

Rutherford Court (2010), St John's Place (2015) and Canal Street (2017), the latter under a development agency agreement with Kingdom Housing Association.

These properties are made up of one and two-bedroom flats and there is consistent tenancy turnover. Each development's main façade is directly on to the street with limited or no communal or green space or car parking associated directly with the flats. It is a 10-minute drive from the Association office to any of these properties.

4.11 Perth is the smallest and least densely populated city in the UK, a population of just under 49,000. Each area of Association housing is well served for local amenities – shops, schools, transport, play areas and leisure facilities are all within easy reach by car or on foot, subject to household resources to utilise these. Fairfield, Muirton and Canal Street are each in the lowest decile of Scotland's multiple deprivation index (2016), indicating social, educational and economic barriers to wellbeing and civic participation. Perth & Kinross overall has lower than (Scottish) average income levels with over a third of its population having incomes between £0 - £20,000.

4.12 The charts below illustrate FHA's housing stock profile. Apart from a few of the older mortgage to rent properties, the older housing stock requiring the greatest investment over the next three years is in Fairfield.

Geographic Area

Area	New Build		Rehab		Other		Totals
	House	Flat	House	Flat	House	Flat	
Fairfield	65	28	1	256			350
Muirton	94	2					96
City Centre		56					56
Mortgage to Rent					12		12
sub total	159	86	1	256	12		514
Totals	245		257		12		514

Property Sizes

Size		
	No properties	% of Stock
2apt	100	19%
3apt	230	45%
4apt	160	31%
5apt	24	5%
Total	514	100%

Property Age

Age		
Property Age	No properties	% of Stock
1919 -1944	260	51%
1983 - 2002	45	9%
Post 2002	209	40%
Total	514	100%

Asset Management

- 4.13** A Stock Condition Survey of a 20% property sample was completed by the John Martin Partnership in April 2019. The 106 properties surveyed provide a robust sample for cloning purposes and development of a 30-year life cycle investment programme. This has been kept under review and updated to reflect investment in component replacements in 2019/20 and growing knowledge and understanding of the housing stock. The 30-year business plan forecasts at Appendix 2 has been further reviewed in 2020/21. Due to Covid restrictions it was not possible to undertake further stock condition surveys in 2020/21, however this will be progress in 2021 to ensure the stock condition survey is updated.
- 4.14** The survey provided information on the Association's compliance with current Scottish Housing Quality Standards (SHQS), Energy Efficiency Standards for Social Housing required by December 2020 and Fire Safety Standards required by February 2021. Currently 99.2% of stock comply, there are 4 properties where there are problems with the structure, resolution in cracking which is the reason for the failure.
- 4.15** FHA is committed to ensuring its homes which currently meet the SHQS are adequately maintained to prevent them from falling into disrepair and into a position of noncompliance in future years. In some cases, such as window condition, this means prioritising repair and replacement in the next few years and this has been incorporated into the business plan projections.
- 4.16** The Energy Efficiency Standard for Social Housing (ESSH) aims to improve the energy efficiency levels of social housing, address fuel poverty and reduce greenhouse gas emissions. The current compliance date is 83.5 %, however this is felt to be largely due to out of date EPCs. The outstanding surveys will be undertaken as soon as Covid restrictions are relaxed and it is anticipated

we will comply by March 2022.

- 4.17** The Board approved the tender for Electrical Inspections in October 2020. These works commenced on the 18th January 2021 and are permitted to continue under current Scottish Government Guidance in relation to COVID-19. Good progress is being made with over 60% complete. It has previously been reported that the Scottish Government published amendments to the current SHQS requirements and from May 2021 there would be a new requirement for testing to be carried out within the last 5 years. This date for compliance with this element of this standard was extended until the end of March 2022.
- 4.18** New Fire Safety Regulations will come into force , requiring the Association to provide additional smoke detectors in living rooms and heat detectors in kitchens, where these are not already provided. The Stock Condition Survey identified the homes where this is required, and investment plans allowed for upgrades to be completed by summer 2020. Unfortunately, procurement in 2019/20 was delayed; with a contractor being appointed in February 2020 but unable to start due to Covid-19 lockdown. The pandemic impacted on the ability to achieve compliance by February 2021, however the date for compliance has been extended to 1 February 2022 and we will achieve this timescale unless further restrictions are applied during 2021.
- 4.19** Repairs expenditure in the last three years has been excessively high, with repairs being carried out by three main local contractors. This is partly attributed to rising need for responsive repairs due to the absence of sufficient planned investment, The service is responsive, with emergencies and day to day repairs generally being attended to within the target timescales carried out within 3.6 days on average. An independent survey of repairs satisfaction in May 2019 indicated high satisfaction levels and yet our analysis show almost one in five repairs is not completed right first time and 23% have been carried out as emergencies. Our reactive repairs contracting arrangements were found not to be fully procurement compliant and new compliant contracts will be in place during the first quarter of 2021/22.
- 4.20** The window and door replacement contracts were approved by the Board in November 2020 and a pre-start meeting had been arranged for January 2021. Due to the tightening of COVID-19 restrictions with only essential works being permitted the programme has been temporarily suspended. We hope to commence the first phase of the contract in Mat 2021, subject to the restrictions being relaxed and the programme will continue over the next few years.
- 4.21** After some major issues with a gas maintenance contractor in 2019, resulting in compliance failures and demonstrating weaknesses in procedures of both the contractor and the Association, planned procurement was brought forward and following a tender process a new contractor was appointed.

Our Current and Future Tenants

- 4.22** The Association seeks household information from its tenants annually, most recently in response to implementation of the Housing (Scotland) Act 2014. The table below shows Fairfield customers by tenants' age, based on available data. This does not give a full picture of who we are housing and we want to improve the data we gather and use e.g. on households with children.

Age of Tenants	%
19 and under	0.50%
20 to 29	13%
30 to 39	23%
40 to 49	21%
50 to 59	16%
60 to 69	15%
70 to 79	9%
80 and over	2.50%

- 4.23** Just over a quarter (26.5%) of our tenants are aged 60 or over. Perth & Kinross Council predicts an 89% increase in people aged over 75 years of age by 2037 (PKC Local Housing Strategy 2016 – 21) and “independent living” is one of four strategic priorities. We expect to see growing demand for adaptations and need to develop a better understanding of our older tenants in relation to house types currently occupied. This will help us to predict demand for adaptations and potential tenancy turnover as people move to more suitable homes.
- 4.24** The design of FHA’s housing stock, particularly in Fairfield and the city centre, limits capacity to adapt this to suit people with physical impairments. Only 1.1% (four) of FHA’s homes in Fairfield are adapted for wheelchair users, and the standard may not meet today’s expectations. The Association has accessed around £20,000 per annum to carry out minor and some major adaptations to its homes and can anticipate increasing demand in line with the overall ageing demographic of Perth.
- 4.25** Analysis of customers’ ethnic origins at shows 23.4% with an ethnic origin other than White British or Irish (17.5% Polish), compared to 14% for the social housing sector in Scotland (Social housing tenants 2017, Scottish Government). This ethnic mix has not been explicitly recognised in the Association’s communications or service planning to date. The Fairfield Action Group, of which we are a part had hoped to provide activities to support greater community integration and inclusion and this will be progressed as part of the ToE proposals. We have also recognised the risk posed by Brexit to tenancy sustainment and turnover among this group of tenants.

Tenant satisfaction: expectations, aspirations and involvement

- 4.26** An independent tenant satisfaction survey carried in May 2019 obtained feedback from face to face interviews with 40% of tenants. Overall satisfaction as a landlord stood at 88.5%, lower than the national average, yet on many important factors satisfaction was higher, in some cases much higher, than national averages. In some areas, although still high, satisfaction was less than two years earlier, however the methodology for the two surveys differed to such a degree that this is of limited reliability as a measure of trends. With this new baseline, the Association is committed to developing a wholly customer focused response to this with required service improvements being planned in conjunction with tenants.

Tenant Satisfaction Levels:							
Satisfaction with...	Nat avg	2017	2019	Satisfaction with...	Nat avg	2017	2019
Overall service	89.19%	95%	88.5%	Repairs and maintenance service	91.3%	95%	93%
How well they are kept informed	91.98%	93%	95.5%	Management of neighbourhood	87.4%	91%	89%
Opportunities to participate	87.21%	84%	99%	Rent represents value for money	83.56%	90%	84%
Quality of home	87.15%	90%	85%	Quality of home on moving in		91%	

4.27 We know from observation, complaints, and Tenant Panel discussions, that anti-social behaviour is affecting too many tenants' enjoyment of their home. This ranges from neighbour disputes over noise and car parking, which can nevertheless affect health and peaceful enjoyment of a home, to concerns about criminal activity including drug abuse and drug dealing, violence and intimidation. Given the history of Fairfield/Hunters, it is vital that these issues are addressed promptly and vigorously by the Association and the housing management staff work in close co-operation with the local Police and other agencies. The anti-social behaviour policy and procedures were reviewed towards the end of 2019/20 and while implementing the Common Allocations Policy, in certain areas a Local Lettings Plan may be appropriate.

4.28 Tenant satisfaction with opportunities to participate is relatively high but we intend to expand our approaches to consultation and seek feedback . We have recognised that each area of Association housing needs to be considered as a distinct community: tenant involvement and community development should respond to the needs of tenants and neighbourhood as well providing opportunities for tenants across the Association to come together or share views in a range of ways.

4.29 As part of the communications with tenants through the ToE consultation, we have identified the nine priorities listed below;

- **Provide an effective repairs service** - being able to report repairs through a full range of methods that suit tenants and having good quality repairs carried out.
- **More investment in homes** - ensuring priority improvements are carried out and the stock is provided with modern fixtures and fittings in the future and the environment is well maintained. The top priorities are faster investment in the Fairfield Estate, particularly new windows, doors, and heating systems.
- **Better estate management and wider services** – Estate management was identified as particularly important to tenants and included environmental work, anti-social behaviour, and tenancy management. Creating access to enhanced services such as digital support, tenant participation, welfare and money advice, tenancy sustainment services and energy efficiency advice.
- **Ensure rents remain affordable** - so that rents are not increased by too much for tenants over the next number of years.
- **Keep the local Fairfield office** - services staying local and easy to get to.
- **Retain all the existing staff** - services provided by the staff you already know well and who know tenants and the area.
- **Be financially viable** - being strong enough to manage our money for the next 30 years to pay for what is needed.

- **Good governance** - running the business well and meeting all the landlord responsibilities.
- **Strong community voice** - tenants having a strong say on local services and priorities.

We will be addressing all of these properties throughout 2021 and firm proposals, against each of the priorities, will be reflected in Kingdom proposals as part of the ToE.

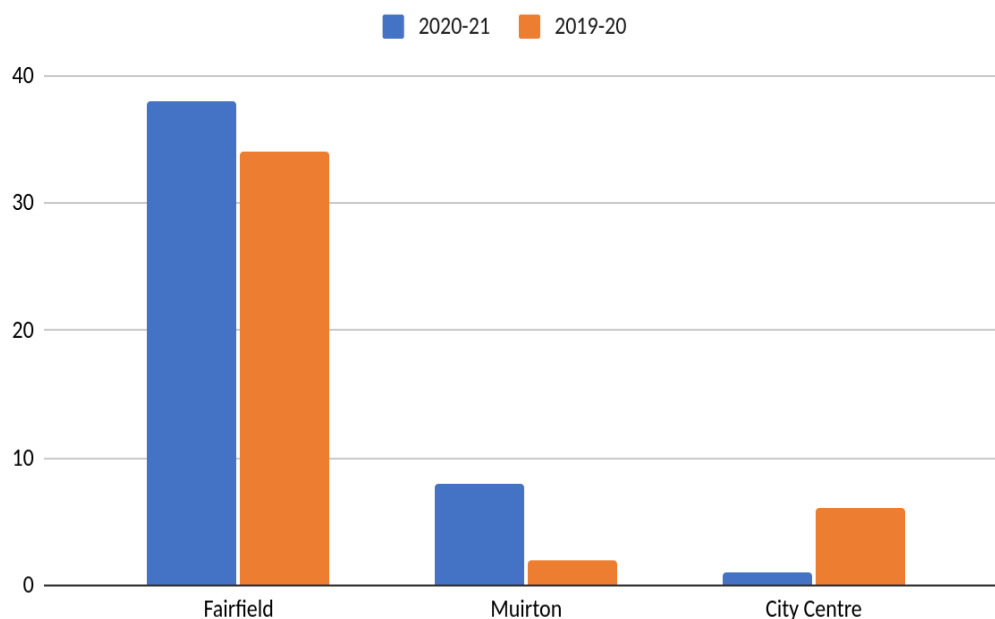
Housing Needs and Demand

4.30 The Council’s housing strategy (2016 – 2021) identifies significant growth in need for one and two- bedroom properties due to growth in demand from single adults (38%) and lone parents (72%) in the next 25 years. The Association is aware of under-occupation of some of its larger homes and desire of some tenants to downsize or move to more accessible property. The decision to join the Common Allocations Policy and Common Housing Register creates more choice for tenants and will allow the Association to participate as a partner in initiatives designed to incentivise downsizing. We are aware however that the Association’s larger homes in tenements may not meet the aspirations or lifestyles of today’s families e.g. no direct access to garden space and small kitchens and bathrooms. Some of the one- bedroom homes are so small that they have a limited market and are not attractive to downsizers. Development of a future asset management strategy will examine whether options for remodelling of interiors should be considered.

4.31 In 2020/21 there were 47 (9.1%) tenancy terminations compared to 42 (8.2%) in 19/20, 41 (7.9%) in 18/19 and 34 in 2017-18 (6.6%). The increase in turnover in recent years is partly attributed to the new allocations policy giving opportunities for existing tenants to transfer across landlords within a quota system for this. For a relatively small landlord this is however a significant increase in turnover over three years and a trend that needs to be closely monitored. We are also aware that development of attractive new homes may affect demand for our older housing stock in Fairfield or turnover within this. This increase has also been associated with longer relet times and together these two areas could be concerning. We need to take care that Fairfield does not become a landlord of last resort.

Turnover	Fairfield	Muirton	City Centre	Total
2020-21	38	8	1	47
2019-20	34	2	6	42

2020-21 and 2019-20



4.32 Analysis of reasons for terminations in 2018/19 showed that in 29% cases the end of the tenancy can be considered a tenancy failure (abandonment, affordability, leaving to let privately, did not like the property), while over 40% terminated their tenancy for positive reasons (to buy a home, to move for a job, to move to a more suitable home but remaining an FHA tenant). The number of abandonments is concerning, with 60% of these due to rent arrears. Research (Stirling University, 2018) is clear that tenants value a relationship with a named staff member, which FHA offers, and that this plays a role in homelessness prevention. Our greater focus on tenancy sustainment saw improvements in rent collection and debt management in 2019, but further improvements still need systematically to be introduced including a new approach to pre and post allocation visits. Improvements have been hampered during 2020 due to the pandemic restrictions

4.33 Perth & Kinross Council has invested heavily in implementation of Rapid Rehousing Transition Plans and its Housing First approach. This addresses its strategic priority of homelessness prevention and relies on cooperation and partnership with local social landlords. FHA's decision to join the Common Allocations Policy and Common Housing Register has been warmly received and results a significant increase in our allocations to homeless households.

Rents, Affordability and Welfare Reform

4.34 FHA's rent levels are shown in the table below alongside those of landlords operating locally. Such comparisons should be viewed with caution as averages obscure what may be significant differences in the age, type, amenity and quality of the properties. Nonetheless, Fairfield rents are lower than the other RSLs identified, lower than the Scottish average and higher than the local authority rents.

Organisation	1 bed/ 2-Apt	2 bed/ 3-Apt	3 bed/ 4-Apt	4 bed/ 5-Apt
Fairfield Housing with 1.5% increases	£71.94	£79.65	£81.69	£85.56
Caledonia Housing Association	£88.27	£83.17	£92.68	£102.00
Hillcrest Housing Association	£76.62	£89.45	£98.27	£106.67
Kingdom Housing Association	£76.39	£84.37	£96.77	£100.43
Perth and Kinross Council	£64.36	£70.08	£77.85	£83.63
Scottish average – social landlords	£78.02	£80.10	£87.08	£96.18

4.35 FHA applied a 1.5% rent increase in April 2021. Affordability testing highlighted affordability on the margins for single pensioner households for one-bedroom homes. A report by Arneill Johnston in June 2018 noted that there were 118 different rent levels, and inconsistencies within this e.g. one-bedroom properties with higher rents than two and three-bedroom homes. We are committed to reviewing the Association’s rent setting structure and this was originally intended to be undertaken in 2020-21, however this was not progressed and the Board decided to postpone the review pending the ToE.

4.36 There is however a need to restructure the rents given there are 118 different rents across the Fairfield stock A rent restructure is required to establish a fair and consistent method of rent setting which reflects the amenity and size of the properties and maintains the income level assumed in this business plan. In developing any new rent setting policy, we will test resulting rents using the SFHAs affordability tool, supplemented by such other affordability assessment measures are available. Kingdom will commit to a rent restructure as part of the ToE proposals.

4.37 The table below shows that 59% of the Association’s tenants receive some form of support with housing costs, as at November 2020. This is comparable with the Scottish national average for housing associations (c. 60%). It will be important for staff to keep abreast of new developments and supports as the Social Security (Scotland) Act 2018 moves in phases towards full implementation of Universal Credit by 2022.

Entitlement 31.10.20	No Tenants	% tenants
Full Housing Benefit	161	31%
Partial Housing Costs	24	4%
Universal Credit	121	24%
No support	208	41%
Totals	514	100%

4.38 Welfare reform (benefit freezes, caps and sanctions), rent affordability, tenancy sustainment and asset management decisions are interlinked. We are aware of tenants who are clearly in fuel poverty: not using heating at all or consistently, regular reports of condensation dampness, and voids with debt on prepayment meters. This plan is being refreshed in the early days of a global health pandemic recovery. It is too early to assess medium to long term impacts of the inevitable recession which will result. In the short term, rising unemployment and debt combined with requirements for new ways of working and living will be factors in the operations and decision making of the organisation. The *Fuel Poverty (Target, Definition and Strategy) (Scotland) Act 2019* commits the Scottish Government to developing and implementing a Fuel Poverty Strategy and sets a 2040 target that no more than 5% of households will be in fuel poverty. These influences will inform the Association's approach and decisions in relation to energy efficiency and assisting tenants to maximise their income and reduce fuel debt.

Digital Modernisation

4.39 Our housing and property management software, Kypera/Castleton, was upgraded in 2019 and aims to enable more efficient working and reporting, with potential for further upgrade to a system allowing customer access. Through the shared services arrangements with Kingdom our servers and software were upgraded in 2020 to current standards and to enable secure remote working. An IT audit in 2019 highlighted high priority areas for improvement. Customer expectations and communications methods require online access to information about their tenancy and homes which the Association does not currently support. We have developed and resourced a new Digital strategy which will support more efficient and effective working and provide our customers with independent access to information to manage their tenancy. Digital services are now provided as part of the shared services arrangements with Kingdoms and this has addressed the risks identified in the internal audit report.

Wider Roles and Partnerships

4.40 FHA provides housing management services to Kingdom with the service expanding in March 2021 to 264 homes from 55 properties in March 2019. This is partly due to KHA assuming responsibility for development of sites previously in FHA's development programme. FHA and KHA have concluded a new Management Agreement suitable for this larger programme. The expansion brings financial benefits to FHA, but the resource implications were not well anticipated in 2019/20 with consequential impacts on some of Fairfield's services, notably its deteriorating relet times. The resource requirements have been recognised in a new permanent

staffing structure from 2020/21.

We also recognise that, should KHA continue to develop in Perthshire, in future years it may prefer directly to manage the properties placing this income stream at risk. This scenario was included in the sensitivity testing of the business plan in 2019/20 and assumptions on income stream frozen to a level where loss of this will not unduly expose the organisation to financial risk, however if the income was removed rather than frozen, it would impact on FHAs income stream.

The table below identifies the current and potential units where Fairfield manages Kingdom stock.

KHA developments in or coming into management: as at April 2021		
Development	Handover	No. units
St Catherine's, Perth	Complete	41
East High Street, Crieff	Complete	14
Bridge of Earn	Complete	20
Ratray, Blairgowrie Ph 1	Complete	25
Bertha Park, Perth Ph 1	Complete	54
Ratray, Blairgowrie Ph 2	Complete	25
Auchterarder Ph 1	Complete	13
Bertha Park, Perth Ph 2	Complete	58
Auchterarder Ph2	Complete	14
Ratray Ph 3	On Site, due 21/22	14
Bertha Park, Perth Ph 2b	On Site, due 21/22	7
Sub Total		285
Planned Projects	Planned Handover Year	
Bertha Parl Perth Ph 3	2022/23	44
Broich Rd, Crieff Ph 1	2022/23	20
Broich Rd, Crieff, Ph 2	2023/24	14
Auchterarder Ph 3	2023/24	20
Stanley, Ph 1	2024/25	20
Broich Rd, Crieff, Ph 2	2024/25	18
Bertha Park Perth ph 5	2025/26	50
Broich Road, Crief ph 4	2025/26	12
Stanley Ph 2	2025/26	9
Total		492

4.41 As a result of statutory intervention, the Association decided that it could not pursue new development opportunities, as its attention must first focus on improving governance and getting services right for its existing tenants. Despite local opposition, Perth & Kinross Council having demolished the Fairfield Neighbourhood Centre and the Council intends to build around 18 homes on this site. As the site is within 100 yards of the Association's office and surrounded by Associations homes, we hope to work with the Council to influence the plans going forward and to act as the managing agent for the new homes once completed.

4.42 The Association came into being to shape the Fairfield community for the benefit of residents and to serve as a community anchor. We were instrumental in the

establishment of and support for the Fairfield Action Group in January 2019. This has since carried out a community survey, identifying what would improve the experience of living in Fairfield. The top three priorities were:

- Property/area improvements,
- Activities for young people, and
- Activities for adults.

The survey also reported that 50% of respondents find out about community affairs from the Association's communications. During 2019/20, Fairfield's office offered a community based for many activities: its reception area and interview room are used to host different advice services, including welfare benefits and money advice offered by the citizen's advice bureau; its board room hosts community groups and activities ranging from "tea & toast" to yoga. The community activities have stalled during the pandemic however it is hoped to recommence them in the future.

During the period of the plan we will work with the community and the Council to try and secure the provision of community resources in the Fairfield area to meet the needs and aspirations of the local community.

- 4.43** Over the next three years, we want again to become a facilitator, advocate and broker for the needs of our communities and the people who live in them. This means investing our staff time in connecting or enabling tenants to connect with, for example, the local health and social care locality planning group for Perth City and its investment in estates- based initiatives, volunteering and small local social enterprises. The Perth City Plan, places emphasis on place-making with opportunities for support with social and environmental improvements, health and wellbeing. There is potential to access funding and support attached to this and other strategic plans.

The Political Environment

- 4.44** Community development and involvement is ever more important in the context of significant pressure on public sector budgets and the political, social and economic uncertainty caused by Brexit.
- 4.45** A Scottish Parliamentary election will take place in May 2021. The Scottish Government delivered 50,000 homes by 2021, and has pledged to provide a further 100,000 over the next 10 years. The Scottish Government is also now turning its attention to Housing 2040. This strategy sets out principles to inform Scottish Government capital and revenue funding priorities under a new government. We hope that better resourcing and collaboration with Kingdom will enable us to contribute our local, grounded, knowledge to this conversation locally and via the membership organisations to which we subscribe, such as SHFA.

5. PEST & SWOT ANALYSES

- 5.1 This section identifies strengths, weaknesses, opportunities and threats, and refers to political, social, economic and technological influences on our current and projected operating environment. This was reviewed and updated as part of the Board strategy session in February 2021.

Political/Legal	Social
<ul style="list-style-type: none"> ● Changes to Housing Regulation and Legislation ● Changes in Local/National Government ● GDPR legislation ● FOISA inclusion ● Covid restrictions and vaccination plan ● Increased scrutiny due to Covid ● New approaches to homelessness ● Brexit and associated legislation ● Scottish Parliamentary election ● Increasing regulatory burden imposed by the SHR ● Green agenda resulting in accelerated ban on gas heating and diesel/petrol vehicles with no obvious viable replacements 	<ul style="list-style-type: none"> ● Demographic change ● Expectations of tenant and prospective tenants ● Growing need for housing ● Lack of salary increases for tenants in work leading to financial difficulty ● Welfare reform leading to reduced income for tenants ● Universal Credit leading to increased arrears and income ● Increased environmental obligations ● Rising unemployment levels ● IT challenges and constraints for tenants related to Universal Credit ● Increased tenants pressure for earlier component replacement ● Ongoing restrictions on life and business due to Covid
Economic	Technological
<ul style="list-style-type: none"> ● Business cost inflation ● Pressure to achieve efficiencies ● Higher unemployment levels and more dependence of tenants on benefits ● Increased rent arrears linked to current financial climate and Welfare Reform ● Increased employers costs and potential impact of the Living Wage ● Pension liabilities ● Cost of fuel and fuel poverty in tenants ● Increased costs associated with new legislation/regulation ● Affordability of housing ● Impact of Scottish and UK Government budget constraints ● Impact of cuts in Local Authority budgets ● Financial impact of Covid -19 (to the business and the country) ● A prolonged period of low inflation or deflation, putting pressure on meeting long term financial projections due to a combination of lower income and fixed loan repayments 	<ul style="list-style-type: none"> ● Increased dependence on IT ● Social Media ● Future Environmental/Building regulations ● Pressures to retro fit ● Mobile/home working and alternatives – need a new strategy and approach to create efficiencies, reduce overheads and respond to increased need for home working for foreseeable future ● Digital Inclusion and potential inequalities which will impact on tenants related to IT capabilities

5.2 The table below presents a summarised SWOT analysis, developed from discussion at staff and Board business planning workshops,

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> ● High level of staff commitment and expertise ● Financially secure and good reputation with Lenders ● Varied types of housing stock ● Great customer satisfaction levels ● Focus on continuous improvement ● Comprehensive and robust strategies, policies and procedures ● Rents meet affordability tests ● Proven ability to be flexible and adaptive ● Ability to recognise benefits of new approaches and systems 	<ul style="list-style-type: none"> ● Resources stretched due to demands and growth ● Reliance on ability to influence Local Authority/Government ● Partnership inequality with Local Authorities ● Change affecting communications across staff groups ● Lack of resources to dedicate to business development ● Recognise that we are below average in certain areas of the Charter indicators ● Some variation in staff engagement levels ● Implementation of new systems ● Procurement Compliance can be difficult
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> ● Maximise technology to gain efficiencies/improve services ● Constitutional Change ● To improve service delivery and expand services to tenants ● To improve tenant participation ● To improve communication with staff and maximise their skills and expertise ● To improve flexible and mobile working ● Digital Inclusion with customers ● To enhance Community Benefits initiatives as part of our Procurement Strategy ● To embed a strong positive culture ● Potential to access new funding opportunities to enhance tenancy support projects 	<ul style="list-style-type: none"> ● Loss of key staff/board members ● Reduced funding which could constraint added value opportunities ● Increased costs ● Increased cost of Covid related issues ● Increased volume and complexity of regulation ● Covid 19 - Impact of continuing restrictions on business delivery over coming months ● Low inflation and lower rent increases to maintain affordability may impact on our capacity to develop ● Brexit and Scotland's constitutional uncertainties leading to negative impacts on the availability/cost of funding and investments ● Increasing energy efficiency targets and costs associated with meeting these ● Statutory Intervention / Non Compliance.

6. STRATEGIC FRAMEWORK AND OBJECTIVES

Strategic Planning Framework

6.1 Our strategic planning framework is based on a simple approach:



Strategic Analysis

6.2 We have reflected on our vision, mission and values and reviewed our customers' needs and expectation, our physical assets and our current and desired performance. We have then scanned our internal and external environment and the key risks we face. With these in mind, we developed our set of strategic objectives i.e. what we want to achieve as a landlord and as an organisation.

Strategic Mapping

6.3 We have used the standard tools of SWOT (Strengths, Weaknesses, Opportunities and Threats) and PEST (Political, Economic, Social, Technical) to map the key issues and opportunities from our operating environments (section 5). These have also informed the development of our objectives, financial and delivery plans.

These tools and the outcome of the analyses also inform our risk register which is provided at Appendix E.

In 2019 we undertook an options appraisal of possible future shapes for the organisation and which of these will best serve the interests of our tenants. The outcome of this appraisal led to development of a Collaborative Working Agreement with Kingdom Group, supported by service level agreements for Chief Executive, governance and organisational support, financial, digital and strategic asset management services. The second options appraisal in January 2021 confirmed the intention is to establish a longer term constitutional partnership, through the ToE.

Strategic Objectives

6.4 Our strategic objectives, developed by staff and the Board, are the drivers and reference point for the Association's strategy and policy development, activities and decisions. These are;

- Strong, sustainable and effective strategic governance and financial management.
- Desirable high quality homes and attractive environments where people want to live and contribute.
- Excellent, continually improving, modern, customer-driven services and

performance.

- Demonstrable value for money and social impact.
- High performing, skilled, empowered and sustainable staff team.
- More than a landlord: a partner in developing active community development, wider regeneration and renewal.

6.5 The following section outlines the key activities which flow from these objectives. This is provided in the form of a summary delivery plan and more detailed operational and project plans will flow from this.

7 DELIVERY PLAN

7.1 Our six Strategic Objectives need to be translated into practical tasks with timescales and targets. This section rolls forward the Summary Delivery Plan set out in our three year plan 2019 – 22, to show plans for 2020 - 23. Many of these actions straddle more than one planning and financial year, or link to actions for the following years. We also recognise that plans for Years 2 and 3 of this plan will be amended and/or developed as a result of collaborative working with Kingdom Group over 2020/21, and decisions made during this year regarding future constitutional shape for the organisation.

7.2 To identify progress over the last year the delivery plan has been structured to show the following;

20/21 Previous Year	21/22 Current Year	22/23 Next Year
Year 1	Year 2	Year 3

7.3 One of the actions within the Delivery Plan is to move towards implementation of a staff development and appraisal system which translates the objectives and delivery plans into individual objectives discussed and recorded during formal appraisal. This aims to ensure each member of staff is clear about their objectives and responsibilities for taking the plan forward and reporting on progress.

7.4 The summary delivery plan is set out in the table below. It is supported by our financial plans and a quarterly implementation plan which will guide the work of the Management Team. Together these aim to ensure a programme of change and improvement is implemented effectively to support sustainable, excellent services to our tenants.

Monitoring Progress and Business Plan Review

7.5 Progress against the Summary Delivery Plan will be reported to the Board of Management on a quarterly basis, in tandem with the quarterly performance report, providing a commentary on progress against the activities and highlighting any areas requiring further consideration or review.

7.6 The annual business planning process commenced in September 2020. This informed the annual budget process for 2021/22, taking into account revised projections for 2021 and long-term forecasts bearing in mind as yet unknown impacts of a prolonged state of lockdown and emergence as a result of Covid-19.

7.7 As part of the review of the business plan the impact of Covid-19 was considered. This helped to identify the financial impact on 20/21 and potentially future years, it also considered the impact across all business areas of operation. The full impact of Covid is however still uncertain therefore this will be monitored on an ongoing basis.

Delivery Plan: Actions 2020 – 2023

Objective 1: Strong, sustainable and effective strategic governance and financial management			
Action/activity	Timescale/ Progress and comments on year 1		
	20/21 Previous Year	21/22 Current Year	22/23 Next Year
	Year 1	Year 2	Year 3
Implement action plans relating to strategic options appraisal and develop the business base for the potential ToE to the Kingdom Group	Options Appraisal stage	Business Case to be developed, a separate program identifies all activities related to the transfer process	ToE Implementation and integration stages
Review Business Plan, Risk Register, Working Practices, Digital Strategy, PEST and SWOT Analysis to recognise the impact of Covid-19 on our plans.	Business plan reviewed and updated 17th Feb 2021		
Establish Joint Project Board with Kingdom and review collaboration and timescale for closer strategic partnership	Established and strategic options appraisal carried out.		
Adopt new Model Rules to become Charitable Housing Association.	Completed - November 2020		
Recruit shadow HA MC/Board via co-optees to Co-op MC	Agreed in January 2021 to halt recruitment following co opting two new members to the Board.		
From MC appraisals, assist and assess progress with individual member PDPs	Restricted due to Covid-19, to be progressed annually in future		
Update and deliver collective Committee learning & development programme	A programme of Pre Board briefing sessions established and implemented.		
Enhance Annual Assurance Statement evidence base	Completed and submitted - November 2020	Annual Return	Annual Return

and process for supporting MC approval of statement			
Implement suitable Board portal	Completed - April 2020		
Complete development and delivery MC induction pack and programme	Developed and implemented.		
Implement Procurement Policy in full for all aggregated 3 yr spend over £50,000	Policy approved January 2021. Implementation ongoing.		
Review all financial management processes and create Financial Procedures manual	Financial regulations and standing orders updated and approved Financial procedures ongoing and carried forward to year 2.		
Develop and implement Digital strategy	Kingdom commissioned to develop and implement digital strategy.	Digital SLA agreed and work is ongoing.	
Develop Equality & Human Rights Action Plan to implement policy	Work is ongoing and processes to be developed.	SFHA guidance awaited An update to be provided to SHR as part of the annual assurance statement process in 2021.	

Objective 2: Desirable quality homes and attractive environments where people want to live and contribute

Action/activity	Timescale		
	20/21 Previous Year	21/22 Current Year	22/23 Next Year
	Year 1	Year 2	Year 3
	Produce a revised investment plan and further develop stock condition survey	Undertaken to establish baseline case for Fairfield. (Continued into year 2)	
Enhance Stock Condition Survey by 25% stock per annum to identify any SHQS & EESSH works required	Delay due to covid -19 (Continued into year 2 and 3)		
Carry out planned improvements to homes and environments	Impacted due to covid-19 (Continued into year 2 and 3)		
Develop and Implement Asset Management Strategy			
Redevelop Repairs & Maintenance Policy, associated policy suite and detailed procedures	Policy presented for approval at Board meeting in February 2021.	Develop and implement new procedures	
Develop and implement estates environmental improvements strategy & plans.	Delay due to covid -19 (Continued into years 2 and 3)		

Objective 3: Excellent, continually improving, customer-driven services and performance			
Action/activity	Timescale		
	20/21 Previous Year	21/22 Current Year	22/23 Next Year
	Year 1	Year 2	Year 3
Local area committee to be established subject to the ToE.		Local area service delivery plan and strategy to be developed	
Local delivery standards to be improved	This will cover all aspects of Housing and Asset Management services, including arrears management, allocations and voids as well as customer services.		
Develop Customer Service standards & implement Customer Service Excellence programme linked to FHC values	Customer excellence programme agreed. (Continued into years 2 and 3)		
Review impact and outcomes of participation in common allocations policy and CHR	Initial impact assessed. Delay due to covid -19 (Continued into year 2)		
Streamline and improve voids management process and assess impact of new lettings standard	New lettings standards agreed. Further assessment required. Delay due to covid -19	Review and evaluation	
Introduce new approach to evaluating tenant satisfaction across required service areas	CX- Feedback implemented and ongoing.		
Develop and implement Tenant Involvement Strategy and action plan	Tenant Participation policy approved January 2021.	Strategy and action plan to be implemented in year 2.	

Develop and implement a Performance Management Framework	Performance Management Framework agreed. KPIs now reported to the Board on a quarterly basis.		
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Objective 4: Demonstrable value for money and social impact

Action/activity	Timescale		
	20/21 Previous Year	21/22 Current Year	22/23 Next Year
	Year 1	Year 2	Year 3
Carry out a rent and service charge setting review Revise rent & service charge policy	Rent and service charge structures considered as part of the strategy session on 17th February 2021.	Further review of service charges to be undertaken.	Revised structure to be assessed.
Develop Annual Value for Money and Social Impact Statement			
Streamline purchasing, suppliers and processes to improve value for money, including procurement of reactive maintenance contracts	Initiate review and procurement of current contracts to ensure compliance and demonstrate value for money.	Award procurement compliant contracts	
Review estate caretaking & estate maintenance service delivery arrangements, costs and efficiency	Initial review as part of service charge review	Comprehensive review	

Objective 5: High performing, skilled, resilient & supported staff team

Action/activity	Timescale		
	20/21 Previous Year	21/22 Current Year	22/23 Next Year
	Year 1	Year 2	Year 3
Implement annual performance appraisal system	Part of Performance Management Framework.	Performance Management Framework for staff to be implemented from in 2021.	
Develop complete staff induction programme and tailored induction checklist	Implemented and to be revised post Covid restrictions.		
Development and implement staff learning and development programme.			
Commission and carry out staff engagement and wellbeing survey	<p>Various staff surveys undertaken throughout the year.</p> <p>Regular full team meetings are now in place to improve engagement.</p> <p>(Continued into years 2 and 3)</p>		
Re-introduce modern apprenticeships or local resident employment initiative			

Objective 6: More than a landlord: a partner in active community development and renewal			
Action/activity	Timescale		
	20/21 Previous Year	21/22 Current Year	22/23 Next Year
	Year 1	Year 2	Year 3
Maintain SLA for local housing management services to Kingdom HA, supporting their work to meet local housing needs	In place and ongoing until ToE.		
Increase partnership working with adjacent landlords and other agencies, focused on neighbourhood management and tenant health & wellbeing, including Covid impact mitigation.			
Identify sources of funding/ partnership opportunities for enhanced tenancy support, employment and volunteering.	Initiated through Kingdom partnership		
Provide active support for Fairfield Action Group in its planning, community engagement activities.	Impacted by Covid -19. (Continue into year 2)		
Carry out community research to generate options for spend or investment of former Fairfield trust funds.		To be progress as part of remit fro Local Area Committee	

8.1 Performance review and benchmarking

8.2 Our performance targets for 2020/21 are:

	RSL Average 18/19	PG Average 18/19	FHA Target 19/20	FHA 19/20 outturn	FHA Target 20/21
Rents and Arrears					
26 - Percentage collected of rent due	99.5%	100%	99.0%	99.3%	100%
27 - Percentage gross rent arrears of rent due	4.3%	3.3%	6.7%	6.0%	5.4%
Gross current tenant rent arrears as percentage of rent due	2.7%	1.9%	5.2%	4.3%	4.2%
Former Tenants arrear as % of debt			15.0%	28.0%	15.0%
Allocations and Tenancy Sustainment					
Number of Properties Allocated				30	Contextual
30 - Average calendar days to re-let properties	30.6	6.8	10.0	23.0	15.0
14 - Percentage tenancy offers refused	28.9%	20.1%	20.0%	15.7%	15.0%
16 - Percentage of new tenancies sustained for more than as year	87.8%	83%	90.0%	91.8%	95.0%
15 - ASB cases resolved within local target	88.4%	96.6%	95.0%	90.7%	95.0%
Property Management					
8 - Average hours to complete emergency repairs	2.7	2.4	4.0	2.1	4.0
9 - Average working days to complete non-emergency repairs	5.3	3.5	5.0	3.0	5.0
12 - Percentage tenants satisfied with repairs service	92.4%	96.7%	92.0%	93.2%	94.0%
11 - Percentage properties with gas safety record renewed by anniversary date	99.9%	99.8%	100%	100%	100%
C10 – Percentage of properties meeting the EESSH			89.5%	83.0%	93.0%
21 - Average days to complete approved applications for adaptations	63.1	32.9	30.0	39.1	30
Complaints					
3 - Percentage all 1st stage complaints responded to in full within SPSO timescales	88.8%	96.5%	100%	92.9%	100%
3 - Percentage all 2nd stage complaints responded to in full within SPSO timescales	85.6%	75.0%	100%	40.0%	75%
Staffing					
C1 The percentage of days lost through staff sickness absence			2.0%	6.4%	2.0%
Governance					
Percentage of Board Members attending Board of Management Meetings			75.0%	80.3%	80%

- 8.3** The table above compares our performance with SHN peers and sector averages. This shows good and improving performance in Year 1 in arrears management, tenancy sustainment and Board of Management attendance. Response times from emergency and non emergency repairs have had a lot of scrutiny in Year 1 and new processes have been developed to ensure accurate reporting. The target completions for emergency and reactive for 20/21 have remained as previous year, and can be altered when the correct performance has been ascertained. The Coronavirus COVID-19 pandemic will undoubtedly have an impact on all areas of the 20/21 performance, the main focus will be on arrears management, allocations and voids.
- 8.4** Our performance targets for 2020/21 were approved by the Board of Management in April 2020, based on performance to the end of December 2019. We aim to set targets which are challenging but achievable, and continually seeking to improve even where performance is good by comparison with peers. It is recognised that all RSLs performance has been impacted by Covid, therefore it will be difficult to determine a target based on 20/21 outturn, given this will not be a true reflection of performance under normal operating conditions
- 8.5** The Association is a member of the Scottish Housing Network (SHN), a membership organisation supporting performance improvement and shared learning. This provides information allowing the Association to benchmark our performance with peers i.e. urban and small community-based housing associations and co- operatives with fewer than 1000 units. A comparative analysis on a wide range of measures was also carried out by SHN and from 2019 has been reported annually to the staff team and Board to allow better understanding of our performance with its strengths and areas for improvement.

9. FINANCIAL ASSUMPTIONS AND SENSITIVITY ANALYSIS

- 9.1** The Annual Budget for 2021/22 and the financial projections for 30 years covering 2021/22 - 2050/51 are shown in **Appendices A and B**.

Resources

- 9.2** We need to maximise income and control costs in order to achieve our strategic objectives. This is important to maintain an affordable rent structure, invest in our housing stock and have the flexibility to adapt to external challenge and crucial if we are to achieve our aims to make a difference in the community.
- 9.3** Long-term financial forecasts include comprehensive scenario planning and stress testing, assessing the impact of different assumptions and identifying alternative strategies.
- 9.4** Key priorities are the continued investment and improvement of our housing stock, maintaining affordable rents as well as adapting to the challenges of welfare reform.

The potential for an increase in rent arrears continues to present a significant financial challenge.

- 9.5 Rent increases:** The financial forecasts base case is a continuation of the approved position last year, assuming a real rent rise of 1% up until year 14, with inflation-only increases for the remainder of the plan. Sensitivity analysis considers the impact of limiting real rent increases in Years 2 - 10. The potential for limiting increases will depend on our ability to maximise income, control/ reduce costs as well as adapting to changes in inflation and interest rates. However, the scale of the investment programme would suggest that real rent increases will be required especially within the first 14 years. Each year the annual budget process will review progress and consider, based on prevailing circumstances, whether restrictions on rent increases are capable of being achieved.
- 9.6 Key Financial Covenants:** The projections monitor the loan covenant of Triodos Bank in respect of its £6.6m loan. Our financial forecasts achieve loan covenant compliance and deliver the services to support tenants and the wider community. Sensitivity analysis has considered impacts on financial covenants of changes in certain assumptions.

The Long Term View

- 9.7** As a property business with 514 properties to maintain over the long term we will seek out funding arrangements that support flexibility in terms of loan conditions and loan covenants. This Business Plan underpinned by 30-year financial model projections and scenario modelling should provide assurance to the Board , SHR and our lenders that we can meet our long-term maintenance and debt repayment obligations. Appendix 2 is a summary of the output from our 30-year financial forecasts.
- 9.8** Key elements to the foundation of the model are realistic cost assumptions and the annual budget provides a starting point for this based on current experience of actual costs across the organisation. The projections remove after 2021/22 exceptional costs resulting from the current high engagement activity in the last two years as well as fees incurred on assessing the potential transfer of engagements.
- 9.9** A 20% sample of the housing stock was surveyed in 2019 and the long-term investment plans reflect this survey and tenant feedback on investment priorities as well as revised assumptions about component replacement costs. These revised figures have been incorporated into this Business Plan, taking into account cyclical and major repairs.
- 9.10** The table below sets out the key assumptions used in this Business Plan followed by some commentary on the rationale for their use.

9.11 Business Plan assumptions

Year	1	2	3	4	5	6-10	11-14	15-30
Assumption								
Inflation (CPI)	1.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Voids	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Bad Debts	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Rent policy	Infl+1%	Infl+1%	Infl+1%	Infl+1%	Infl+1%	Infl+1%	Infl+1%	Inf only
Real Cost Increase Salaries	0.0%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Real Cost Increase Repairs	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%
Borrowing Rate	2.55%	2.55%	2.55%	2.55%	2.55%	2.55%	4.0%	4.0%

9.12 The relatively high level of bad debt provision reflects the recent impact of COVID on arrears levels as well as potential impact of future welfare reforms.

9.13 The borrowing rate reflects the recent fixing of the Triodos loan for a period of 10 years at 2.55% including margin. This means the organisation has no exposure to interest rate movements during that time unless it undertakes further borrowing, which is not foreseen as part of this plan. The rate thereafter has been set at a prudent level of 2% above CPI and a further 1.5% margin on top has been allowed for new borrowing.

9.14 **Sensitivity testing:** The purpose of sensitivity analysis is to carry out a risk assessment on the most significant assumptions, for the organisation to be aware of the impact of certain events and to consider the strategies required to mitigate these risks. The sensitivity analysis has generated a series of “what if” risk scenarios to stress test the business plan with the results provided in **Appendix C**. The scenarios tested are:

- Increases in interest rates
- Changes in inflation (both lower and higher can have negative impacts on different areas of the model)
- Inflation-only rent increases
- Void levels increase
- Bad debts increase

9.15 The analysis shows the impact both on the lender’s interest cover covenant and on closing cash balances. Some scenarios result in a weaker position, with impacts varying in scale. The greatest negative impact is caused by applying inflation-only rent increases. However unless rent controls are imposed by the Government then the Association has control over rent increase decisions.

- 9.16 In each potential scenario action would be taken to prevent or mitigate the impact. Certain scenarios are unlikely to apply together, for example low inflation accompanied with high interest rates.

Medium Term View

- 9.17 The table below sets out the position over the next three years in relation to the statement of comprehensive income. During this period surpluses are generated each year, albeit the surpluses fluctuate depending on the extent of planned maintenance work charged to revenue.

Statement of Comprehensive Income financial years 2021/22 - 2023/24

	2021/22	2022/23	2023/24
Revenue	£ 2,580,300.00	£ 2,723,311.73	£ 2,791,514.91
Operating Costs	£ 2,331,200.00	£ 2,326,433.08	£ 2,461,925.51
Operating Surplus/(Deficit)	£ 249,100.00	£ 396,878.65	£ 329,589.40
Other Finance Charges	£ (2,000.00)	£ (1,980.00)	£ (1,980.00)
Interest Receivable	£ -	£ 7,936.38	£ 3,877.51
Interest Payable	£ (168,300.00)	£ (167,199.65)	£ (160,668.48)
Surplus/(Deficit) for Year	£ 78,800.00	£ 235,635.38	£ 170,818.44

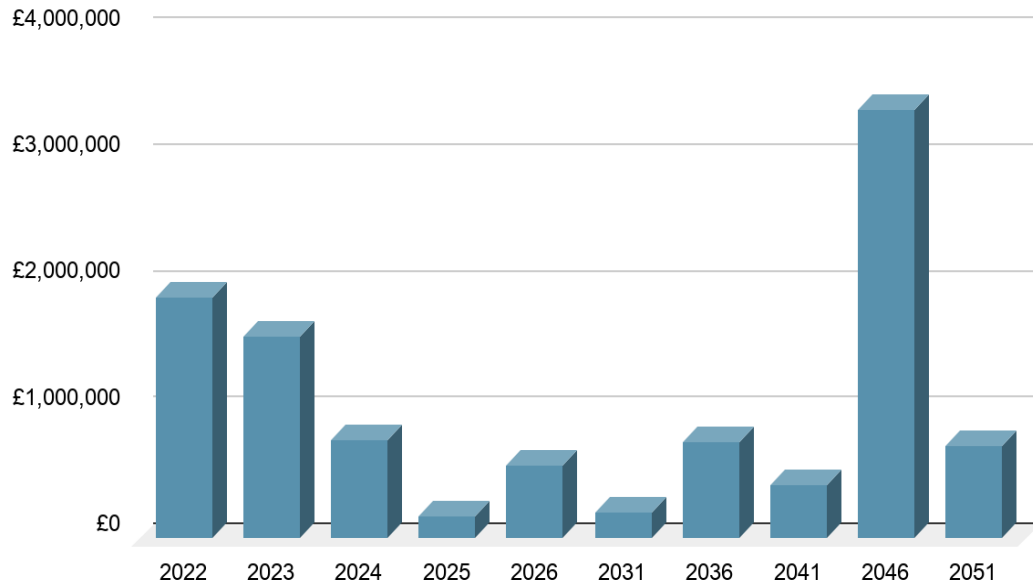
- 9.18 The table below provides projected cash flow figures for the three years to 31 March 2023. Although the organisation makes accounting surpluses, the cash balance decreases due to the component replacement programme.

Cash flow movement financial years 2021/22 - 2023/24

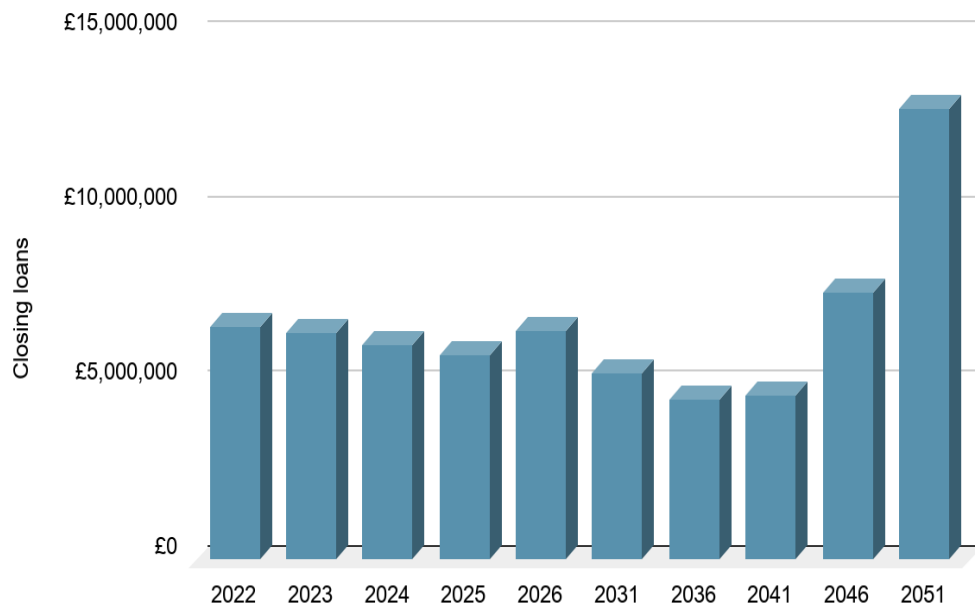
	2021/22	2022/23	2023/24
Cash in	£ 2,930,600.00	£ 3,080,145.44	£ 3,149,564.00
Cash out	£ (3,239,900.00)	£ (3,397,857.25)	£ (3,965,397.47)
Increase/(Decrease) in Cash	£ (309,300.00)	£ (317,711.81)	£ (815,833.47)
Cash brought forward	£ 2,356,440.00	£ 1,912,925.00	£ 1,595,213.19
Cash carried forward	£ 2,047,140.00	£ 1,595,213.19	£ 779,379.72

9.19 The charts below highlight the projected cash and borrowing figures over the duration of the plan.

Closing bank balance



Closing loans



Some years incorporate additional borrowing to deal with negative cash balances arising from years of high planned maintenance expenditure. In practice this could be addressed with a combination of borrowing, postponing work not deemed necessary and/or reducing overheads.

Conclusion

- 9.20** The business plan is based upon assumptions approved by the Board last year and updated for changes since then. As well as incorporating the budget for 2021/22 and the forecast opening position at 1st April 2021, it reflects the Triodos fixed rate loan and the component replacement programme recorded in the Association's asset management system. This has resulted in a significant uplift to anticipated expenditure, making it highly likely additional borrowing would be required to progress the planned investment programme. Even with further borrowing, the bank balance will fall in some years to relatively tight levels (<£1m). Some scenarios involving different assumptions would produce a weaker position (refer to **Appendix C**), in which case decisions would need to be made whether to defer part of the planned investment to the following year, or to borrow the required sum. The full detail of the 30-year financial forecast is in **Appendix B**.

10 RISK MANAGEMENT STRATEGY

- 10.1** We promote the integration of risk management throughout our governance and management of our business. Risk Management flows through or strategic and operational activities.
- 10.2** Our strategic risk register is available as a separate document and kept under regular review with quarterly updates considered by the Audit, Risk and Finance Sub-Board . Our policy is to take a systematic approach involving identification of risks, followed by assessment of the causes and consequences, and the probability and impact of a risk arising. Mitigating measures are then identified and the score recalculated to provide a residual risk score. Each risk is rated for:
- Impact: Extreme, major, moderate, minor or insignificant
 - Likelihood of the risk happening: Almost certain, likely, possible, unlikely, or rare.
- 10.3** Our appetite for risk is considered low, as is the case for most housing associations in Scotland. Any new initiatives will require risk appraisal and no initiatives are planned where this would lead to financial or other risks beyond those normally attaching to the action e.g. any major works programme brings risks.
- 10.4** Key risks in the Business Plan period include:
- Failure to improve compliance with regulatory standards to the level required to emerge from statutory action
 - Failure to address the investment in homes and environments required to provide attractive, quality homes and sustain tenancies
 - Welfare reform and low income levels lead to increased rent arrears and bad debts
 - High staff turnover and /or loss of key staff impacting on business continuity, service quality and pace of services improvement
 - Failure to procure value for money services particularly for repairs and maintenance impacts on costs and tenant satisfaction
 - Failure to develop and implement strategies for improvements in ICT and other processes impacts on costs, compliance and tenancy services.
 - Potential Transfer of Engagement to Kingdom does not materialise
- 10.5** The Audit, Risk & Finance Sub- Board has the responsibility of monitoring the risk register on behalf of the Board of Management and making any required report or recommendations.

Appendices

- A Annual Budget 2020-21
- B 30-year Financial Plans
- C Sensitivity Analysis
- D Risk Register
- E Board of Management details and biographies
- F Management Team
- G Organisational structure

Budget for the year to 31/03/2022 - Statement of Comprehensive Income

	2020/21 Forecast £	2021/22 Budget £
Income		
Rental Income (Q3 includes Service Charge Income)	2,038,760	2,068,200
Service Charge Income	101,240	101,300
Voids	(60,000)	(32,500)
Amortisation of Social Housing and Other Grants	399,300	333,300
Medical Adaptations	18,000	18,000
KHA Management Fees	81,100	90,000
Miscellaneous Income	2,000	2,000
Total Income	2,580,400	2,580,300
Direct Costs		
Planned Maintenance - investment in properties	105,670	680,000
Capitalised Planned Maintenance to SOFP	(105,670)	(680,000)
Planned Maintenance charged to revenue budget	298,400	140,000
Cyclical Maintenance	134,300	100,000
Service Charges - Costs	76,200	76,900
Reactive Maintenance	170,000	205,600
Void Management Repairs	75,000	75,000
Other Direct Costs	128,200	157,600
Total Direct Costs	882,100	755,100
Staff & Overheads		
Office Salaries and pension expenses	328,400	411,000
Shared Services - Kingdom HA	128,000	166,000
Recruitment	5,000	0
Travel/Subsistence	2,500	2,000
Conference & Training	6,000	5,000
	469,900	584,000
Office Overheads		
Cleaning	5,500	5,800
Heat & Light	2,600	3,000
Office Rates	6,700	2,400

Postages	2,200	2,200
Printing/Stationery & Publications	8,000	8,000
Telephones and Mobiles	7,700	8,000
IT Support Costs	46,200	45,100
Office Equipment Lease/Maintenance	13,600	8,000
Office Building -Repairs and Maintenance		2,000
Office Insurance	15,000	25,300
	107,500	109,800
Other Overheads		
High Engagement Costs incl Options		
Appraisal Costs	55,000	0
Subscriptions and Donations	14,300	15,500
Transfer Costs	0	88,000
Housing Management Legal costs	25,000	10,000
Professional Fees	29,760	22,000
Accountancy/Audit Fees	17,040	17,700
Consultants	42,500	0
Board and AGM Cost	2,000	3,500
Miscellaneous	2,000	500
Marketing/Events/AGM	500	0
Bank Charges (incl Allpay)	9,500	9,500
Donations	500	0
Provision for Bad Debts	78,000	32,000
Bad Debts - write offs	0	0
Depreciation - Other Fixed Assets	12,694	10,600
Depreciation - Properties	752,506	673,000
	1,041,300	
	0	882,300
	1,618,700	
Total Overheads	0	1,576,100
	2,500,800	
Total Expenditure	0	2,331,200
Operating Surplus/(Deficit)	79,600	249,100
Interest Received	(5,000)	0
Loan Costs	2,000	2,000
Interest Payable	168,700	168,300
Net Finance Costs	165,700	170,300
Surplus/(Deficit) before Tax	(86,100)	78,800
Other Comprehensive Income		

Pension Deficit Payments	(74,400)	(74,400)
Overall Surplus/(Deficit) for year	(160,500)	4,400

Note - Cash Flow and Statement of Financial Position for 2021/22 are included in Appendix B

**APPENDIX B:
30-year Financial Projections**

Per attached documents:

B1 - Assumptions

B2 - Statement of Comprehensive Income 2021-2051

B3 - Cash Flow Projections 2021-2051

B4 - Statement of Financial Position 2021-2051

Two of the scenarios above (f and g) have a major impact with mostly negative cash from year 15 onwards. There would be a number of options open to the Association to address this including additional borrowing, reducing expenditure, smoothing planned maintenance work over a number of years and/or applying greater rent increases.

APPENDIX D:
Risk register extract

Risk Ref	Risk Area	Definition	Inherent Likelihood	Inherent Impact	Score	Retained Likelihood	Retained Impact	Score
1	Governance and Regulatory Compliance	Failure to meet regulatory guidance and standards of Governance and Financial Management. Weak governance resulting in regulatory breaches, impacting on our services, reputation and independence.	4	5	20	3	3	9
2	Board capacity and expertise	The scope and size of change place strain on the committee's capacity and ability to prioritise work reasonably results in delays and deferrals in implementing the changes with falling morale among the whole committee	4	5	20	3	4	12
3	Constitutional change (Transfer of Engagement)	Failure or delay to constitutional change	4	4	16	3	3	9
4	Reputational Damage	Risk of negative media, on-line and written coverage	4	4	16	3	3	9
5	Employment Costs	Increased legislation in relation to employment, leading to increased employment costs and the need for increased resources and potential damage to our	3	3	9	2	2	4

		reputation. Increased resources to deliver against the Business Plan without additional income						
6	Maintenance Costs	Sustainability legislation and/or regulation leading to increased maintenance and improvement costs. Ability to comply with SHQS/ EESSH and the cost of compliance.	3	4	12	3	3	9
7	Income maximisation - Increased Voids and rent arrears	Increase in voids, turnover and rent arrears resulting from changes in demand for our properties, our tenants financial situation and the impact of welfare reform leading to loss of income	5	4	20	4	3	12
8	IT Systems	Requirement to upgrade hardware and software to meet changing staff, committee and customers needs and expectations. Increased need for security to mitigate against cyber attacks and fraud.	5	4	20	4	3	12
9	Procurement and contract management	Procurement Non-Compliance leading to reputational and/or financial loss. Failure to establish contracts and contract management processes.	4	3	12	3	2	6
10	Compliance with legislation and internal	GDPR, FOI, H&S (staff and tenants) Failure to mitigate against fraud, bribery	3	3	9	2	2	4

	policies	and corruption, Complaints handling						
11	Pension Scheme Deficit	Increased costs of pension provision leading to higher operating costs	3	3	9	2	2	4
12	Performance Failures	Lack of Capacity, Capability, development of staff and a performance management framework impacts on them achieving strategic outcomes.	4	5	20	3	4	12
13	Business Improvement	Deliver the best possible outcomes for your tenants	3	3	9	2	2	4
14	Business continuity - Severe service disruption	Effects of a pandemic, natural disaster to office and/or properties	4	4	16	3	3	9

APPENDIX E:

FAIRFIELD HOUSING ASSOCIATION – BOARD of MANAGEMENT BIOGRAPHIES

Name	Position	Skills and experience
Robert (Bob) McDougall	Chair	Bob joined the housing profession at the bottom and worked his way up. For the best part of 30 years, he was involved in change management and gained experience in urban and rural housing environments as well as working in organisations as diverse as Local Authorities, New Towns and Housing Associations. He became a Director of Housing at 34 and went on to become a Chief Executive of two housing associations, one of which operated across Scotland. Bob retired in May 2015 but was determined not to waste his years of experience and therefore decided to become a voluntary Board Member. He is now the Chair of Horizon Housing Association, a Board Member of Muirhouse Housing Association and has been an SHR statutory appointee on three occasions at Antonine and Dalmuir Park Housing Associations as well as Fairfield.
James Taylor	Vice Chair	James was elected onto the Board in 2016. James was previously employed in the building trade, agricultural industry and held a managerial role covering both the UK and abroad. James has volunteered with Capability Scotland assisting with landscape maintenance. James wanted to be involved in the Board to help ensure that tenants have quality accommodation with affordable rents.
Carol Ferguson-Mo on	Secretary	Carol was elected in 2018 after being co-opted onto the Board in October 2017. Carol became a tenant of Fairfield in 2016 after moving back to Scotland and was keen to be involved, finding out more about Housing Associations and how they run and can support communities to thrive. She wants to help promote the community and represent the tenants of Fairfield. Carol's career has worked in a host of administrative roles currently with GMB the trade union and before this with a nursing professional body. These provide her with experience and skills that she will be able to use in her role on the Board.
Gemma Thomas	Board Member	Gemma joined the Board in 2018. Gemma's previous employment included various customer service roles. Gemma completed her degree a BA (Hons) in Childhood and Youth Studies and is currently a pupil support assistant at a primary school, before starting her teacher training in August. Gemma has a young family and is also a volunteer for Perth Autism Support. Gemma felt that she wanted to contribute to the local community and felt that she had many transferable skills which would be an advantage to the Board of Management.
Hazel Young	Appointee	Hazel is Managing Director at Dunedin Canmore Housing Association, part of Wheatley Group. Hazel has responsibility for managing 5,000 homes, delivering a development programme of approx. 1,000 homes over 5 years, and for managing an in-house maintenance contractor with approx. £10m turnover. Hazel has extensive experience of managing and developing housing services for tenants and communities. During a career in housing

		spanning more than 25 years, Hazel has worked in various senior management roles. She has worked within Wheatley Group since 2008, including as Director of Policy and Service Development at Wheatley Solutions and South Area Housing Director at Glasgow Housing Association.
Ian McLean	Appointee	Ian has 40 years' experience behind him working in social housing both in local government and the Housing Association sector. For the first half of his career, he worked for Glasgow City and Dumfries and Galloway Councils and for the past 22 years he has been the Chief Executive of Bridgewater Housing Association in Erskine. He is a former chair of the Chartered Institute of Housing in Scotland and a member of the CIH UKs National Council. He has been a member of the Glasgow Children's Panel for 40 years and is Chair of Queens Cross Workspace a Subsidiary of Queens Cross Housing Association based in Maryhill in Glasgow. He has previously served as a statutory appointee on the committee of a Dundee based Housing Co-operative and a Kirkintilloch based Housing Association and has recently been a member of a Drumchapel based Association which successfully transferred its assets to another Drumchapel Association.
Margaret Vass	Appointee	Margaret Vass retired in 2009 following a 36 year career in housing in Glasgow rising to Depute Director of Housing with Glasgow City Council. Following the stock transfer in 2002 to Glasgow Housing Association Margaret held a number of senior managerial positions. She was very active with her professional body, the Chartered Institute of Housing, both in Scotland and in the UK and served as President in 1998/99 and served on a number of Government advisory groups. Margaret served as a Board member and Vice Chairperson of Thenu Housing Association from 2004- 2013 and Rural Stirling Housing Association from 2010 to date and was chairperson for 6 years. Margaret is also a Director of RSHA's subsidiary Venachar. She remains very active in her local Community she is a former Chair of Strathblane Community Council and is now Chair of Strathblane Community Development Trust and a director of Thomas Graham Library Ltd. She was awarded an OBE for services to Housing in Glasgow in 2000.
Dorothy MacCloy	Board Member	For 10 Years Dorothy worked for an American Medium Engineering company starting up in Scotland. Her position covered all aspects of H.R. from developing the company Rules and Terms and Conditions of Employment to Industrial Relations and Manpower Planning. Dorothy then moved to an American Hi-Tech company operating in this country. This company had a very high proportion of Direct Workers and therefore recruitment and training were high on the agenda alongside Payment, Pension and Benefits upgrading. Before retiring she spent 10 years in a Local Enterprise Trust working with the forward planning and development of Small to Medium Sized Enterprises. On a voluntary basis Dorothy was a member of the local Citizens & Advice Bureau Management Committee. She was a tenant of FHC for just over 10 years.
Alan Gear	Board Member	Alan has lived in Perth since 2010 and with strong connections in the area. He has been a tenant of Fairfield since May 2016. Alan started his career in the catering industry, specialising in patisserie in Switzerland and Sweden for seven years. He has worked in a number of creative areas including: acting, directing, producing, TV presenting and writing. Alan retired a few years ago and now supports a number of creative projects, including advising on website TV programming and development.
Sandra	Board	Sandra was elected onto the Board in September 2019. Sandra previously

Cruickshank	Member	worked at Network Rail for 17 years as access coordinator and is now retired. She currently volunteers with RVS at Perth Royal Infirmary. Sandra has been a tenant of Fairfield for 26.5 years and wants to be involved in the Board as she wants to give something back to the community.
Pamela Cruden	Board Member	Pamela was elected onto the Board in September 2019. Pamela has previous employment in retail and currently works at a local school. She previously volunteered at a group for children with ADHD arranging and carrying out activities. Pamela joined the Board as she wants to be involved in the local community and make positive changes.
Bartosz Maroszek	Board Member	Bartosz has worked for a coffin manufacturer for the last 14 years; his determination over the years has seen him progress within the organisation he works for and he now manages two departments. He is a qualified first aider. Bartosz has resided in Fairfield since 2013 and has previously served as a board member for two years.

Management Team and Staff Information

SENIOR MANAGEMENT TEAM

Bill Banks, Chief Executive Officer

Bill Banks has over 35 years' experience in the housing sector, originally as a Corporate Planning Officer and then in a variety of roles with Kingdom Housing Association.

Bill is the Senior Officer for Kingdom Housing Association and Group CEO for the Kingdom Group of Companies. As part of the shared services agreement between Kingdom and Fairfield, Bill will provide Chief Executive services to Fairfield.

As CEO Bill has overall responsibility for all areas of activity, with specific responsibilities for the provision of operations and implementation of the organisation's strategy. This includes organisational management and support, governance, compliance, performance management, communications, business development and strategic growth.

In addition to the above, Bill has Non-Executive Director experience and is currently the KHA Secretary; Board Director for Kingdom Initiatives & Kingdom Support & Care; Former Statutory Appointee on Ruchazie HA Committee and Chair of Scotland's Housing Network.

Bill is a Chartered Member of the Chartered Institute of Housing in Scotland and has a BA in Business Administration.

Calum Kippen, Head of Governance

Calum is the interim Head of Governance for the Kingdom Group. He joined Kingdom in August 2015.

As part of a shared services agreement between Kingdom and Fairfield, Calum will be providing governance and organisational support services to ensure its legal and regulatory compliance obligations are met and to promote the development of a strong governance culture.

Prior to working for Kingdom, Calum held roles with the US Government in their Embassy in London and the Walt Disney Company.

Calum has an MA (Hons) in Politics and International Relations, a post graduate certificate of excellence from the University of Central Florida, and a CIPFA Certificate in Corporate Governance.

Ken Tudhope, Finance Director

Ken is the Director of Finance of the Kingdom Group having joined Kingdom in July 2020.

Ken is responsible for all finance matters under the shared services agreement including management accounts, budgeting, long term forecasts, compliance with the remaining lender's covenant and submission of relevant returns to the Scottish Housing Regulator.

Ken has worked in similar roles in two other RSLs and the Law Society of Scotland, and was also a partner in a firm of accountants.

A qualified Chartered Accountant, Ken also has a degree in Political Economy from Glasgow University.

Paul Green - Housing Manager

Paul joined Fairfield in 2009 as a Housing Officer, became its Senior Housing Officer in 2012. From May 2020 as Housing Manager has been responsible for leading and managing the provision of a high quality, responsive housing and maintenance services that delivers and focuses on positive customer outcomes and satisfaction. Paul's main management responsibilities cover the operational activities related to;

- Housing management lead
- Rent Arrears & Debt Recovery
- Housing Benefit
- Housing Allocations
- Estate management

Before joining Fairfield, Paul held housing management roles with Viewpoint Housing Association.

Paul has a diploma in housing studies from Stirling University.

Head of Operations

This is a vacancy within the current Fairfield Structure, however the decision has been taken not to fill this post during the transitional period

Support for the Management Team

Angela Robertson, Assistant Finance Manager

Angela has more than 30 years accountancy experience. From an early career as

a Management Accountant she has worked in roles across public and private sectors, in the UK and internationally, including Company Accountant for a Lloyds of London corporate name, Financial Control Officer with Perth & Kinross Council, and Accountant and Business Analyst for Abertay Housing Association. She recently joined Kingdom Housing Association as its Assistant Finance Manager and is seconded to Fairfield as part of Fairfield and Kingdom's Collaborative Working Agreement. She is responsible for Fairfield's finance operations and is supported by the wider Kingdom senior finance and treasury management team.

Angela is a member of the Association of Chartered Certified Accountants (ACCA), has a BA in Child and Youth Studies, and an HND in Business Studies.

Kingdom Housing Association's wider finance team

- Tracey Jordan, KHA Finance Manager;
- Judith Lauder, KHA's Treasury Manager

Support from Kingdom Management Team

- Digital; Gary Haldane; Interim Director of Digital
- Housing; Matthew Busher, Interim Director of Housing
- Asset Management; Alan Simpson Director of Asset Management and Bryan Livingston, Technical Services Manager

Fairfield Staff Team

George McLeod - Maintenance Officer

- **Repairs and Maintenance lead**
 - **Contractor Procurement**
 - **Capital/ & Cyclical works**
 - **Estate management**
 - **Health & Safety**
-

Helen Ross - Housing Officer

- **Allocations**
 - **Estate Management**
 - **Rent Arrears and Debt Recovery**
 - **Welfare Reform**
 - **Housing Benefit**
-

Andrew Robinson - Housing Officer

- **Housing Allocations**
- **Estate Management**
- **Rent Arrears and Debt Recovery**
- **Welfare Reform**
- **Housing Benefit**

Nicola Forrest - Housing Officer- Temp

- **Rent Arrears & Debt Recovery**
- **Housing Benefit**
- **Housing Allocations**
- **Estate Management**
- **Welfare Reform**

Stephanie Joss - Corporate Administrator

- **Office Reception**
- **Rent Payments**
- **Social Media**
- **Document Management**
- **Processing Housing Applications**

Heather MacKinnon - Finance & Administrative Assistant

- **Day to Day Financial Management**
- **Invoicing**
- **Accounts Queries**
- **Office Reception**

Chloe McElhinney - Customer Services Advisor

- **Office Reception**
- **Rent Payments**
- **General Housing Enquiries**
- **Customer Engagement**

Alanna Fraser - Customer Services Advisor

- **Customer Engagement**
- **Office Reception**
- **Data Analysis**

Marc Moran - Caretaker

- **Estate Management**
- **Small Repairs**
- **Grass Cutting**
- **Bulky Item Uplift**

Dave Brusaglia - Caretaker

- **Estate Management**
- **Small Repairs**
- **Grass Cutting**

- Bulky Item Uplift

APPENDIX G:

Organisational Structure

