



BUSINESS PLAN 2024 - 2027

CALVAY HOUSING ASSOCIATION

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Introduction

1 Introduction

Calvay Housing Association began its life over 35 years ago when tenants of Glasgow City Council in the Barlanark area decided to get involved with improving their neighbourhood.

Today, Calvay Housing Association is one of many community-controlled housing associations in Glasgow and one of several in the Greater Easterhouse area. The Association owns over 850 properties, provides a factoring service to property owners and serves a small number of shared owners. Over the last two years, the Association has delivered more homes in the Barlanark area, with the completion of development programme that delivered 43 new homes.

The governing body of Calvay is its Management Committee elected annually by the members of the Association. Five of the thirteen members of the Committee in February 2024 were tenants of the Association which reflects both the origins of the Association and the commitment of the Association to remain strongly rooted in the community it serves.

This Business Plan is a three year plan focusing on the three years from 2024-2025 to 2026-2027.

In this plan, you will find the Values, Vision and Mission of the Association agreed by the Association's Management Committee. The Values, Vision and Mission are the guiding principles for the Association.

The financial projections in this Business Plan will be refreshed on an annual basis.

Executive Summary

2 Executive Summary

This Business Plan covers the three financial years from 2024-2025 to 2026-2027. Its purpose is to explain the strategic direction on priorities agreed by the Association's governing body, its Management Committee, and to outline the delivery plans that will allow the Association to meet its aspirations.

The document sets out our aims and objectives over that period to develop our business. We have looked at the economy, the political environment, our opportunities and challenges and, above all, the needs of the community – with a focus on value for money and affordability, and our development. We are a confident, forward-thinking independent housing association who works for the benefit of the residents of Barlanark. We are proud of our achievements and will always work to put our community first. While looking to the future, we will never forget our journey, our achievements, nor the efforts of everyone who has worked to make Calvay HA the success it is today.

The Business Plan provides a strategic framework for managing our services and our overall business over the next three years. It also informs our relationships with Calvay's customers, funders, regulators and partner organisations.

The Business Plan identifies many external and local factors that affect our business strategy. Responding to such factors is always important but is particularly so at present when social landlords are exposed to many uncertainties and risks, and many of our tenants are struggling. The key pressures include:

<ul style="list-style-type: none">• The impact of inflation and the cost of living crisis (including significant increases in domestic fuel costs) on Calvay HA tenants	<ul style="list-style-type: none">• The continuing economic impact of the war in Ukraine and developing impact of conflict in the Middle East
<ul style="list-style-type: none">• The impact of inflation and relatively high interest rates on Calvay HA as a business	<ul style="list-style-type: none">• Continuing cuts in Glasgow City Council budgets for essential neighbourhood services
<ul style="list-style-type: none">• Rising property maintenance costs, caused by Brexit and other global economic factors	<ul style="list-style-type: none">• Climate change obligations for Scotland's housing to be met over the next 10 years
<ul style="list-style-type: none">• Universal Credit migration, which is damaging to tenants and Calvay's income streams	<ul style="list-style-type: none">• Installation of EWI to Calvay's original stock

The Business Plan shows how Calway will monitor (and, wherever possible, address) risks caused by our operating environment. This will be a bigger challenge in areas we cannot control, such as inflation and the performance of the economy. In such cases, we will assess the impact and incorporate this in our decision-making on those matters we do control, e.g. how we can most effectively use the resources available to us and our budgets and spending.

We will use our Strategic Objectives as our guiding principles over the next three years.

Calway's finances are strong – we have cash reserves that will allow us to deal with a considerable amount of financial stress. The requirement to enter in to additional borrowing in order to finance External Wall Insulation works will have a significant impact on our finances; however, our 30-year plan remains robust.

Our rents are low compared to the Scottish average, and broadly affordable when evaluated using the SFHA's affordability tool. Affordability is tightest for single person households.

We aim to have all of our property inspected as part of stock condition survey every five years. Currently, we have data from inspections carried out in the last five years for almost 90% of our properties. Information for the properties that have not been inspected has been cloned from similar properties that have. The information from our stock condition survey is used to inform our costed Thirty Year Plan to ensure these plans are financially viable over the long term and to inform how much we need to increase the rent each year to pay for our investment plans.

Values, Vision and Mission

3 Values, Vision and Mission

3.1 Values

Calvay Housing Association Values

- ◆ Customer Focus
- ◆ Professionalism
- ◆ Integrity
- ◆ Respect

3.2 Vision

Calvay Housing Association's Vision

Calvay will be a well-managed mixed neighbourhood
with a good community spirit

3.3 Mission

Calvay Housing Association's Mission

We are a community-based organisation providing a great place for
our tenants and factored owners to live

Our Strategic Objectives

4 Our Strategic Objectives

The Strategic Objectives agreed by Committee in December 2021 are:

- **Provide a high quality housing service**
- **Demonstrate strong performance and compliance**
- **Be a good employer**
- **Invest in and support our community**
- **Practice robust governance**
- **Be responsible, forward-thinking and innovative**

The actions we are going to take to deliver our Strategic Objectives are:

Provide a high quality housing service

We will do this by:

- Engaging with our tenants fairly and actively
- Developing a customer charter and menu of services
- Investing in our properties and maintaining them effectively and sustainably
- Being an efficient factor

Demonstrate strong performance and compliance

We will do this by:

- Asking our tenants what they expect of us
- Being accountable for the performance standards we deliver
- Adopting an improvement focus in all that we do
- Actively assessing our compliance through our governance and operational management

Be a good employer

We will do this by:

- Supporting staff to deliver high quality services
- Offering learning and development opportunities
- Providing a positive and safe working environment
- Offering competitive terms and conditions that enable us to maintain rent levels that are affordable to tenants

Invest in and support our community

We will do this by:

- Providing financial and staff support for community initiatives
- Working in partnership with the community and other agencies
- Building new homes to meet identified need, where it is viable to do so
- Providing financial and other advice to maximise tenants' incomes

Practice robust governance

We will do this by:

- Ensuring our Management Committee has the necessary skills, knowledge and experience
- Monitoring performance and compliance regularly and managing risk effectively
- Engaging actively with our regulators and funders
- Ensuring that Calway is adequately resourced to meet our responsibilities and objectives

Be responsible, forward thinking and innovative

We will do this by:

- Promoting environmental sustainability
- Using our open spaces well
- Developing and adopting innovative models of service delivery
- Maximising our use of digital services and communication

Background

5 Background

5.1 Our History

In 1984, Calvay's tenants agreed to set up Calvay Co-operative and in 1985, the Co-operative was registered with the Registrar of Friendly Societies and as a housing association. Calvay Co-operative was one of the first three community ownership groups in Scotland. This was the beginning of a movement, which has seen the formation of many similar organisations throughout Scotland.

In 2004, Calvay amended its rules to that of a housing association to take advantage of the increased business opportunities afforded under the less restrictive Association model. A subsequent rule change in 2007 took this a step further when the Association adopted Charitable Status to take advantage of the financial breaks offered to regulated charities.

In 2011, the Association passed a further milestone in its development with the transfer of over 400 homes from GHA in a process known as Second Stage Transfer.

During 2023, 43 new homes were completed by Cruden Homes at Garvel Crescent and Blyth Road.

The Association is a community-controlled organisation, with strategic control in the hands of a voluntary Management Committee. With the support of the staff and consultants, the Committee set the policies and strategies for the Association. At the Annual General Meeting, members receive reports on progress.

Since 1985, the Association has transformed the Calvay area, both physically and through the creation of a lively and sustainable community.



David Linden MP at the Official Opening of Garvel Crescent, July 2023

5.2 Services provided by the Association

Calvay Housing Association provides a variety of services to its tenants, potential tenants and factored owners. Overall, the main goal of Calvay HA is to provide affordable, quality housing and support services to meet the needs of individuals and communities.

The main individual services are listed below:

Advice and Support: Calvay offers advice and support to people seeking housing, including information on housing options and assistance with housing applications.

Affordable Housing: Calvay provides affordable rental properties to individuals and families who may not be able to afford market-rate rents.

Property Management: Calvay HA is responsible for managing and maintaining our properties. This includes regular repairs and maintenance, as well as ensuring that properties meet health and safety standards.

Tenancy Support: Calvay HA often offer support services to tenants to help them sustain their tenancies. We employ a full-time Welfare Rights Officer to advise on welfare rights including benefit take-up and benefit appeals. The Welfare Rights Officer also offers debt and money advice including fuel purchase advice. Our housing officers offer support dealing with issues such as antisocial behaviour.

Development of New Housing: Calvay HA has been involved in the development of new affordable housing units most recently the 43 new homes completed in 2023 at Garvel Crescent and Blyth Road.

Community Engagement: Calvay HA often work closely with local communities to understand their housing needs and priorities. They may also provide support for community initiatives and projects.

Specialist Housing: Some Calvay HA properties are for specific groups, such as older people and people with disabilities.

Wider Role: In addition to some of the Tenancy Support services listed above, Calvay owns and manages the Calvay Centre. Our team of two Wider Role staff work to maximise opportunities for local people to access activities at the Calvay Centre and identify and apply for additional funding for support to the local community.

Factoring: We offer a factoring service for 120 properties in the local area.

The Calvay Centre

Calvay Housing Association is the owner of the Calvay Centre. As well providing an office base for the Association, there are three other tenants:

Singh Superstore - a self-contained shop attached to the Calvay Centre. This shop has been trading in the area for many years, offering convenience shopping for local residents.

Quarriers Charity - Quarriers provide practical care and support for vulnerable children, adults and families who face extremely challenging circumstances. They challenge poverty and inequality of opportunity to bring about positive changes in people's lives.

Calvay Community Café – run by Johns Café and Takeaway. The café is open Monday to Saturday and provides a place to meet for local people. Prices are intentionally very reasonable so they can serve as wide a range of customers as possible.



A wide range of activities take place at the Calvay Centre, such as:

- A Community Café (Mon – Sat)
- Community Courses (Various short and long-term courses such as First Aid, Food Hygiene, Mental Health First Aid, Nail Technician)
- Community Bingo (Wednesday Evenings)
- Sewing Group (Tuesday Mornings)
- Gymnastic classes (Friday Evenings)
- Computing Classes (Monday Mornings)
- Employability Support (Tuesday Mornings)
- Taekwondo Classes (Tuesday Evenings)
- Dance Classes (Tue and Wed evenings, and Saturday mornings)
- Parent & Toddler Group (Thursday Mornings)
- Keep Fit & Dance (Day & Time TBC – Older Folk)
- Youth Group (Wed & Friday nights)
- Springboig and Barlanark Community Council
- Community Meals (Monthly)
- Community Events (Various)
- Community/Private lets (Various)
- Tables Tennis / Men's Group

Affiliations

The Association is a member of, or affiliated to, several organisations. EVH, SFHA and SHARE all provide training and other support services to the Association. EVH negotiate the salary increase on behalf of their members. EVH also provide HR, recruitment and training.

GWSF concentrates its efforts on community-controlled housing associations mostly based in Glasgow and the West, while EHRA is a relatively informal grouping of housing associations working in Greater Easterhouse.

- EVH - Employers in Voluntary Housing
- SFHA - Scottish Federation of Housing Associations
- SHARE - Provider of training for housing associations
- GWSF - Glasgow and West of Scotland Forum
- EHRA - Easterhouse Housing and Regeneration Alliance
- SHN - Scottish Housing Network

5.3 Our Committee and Office Bearers

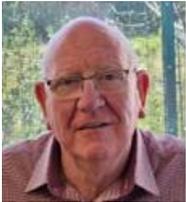
Calvay Housing Association Management Committee



Chair
Jim Gourlay



Vice Chair
Steven Blomer



Secretary
Bryce Wilson



Committee Member
Julia Okun



Committee Member
Jim Munro



Committee Member
Geri Mogan



Committee Member
Peter Howden



Co-opted Member
Lauren Austin



Co-opted member
Emma Connelly



Appointed Member
Gordon Laurie



Appointed Member
Lawrie West

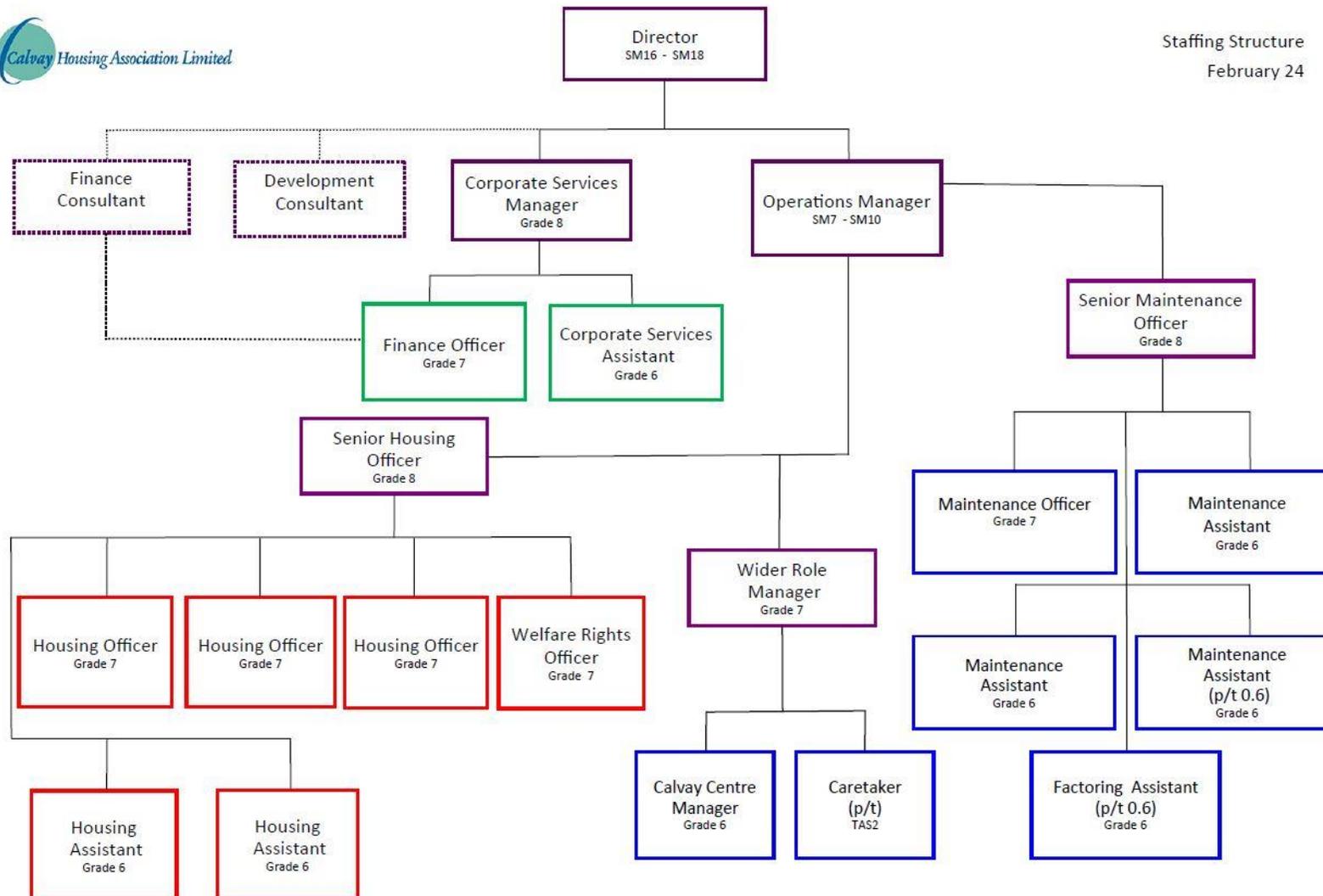


Appointed Member
Helen Forsyth

5.4 Our Staff



Staffing Structure
February 24



5.5 Our Customers

Barlanark, Calvay's area of operation, is a diverse community, providing homes to a wide variety of people.

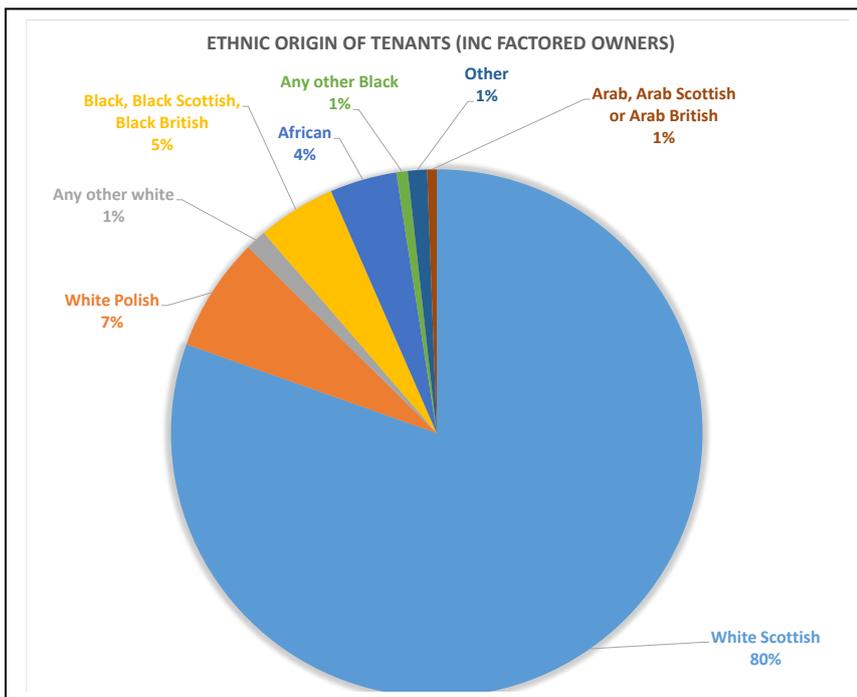
5.6 Ethnicity

The chart below shows that 80% of Calvay's tenants identify themselves as White Scottish. Only 6% identify as being Asian or Black. This contrasts with Glasgow as a whole, where (according to the 2011 census) 11% of the population identify themselves as being either Asian or Black.

88% of the Management Committee identifies as being White Scottish or White British, while 82% of the tenants as a whole fall into these two categories.

100% of the Management Committee identifies as White, whereas only 89% of tenants identify similarly.

During the three-year period of this Business Plan, we will be taking action to promote membership of the Committee to under-represented groups.



5.7 Our Stock

House types and size

Apartment Size	Number
1 Apt	42
2 Apt	149
3 Apt	375
4 Apt	209
5 Apt +	59
Total	834

Apartment size categories are based on a count of the number of bedrooms and living/dining rooms. Kitchens, bathrooms, toilets and utility rooms are not included.
 Figures as shown on SHR website for 22-23

5.8 Our Rents

The table below shows Calvay's rents compared to the Scottish Average.

For all sizes of home, the Association is less expensive than the Scottish average and, except for 5 apartments, significantly so. Our rent harmonisation process continues to be implemented and, as part of this rent harmonisation process, while some 5+ apartment rents are being frozen, others are being increased by more than the average annual increase. In April 2023, our rents increased by 5% and in April 2024 they will increase by a further 5.5%.

Size of home	Number owned	Calvay weekly rent 22-23	Scottish average (all RSLs) 22-23	Difference between Calvay and Scottish average	% increase to be applied in Apr 2024
1 apartment	42	£56.86	£78.26	27.3% lower	
2 apartment	149	£72.86	£83.46	12.7% lower	
3 apartment	375	£79.57	£86.28	7.8% lower	
4 apartment	209	£86.78	£93.96	7.6% lower	
5 apartment	59	£103.15	£103.72	0.5% lower	
Total	834				5.5%

Data from SHR website. Number owned as per SHR website at 31 March 2023.

Affordability Considerations

SFHA and Housemark have developed an affordability toolkit to allow more nuanced assessment of the

effect of rent levels on various household types. The tool measures how affordable a certain rent level might be for those on “moderate incomes”.

Affordability is a fundamental concern. Many tenants are concerned about their ability to pay their rent as it is; they are also worried about energy and food costs. The pressure on household budgets for those on low and moderate incomes is immense.

The SFHA’s tool calculates what percentage of notional income would be spent on rent in any given model scenario. ***An affordable rent is considered to be one that is less than 25% of income.*** A result above 30% would fail the affordability test, and between 25% and 30% would have potential for concern and difficulty.

On this measure, our rents are affordable, albeit slightly less so for single person households, than other property/occupancy types. When compared to similar housing associations we find that Calvay rents are comparable, with some rents being higher and some lower.

Asset Management

6 Asset Management

One of the key benefits of being a social landlord is that surplus generated by the Association can be used to reinvest in Association properties.

6.1 Stock Condition Survey

Calvay aims to ensure that all of our stock is inspected every five years. In the last five years, we have surveyed almost 90% of our properties and ‘cloned’ information for the outstanding properties. Surveyors Brown and Wallace carry out the Stock Condition Survey (SCS). Information gathered via the SCS allows us to determine whether our properties meet the Scottish Housing Quality Standard (SHQS).

6.2 Thirty Year Plans

The information from the SCS is used to create and update a Thirty Year Investment Plan for the Association’s properties. We will update our Investment Plans every year in light of the information we receive from the Stock Condition Survey. The costs of implementing the Thirty Year Investment Plan are then used to populate the Thirty Year Financial Plan.

6.3 Energy Efficiency Standard for Social Housing (ESSH) and Scottish Housing Quality Standard (SHQS)

Nine properties do not meet Energy Efficiency Standard for Social Housing (ESSH) because tenants have refused to have their electrical heating systems upgraded to gas central heating. These customers are offered an upgrade to their system on an annual basis and efforts are made to convince tenants to engage. As a result these properties are considered an abeyance under ESSH and by extension neither “pass” nor “fail” to meet SHQS but rather remain in “suspension” for the period of the abeyance. The Association will upgrade these properties at void stage and will include these properties in opportunities to pilot alternative heating systems.

ESSH2 standards are not yet available, however we anticipate that achieving ESSH2 will be challenging, especially dealing with financing necessary upgrades. In the meanwhile, following the Scottish Government’s ‘Fabric First’ advice, we are planning to install External Wall Insulation (EWI). This is discussed further in the Risks to our Asset Management Strategy (below).

6.4 Risks to our Asset Management Strategy

Our current preferred method of heating our properties is gas-fired high-efficiency combination boilers. In the medium term, as fossil fuel gas is phased out, we will need to install alternative heating systems. Additionally, while our new-build properties (especially the ones most recently completed) are already energy efficient, our older tenemental stock, which was built in the 1950s, will be challenging to improve. We anticipate needing to invest significantly in improving both the fabric and heating systems, however predicting with any degree of precision what the costs will be to achieve this improvement is difficult, since it relies on technology (such as heat pump technology) which is yet to be installed at scale in the UK.

During 2023, we became aware of several issues affecting the fabric of some of Calvay's original housing (Calvay Crescent, Calvay Road and Barlanark Road). There were several failures of the external fabric which broadly fell into two categories:

- 1) Failures related to balconies
- 2) Failures of rendering, resulting in rendering falling from buildings

Our initial response was to make-safe. Our longer-term plan is to invest a significant sum installing External Wall Insulation (EWI) that will both prevent any further instances of rendering falling to the ground and improve the thermal performance of our least heat-efficient properties.

We anticipate that 50% of the cost of the EWI works will come from grant funding and additional borrowing will pay for the remainder. This additional borrowing presents a risk to our asset management strategy as it means there will be less money available to pay for other work however, we will still have a sustainable thirty-year plan showing an overall surplus and enough income to pay for our asset replacements.

The current economic situation is a risk. Our previous plans worked on the assumption that we increase rents annually by CPI plus 0.5%, however this assumption was agreed before the COVID pandemic and current cost of living crisis. In April 2023 we increased our rent by only 5% at a time when inflation was over 10% and in April 2024 we will increase the rent by 5.6%. While there is some uncertainty around timing, inflation is currently expected to fall throughout and beyond 2024.

Our Operating Environment

7 Our Operating Environment

This section of the plan examines our external operating environment that is the conditions, entities, events and factors surrounding the Association that influence its activities and choices, and determine its opportunities and risks. The PESTEL analysis concentrates on the Association's external environment. The SWOT analysis considers a mixture of internal and external factors. Both the PESTEL and SWOT analyses were agreed by Committee at its away-day in November 2023. Finally, there is a risk analysis which reviews the risks the Association faces and categorises these risks depending on how they are to be dealt with. The three categories into which risks are placed are:

- Treat - take action to mitigate
- Transfer - pass the risk to someone else
- Tolerate - live with the risk, but with a full understanding of the consequences of doing so

7.1 PESTEL Analysis

POLITICAL		
Factor	Issues	Responses
Change in government	<ul style="list-style-type: none"> • Whether the Scottish Government or Westminster Government, a change (particularly if it happens unexpectedly and/or quickly) could impact on Calvay's operations • Lack of clarity relating to the priorities of opposition parties 	<ul style="list-style-type: none"> • Keep up to date with policy briefings from GWSF, SFHA and others • Maintain healthy financial position to increase ability to deal with any adverse consequences
Changes to funding for Social Housing	<ul style="list-style-type: none"> • Policy decisions could change grant rate available 	<ul style="list-style-type: none"> • Maintain good relationship with officers and councillors
Increased demand	<ul style="list-style-type: none"> • Increased demand for those escaping war-torn countries – asylum seekers and refugees • Increased pressure on temporary and permanent accommodation • Competing demand and priorities, i.e. refugees vs statutory homeless • Perceptions leading to community tension • Is Scotland Ready? Promise vs capacity • Capacity of support services to address emotional damage, PTSD etc. • Withdrawal of landlords from the Private Rented Sector/increasing pressure on waiting lists • Housing First – sustainable? 	<ul style="list-style-type: none"> • Continued liaison with local EHRA partners • Robust liaison with GCC/HSCP for rehousing priorities • Strengthen translation and signposting services
Our Place in Europe	<ul style="list-style-type: none"> • Increases in labour and materials costs • Possible sanctions against UK for breaching international treaties 	<ul style="list-style-type: none"> • Maintain healthy financial position to increase ability to deal with any adverse consequences • Monitor advice from regulator and others
The impact of war	<ul style="list-style-type: none"> • Supply chains disrupted • Increase in cost of materials 	

Welfare Reforms	<ul style="list-style-type: none"> Increasing pace of migration to Universal Credit 	<ul style="list-style-type: none"> Identify those most likely to be affected by UC/other changes and offer support (Welfare Benefits Officer)
Scottish Independence	<ul style="list-style-type: none"> Second referendum – different operating environment from the first referendum Difficult to predict issues – potential medium-term issues if Scotland adopts own currency for loan re-pricing 	<ul style="list-style-type: none"> Monitor, horizon scan and keep informed via partner organisations, e.g. SFHA, if movement on this issue
Wider housing sector	<ul style="list-style-type: none"> Withdrawal of landlords from within the PRS contributing to increased demand Limited access to mortgages/cost of mortgage contributing to increased demand Decrease in availability of sustainable housing options Extension of Tenant Protection Act 	<ul style="list-style-type: none"> Work through representative bodies, e.g. SFHA and GWSF, to lobby so that SG understands the consequences of rent controls or a rent freeze
Council Tax Freeze	<ul style="list-style-type: none"> Impact on GCC services Impact on Calvary and our customers 	

ECONOMIC		
Factor	Issues	Responses
<p>More demand for housing</p> <p>Interest rate changes</p>	<ul style="list-style-type: none"> • Demand exceeds supply • 65% of lets to homeless applicants – some RSLs only 35% • “Housing Emergency” • Interest rates have increased and, while inflation is currently expected to reduce, this could change. The regulator has raised this as an issue HAs should consider 	<ul style="list-style-type: none"> • Information exchange with local partners in EHRA • Robust liaison with GCC/HSCP for rehousing priorities • • Keep a percentage of loans on fixed rate to protect against increases.
Inflation	<ul style="list-style-type: none"> • Inflationary pressure continues – inflation does not reduce and could actually continue to rise • Inflation outpaces salaries and benefits • Inflation increases costs for building maintenance • Pressure to increase staff salaries 	<ul style="list-style-type: none"> • Carefully monitor increases, especially construction costs inflation • Use fixed-price Design and Build contracts for any future development • Increase budget(s) in relevant areas if necessary and, if necessary, consider higher rent increases
Recession	<ul style="list-style-type: none"> • Recession impacts disproportionately on low wage earners; rent affordability • Consequent rise in arrears 	<ul style="list-style-type: none"> • Promote financial inclusion service more widely • Continue to monitor arrears closely
Cost of living crisis – particularly domestic energy costs	<ul style="list-style-type: none"> • Massive increase in domestic fuel costs • Rise in arrears as more people forced to make rent/eat/heat decisions 	<ul style="list-style-type: none"> • Secure maximum discretionary funding • Offer benefits checks • Possible use of Calway Centre for homework clubs/ warm space

Reduction or removal of GCC services	<ul style="list-style-type: none">• Increased demand on Calvay resources• Reduction of supportive services to Calvay customers• Potential for detrimental impact on the Calvay community• Increased charging for GCC services	<ul style="list-style-type: none">• Realignment of resources to address service reductions
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SOCIAL		
Factor	Issues	Responses
Real pay reductions	<ul style="list-style-type: none"> Affordability of rent 	<ul style="list-style-type: none"> Periodic use of SFHA affordability tool Benchmark rent levels against suitable comparators
Ageing population	<ul style="list-style-type: none"> Many properties not suitable for people with reduced mobility (prn), especially tenements above ground floor Need to grow “ageing services” 	<ul style="list-style-type: none"> Work with OTs to adapt homes where possible Ensure prospective tenants understand limitations of walk-up properties If developing new properties, take into consideration need to rehouse older people from walk-up properties Reduce isolation via centre and wider role Expand “Good Morning service” beyond supported housing
Recruitment of people with specialist skills to serve on the Management Committee	<ul style="list-style-type: none"> Potential existential threat to Calvay if governance fails 	<ul style="list-style-type: none"> Run Committee recruitment Ensure Committee well run Publicise Association’s success
Customer focus	<ul style="list-style-type: none"> Need to ensure all tenants, residents, owners and other stakeholders receive first class customer service Understanding our community 	<ul style="list-style-type: none"> Customer ‘journeys’ mapped New member of staff appointed with tenant engagement remit Working group to improve Calvay’s customer focus Analysis of equalities data to tailor services within Calvay

Customer expectations	<ul style="list-style-type: none"> • Preference for main-door properties rather than tenemental properties • Customers' expectations have changed post Covid • Increased complaints • Decrease in GCC services leading to increased demand on Calvay resources 	<ul style="list-style-type: none"> • Ensure tenemental properties are an attractive offer • Develop predominantly main-door properties • Seek to manage customer expectations • Discussing options, choices and difficult decisions with Scrutiny Group
Employment	<ul style="list-style-type: none"> • Lack of opportunities within Calvay and Greater Easterhouse community • Cost of innovation • Succession planning within Calvay 	<ul style="list-style-type: none"> • Engage with specialist and partner agencies to maximise employment opportunities • Work with FE colleges to future proof workforce, i.e. GSH Pump specialism • Enhance wider role function to explore training and employment opportunities

TECHNOLOGICAL		
Factor	Issues	Responses
Increased use of smartphones	<ul style="list-style-type: none"> Smartphones being used as default method of communication Multiple apps being used Digital exclusion – not everyone has a smartphone, is confident using it and has enough data allowance 	<ul style="list-style-type: none"> Need to invest to keep up with developments and gain benefits Offer range of alternative ways to communicate Offer support and training (IT suite)
Website and Calvay Info Screens	<ul style="list-style-type: none"> Website needs to increase its functionality 	<ul style="list-style-type: none"> Update website Ensure staff trained and ongoing responsibility for maintenance of site is agreed
Customer self-service	<ul style="list-style-type: none"> Sector move to self-serve/online first model Outdated housing management system Low uptake of Calvay self-service for rent and repair checking Not everyone has access to internet Introduction of Calvay App 	<ul style="list-style-type: none"> Introduce 'quick wins' e.g. reporting repairs online Promote use of online rent and repair checking Investigate online models, particularly those built on SDM e.g. those used by East Lothian HA Explore options for new HM system
Technology use to involve community	<ul style="list-style-type: none"> Low engagement of local community with Calvay 	<ul style="list-style-type: none"> Use technology to engage with traditionally 'hard to reach' groups e.g. younger people Implementation of Tenant Participation Strategy
Social media – involve younger people	<ul style="list-style-type: none"> Social media is increasingly being used by customers Possibility of reputational damage – viral messages 	<ul style="list-style-type: none"> Develop online engagement policy Ensure sufficient staffing to support policy
Cyber attack	<ul style="list-style-type: none"> Increased risk of cyber attacks 	<ul style="list-style-type: none"> Increase staff awareness of cyber crime Ensure insurance in this area is fit for purpose Consider repeat of 'penetration testing'
Digital inclusion	<ul style="list-style-type: none"> Some people being excluded 	<ul style="list-style-type: none"> Wider role officer – deliver digital inclusion (equipment/internet/training) Implementation of Tenant Participation Strategy

Internet of Things	<ul style="list-style-type: none">• New technology• Privacy issues	<ul style="list-style-type: none">• Keep up-to-date with developments• Ensure privacy issues understood and addressed• Clear the voicemail• Use of AI• Develop Digital Strategy
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ENVIRONMENTAL		
Factor	Issues	Responses
Landscaping	<ul style="list-style-type: none"> Some inappropriate use of trees Litter and dog mess continue to be a problem 	<ul style="list-style-type: none"> Survey trees, taking action as appropriate Consider service delivery in relation to maintaining environment
Climate change - possible increased frequency of extreme	<ul style="list-style-type: none"> Damage to Association property, especially from flooding Vulnerable tenants, in particular, may suffer 	<ul style="list-style-type: none"> Consider properties' resilience to extreme weather Develop contingency plans Build community resilience
Electricity use	<ul style="list-style-type: none"> The Association is responsible for lighting which has not yet been changed to low energy bulbs 	<ul style="list-style-type: none"> Review lighting requirements Switch to low-energy (LED) options More use of renewable energy Monitor energy use better
Recycling	<ul style="list-style-type: none"> More pressure to manage bin stores Increase fly tipping due to withdrawal of GCC services Reuse more locally 	<ul style="list-style-type: none"> Work with partners to encourage tenants to recycle furniture Reduce waste and recycle more in office
Street cleansing	<ul style="list-style-type: none"> Streets inadequately cleaned 	<ul style="list-style-type: none"> Liaise with GCC to get better service delivered
Flood risk	<ul style="list-style-type: none"> Barlanark Road has experienced flooding in the past 	<ul style="list-style-type: none"> Monitor for any 'near misses' where water accumulation occurs
Net Zero	<ul style="list-style-type: none"> Biggest challenge to Calvay ESSH2 Contractors innovation vs Value for Money 	<ul style="list-style-type: none"> Develop strategic approach to achieving Net Zero

LEGAL		
Factor	Issues	Responses
Scottish Housing Regulator	<ul style="list-style-type: none"> • Requirement for self-assessment • Increased emphasis on rent affordability • SHR consultation for new social housing regulation framework 	<ul style="list-style-type: none"> • Network with other HAs to find out if there are any changes in attitude • Ensure compliance • Undertake a Governance Review
Freedom of Information for HAs	<ul style="list-style-type: none"> • FoI has now applied to HAs for over three years • We must have a Data Protection Officer 	<ul style="list-style-type: none"> • Train staff • Use a company, RGDP, as our data protection officer
Increase in regulatory burden	<ul style="list-style-type: none"> • Increases in regulation disproportionately affect small/medium HAs such as Calvay HA • ESSH2 obligations 	<ul style="list-style-type: none"> • Pursue joint working through EHRA • Staff training to ensure up-to-date with regulatory requirements • Check we are meeting all regulatory requirements • Check we are making all necessary financial and other returns
Insurance	<ul style="list-style-type: none"> • Providers withdrawing from the sector • Significant cost increases 	
Procurement	<ul style="list-style-type: none"> • Internal audit 	<ul style="list-style-type: none"> • Respond to the findings of internal audit
Staffing	<ul style="list-style-type: none"> • Revised T&Cs • Hybrid working • Attracting the right skills 	<ul style="list-style-type: none"> • Enhancing the Calvay offer • Maintaining offer with market leaders

7.2 SWOT Analysis

INTERNAL			
STRENGTHS	How we can take advantage of these	WEAKNESSES	How we can counter these
<ul style="list-style-type: none"> • High-performing high levels of customer satisfaction • Stable well-trained staff team • Finance – strong position, have “headroom” • Good range, mix of stock, community centre, housing services/wider role • Reputation, good reputation within sector • High demand for properties • Affordable rents • Good terms and conditions for staff • Active external relationships (EHRA/GWSF) • Strong community connection • Community centre – ability to deliver range of services • Wider Role Officer • TPAS engaged 	<ul style="list-style-type: none"> • Can use strong staff and Committee commitment to make changes necessary to improve service further • Schedule community events regularly – community meals, community garden • Maximise the outputs of the “Centre group” • Use learning from the “street party” 	<ul style="list-style-type: none"> • Structure – lack of succession plan for MC and staff team • Finance – missed opportunities for funding • Marketing – lack of self-promotion • Reputation – service users not being aware Calvay is not responsible for certain services (cleansing, GCC owned open spaces, etc.), therefore reputation is affected • Customer voice needs strengthening • Digital innovation • Outdated housing management system • Mixed quality of housing • Housing mix – flats vs main doors • Equality data gathering incomplete 	<ul style="list-style-type: none"> • Develop succession planning model for Committee and staff • Review IT provision to identify areas of concern • Improve communications with tenants, other customers and other interested parties by e.g. press releases/articles in trade press

EXTERNAL

OPPORTUNITIES	How we can take advantage of these	THREATS	How we can counter these
<ul style="list-style-type: none"> • Increase in funding for social housing • Technology could assist in involving the wider community • More economic migrants, therefore more demand for housing • Recycling/reuse more locally • Some small potential development sites • Increased GCC funding for development • Closer/more effective working with EHRA • Wider Role • Funding to improve energy efficiency of properties • Increased knowledge of diversity of our community • TPAS engaged 	<ul style="list-style-type: none"> • Deliver development programme • Promote more use of recycling, both in office and by tenants • Secure long term funding option for Wider Role Officer • Respond to diverse nature of Calvay community • Develop community centre plan • Buy back properties on the open market • Community capacity building 	<ul style="list-style-type: none"> • Higher interest rates on loans • High Inflation • Universal Credit • Digital exclusion • Cyber attack • Higher expectations from younger workforce in regard Terms & Conditions • Climate change - more extreme weather • GDPR • Regulation – increasing SHR regulation • SHR intervention • EESSH2 – need for significant investment • Future rent freeze/rent control • Net Zero – limited skill base and high-cost supply chain • Sector skills gap in certain roles • Customer expectations post Covid • Sustainable plan for community centre • Sustainability of rent increases/high inflation – impact on “working poor” 	<ul style="list-style-type: none"> • Control costs, maintain reserves • Remain financially strong • Continue to promote Welfare Rights advice service • Ensure governance is fully compliant • Address any SHR in relation to governance • Engage and retain Community Voice

7.3 Risk Analysis

Strategic Risk Matrix January 2024 (showing risks where Assurance Level is Low or Medium)

Risk No.	Category	Description and Impact of Risk	Risk Owner	Inherent Likelihood (before)	Inherent Impact (before)	Before Likelihood Score	Before Impact Score	Inherent Risk Rating Before	Mitigation/Control Measures	Residual Likelihood (after)	Residual Impact (after)	After Likelihood Score	After Impact Score	Residual Risk Rating After	Assurance Level	Assurance and Quarterly Review Update
SR22	Governance	Calvay not compliant with Regulatory Standards	Director	Almost Certain	Catastrophic	5	5	25	Co-operation with SHR Appointed HR consultant Commissioned Governance Review Committee receiving intensive Regulatory Framework training	Almost Certain	Major	4	4	16	Low Assurance	
SR13	Financial	Increased requirement to invest in property to meet EESSH2 - Unknown costs	Finance Consultant	Almost Certain	Major	5	4	20	Robust financial plans showing a planned surplus Keep up to date with possible solutions such as GSHP / Hydrogen boiler Consider 'Fabric First' approach	Almost Certain	Moderate	5	3	15	Low Assurance	
SR19	Health and Safety	Piece of rendering fell from building Possibility of serious injury to tenants	Property Services Manager	Likely	Catastrophic	4	5	20	Structural Engineers report - no immediate risk 'Shelter' erected at property where rendering came loose Contractor, Lattos, carrying out on-site inspections to remove any loose material	Likely	Catastrophic	3	5	15	Low Assurance	
SR32	Financial	Difficulty in getting insurance Much higher insurance costs	Operations Manager	Possibly	Major	3	4	12	Use insurance broker to arrange insurance	Possibly	Major	3	4	12	Medium Assurance	Insurance has been secured for 23/24 albeit at approx 50% over cost for 22/23
SR14	Financial	Increased loan repayment costs as interest rates rise	Finance Consultant	Almost Certain	Moderate	5	3	15	Fix interest rates on a portion of our loans	Almost Certain	Minor	5	2	10	Medium Assurance	
SR21	Financial	Cost pressures: Inflation Contractor costs	Director	Almost Certain	Major	5	4	20	Budget set for 23-24 30 year plan revised Keep close eye on day-to-day repairs	Almost Certain	Moderate	5	2	10	Medium Assurance	
SR10	Technological	Cyber Security Hack resulting in data breach Hack resulting in data loss Hack resulting in direct financial loss e.g. fraud	Director	Likely	Major	4	4	16	<ul style="list-style-type: none"> - ICT Strategy - Privacy Policy and training - Business Continuity Policy, incorporating Crisis Management Plan - Server Virtualisation - Hardware, Data Loss and Cyber Crime Insurance Cover - Backup Schedule (NAS, Off-site and cloud) - Off Site Data Storage - Data Loss and Cyber Crime Insurance - Network Penetration Testing - ICT Acceptable Usage Policy - Payment Card Industry Compliant - Cyberessentials certification 	Possibly	Moderate	3	3	9	Medium Assurance	

SR16	Financial	Failure to work up and execute major investment projects within budget and on time impacts adversely on business plan	Operations Manager	Possibly	Major	3	4	12	- Development Strategy - Business Plan and cashflow modelling - Procurement Policy - Contract Delivery Procedures - Quarterly Contract Monitoring - Devolved Budget Process - Quarterly Management Accounts - Contract Review Meetings	Possibly	Moderate	3	3	9	Medium Assurance	
SR20	Technological	SDM - change in ownership - future uncertain	Director	Possibly	Moderate	3	3	9	Investigation of alternative suppliers	Possibly	Moderate	3	3	9	Medium Assurance	
SR27	Financial	Procurement	Operations Manager	Possibly	Major	3	4	12	Use of procurement consultant to minimise risk from contractor insolvency	Possibly	Moderate	3	3	9	Medium Assurance	
SR01	Financial	Inflation, especially fuel and food costs increasing causing a Cost of Living Crisis and many tenants experiencing fuel poverty	Director	Likely	Major	4	4	16	- Publicise Welfare Rights Service - Secure relief funding - Risk Management Policy - Grants being secured and paid to tenants e.g. SFHA Fuel Support Fund	Almost Certain	Minor	4	2	8	Medium Assurance	Welfare Rights Officer appointed
SR08	Legislative/Regulatory	New SHR Regulations / Requirements	Director	Likely	Major	4	4	16	- Review of SHR website guidance - Training - EHRA Director's meetings - Membership of GWSF / SFHA	Likely	Minor	4	2	8	Medium Assurance	Appropriate documents uploaded to Decision Time
SR09	Health and Safety	Close Fires causing harm to tenants, including serious harm or death	Property Services Manager	Possibly	Major	3	4	12	Clear Close Policy Implementation of Clear Close Policy Tenant Information	Unlikely	Major	2	4	8	Medium Assurance	Reporting to Property Service Sub-committee
SR24	Financial	Development Programme	Director and Development Consultant	Possibly	Catastrophic	3	5	15	Robust procurement Comprehensive Contract Experienced Development Agent High Quality Clerk Performance Bond in place	Unlikely	Major	2	4	8	Medium Assurance	
SR25	Financial	Rent Arrears increase	Operations Manager	Likely	Moderate	4	3	12	Rent levels kept affordable Full time welfare rights officer	Likely	Insignificant	4	2	8	Medium Assurance	Quarterly reporting of arrears to Management Committee
SR28	Financial	Loan Covenant Compliance	Financial Consultant	Likely	Major	4	4	16	Experienced Financial Consultant Quarterly monitoring to Committee Speaking to lender prior to any event causing a breach	Unlikely	Major	2	4	8	Medium Assurance	Quarterly reporting of covenant compliance to Management Committee

7.4 Our Approach to Human Rights and Equalities

All RSLs are required to meet Equal Opportunities legislation in the provision of housing and services, as well as recruitment of staff, and contractors and consultants. The main legislation in relation to equality and diversity is contained within the Equality Act 2010 and this describes the nine protected characteristics:

- age
- disability
- gender reassignment
- marriage or civil partnership (in employment only)
- pregnancy and maternity
- race
- religion or belief
- sex
- sexual orientation

The Scottish Social Housing Charter (SSHC) sets out the requirements for landlords to find ways of understanding the rights and needs of different customers and to deliver services that meet these needs. We report on this standard by collating Equal Opportunities monitoring. The SHR Framework requires social landlords to have assurance and evidence that it considers equality and human rights issues properly when making all its decisions, in the design and review of internal and external policies, and in its day-to-day service delivery. To comply with these duties, landlords must collect data relating to each of the protected characteristics for their existing tenants, new tenants, people on waiting lists, governing body members and staff, and report on this requirement.

We must, therefore, maintain a strong focus on Human Rights and Equalities during the period of this plan. We will:

- Put in place an Equality Data Collection Framework, and provide training and guidance for staff
- Develop a new Equality, Diversity & Human Rights Strategy and Action Plan
- Prepare and develop our systems of reporting to provide the assurance to our Board and to the SHR that demonstrates how we use equalities data to inform service delivery

Progress

We have collected data on an anonymous basis from:

- Tenants
- Staff
- Committee

Over the period of this business plan, we will conduct an analysis of the diversity of the MC in the context of the community CHA serves and take action if required. We will analyse the tenant data and use this analysis to inform changes to service delivery and conduct an analysis of the diversity of the staff team in the context of the community CHA serves and take action if required.

7.5 Our Approach to Stakeholder Engagement

Customers

Our customers are at the heart of our business. They are our most important stakeholder group and include tenants, residents and other service users. We are committed to achieving customer service excellence in all that we do. We always strive to treat our customers with respect and be responsive to their needs. We value the views of our customers, and actively seek ways in which to engage with and listen to our customers, involving them and working with them to develop and deliver the services they want.

Staff

We understand that our people are our greatest resource. Our staff are committed to delivering an excellent level of service to our communities, and we value and support all of our people and encourage them to achieve their maximum potential. Our staff are motivated, supported and developed to ensure that the organisation provides excellent services to tenants and other customers, and achieves our ambitious objectives.

Volunteers

Volunteers play an important role at Calvay. We are fortunate to have dedicated, skilled and enthusiastic volunteers who support and complement our staff teams. Our Wider Role Staff work to provide meaningful volunteering opportunities for people living in the local community.

Regulators

Calvay HA is registered with and regulated by the Scottish Housing Regulator (SHR). The Association is committed to ensuring that we return to compliance with all of the seven Standards contained within the SHR's Regulatory Framework. We will continue to provide the regulator with an Annual Assurance Statement by the end of October each year, and we will work closely with the regulator to ensure we meet the regulatory standards of governance and financial management.

We are also a registered charity regulated by OSCR and as a community benefit society we are overseen by the Financial Conduct Authority. Our complaints process is consistent with the Scottish Public Services Ombudsman's complaints process.

Scottish Government

The Scottish Government has supported a number of our key programmes and initiatives with funding (e.g. our development programme) and this has enabled us to deliver innovative programmes within our communities. We take account of the Scottish Government's national policy priorities when developing and delivering our services. We are currently in receipt of grant the Scottish Government's Investing in Communities Fund to pay for two wider role staff.

Partners

Calvay is an established 'community anchor' and we work with local partners to deliver community projects. Our aim is to work with a range of partners to deliver lasting benefits to local communities and to have a positive influence on the housing sector in general. Our partners may be small local organisations or groups, or they can be large national organisations. Key partners include SFHA, CIH, SHARE, Employers in Voluntary Housing, Glasgow and West of Scotland Forum, Glasgow City Council

and the Scottish Government, as well as local community-based voluntary groups and businesses/organisations such as Turning Point.

Lenders

We understand the importance of loans and treasury management to our business and maintain a strong professional relationship with our lenders. Finance is important to allow us to build new homes and refurbish our existing stock.

We recognise the necessity of compliance with the terms set out in its loans with current lenders, Clydesdale Yorkshire Banking Group (CYBG) and the Nationwide Building Society (Nationwide). We communicate with our lenders in an open, professional and timely manner to ensure that our lenders are aware of our plans, and that we are meeting all of our obligations within the terms of our loan agreements and covenants.

Suppliers/Contractors

We have strong working relationships with a variety of suppliers and contractors. Our relationships are built on mutual respect and integrity. We will ensure that we continue to develop and maintain sound positive relationships in line with good practice in procurement, contract management and professional services.

Strategic Priorities

8 Strategic Priorities 2024 – 2025

8.1 Regulatory Compliance

The Scottish Housing Regulator is currently engaging with Calvay about our governance. Our status is “Working Towards Compliance”. The Governance Review carried out by Indigo House identified 54 recommendations. These were accepted by Committee and actions to address these recommendations are currently being delivered. A key strategic priority (perhaps the most important Strategic Priority) for 2024 – 2025 is to return Calvay to regulatory compliance.

8.2 Health & Safety

During late 2022, two issues with property in Calvay Crescent (but which also apply to Calvay’s stock in Calvay Road and Barlanark Road) became apparent. The first was delamination of material from balconies at the top of Calvay Crescent. The second was the failure of a piece of rendering which fell from height from the rear elevation of a property in Calvay Crescent. Ensuring the safety of our properties is of utmost importance. For 2024 – 2025, a key action is to procure and substantially deliver on a contract to rectify the identified faults with the rendering and balconies, etc. Committee’s preferred solution is to deliver External Wall Insulation (EWI) works. Securing sufficient finance from a combination of grant and new borrowing to pay for the works is critical to the success of this project.

We will also finalise our record keeping around key tenant H&S matters to ensure our data recording is fully accurate and fit for purpose, which will in turn give us greater assurance over our compliance. The five key areas covered will be:

- Gas safety
- Electrical safety
- Asbestos safety
- Legionella safety and
- Fire safety (including the installation of fire and carbon monoxide detectors)

Finally, we will be working to ensure that our homes are free of damp and mould, that we respond in a timely fashion to reports of damp and especially mould, and that we are recording our work in relation to this area of work.

8.3 Customer Voice/Tenant Scrutiny

Calvay’s Annual Assurance Statement and self-assessment identified the need to improve the customer voice at Calvay. One way to achieve this is by establishing a Tenant Scrutiny Panel. Using support from the Tenant Participation Advisory Service Scotland (TPAS) we will continue work to

establish a Tenant Scrutiny Panel during 2024 – 2025. Work to date has resulted in the formation of Your Voice a group of tenants who have met several times during 2023 – 2024. We will continue to support the work of Your Voice and any Tenant Scrutiny Panel which may develop from this group.

During the period of the Business Plan, we will (again with the support of an experienced external provider) strengthen our approach to tenant participation and extend our use of scrutiny panels to include customers other than tenants e.g. factored owners.

8.4 Wider Role

Deliver a comprehensive wider role programme over a three year period (the latter two of which coincide with the first two years of this Business Plan, 2024-2025 to 2025-2026). Areas of work to include:

- Food insecurity
- Social isolation and loneliness
- Digital isolation
- Improving health and wellbeing

The comprehensive wider role programme began in Spring 2023 and delivery is being co-ordinated by a Wider Role Manager and a Centre Manager. Funding for these additional Wider Role activities has been provided by Calvay's successful Investing in Communities Fund application. Further funding opportunities will be pursued, as they become available.

Note, this work will build on Calvay's pre-existing investment in Wider Role which includes funding a full-time Welfare Rights Officer, supporting the operation of the Calvay Community Café, successfully applying for and distributing financial support to vulnerable households, and the work of volunteers enabling the use of the Calvay Centre Hall for a wide range of existing activities.

8.5 IT

There are a number of areas where improvements to our use of IT would benefit the business:

Customers:

- Better access for customers to their own information
- Improve ability to 'self-serve' e.g. updates to phone numbers / websites
- Improved workflows to improve customer experience e.g. the application process
- Introduce ability to report repairs using expert system
- Review rent payments (two systems are currently being used)
- Use of information displays in reception / entrance / Calvay Café
- Increase use of IT for feedback, especially repairs satisfaction

Staff:

- Examine possibility of changing from main IT supplier (SDM)
- Research and implement use of Microsoft 365 including the use of SharePoint
- Improve reporting functionality from a number of systems, in particular to support ARC reporting:
 - SDM
 - Kelio (time keeping software)
 - Breathe (HR system recently introduced)

- Investigate system integration
 - 3CX and Outlook
 - Reduce data duplication particularly where this involves the use of spreadsheets

Value for Money

9 Value for Money

We intend to achieve value for money by applying the following principles:

- Ensuring customer views shape our approach to service delivery as per our Tenant Participation Strategy
- Improving the way we do things to be more efficient
- Using our assets in the best possible way – we will use ICT in an appropriate way for an organisation of our size and try to ensure our homes, and how we let them, provide the maximum value and benefit
- Obtaining VFM through the way we procure by implementing our procurement strategy, selecting the Most Economically Advantageous Tender and, where possible, jointly procuring with other RSLs to obtain the best value from suppliers
- Maximising the value from our people by increasing their skills and encouraging further training and career development
- Increasing non-rental income from grants to fund community projects, development and energy efficiency initiatives
- Partnership working with other community organisations
- Providing community benefit and promoting inclusion through our wider action projects
- Increasing the wellbeing and wealth of our customers through the work of our Welfare Rights Officer

Financial

10 Introduction

The Association is currently involved in core stock management and maintenance activity managing 883 rented units (including 15 shared owners) and 107 owner occupier properties at the commencement of the plan period. In addition, the Association owns and manages the Calvay Centre which runs community activities, operates a community café and has one commercial tenant.

A surplus of around £255k is expected for 23/24 with net assets totalling around £12.6m including cash balances of £2.983m. A loss of around £370k is projected for 24/25 with cash balances of around £3.3m. The 24/25 budget includes a few additional costs which would not be expected to be incurred on an annual basis in respect of EWI work, loan arrangements and compliance related costs.

10.1 Current Operating Environment

In considering the main assumptions to be employed within the business planning model recognition requires to be taken of the current financial and political climate which the Association is expecting to operate within.

Main factors include:-

- Global economic and political climate - including Brexit, Ukraine and Middle East
- High CPI inflation.....but reducing
- Increased repair costs
- Fewer insurers in the market for social housing-adverse cost impact
- UK and Scottish Government priorities
- Impending national elections
- EESSH2 impact
- Increasing interest rates.....expectation of reduction
- Expectation of service level improvements

Within this plan the following material assumptions should be noted:-

- No proposed new build projects at present
- Inflation levels at 2% over the long term
- Real rent rise of 1% for next 5 years and CPI inflation only thereafter
- Voids and Bad Debts average at around 2% pa over the long term
- Reactive maintenance costs at £580 per unit year 1
- Cyclical and estate maintenance costs average £723 per unit
- Major repair costs at £40k per unit over long term
- Real maintenance cost increases at 0.5% over the long term

- Added wider role posts funded by grant
- Real increases of 0.5% in management costs until year 10
- Loan interest rates (pre margin) at 5.25% for 1 year, 4.5% in year 2 then 4% over the long term
- Average annual spend of £9k on other fixed assets
- Rent arrears increase to 5% for long term
- All debt repaid by year 25
- Cash exceeds debt by year 20

10.2 Assumptions and Comment

Base Date and Stock Levels

All financial information is based at 2024/25 levels. The Association's rented housing stock levels at the start of 2024/25 comprises of 883 rented units.

Rental Policy

Mainstream Stock

Comparisons with other local RSLs notes that Calvay's rent levels for 22/23 are on average 2.4% higher for 1 – 5 bed apts.

Scottish average rent levels are 27%, 13%, 8%, 8% and 1% higher for 1 to 5 apartment properties respectively.

The projections assume a real rent rise of 1% in years 2 – 6, then CPI inflation only rises thereafter. This is a current planning assumption and shall be considered on an annual basis. The Association recognises the potential for affordability issues and the SFHA affordability tool confirms no material concerns in terms of affordability.

In the event that no real rent increases are applied then this has an adverse impact on the year 30 cash position of around £11.7m.

	Average Weekly RSL Rents 22/23							
	Blairtumnock	Easthall Park HA	Gardeen HA	Lochfield Park	Provanhall HA	Ruchazie HA	Wellhouse HA	Calvay HA
1 Apt	£59.57	£45.63	-	-	-	-	-	£56.86
2 Apt	£66.93	£73.02	£68.14	£73.78	£66.52	£73.25	£73.34	£72.86
3 Apt	£72.59	£75.81	£78.30	£81.76	£72.55	£79.92	£80.93	£79.57
4 Apt	£82.57	£92.08	£84.33	£91.95	£87.61	£83.08	£90.34	£86.78
5+ Apt	£89.09	£100.47	£101.24	£102.13	£96.52	£99.02	£92.12	£103.15

Currently around 36 % of tenants are in receipt of housing benefit with 23% Universal Credit. Gross rent arrears for mainstream units in December 2023 were 3.64%.

The ability of the Association to vary rent increases will depend upon changes in the economy and performance compared with the approved business plan.

Voids and Bad Debts

For the year to 31 March 2023 voids and bad debts for the Association's stock were at a level of 0.57% and 0.04% respectively. In the previous 4 years void losses averaged 0.5% with bad debts at 0.41%. Total costs are assumed at 2% long term. This represents an increase of rent losses over the long term to reflect ongoing welfare reform and prudent financial planning. This increase is a business planning assumption as opposed to a specific target.

A 1% change in voids and bad debts has an overall impact of around £2.2m over the long term. Subject to no other changes an increase could be managed by the Association.

Other Income

Sums include Stage 3 grants for medical adaptations plus factoring fees from owner occupiers and income from the Calvary Centre and for wider role activity.

Sensitivities were run to gauge adverse impacts in a material fall in net income. A £50k per annum reduction in net income had an adverse impact of £2.5m over the long term. Subject to no other changes this could be managed by the Association.

Major Repairs

Major repairs costs are based on the planned maintenance programmes produced by Brown and Wallace and reviewed and amended by the Association.

It is envisaged that on average around £40k per unit shall be incurred over the plan period. In the first 10 years 37% of total spend shall take place, followed by a further 37% of spend up to year 20, with the balance of 26% being spent in the last 10 years. Real cost increases are assumed at 0.5% over the long term.

The Association currently fully complies with EESSH requirements other than 8 properties where tenants have refused to switch from electric to gas central heating. Work is ongoing to consider the budget implications of EESH 2.

EESH2 and Net Zero have not been aligned at this time. The future of Calvary Crescent/Road, Barlanark Road Render/EWI is known – the outcome of grant funding application as well as the potential private finance will become clear in the coming weeks. EW1 programme to approx. third of our stock would change our journey to EESH2 completely. SAP methodology is out for consultation which will likely have an impact on how our properties have scored.

A 10% difference in all planned maintenance costs has a £9.9m impact on the year 30 cash position and if no real cost increases are applied on any major repair costs then an improvement of £5.1m arises.

Year 1 of the plan includes EWI total works of around £5.1m with grant assumed at £2.4m.

Taking account of our knowledge of the stock, the Association is satisfied that costs can be contained within sums provided for in the financial model.

Cyclical Maintenance

Cyclical costs per unit are estimated at an average of £466 per unit over the plan period. A further sum of around £257 per unit is also allowed for other estate costs. These costs are based on existing surveys. Real cost increases are assumed at 0.5% per annum throughout the plan period. Costs include paint work, gas servicing, electrical inspections, gutter cleaning, stair lighting, landscaping, close cleaning and bulk uplift.

Expenditure per unit on cyclical costs totalled £257 per unit in 22/23 and £208 per unit in 21/22.

Taking account of our knowledge of the stock, the Association is satisfied that costs can be contained within sums provided for in the financial model.

Reactive Maintenance

Expenditure per unit on rented stock totalled £389 per unit on average for the previous 5 years to 31 March 2023. Costs in 22/23 totalled a higher £517 per unit.

The financial model includes average costs at £580 per unit inclusive of real cost rises at 0.5% over the long term.

A 10% increase in reactive costs has an adverse impact of £2.8m over the plan period. Subject to no other material adverse changes this position could be managed by the Association.

Taking account of our knowledge of the stock, the Association is satisfied that costs can be contained within sums provided for in the financial model.

Other Costs

Costs relate to the wider action, stage 3 and Calvay Centre costs.

Management and Administration

The Association's management costs in the Association's annual accounts refer to staff and overhead costs relating to the rented stock. Costs for 22/23 totalled £1,452 per unit and average £1,716 per unit over the long term. Overheads as a % of turnover average 6.61%. This is at a reasonable level compared with RSL peers.

Management costs are assumed as increasing in real terms by 0.5% per annum until year 10. This is a prudent planning assumption as opposed to a specific target. In the event of inflation only cost increases a £2.8m saving results.

Other Fixed Assets

The long-term projections have included replacement costs for furniture, fittings, replacements and equipment over the plan period. Average annual spend of around £9k per annum is allowed.

Loan Finance and Stock Value

Loan debt at 31 March 24 is projected at £5.7m and all debt is with the Clydesdale Bank and Nationwide on a variable rate basis at a margin of 1.5%-1.8%. An element of fixed rate debt shall be considered during 24/25. The model assumes new debt with CAF bank at a margin of 1.4% for new debt and 1.5% for refinanced debt.

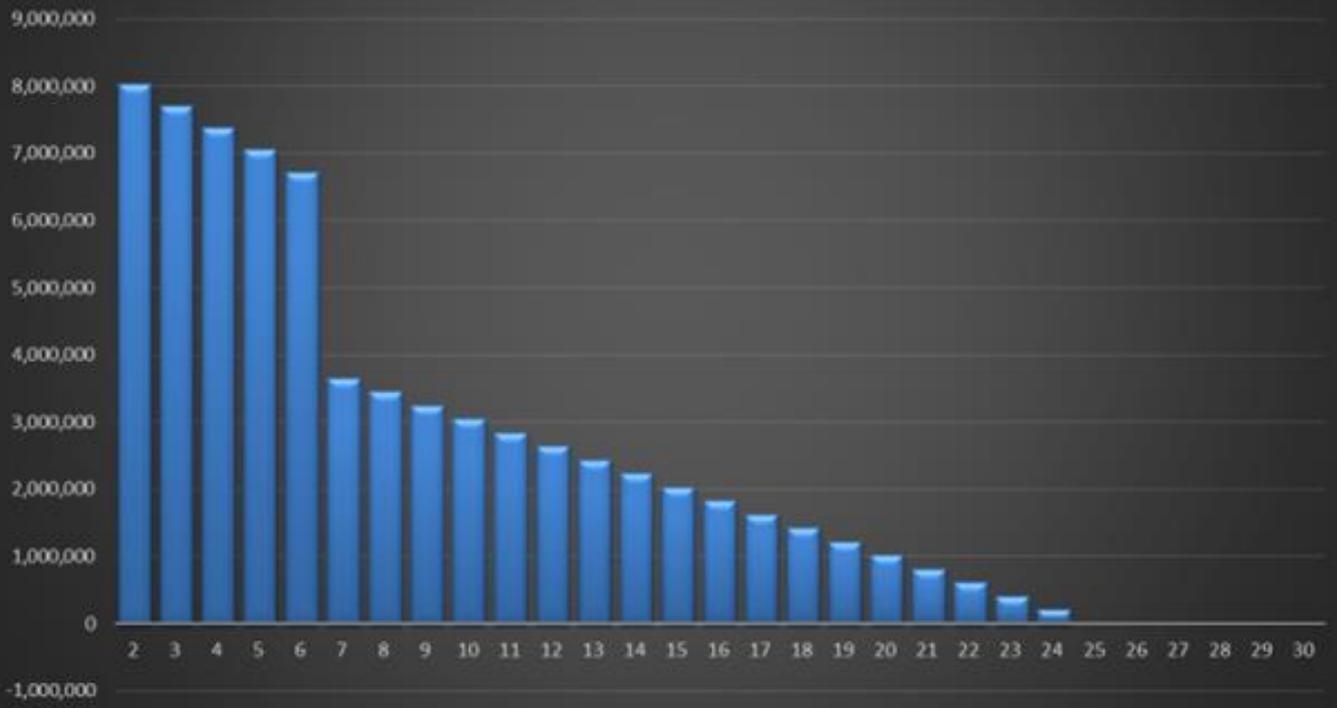
The loan covenant analysis confirms no issues with loan covenant compliance during the plan period.

NBS debt is currently modelled as repaid in full in year 7.

The base case model indicates that by Year 20 cash resources are projected to exceed debt levels and all debt is modelled as repaid by year 25.

Post refinancing in 24/25, around 66% of stock shall be unencumbered. At existing use values unencumbered stock shall total around £16.4m.

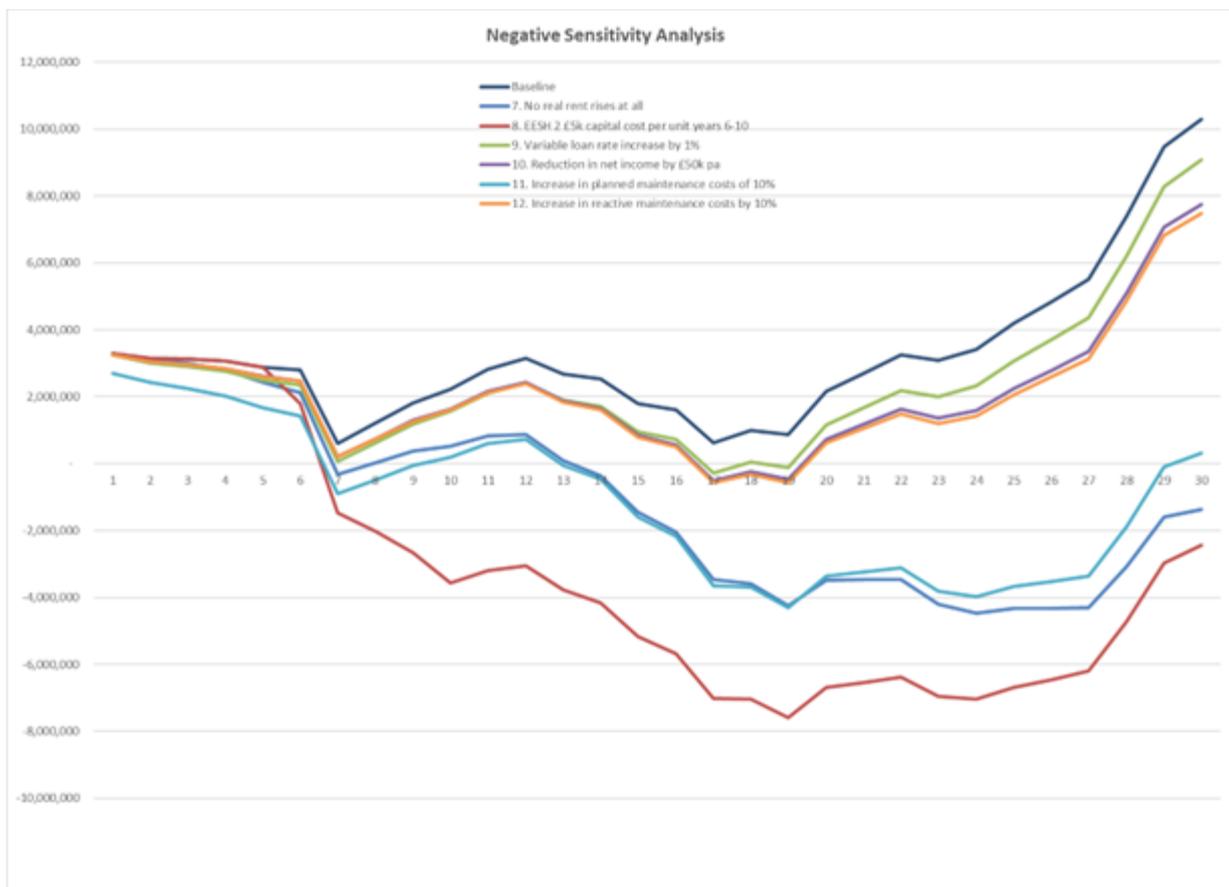
CALVAY HOUSING ASSOCIATION LIMITED
30 YEAR MODEL
TOTAL DEBT INCLUDING OVERDRAFTS



Sensitivity Analysis

Sensitivities are largely modelled on varying rent increases, rent losses, management and maintenance costs, inflation and changes to net income. In addition, assumed EESSH2 costs at £5k per unit are modelled.

The majority of sensitivities have been modelled on an individual basis. It is recognised that a combination of changes in assumptions is a clear possibility. One of the purposes of regular budgeting and the monitoring of financial results is to ensure that the financial position remains on target. In the event of material adverse variances this allows corrective action to be put in place.



Risks to the Delivery of Financial Plans

The Association regularly considers risks facing the organisation and updates its risk register accordingly.

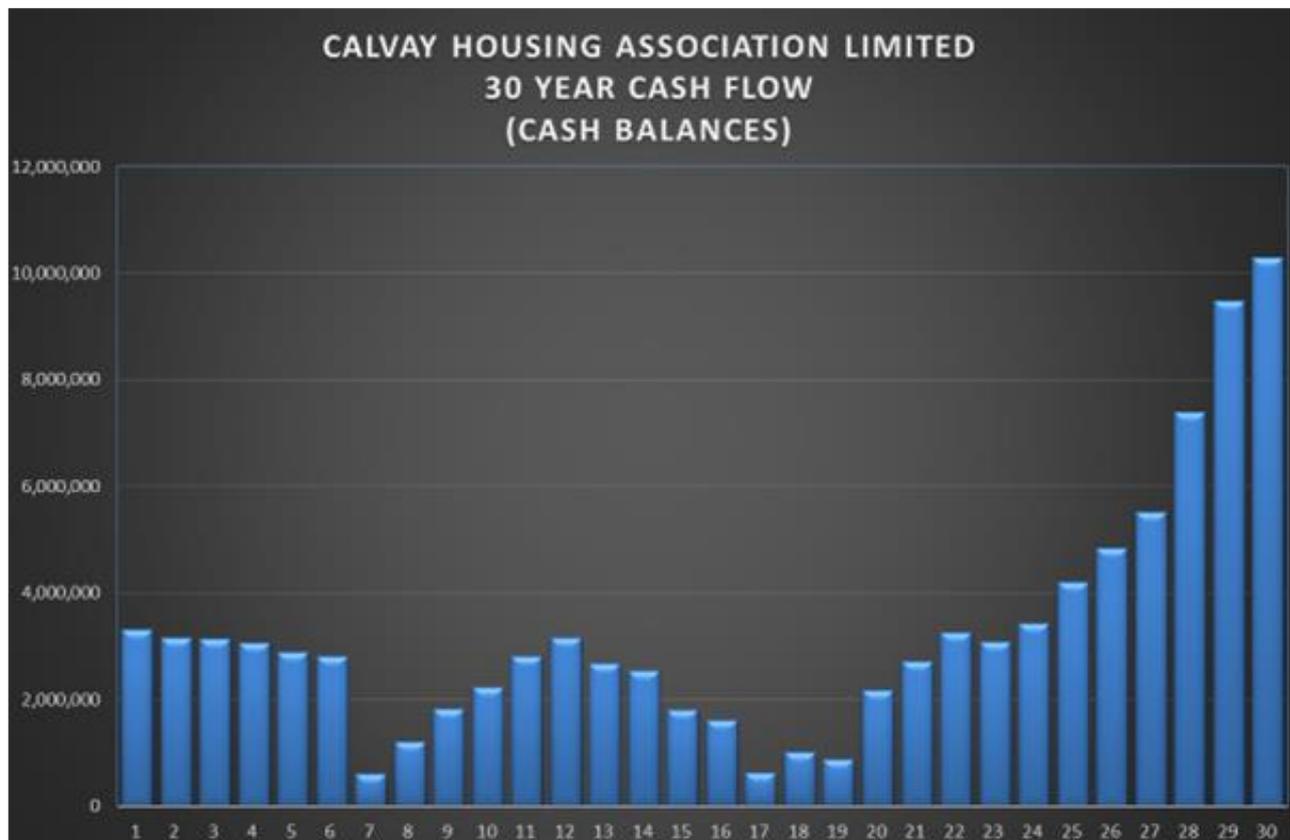
Risks associated with the EWI project, EESSH 2 and the costs of running the business continue as the main financial risks for the Association.

Summary

The Association commences the plan period with total reserves of around £12.6m.

Whilst we cannot expect to be precise over a 30-year period it is sensible to project forward based on realistic assumptions and expectations. The bottom-line cash position of the Association provides an indication of the level of comfort available to manage risk changes in circumstances.

Based on reasonable assumptions the Association's financial projections show an ability to generate annual surpluses and confirm adequate liquidity to allow implementation of the financial plans. No issues arise in respect of loan covenant compliance and the Association continues to operate satisfactorily. Changes in actuarial assumptions shall be accounted for as information becomes available post each year end.



In the first 5 years surpluses of £0.4m add to the net assets of the organisation and cash balances average £3.1m. No SHQS or EESSH difficulties are expected, total major repair spend is £9.4m and debt capital repayments total £1.4m. This is after additional rental losses have been provided for and the assumption of real cost rises in management and maintenance costs.

The next five-year period to year 10 project surpluses of £2.5m, loan repayments of £4m, and major repair spend of £4.4m is estimated. Cash reserves average £1.7m over this 5-year period.

For the 5-year period to year 15 surplus of around £65k are projected but minor adjustment to major repair timings can remedy this position if required. £1m of debt is repaid during this time and cash balances average £2.5m.

Thereafter the cash balances vary dependent upon major repair timings and a final year 30 cash balance of around £10.3m results.

The sensitivity analysis undertaken by the Association shows that each of the adverse scenarios (excepting no real rent rises and added EESSH 2 costs) could, assuming they arise as single events, be capable of being managed by the Association. Some factors remain within the Association's control such as rental policy, staffing levels, the timing of maintenance contracts and any combination of adverse scenarios would require to be managed by the Association on an ongoing basis.

The Association shall continue to produce its long-term projections on an annual basis. The short-term annual budget exercise considers the first 12 months of the plan period in detail and the quarterly management accounts shall be used to monitor achievement of the short-term budget. As long as the short-term position remains broadly in line with the annual budget then the Association's overall financial plans shall remain on target.