

# **NORTH VIEW Housing Association**

*North View is a registered Scottish charity – charity registration number SC032963*

## **BUSINESS PLAN 2023/24 TO 2025/26**

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# EXECUTIVE SUMMARY

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## Introduction

This document is North View Housing Association's Business Plan for the next three years, covering the years 2023/24 to 2025/26. The Plan:

- Sets out North View's priorities for the next three years and our plans for achieving these.
- Describes in detail the actions we will take in 2023/24, the first year of the Plan.
- Shows how the wider environment we work in could affect North View and our future plans, while also detailing how we will manage any significant risks to our tenants and North View itself.
- Illustrates what we will do to make sure North View is well-governed and well-managed, and has the resources needed to achieve our priorities.
- Sets out North View's financial projections, including testing of the resilience of the Business Plan.

## North View's Priorities

North View's purpose in the Business Plan is to demonstrate how we will achieve continued improvements in service performance and levels of tenant satisfaction while also supporting residents and the community through the current cost of living crisis. The Management Committee's priorities are that North View should:

- Provide housing and repairs services safely and to a high standard.
- Invest in tenants' homes.
- Provide tenants with affordable homes and good value for money.
- Contribute to the regeneration of Windlaw, working alongside a range of community organisations.

## North View's Operating Environment

North View's tenants and the Association have experienced serious challenges since our previous Business Plan was produced in 2020. These have included:

- A global health pandemic.
- Inflation at a 40-year high and rising interest rates.
- A cost of living crisis fuelled by inflation and the war in Ukraine, leading to financial hardship among Windlaw residents, particularly in paying for energy and food costs.
- Sharp increases in the costs of delivering our services, in particular repairs and maintenance.
- Political pressure to set rent increases at below inflation levels, at a time when costs are increasing.
- Significant cuts in public expenditure by both the UK and Scottish Governments. These will hit poorer communities the hardest because people rely more on public services.

The difficulties caused by the **COVID-19 pandemic** have eased considerably. Social distancing has ended, leading to a new phase of “living with COVID”. North View has restored the services most affected by the pandemic, although we know that some risks remain and will need continued attention.

**The economic outlook continues to be very challenging** with all of the factors shown in the box above presenting a continued threat to the financial well-being of social landlords. Sustained reductions in inflation are needed to support our Business Plan.

- At the mid-point of 2023, progress is being made in reducing inflation in accordance with Bank of England forecasts for the year, although significant increases in interest rates have been needed to achieve this.
- Many of the underlying reasons for high inflation have not yet been resolved, meaning that reaching the Bank's future inflation target of 2% target is by no means assured.

As a business, North View's costs have risen at a significant rate and our income from rents has not kept pace. These pressures are typical of the housing sector as a whole.

**North View's rents** have reduced in real terms in two of the last three years, including 2023/24 when we set a 5% rent increase (approximately half the rate of Consumer Price Index (CPI) inflation). North View has kept rent increases low because of the impact on tenants of the pandemic and cost of living crisis, while government pressure was also applied to social landlords' rent increases for 2023/24. The reductions in real income have short and longer term implications for North View's financial position, so restoring the balance between income and expenditure is a key goal.

Scottish Government plans to **decarbonise the country's housing stock** will be a key challenge over the next decade particularly because property owners have been advised they should expect little in the way of financial support from government. Recent Ministerial statements about changes to Energy Performance Certificates and accelerating the transition from fossil fuels to low carbon alternatives suggest that costs may be higher and the required pace of change may be faster than previously anticipated. Updated standards are expected to be published later in 2023.

Addressing our objectives in difficult times will need a flexible and adaptable approach which North View, as a smaller housing association, is well placed to deliver. We can also draw on the continued commitment of our voluntary Management Committee members and the North View staff team in our efforts to serve the Windlaw community.

## **Business Plan Priorities for 2023/24**

The Management Committee's Vision is ***to make Windlaw a good place to live and build a better future for you and your family.***

North View's **strategic direction** over the next three years will be:

- To safeguard and improve our core business as a social landlord
- To work in partnership with other local organisations, to support tenants and residents and help to create a resilient community.

The following pages set out a sample of the priority actions that North View intends to take during 2023/24. These actions are important in their own right and they also contribute to the outcomes we want to achieve over the full three years of the Business Plan, as shown in Appendix 1 of the Plan.

Further information about the actions to be taken to address the 2023/24 priorities is provided in the Work Plan at Appendix 2 of the Business Plan.

## **Rent Setting**

*North View will:*

- Set the 2024/25 rent increase to balance affordability to tenants and the need for North View to replenish the Association's income following real terms reductions in rents in the last three years.
- Where appropriate, identify efficiencies to keep future rent increases at acceptable levels.

## **Voids and Re-lets**

*North View will:*

- Review and implement changes to our current procedures and practice on voids, involving the maintenance and housing management teams.
- Introduce new tenancy sustainment procedures to support effective early intervention and try to reduce the number of abandoned properties.

## **Lettings and Homelessness**

*North View will:*

- Let our housing to meet a range of housing needs.
- Continue to work with the GCHSCP Casework Team, to achieve successful and sustainable referrals for homeless households wishing to be rehoused in North View's area.

## Management of Rent Arrears

*North View will:*

- Introduce new rent arrears management procedures, to reduce current and former tenant arrears.
- Continue to maximise direct payments of housing-related benefits to North View.
- Seek to manage the risks of rent arrears increasing, due to the expansion of Universal Credit.
- Pause the rent restructuring programme in 2023/24, to be resumed in 2024/25.
- Provide a high quality benefits advice service that is available to all Windlaw residents.
- Provide tenants with regular and accurate information on benefits issues.

## Tenant Engagement

*North View will:*

- Improve communication about the housing repairs service, in response to tenant feedback.
- Hold a round of area meetings in 2023 to discuss issues of interest or concern to tenants.
- Review our overall approach to customer engagement and alternative approaches that could be considered. Further develop our understanding of tenants' future priorities.

## Asset Management

*North View will:*

- Complete a new asset management strategy.
- Meet our legal and duty of care obligations for ensuring the safety of tenants in their homes. This will include renewing expired electrical installation (EICR) checks where tenants have not provided access and implementing our policy and procedures in relation to identified dampness and mould cases.
- Carry out inspections of a further 20% of North View housing, to assist with future maintenance planning.
- Plan the 2023/24 investment programme within the overall financial context set by the approved budget, the 5% rent increase, and the challenges presented by high maintenance costs and availability of materials and components.
- Complete the budgeted investment programme for 2023/24. This may involve in-year adjustments to ensure delivery of works and/or achieve satisfactory value for money.
- Complete an Energy Efficiency Position Statement, as an initial step towards developing a formal Energy Efficiency Strategy and Action Plan.

## Wider Role

*North View will:*

- Base its approach to supporting the community on a "community anchor" approach that combines direct action by North View with partnership working with other local organisations and services.
- Deliver/support the programme of activities and services included in North View's budget for 2023/24. This combines direct service provision by North View and partnership working with others.
- Pursue opportunities for new external funding, where it is feasible and proportionate for us to do so. Currently, our focus is on work to alleviate hardship caused by the cost of living crisis.
- Support the community through income maximisation and tenancy support services we provide directly, and through partnerships with specialist local support services such as The Jeely Piece Club, Trussell Trust and the Castlemilk Pantry.
- Continue to support the Birgidale Complex, to secure its continued use as a community asset for Windlaw.
- Investigate opportunities for other partnerships, including with other Castlemilk community-based associations, and seek to influence the Locality Plan for Castlemilk that is being developed by Glasgow City Council (GCC).

## Value for Money

*North View will:*

- Set a below inflation rent increase of 5% for 2023/24, to recognise the continued pressure on tenants' incomes as a result of the increasing cost of living.
- Monitor inflation and the cost of living closely throughout 2023, in preparation for next year's rent review and how we can best restore an appropriate balance between our costs and rental income.
- Ensure that our rents are affordable, by applying the test that rent should not normally be more than 25% of the National Living Wage for tenants in low-paid work.
- Take forward the value for money initiatives set out in the individual Plan chapters. Seek efficiencies and potential savings, including during the development of the 2024/25 budget.
- Develop an overarching North View value for money strategy to guide our future approach.
- Continue to benchmark North View's service results, rents, and costs with comparable social landlords.

## **Governance and Corporate Issues**

*North View will:*

- Continue to conduct the Association's affairs with regard to the Regulatory Standards for RSL governance and compliance with regulatory guidance on self-assurance.
- Commission an external Governance Review to take place in 2023.
- Continue to offer good learning and development opportunities for committee and staff.
- Work with our fellow Castlemilk housing associations to develop a strategic approach to Human Rights, drawing on best practice and 'mainstreaming' it in our work.
- Complete a scheduled review of our Policy and existing succession plan for the Management Committee, as well as the format used for committee appraisals.
- Review the format of the strategic risk register, to be monitored by the management team and the Audit and Risk Sub-Committee.

## **Sound Finances**

*North View will:*

- Manage our budgets and other resources prudently.
- Ensure that key decisions such as the annual rent increase, budget, and investment expenditure help to demonstrate North View's viability in the short term and longer term.
- Use the best information available when we are developing our budgets and longer-term financial projections.
- Maximise our income and achieve efficiencies in our spending where feasible.
- Closely monitor our exposure to external financial risks, working closely with North View's finance agency services provider. "Stress test" our future cashflows and the underlying assumptions, to see how resilient our finances would be if major changes were to affect our business.
- Carefully monitor our covenant compliance.

Through this programme of work, we will seek to meet the needs and aspirations of our tenants while supporting the Windlaw community. We are fully committed to achieving these aims and the Business Plan demonstrates that North View has the capacity and resilience to operate successfully in changing times, as we have done for the last 30 years.



## 1) INTRODUCTION

This document is North View Housing Association's Business Plan for the three years from 2023/24 to 2025/26. This is a comprehensive Plan and it will be followed by annual updates in 2024/25 and 2025/26, to report on progress, update our priorities and respond to any significant changes in our operating environment and risk profile.

### The Business Plan sets out:

- North View's strategy and objectives for this period
- Analysis of North View's operating environment, and the resulting challenges and opportunities
- Description of our current performance and priorities for the future
- Our detailed financial plans and projections
- How we will make the best use of the resources available to us
- The risks we might face and how we will manage them.

### The main audiences for the Business Plan are:

- North View's Management Committee and staff team
- Our tenants, who we will receive a summary of the main contents of the Business Plan
- Our partners and stakeholders
- Our funders and regulators.

### In implementing the Business Plan, North View will:

- Provide the Management Committee with assurance about the achievement of the strategy, objectives, and priorities it has set.
- Communicate the Plan to our staff team, making sure that the way we work is consistent with our values and will support the delivery of the Business Plan.
- Retain our status as a fully autonomous housing association and continue to be sustainable and financially viable in the short, medium, and long term.

In preparing the Business Plan, we have referred to the Scottish Housing Regulator's (SHR) Recommended Practice on business planning, the Regulatory Framework and other SHR publications.

## 2. NORTH VIEW'S HISTORY AND ACHIEVEMENTS

### North View's History

North View is a community-controlled housing association based in the Windlaw area of Castlemilk, around 7 miles from Glasgow city centre and on the city's southernmost boundary. The map below shows North View's area of operation.



In the 1950s and 1960s, the then Glasgow Corporation developed a number of new housing areas on the edge of the city. Castlemilk was one of these. The new housing areas were built to accommodate people from inner city housing areas due for demolition.

In 1988, Glasgow District Council transferred its properties in Windlaw to the Scottish Special Housing Association. Shortly after the transfer, the SSHA became Scottish Homes which was given the aim of divesting itself of the new body's housing stock. From early in the 1990s, Scottish Homes set about transferring its housing across Scotland to smaller local housing associations led by local people, among them the new North View Housing Association. A total of 162 unimproved properties transferred to the Association in November 1993 and a programme of refurbishment and new build progressed thereafter. Further properties transferred to North View via the Tenants' Choice process and in a final stock transfer in 2005.

Today, we are registered as a charity, a community benefit society, and a Registered Social Landlord (RSL). We own and rent 695 properties and provide a factoring service to 81 properties

in our area (including two shared ownership homes). Almost all of North View's properties are mainstream rental, except for a small number of properties where support is provided to people with particular needs by a specialist care organisation.

We are governed by a voluntary Management Committee, the majority of whom are tenants of the Association. We employ 20 staff members, 14 of whom are office-based with six other colleagues in our in house repairs team (Tradesteam).

## **North View's Achievements**

North View has achieved a great deal since we were first set up 30 years ago.

### **Effective, sustainable community governance**

Local people have led North View since day one.

Our Management Committee members have been champions for their community, while also making good decisions in the interests of our tenants and our organisation. Unlike previous top-down approaches to housing renewal, local control has ensured sustainable housing investment and management in Windlaw.

### **Building up the housing stock**

Only 162 properties were transferred initially from Scottish Homes to North View, and we had to purchase the remaining housing in Windlaw through Tenants' Choice Transfers of individual properties.

North View was one of very few organisations that were required to build up their stock in this way, rather than through a single purchase transaction covering the whole of the housing stock. North View's success made the Association financially viable and has enabled a strategic approach to the regeneration and management of Windlaw.

### **Investing £26 million in works to our tenants' homes**

This has been achieved through capital works and a continuing programme of major repairs and component replacements.

This investment will continue, to make sure that tenants' homes meet modern standards and are warm and affordable to heat. Meeting these objectives is becoming more challenging due to recent reductions in rental income, rising maintenance costs, the difficult economic climate, and the prospect of demanding Scottish Government targets for the decarbonisation of housing.

### **Building more than 200 new homes in Windlaw**

Our new build programme has greatly improved the quality and choice of housing in the area. It has allowed us to meet the needs of people for whom tenement living is unsuitable, while also making Windlaw a more sustainable community with a variety of housing options.

## **Addressing a wide range of housing needs that exist within our community**

We strive to meet the needs of everyone who lives in our community, including people with disabilities, older people, and young people.

## **Maintaining the local environment**

North View is responsible for the upkeep of much larger areas of open space than most housing associations. We have given this high priority, to make sure that Windlaw continues to be a place where people want to live.

## **Working in partnership with other local organisations, to enable services that will benefit our tenants and our community**

As a community-based organisation, we have always been concerned to make Windlaw a better place to live, with opportunities for everyone.

We continue to have an active Wider Role programme, largely delivered in partnership with other organisations that specialise in different types of community support and development.

## **Remaining financially viable and retaining a skilled and committed staff team**

Community organisations often struggle to survive because they are dependent on time-limited external funding. Community-controlled housing associations are different because we have an independent income stream from rental income.

North View is a great example of this. We have successfully leveraged the Association's assets and rental income to raise around £14 million of public funding and £9 million of private finance. This has been used to invest in better housing for our tenants and community and we currently have an annual turnover of £3.96 million from rental income in 2023/24.

North View's achievements have been built on the efforts of a dedicated team of staff. A number of our staff have stayed loyal to North View and everyone who works for us is committed to serving Windlaw and the people who live here.

While we have achieved a lot during the last 30 years, North View's Management Committee and staff are realistic about the challenges ahead while remaining ambitious for the future.

This Business Plan sets out our plans for making sure that Windlaw is a good place to live, where we can work with our tenants to build a better future.

### 3. NORTH VIEW'S MISSION, VALUES AND STRATEGIC OBJECTIVES

#### Mission Statement

The Management Committee has set the following Mission Statement for North View:

***Making Windlaw a good place to live, and building a better future for you and your family***

#### Values

North View's values inform every aspect of our work. We try to make a difference in everything we do, by:

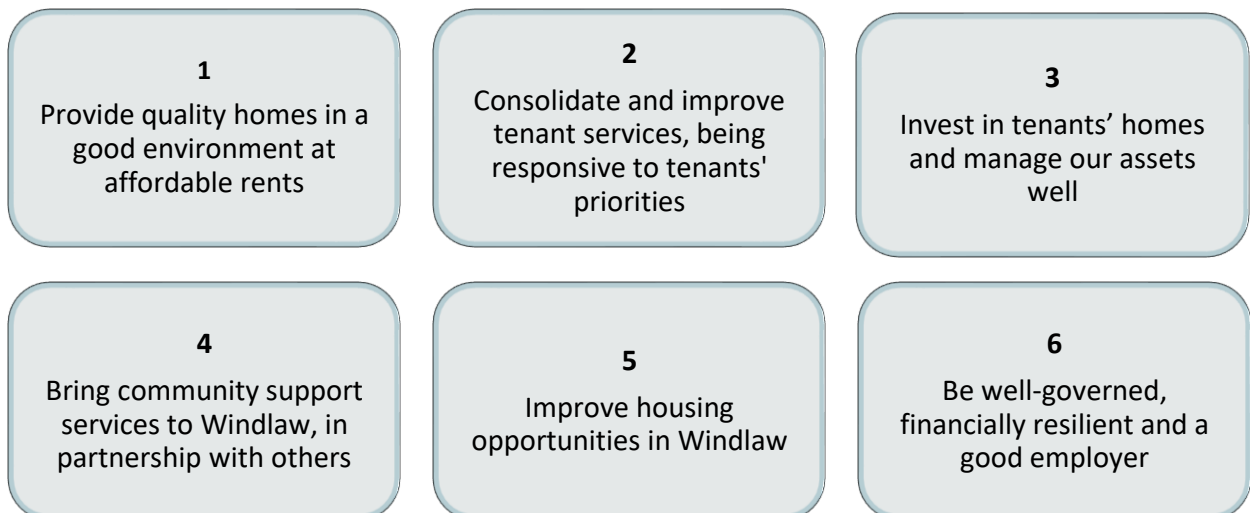
- being professional
- being fair
- working as a team
- focusing on the needs of our community.

We strive to be an inclusive organisation. We are customer focused, putting the needs and aspirations of our tenants and service users at the heart of our business.

We are a community-controlled housing association, run by local people for the benefit of the people who live in our community. We aim to be responsive to the changing needs and aspirations of our tenants and service users. We are committed to putting into practice the principles of equality, diversity, and inclusion as a landlord and as an employer.

#### Strategic Direction and Objectives

North View's six **strategic objectives** for the Plan period are to:



North View's **strategic direction** during the Business Plan period will be to:

- Safeguard and improve our core business as a social landlord
- Work in partnership with other local organisations, to support tenants and residents and help to create a resilient community.

## Plans into Practice

The value of the Business Plan depends on how it is understood and applied across North View's work.

- The Management Committee plays a unique role in setting North view's priorities and exercising oversight of performance and risks.
- We must make it easy for our staff members and teams to see how the Plan relates to their roles and achieve their active co-operation in meeting North View's priorities.

The Business Plan supports these goals by:

- Setting out the planned outcomes for each objective over the lifetime of the Business Plan (2023/24 to 2025/26), as shown at **Appendix 1**.
- Describing the main actions we will take during 2023/24 to address our main service and business areas.

This information is summarised at the end of the relevant chapters of the Business Plan, and then set out in more detail in the Work Plan at **Appendix 2**.

The Plan is supported in turn by our established methods for staff communications and performance management.

## Review of Strategic Options

The Management Committee considered a detailed strategic options review as part of the 2020 Business Plan. The review concluded that North View's current organisational form was the best option for meeting our objectives and the interests of our tenants in future. The evidence base for the review has been updated as part of each subsequent business plan, to give the Management Committee ongoing assurance about North View's performance and future viability.

In its response to the Options Review, the Management Committee endorsed the principle that North View should seek opportunities for increased collaborative working with neighbouring housing providers, in areas where this could be of mutual benefit. This has already achieved significant results, with each of the locally based housing associations providing support for the Castlemilk Pantry which helps people throughout Castlemilk who are affected by food insecurity.

We are currently progressing joint working in relation to Human Rights and hope to identify other areas for collaborative working in the period ahead.

Clearly, the operating environment for all social landlords is challenging at the present time due to the continuing economic crisis. The Management Committee will continue to pay close attention to the impact of economic and other factors on our business and will focus in particular on the outcomes tenants receive from us and North View's financial resilience. The Business Plan is clear about North View's purpose and in the period ahead our focus will be on delivering the priorities set by the Management Committee rather carrying out further work to examine the Association's future organisational status.

## 4. STRATEGIC ANALYSIS

This chapter describes North View’s operating environment, paying particular attention to factors that may have a significant impact on the Association, our tenants and community, and the achievement of our strategic objectives. The contents have been informed by a wide range of information sources, including SWOT, PESTLE, and stakeholder analyses.

### SWOT Analysis 2023

The SWOT Analysis (Strengths, Weaknesses, Opportunities and Threats) examines North View’s operating context from a local perspective. This year’s review has identified several key issues:

#### STRENGTHS

- Clear purpose and strategy, focused on tenants and the community
- Business continuity during COVID-19
- Experienced, capable committee and staff. Stable governance, strong teamwork
- Recruitment of new committee members in 2021 and 2022, including from younger age groups
- New rent-setting policy implemented
- Successful transition in staff leadership team following senior staff retirements in 2021 and follow-on recruitment
- Tenant satisfaction rates are improving overall
- Service delivery results are improving and compare favourably with Scottish averages

#### OPPORTUNITIES

- Continuing to provide a better service
- Building a clearer picture of tenants’ priorities
- More partnership working with other Castlemilk housing providers
- Grow/adapt wider role partnerships to respond to issues revealed by COVID and current economic circumstances
- Help more tenants get online and explore how this can help improve service delivery
- Continued efforts to increase tenant involvement/engagement

#### WEAKNESSES

- Vulnerable to external economic turbulence
- External uncertainties beyond our control
- Need to keep attracting new committee members to extend the legacy of local leadership and control
- High levels of poverty require more resources to sustain and support tenancies
- Low tenant interest in engagement activities

#### THREATS

- Continuation of high inflation, cost increases, sub-inflation rent increases, government intervention in rent-setting
- Cost of living and post-COVID impact on residents – e.g. money worries, mental health – and on NVHA e.g. rent arrears, tenancy support and sustainment
- Increased and unfunded requirements set by Scottish Government and GCC (e.g. environmental services, climate change)
- Many more tenants on Universal Credit
- Increasing poverty and homelessness
- Failure to meet regulatory standards



## Who North View Houses

Understanding our customers and their needs and priorities are all important for our planning and service delivery. North View's committee members have vast knowledge of the Windlaw community and strong insight into local needs. As an organisation, we also have deep knowledge from our role as a landlord based in the area over the last 30 years.

The Association engaged an independent research contractor to conduct a comprehensive customer satisfaction survey which reported in 2022. The survey consultants' report provides updated information about the profile of North View tenants, based on the survey sample of 40% of households:

### **77% of North View tenants were of working age, with 23% aged 65 or over.**

- 18% of tenants were aged 16-34, 34% were aged 35-54, and 25% were aged 55-64
- 18% of tenants were aged 65 to 74 while 5% were aged 75 or more.

### **Just under half of North View tenants lived in their home as a single adult, 1 in 5 lived as a 2 adult household, nearly 1 in 5 were 1 parent families, and just over 1 in 30 were 2 parent families.**

- One in four (25%) of all North View households were single adults aged 60 or more
- Slightly less (23%) were single adults aged under 60.

### **The survey results showed that there are high levels of poor health among North View tenants.**

- More than 1 in 4 tenants said either they or a member of their household (26%) had a physical impairment
- A further 23% said they or a member of their household had mental health issues
- Only 3 in 10 tenants (31%) said they had no health conditions or disability.

### **The vast majority (95%) of North View tenants said that their ethnicity was White Scottish. There were 7 other ethnicities recorded, although numbers for each of these groupings were very small.**

- This is in line with the figures for Castlemilk in the 2011 Census but lower than the figures for Glasgow as a whole. In the Census, 5.5% of Castlemilk residents were of an ethnicity other than White Scottish, compared with 15% for Glasgow city.

As described in Chapter 3, North View is continuing to carry out further surveys to collect equalities profiling data. We will meet regulatory requirements to describe how we are addressing this in our 2023 Annual Assurance Statement.

## PESTLE Analysis 2023

Like all social landlords, North View's business is greatly affected by external factors. This has never been truer than at the present time when we must navigate our way through many risks and uncertainties caused mainly by economic factors beyond our control.

The following pages set out our analysis of this wider operating environment, highlighting factors that will potentially have a significant bearing on North View's future operating environment and strategy. The analysis takes the form of a PESTLE analysis which addresses Political, Economic, Social, Technological, Legal and Environmental factors.

### PESTLE ANALYSIS SUMMARY

#### SOCIAL FACTORS

##### COVID-19

- Shift of focus to "living with COVID"
- Future risks remain, depending on path of virus and effectiveness of vaccines. For example, at August 2023 there are emerging concerns about a new variant to the Omicron virus. Variants of concern do not always require a significant public health response, but it is important for the Association to keep abreast of developments and any implications for our services.
- COVID recovery is largely about large public services firefighting, particularly the NHS, with little emphasis on tackling how COVID affected communities.

##### Poverty and Deprivation

- Deprivation levels in Windlaw and Castlemilk are severe, as evidenced by the 2020 Scottish Index of Multiple Deprivation (SIMD).

The SIMD shows how Windlaw compared with the rest of Glasgow and a nearby, better off community (Old Cathcart and Muirend) which is located **less than 2 miles away** from Windlaw.

Windlaw scored as the most deprived on all the indicators, and the results show that deprivation is driven first and foremost by poverty. In this regard:

- The **rate of low incomes** was 2.5 times higher in Windlaw than in Glasgow, and 15 times higher in Windlaw than in Old Cathcart/Muirend.
- The rate of **employment deprivation** was 2.4 times higher in Windlaw than in Glasgow and 8.5 times higher in Windlaw than in Old Cathcart/Muirend.

## PESTLE ANALYSIS SUMMARY

**Detailed information about the SIMD profile of Windlaw is provided in Appendix 4.**

- While local organisations such as housing associations and other service providers contribute a great deal to making life better for people living in Castlemilk, they can only do so much without leadership, support, and funding from central and local government.
- North View is the community anchor organisation in the Windlaw area. During 2021, Glasgow City Council agreed to support the development of a Locality Plan for Castlemilk. This work is progressing with information from a community survey feeding into the process and local development sessions taking place. It has the potential to provide a strategic framework for community engagement and activity by the many organisations and services that work in Castlemilk.
- The UK Government uprated benefits and the National Living Wage in April 2023 to fully match inflation, while the Scottish Government is using its social security powers in a progressive way, for example through the new Scottish Child Payment.

### Homelessness and Tenancy Sustainment

- Glasgow City Health and Social Care Partnership (GCHSCP) is seeking increased numbers of lets for homeless households (60% in 2023/24). North View makes housing offers to a substantial number of homeless referrals. Our Annual Lettings Plan for 2023/24 sets out that 40% of our total lets will be made available to homeless referrals. We have confirmed to the GCHSCP that this quota may be reviewed during the year. This quota allows us to respond to other categories of applicants with high housing needs.
- GCHSCP is also operating a new Housing First programme for people with more complex needs, following a pathfinder programme which ran between 2019 and 2022.

### POLITICAL, LEGAL & REGULATORY FACTORS

- Scottish Government (SG) “Housing to 2040” top priorities are increasing new housing supply, reducing homelessness, and reducing carbon emissions from homes.
- Legislation passed by the Scottish Parliament for rent freeze/caps and a moratorium on evictions. This was not applied to social landlords, although it may set a precedent for the future.
- “New Deal for Tenants” bill to be introduced in 2022/23. It is expected this will be targeted mainly at the private rented sector, but this may no longer be certain in light of Cost of Living legislation passed in October 2022.

## PESTLE ANALYSIS SUMMARY

- Deep public spending cuts have been announced by the UK and Scottish Governments and will be followed in short order by further austerity at local authority and community levels.
- North View has a “compliant” rating with SHR.
- SHR published detailed “Recommended Practice” on asset management in February 2023.
- SHR has begun a review of its Regulatory Framework and has said it intends to implement the new system from 1 April 2024. The regulatory system is widely seen as disproportionate for smaller housing associations, but addressing this does not feature as one of SHR’s objectives nor have Ministers recognised that their own legislation provides for different regulatory approaches for different classes of social landlord.

## ECONOMIC FACTORS

### Wages, Benefits, and the Cost of Living

- Cost of living crisis: some household essentials notably energy and food have risen far more than the headline CPI rate.
- Action being taken by UK and Scottish Governments to support households on energy costs. Duration and criteria for the UK scheme have both become tighter following the Chancellor’s 2022 Autumn Statement.
- The amount of the Energy Price Cap is now below the level set in the Energy Price Guarantee scheme, meaning that far fewer households will receive government help with their energy bills.
- For most people in work, wages are not increasing in line with inflation. Real incomes are falling when adjusting for rising prices. However, the National Living Wage will be increased from £9.50 an hour in 2022/23 to £10.42 per hour from 1 April 2023, in line with inflation.
- The Chancellor’s 2022 Autumn Statement has maintained the index-linking of benefits for 2023/24.

### Economic Outlook

- The economy’s recovery from COVID shocks has been derailed by rampant inflation and a worsening fiscal crisis.
- CPI inflation is at its highest level for forty years (CPI 8.7% at May 2022 compared with a high of 10.7% at November 2022).
- The Bank of England’s most recent Monetary Policy Report (May 2023) states that:

## PESTLE ANALYSIS SUMMARY

*We expect inflation to fall quickly, to around 5% by the end of this year (2023). We expect inflation to keep falling next year and meet our 2% target by late 2024. That doesn't mean that prices will fall, but they will stop increasing so quickly.*

- Previous forecasts of the UK economy entering a period of recession in 2023 have been revised, although some sources have suggested this could now take place in 2024.
- UK Government current priorities are to reduce inflation and the nation's debt. To support this, thresholds for paying income tax have been frozen and public spending has been cut.
- The Scottish Government's top spending priorities are the NHS and social security. Other areas, including local government, will experience real term cuts.
- GCC will continue to reduce its funding for non-statutory services such as neighbourhood management. GCC will likely try to transfer responsibility for further local services or facilities to local organisations such as housing associations, without any transfer of resources.
- GCC has recently passed responsibility for bulk uplift charges to housing associations, likely to cost North View between £25k and £36k for uplift and removal costs in 2023/24, and potentially more if the Council passes on responsibility for landfill charges which is its stated future intention.
- Brexit and global economic stress have caused substantial cost increases for repairs and maintenance works across the housing sector. This is a key element of North View's finances.
- Of particular importance are sharply rising costs for construction materials, shortages of some types of materials, and disruption to supply chains (for detailed information, see Chapter 7, Asset Management). Coinciding with recent reductions in rental income, the scale of cost increases has led to us reducing the number of component replacements that are affordable within our budgets.
- Economic uncertainty is high as a result future planning is more than usually challenging. This is also evident in all economic forecasting from the Bank of England and the Office for Budget Responsibility downwards. It has become relatively common for the Bank of England's forecasts to be changed substantially due to the interplay between the many factors that are currently driving bottom line figures such as inflation and interest rates. While the Bank of England is forecasting reductions in inflation and interest rates, there is no certainty that these forecasts will be realised.

## PESTLE ANALYSIS SUMMARY

### TECHNOLOGICAL FACTORS

- Social landlords are introducing more digital options for service delivery.
- North View is doing so too although in the near term we know that not all tenants would wish or be able to access services in this way. We will continue to explore this with tenants and will be guided by the results of our engagement.
- There is a continuing threat of cyber-attacks on businesses of all types and sizes. North View manages this proactively and has Cyber Essentials Plus accreditation.

### ENVIRONMENTAL FACTORS

- North View's major repairs programme is having a positive impact on energy efficiency and fuel poverty, through investment in items such as highly efficient boilers and new windows.
- Scottish Government (ScotGov) standards for social landlords: Scottish Housing Quality Standard (SHQS) and Energy Efficiency Standard for Social Housing <sup>1</sup> (EESH1 2020 target and EESH2 2032 target).
- North View had one of the highest compliance rates with the initial 2020 EESH Standard (at 31.3.22, 99.9% of North View homes met the standard, compared with Scottish average of 88%).
- ScotGov has pledged £1.8 billion investment to decarbonise one million homes by 2030. This is:
  - An unrealistic average of £1,800 per home
  - Only 6% of the government's stated bill for decarbonising the nation's housing (£33 billion)
- ScotGov is currently reviewing the EESH 2032 Standard which is now "on hold" in the meantime.
- The 2032 Standard was based on an Energy Efficiency rating of "B", but the ratings look set to change significantly as a result of a ScotGov consultation launched in July 2023.

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<sup>1</sup> Energy Efficiency Standard for Scottish Social Housing

- The proposals would change the primary focus of the Energy Performance Certificate (EPC) from the cost of heating the home to assessing the efficiency of the fabric of the building in contributing to low emissions.
- The energy efficiency ratings of homes with gas boilers will likely be downgraded, leading to many more properties with lower EPC ratings and therefore higher decarbonisation costs.
- Ministers have suggested that property owners could face sanctions, for example restrictions on selling their homes, if they are heated with fossil fuels and have not been upgraded.
- Glasgow City Council has stated an ambition that Glasgow should be a net zero city by 2030.
- Overall – the net zero aspirations of the Scottish Government and Glasgow City Council are clear, but the necessary tools to support delivery are not yet in place.
- Gaps include the standards to be met, how compliance with standards would be measured and administered, access to adequate funding, the availability of suitable and affordable retrofit technology, whether procurement for decarbonisation will have a national dimension, public attitudes to change, and carrying out works to occupied buildings including those that are in mixed ownership.
- Resolving these matters is vital if decarbonisation objectives are to be achieved. The Scottish Government intends to address some of these issues through a Heat in Buildings Bill but the recent 2023 Programme for Government indicates that the bill will not be brought forward in the 2023/24 session of the Scottish Parliament.

## Stakeholder Relationships and Priorities

North View’s key stakeholders are shown below.

Stakeholders that are specific to North View	Strategic and Regulatory Stakeholders
<ul style="list-style-type: none"> <li>• North View tenants</li> <li>• Residents and owners in Windlaw</li> <li>• Housing applicants</li> <li>• Our employees</li> <li>• The local community in Windlaw</li> <li>• Local organisations with whom we can work to benefit our tenants and the local area</li> <li>• Our lenders, auditors, and insurers</li> </ul>	<ul style="list-style-type: none"> <li>• Glasgow City Council (GCC)</li> <li>• The Scottish and UK Governments</li> <li>• The Department for Work and Pensions (DWP)</li> <li>• The Scottish Housing Regulator (SHR)</li> <li>• The Office of the Scottish Charity Regulator</li> <li>• The Financial Conduct Authority</li> </ul>

As evidenced by the stakeholder survey we conducted for the 2020 Business Plan, the Association has strong and productive relationships with its stakeholders. These include local partner organisations, our funders and auditors, and the local authority. Many of these relationships have matured over many years and are key factors in shaping North View's strategy and priorities.

GCC is currently consulting on its next Local Housing Strategy for the period 2023 to 2028. The five overarching priorities that are proposed are shown below.

#### **Local Housing Strategy 2023/28: Top Line Priorities in GCC Consultation Draft**

- 1) Delivering more homes and great places that reduce poverty and inequality and increase opportunity and prosperity for all.
- 2) Improving the energy efficiency of Glasgow's homes, reducing fuel poverty, and supporting a Just Transition to Net Zero through decarbonising domestic heating and energy.
- 3) Improving the condition of existing homes and preserving Glasgow's tenements and built heritage.
- 4) Supporting people to live independently and well at home in the community.
- 5) Improving housing options, affordability and sustainability for tenants and owners, to prevent and reduce homelessness.

In working with stakeholders, the main areas of development we hope to see in 2023/24 are:

- Increased engagement with our tenants, including follow up to the 2022 Tenant Satisfaction Survey and developing our understanding of tenants' future priorities.
- Continued partnership working with local organisations that deliver community support services in Windlaw, in some cases with financial or in-kind support from the Association.
- Continuing to work on options for partnership working with other community-based housing associations in Castlemilk.
- Increased engagement between community organisations in Castlemilk, Glasgow City Council and the Glasgow City Health and Social Care Partnership with the aim of better serving the Castlemilk community. The Locality Plan for Castlemilk presents a potential opportunity for addressing this.

We will also continue to have close relationships with a range of other organisations, including our lenders, regulators, the Department for Work and Pensions and the service departments of GCC.

## **Chapter Conclusions**

This Chapter has reviewed the many factors that could impact North View's future strategy and operations to a significant degree. The following are of particular importance.



- The future path of inflation and whether this reduces the cost of living for tenants, allowing North View to reverse the recent pattern of sub-inflation rent increases and returning our finances to a more sustainable footing.
- The likelihood that key elements of North View's future costs will remain at unprecedented levels which will place continued pressure on rent levels and investment capacity.
- Identifying strategies that will keep the Association's revenues and costs in balance, with an increased focus on value for money and efficiencies likely to be needed.
- Decarbonisation of the housing stock, although this needs government to provide clarity and support on key questions relating to standards, funding, and other matters.
- The need for flexibility, risk management, budget planning and control and stress testing, in a highly changeable and often uncertain operating environment.
- Continuing to monitor the path of the COVID-19 virus, and maintaining North View's readiness to respond to any future social distancing requirements.

Many of the issues described are economic or political in nature and as such are beyond our control.

Flexible and adaptable approaches will be needed along with sound management disciplines in areas such as business planning, performance management, budget planning and compliance, and financial planning and stress testing.

These will all be part of our toolkit for navigating our way ahead together with sound and stable governance. These have been high priorities in the past and must remain so. More information is provided in the relevant chapters of the Business Plan.

## 5. GOVERNANCE AND CORPORATE MANAGEMENT

### Introduction

Good governance and corporate management are the foundations for managing the Association's work in a manner that is effective, accountable, financially sustainable, and ethical, while also meeting all legal and regulatory obligations.

This Chapter:

- Reviews North View's performance in addressing the priorities set in last year's Business Plan (2022/23).
- States the priorities the Management Committee has approved for the first year of the new Plan (2023/24).
- Provides contextual information about the priorities that have been set for 2023/24.

The Chapter begins with a description of **key elements of North View's governance structures and personnel**.

### Management Committee

The Management Committee (MC) has overall responsibility for strategy, performance, and control. The MC:

- Sets North View's strategic direction, through its role in developing and then approving the Business Plan
- Sets North View's policy, for the staff team to implement
- Oversees risks and North View's financial well-being
- Monitors the quality of the services that tenants receive, and
- Seeks assurance that North View is complying with legislation and regulatory requirements.

We have welcomed three new Committee members since 2020 which has made a substantial contribution to our succession planning goals. The current membership of the MC is shown below:

## Management Committee Members and Office-Bearers (following the 2022 AGM)

Name	Continuous Service	Office-Bearer Role
Geraldine Baird	2 years	
Alex Bruce	4 years	
Josephine Deacon	29 years	Vice-Chairperson
Christine Devine	7 years	
Jim Dougherty	4 years	
William Hamilton	11 years	
Audrey Laird	8 years	Secretary
Wilma McCubbin	21 years	Treasurer
Michelle McNulty	10 months	
Sarah Jayne Newman	10 months	
Iris Robertson	29 years	Chairperson

Four of our MC members have nine years or more service on the MC, giving a good spread of experienced and newer members. Our committee members work well together and are very focused on making sure that North View does the best it can for tenants, the community, and the Association itself.

## Senior Management Team and Staffing Structure

The changes that took place in 2021 to our Senior Management Team following two senior staff retirements are now fully embedded.

The SMT is led by Alison Main (Director), supported by Ady Tester (Maintenance Manager) and Yvonne Rooney (Housing Manager). We purchase finance agency services from FMD Financial Services, a firm with an extensive track record and proven expertise in housing association financial management.

The panel below shows the members of the Senior Management Team along with a short description of their skills and experience:

**Alison Main, Director**

Alison first joined North View on secondment from Scottish Homes, the national housing agency. Her position at North View was made permanent in August 2000, whereupon, as Development Officer, she oversaw the remainder of our development programme. From 2005 Alison’s role expanded to include responsibility for our Wider Role and in house audit programmes. In 2011, Alison became Housing Manager and on 1<sup>st</sup> April 2021, Alison was appointed to the post of Director on Euan Anderson’s retirement.

Qualifications:- MA (Hons) Geography, and PGDip Housing.

**Adrian Tester, Maintenance Manager**

Ady became our Maintenance Manager in April 1999, bringing with him years of experience of working in the construction industry.

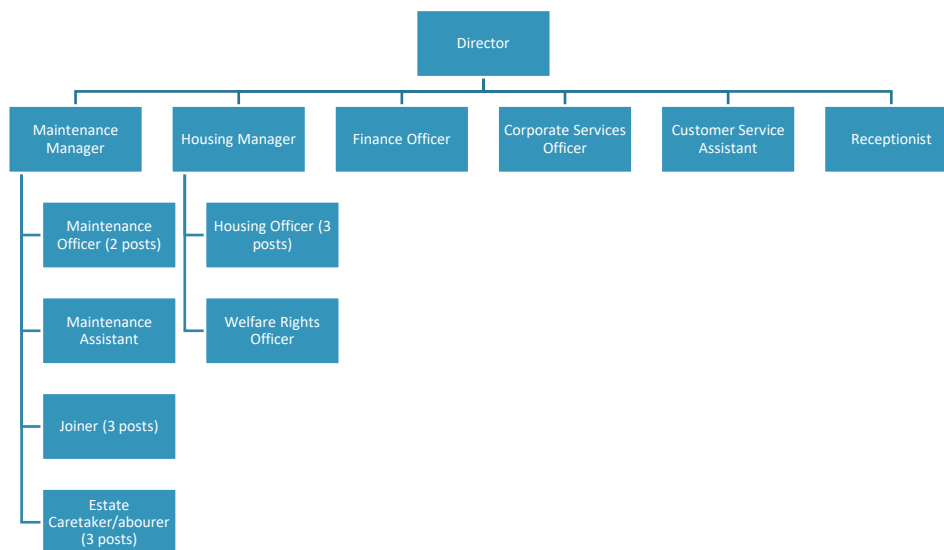
Since joining North View, he has managed the growth of the maintenance department, and continues to oversee the delivery of all aspects of our maintenance service while ensuring compliance with the myriad of regulations that affect these activities. Ady also has lead responsibility for managing North View’s information technology needs and systems.

**Yvonne Rooney, Housing Manager**

Yvonne joined North View in October 2021 as our Housing Manager. She is a committed housing professional with over 20 years’ experience working in various housing associations across Glasgow, most recently as a senior manager with Linthouse Housing Association.

Qualifications: MA (Hons) History, PG Diploma Housing, and a Masters’ degree in Management.

**Staffing Structure**



## Strategic Objectives and Statement of Progress at 31 March 2023

Good governance, sound finances and effective corporate management contribute to all of North View’s strategic objectives and are expressed directly in the following strategic objective:

**Objective 6:** Be well-governed, financially resilient and a good employer

### Statement of Progress Achieved in 2022/23

Table 1 summarises North View’s progress in addressing the priorities stated in last year’s Business Plan, covering 2022/23.

The priorities include work that was due to be fully completed in 2022/23, as well as work that has continued into 2023/24. Therefore, some tasks were a one-off or single year event while in other cases work stretched from one year into the next.

**TABLE 1  
GOVERNANCE AND CORPORATE MANAGEMENT**

#### BUSINESS PLAN ACHIEVEMENTS/PROGRESS AT END OF 2022/23

Business Plan Priority (2022/23)	Achievements/Progress
<b>GOVERNANCE</b>	
<ul style="list-style-type: none"> <li>Review policy and plan on Management Committee succession, to promote committee membership and seek to attract new committee members.</li> </ul>	<ul style="list-style-type: none"> <li>The Association attracted two new committee members in 2022/23.</li> <li>We have continued to promote membership of the Association through our new tenancy sign up process, Newsletter, and website.</li> </ul>
<ul style="list-style-type: none"> <li>Review North View’s equalities policy and prepare an updated equalities action plan.</li> </ul>	<ul style="list-style-type: none"> <li>Our Equal Opportunities and Human Rights Policy and Equalities Action Plan was approved by the Management Committee in June 2022.</li> </ul>
<ul style="list-style-type: none"> <li>Implement a new system for collecting and analysing equalities monitoring data, in accordance with new sector guidance.</li> </ul>	<ul style="list-style-type: none"> <li>In 2022/23, it was agreed by the Management Committee that we will collect anonymised equalities data (in relation to the protected characteristics) from our customers. This data collection commenced in 2022/23 and will be used to inform our services.</li> </ul>

Business Plan Priority (2022/23)	Achievements/Progress
<b>CORPORATE MANAGEMENT</b>	
<ul style="list-style-type: none"> <li>Procurement of internal audit service</li> </ul>	<ul style="list-style-type: none"> <li>In 2022/23, the Association appointed Quinn Internal Audit Services, following a quality: price procurement process.</li> <li>The Internal Audit Plan for 2023/24 was agreed by the Management Committee in January 2023 and identifies three business areas to be reviewed in the year.</li> </ul>
<ul style="list-style-type: none"> <li>Develop and implement North View's action plan arising from the 2022 tenant satisfaction survey (ongoing throughout 2023). Initial focus to be on repairs communications.</li> </ul>	<ul style="list-style-type: none"> <li>We have worked to promote the Association's website and publicise certain aspects of our service (including our complaints procedure and appointment availability outwith office hours).</li> <li>We have also worked to secure funding to help support our tenants during this current cost of living crisis. In 2022/23, we were successful in our applications for funding from the Winter Hardship Fund and Social Housing Fuel Support Fund.</li> </ul>
<ul style="list-style-type: none"> <li>Complete and implement IT developments to make best use of functionality of the HomeMaster software system (includes work on factoring, rent arrears and customer portal capabilities).</li> </ul>	<ul style="list-style-type: none"> <li>In 2022, factoring accounts were set up on the HomeMaster system to facilitate the annual billing process.</li> </ul>
<ul style="list-style-type: none"> <li>Review and revise all job descriptions for discussion with staff members.</li> </ul>	<ul style="list-style-type: none"> <li>No progress in 2022/23.</li> </ul>
<ul style="list-style-type: none"> <li>Review the sustainability profile of our organisational management, identifying and implementing changes that will contribute to reducing our carbon footprint.</li> </ul>	<ul style="list-style-type: none"> <li>We have ensured that our skip supplier commits to recycling waste generated through our Tradesteam and void property work.</li> </ul>

## Statement of Priorities for 2023/24

### Governance Review

1. Commission and complete an external governance review during 2023 , to support our ongoing work on assurance and identify any areas for improvement and development of our overall governance framework and practice.

## **Management Committee Reviews and Succession Planning**

2. Review our *Committee Members: Recruitment and Succession Strategy*, to promote committee membership and seek to attract new committee members.
3. Review the format of our committee appraisals. SHARE has been appointed to facilitate this.

## **Equalities & Human Rights**

4. Work collaboratively to develop a strategic approach to Human Rights for Castlemilk housing associations, drawing on best practice and 'mainstreaming' it in our work.
5. Continue to gather anonymised equalities data and use this information to inform our services.

## **Learning and Development**

6. Develop training programme for Management Committee and staff for 2023/2024, taking account of committee appraisal outcomes and Business Plan priority topics.

## **Procurement**

7. Procure goods and services in accordance with North View's Policy, achieving best value for resources. Planned significant procurements taking place in 2023/24 are:
  - Governance Review
  - Financial Services
  - Landscape maintenance
  - Painterwork

## **Customer Satisfaction and Communications**

8. Continue to implement North View's action plan arising from the 2022 tenant satisfaction survey with an initial emphasis on repairs communications.
9. Carry out a further survey of owners in 2023/24.

## **Development of IT and Digital Services**

10. Complete and implement IT developments to make best use of functionality of the HomeMaster software system (includes work on factoring, rent arrears and customer communication capabilities).

## **Staffing**

11. Review and revise all job descriptions for discussion with members.

## **Key Issues and Pressure Points**

### **Governance Review (Priority 1)**

The Governance Review will be carried out to ensure that it supports our work on compliance and North View's current systems and practices for promoting good governance. The Review will be conducted externally to ensure we can access the required expertise as well as ensuring an objective examination of how we work now.

### **Management Committee Reviews and Succession Planning (Priorities 2 and 3)**

North View's *Committee Members: Recruitment and Succession Strategy* document is due for a scheduled review in 2023 and is of key importance in committee member retention and the recruitment of new committee members.

Our approach to committee appraisals has been in place for several years. We wish to review it to make sure we have an approach that meets the Association's future needs, while benefiting from the expertise that SHARE will bring to the process.

### **Equalities and Human Rights (Priorities 4 and 5)**

This priority relates to the need for providers of public services to demonstrate that they take a human rights-based approach to their work.

The collection of equalities data to meet regulatory expectations and our own needs has been underway for some time and will continue to be an ongoing piece of work.

### **Learning and Development (Priority 6)**

Our approach to identifying committee member learning needs will be further developed as part of the new system of committee appraisals. Learning around major Business Plan topic areas will also be part of the approach taken.

### **Customer Satisfaction/Priorities (Priorities 8, 9 and 10)**

The actions described in this Chapter (tenant and factored owner satisfaction feedback and continued development of HomeMaster) are closely related to other strands of work described in the Plan (Chapter 4, Housing Services). In particular, planned work to review North View's current approach to tenant engagement will take place in 2023/24, along with work to introduce texting as part of our customer communications.



## 6. Housing Services

### Introduction

North View's housing services include:

- Managing housing applications and letting empty homes
- Providing housing for homeless households referred to us by GCC
- Tenancy sustainment
- Collecting rent and managing rent arrears
- Resolving neighbour disputes and anti-social behaviour
- Estate management
- Involving tenants in the management of their homes and in North View's decision making
- Income maximisation.

This Chapter:

- Reviews North View's performance in addressing the priorities set in last year's Business Plan (2022/23).
- States the priorities the Management Committee has approved for the first year of the current Plan (2023/24).
- Provides contextual information, where needed, about the factors that will influence our priorities and ability to secure the best outcomes for tenants and North View's business.

The Business Plan also contains the following information for reference:

- Chapter 7 (Value for Money) and Appendix 3 of the Plan provide information about our recent performance, benchmarking, and tenant satisfaction results.
- Appendix 1 shows the outcomes we intend to achieve during the next three years, as a backdrop for the priorities North View will set each year, starting in 2023/24.

### Strategic Objectives and Statement of Progress at 31 March 2023

Housing services contribute to meeting the following North View strategic objectives.

**Objective 1:** Provide quality homes in a good environment at affordable rents

**Objective 2:** Consolidate and improve our core services, while meeting tenants' needs and aspirations

## Statement of Progress Achieved in 2022/23

Table 1 describes North View’s progress in meeting the priorities set in the 2022/23 Business Plan.

The priorities include work that was due to be fully completed in 2022/23, as well as work that continued into the next financial year. Accordingly, some tasks were a one-off or single year event while in other cases work stretched from one year into the next.

**TABLE 1**  
**HOUSING SERVICES: BUSINESS PLAN ACHIEVEMENTS/PROGRESS AT END OF 2022/23**

<b>Business Plan Priority (2022/23)</b>	<b>Achievements/Progress</b>
<p>1. Seek improved ratings for tenant satisfaction with our services and with the value for money we provide.</p>	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>• 2022 customer satisfaction survey report shows that results were better than or equal to for 6 out of 8 Charter indicators in the previous North View survey (2020). The exceptions were satisfaction with our overall service and with the factoring service.</li> <li>• 2022 survey shows strong results in comparison with national averages (North View better than or equal for 6 of the 8 Charter indicators) and improvements in comparison with North View’s peer group (North View better than or equal for 4 of the 8 Charter indicators).</li> <li>• The survey results are shown for reference in Appendix 3. In the survey 83% of tenants felt that the rent for their property represented good value for money (up from 68% in 2020). Also 97% of tenants were satisfied with the opportunities to participate in decision making (up from 90% in 2020).</li> </ul>
<p>2. Meet the Scottish Social Housing Charter to a high standard.</p>	<p><b>Substantially improved/ongoing</b></p> <p>North View Charter results have improved significantly since the peak COVID year of 2020/21, demonstrating strong resilience following a period of unprecedented change and disruption.</p> <ul style="list-style-type: none"> <li>• 2021/22 North View Annual Return on the Charter (ARC) results were better than the national average for 17 out of 21 ARC indicators as</li> </ul>

Business Plan Priority (2022/23)	Achievements/Progress
	<p>shown in Appendix 3.<sup>2</sup></p> <ul style="list-style-type: none"> <li>• North View recorded better results for its peer group average for 13 out of 24 indicators, also as shown in Appendix 3.</li> </ul>
<p>3. Meet our objectives for letting our housing to people in housing need, including homeless people.</p>	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>• Strong track record in making housing offers to homeless people referred to us. 88.8% of referrals in 2021/22 and 92.9% in 2022/23 received an offer of housing from North View.</li> <li>• Average performance in the 3 years to 2021/22 considerably better than peer group and national averages.</li> <li>• Strong partnership with the Glasgow City Health and Social Care Partnership to secure homeless referrals. This is a void led approach to deliver the Annual Lettings Plan quota.</li> <li>• Letting of new homes at Windlaw Lodge completed successfully (new lets and re-lets).</li> </ul>
<p>4. Tenancy sustainment</p>	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>• North View average results for sustainment of new tenancies (all) and (homeless applicants) were better than the national average for the three years 2019/20 to 2021/22.</li> <li>• North View result for homeless applicant dipped to 80% in 2022/23 due to 2 cases where applicants' circumstances changed post-offer and they either no longer wished the tenancy or gave up the tenancy because the offer accepted no longer met their needs. This had a substantial impact on the tenancy sustainment percentage (2 out of a total of 12 cases resulted in a 17% reduction in the calculations).</li> <li>•</li> </ul>

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<sup>2</sup> 24 ARC indicators were tested. Results were available for all indicators for the peer group comparisons, but results were not available for three indicators when testing against the Scottish average.

Business Plan Priority (2022/23)	Achievements/Progress
<p>5. Effective arrears management</p> <p>6. Maintain control over rent arrears and void performance and ensure that customers have access to a local income maximisation service.</p>	<p><b>Progress made (with further improvement needed)</b></p> <ul style="list-style-type: none"> <li>• Gross rent arrears as a percentage of rent due <ul style="list-style-type: none"> <li>◦ 6.9% at 31 March 2023</li> <li>◦ 6.1% at 31 March 2022</li> </ul> </li> <li>• For 2021/22 figures, North View’s gross rent arrears were the same as the Scottish average but considerably higher than our local peer landlords in Castlemilk.</li> <li>• Arrears profile monitored for tenants receiving Universal Credit, since this group of tenants is more likely to have rent arrears.</li> <li>• Debt collection agency used for former tenant arrears.</li> <li>• New rent arrears procedures are being introduced, covering current and former tenant arrears.</li> </ul>
<p>7. Support for tenants with rent arrears</p> <p>8. Continue to develop our digital offering, while recognising that many customers prefer to do business with us by telephone or face to face contact.</p>	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>• In house income maximisation service assisted 170 North View residents and generated financial gains for clients of £674,576 in 2022/23.</li> <li>• Provision of regular information to keep tenants well-informed about benefits issues and emphasise the importance of paying rent.</li> <li>• Tenancy sustainment support provided by housing officers, income maximisation and signposting/referrals.</li> </ul>
<p>9. Improved void management results</p>	<p><b>In progress (with further improvement needed)</b></p> <ul style="list-style-type: none"> <li>• Average time to re-let empty homes <ul style="list-style-type: none"> <li>◦ 33.5 days in 2022/23</li> <li>◦ 43.9 days in 2021/22</li> </ul> </li> <li>• Percentage rental income lost in 2022/23 due to empty properties <ul style="list-style-type: none"> <li>◦ £44,379 (1.28%) at 31 March 2023</li> <li>◦ 0.9% at 31 March 2022</li> </ul> </li> </ul>

Business Plan Priority (2022/23)	Achievements/Progress
	<ul style="list-style-type: none"> <li>• Sustained reduction achieved in the proportion of housing offers that were refused.</li> <li>• Review of current void management procedures and practice is underway.</li> </ul>

## Statement of Priorities for 2023/24

### Income Management: Rent Arrears

1. Intensive arrears management, to sustain rental income, support tenants in meeting their responsibility for paying their rent and sustain tenancies. To contribute to these objectives, we will introduce new rent arrears procedures in 2023, covering both current and former tenant arrears.
2. Provide tenants with regular and accurate information on benefits issues and ensure that North View provides clear messaging on the importance of paying rent.
3. Use Managed Payments and maximise the use of direct payments to North View by all tenants where this is appropriate.
4. Identify what additional measures might be appropriate and achievable as the managed migration of Universal Credit accelerates. Make changes to our working practices and use of resources as required.

### Letting of North View properties, including voids

5. Manage allocations over the course of 2023/24 in accordance with the Annual Lettings Plan. We expect to see a significant reduction in the number of lets compared with 2022/23 when 92 lets took place. This was mainly due to new lets for our Windlaw Lodge development and higher than normal re-lets for properties that were vacated as a result of moves to the new build.
6. Continue to develop new procedures and joint working to shorten re-let times and reduce void rent loss, achieving performance improvements in both areas.

### Homelessness

7. Continue to work in partnership with the Glasgow City Health and Social Care Partnership (GCHSCP) Casework Team, to achieve successful and sustainable referrals for homeless households wishing to be rehoused in North View's area.

8. Participate in the Local Lettings Community forum, to review with the Casework Team and other landlords the effectiveness of the referrals process and agree action points for improvement.
9. Track the rollout process and timescales for Housing First so that North View is able to consider the implementation issues that may arise for the Association.

### **Tenant Engagement**

10. Address the corporate priority of following up the outcomes from the 2022 Tenant Satisfaction. Survey.
11. Review North View's current approach to tenant engagement and alternative approaches that could be considered. Our Resident Involvement Strategy will be reviewed in 2023.
12. Develop a plan for tenant profiling/engagement to understand tenants' future priorities.

### **Tenancy sustainment**

13. Support our tenants to sustain their tenancies using a range of supports including the role of housing officers, the income maximisation service and the various signposting and referral arrangements that North View has in place. Introduce new tenancy sustainment procedures in 2023 to support effective early intervention and try to reduce the number of abandoned properties.

### **Digital and Communications**

Continue to develop North View's digital offering to customers, using the functionality available to us through the HomeMaster software system. Developing capacity for texting will be a particular priority, along with other solutions that allow us to deliver services as efficiently as possible.

## **Priorities for 2023/24**

### **Key Issues and Pressure Points**

#### **Income Management: Rent Arrears (Priorities 1 to 4)**

- Maximising the Association's income is particularly important at the present time due to multiple pressures on the Association's costs and on tenants' incomes.

#### **Key Issues to Address in 2023/24**

- Full implementation of new rent arrears procedures in 2023.

- Other key issues to address in 2023/24 include:
  - We had an increased number of abandoned properties in 2022/23, which contributed to higher former tenant arrears.
  - We are continuing to find that tenants (current and new) who make a Universal Credit claim are not making their first UC rent payment to the Association, resulting in arrears accruing on accounts. This could increase in scale as more tenants move from legacy benefits to UC.

### **Holistic Approach**

- Many circumstances contribute to rent arrears and we respond to tenants' individual needs by taking a holistic approach and making refinements to our own processes.
- The measures already in place include:
  - Providing an in-house, specialist welfare rights advice service
  - Signposting to external support services, including services for help with fuel poverty
  - Support for tenants to claim UC online, including in the North View office
  - Practical advice and support including food parcels, signposting, and referrals to the Castlemilk Pantry which we support financially, and help with fuel costs
  - Signposting to money and budgeting advice to deal with lump sum twice monthly/monthly payments system under Universal Credit.

All of these activities are focused on helping tenants, as well as being part of North View's strategic approach to arrears management.

- The new rent arrears procedures being introduced in 2023/24 include several measures where we will be seeking to strengthen existing practices:
  - A strong emphasis on tenancy sustainment (directed by new tenancy sustainment procedures), to support tenants and reduce the costs of failed or abandoned tenancies and resulting impacts on rent arrears level and our own costs such as void repairs.
  - Increased use of home visits to discuss rent arrears.
  - Increased direct communication with tenants to help build stronger relationships from as early a stage as possible.
  - Continued development of the new HomeMaster system to fully meet North View's need for high quality monitoring information on rent arrears.

## Focus on former tenant arrears

- Former tenant arrears account for a significant share of gross rent arrears (£49k written off at March 2023).
  - A key issue for North View is that 36% of the former tenant arrears written off related to abandoned tenancies for which no forwarding address was available either to the Association or to the debt collection agency we employ.
  - Pursuing former tenant arrears will continue to be a key area of work in 2023/24 and is included in the new rent arrears procedures we have developed.
  - Our new tenancy sustainment procedures ensure early intervention in arrears cases, helping to manage arrears before a tenancy ends.

## Universal Credit (UC)

- Based on UK Government policy, there will be a managed migration to Universal Credit for most people receiving 'legacy benefits', including Housing Benefit, by the end of 2024. This potentially poses a significant financial risk to the rental income collected by social landlords.
- Previous analysis by North View has shown that tenants on UC account for a disproportionately high share of global rent arrears, compared with those on Housing Benefit.
  - There are many reasons for this, the key one being the time taken to approve UC claims and to make first payments. This can leave UC recipients with rent arrears and other debts from the start of their tenancy.
- A major element of North View's strategy for preventing difficulties for tenants and the Association is to maximise the number of tenants on UC whose help with housing costs is paid direct to North View, whether or not the tenant is in arrears.
- We will also work closely with DWP to ensure that Managed Payments are in use for higher arrears cases.
- We have seen a moderate rise in tenants claiming UC over the past year. We expect to see greater increases from August 2023 as the UC Managed Migration is rolled out in the West of Scotland for the first group of UC claimants in receipt of Tax Credits.
- We will monitor closely the impact of the UC migration issue in the year ahead. There may be some doubt about whether the switch to UC can move at the pace announced by the UK Government.

## Letting of North View Properties, including Voids (Priorities 5 and 6)

- It will be necessary to review North View's Lettings Plan, to take account of the lower number



of lets expected in 2023/24 compared with the previous year.

- It has taken time to reduce average times to re-let to pre COVID levels, but there have been substantial reductions in each of the last two years which is very encouraging. In addition to the part played by the easing of COVID restrictions, North View has made a number of procedural changes and closer joint working is taking place between the maintenance and housing management teams.

### **Homelessness (Priorities 7, 8 and 9)**

- North View's 2023 ARC return shows that we made offers of housing to 93% of homeless referrals received in 2022/23 and that 80% of those offers resulted in a let. A key factor is that North View takes a void led approach and we contact GCHSCP to seek a referral once a suitable property has been identified.
- While these are positive results, GCHSCP has continued to request a target of 60% of North View's total lets for referrals. The same request has been made to all other RSLs in Glasgow.
- The Association has not committed to GCHSCP's request for 60% of lets in 2023/24 being made to Section 5 homeless referrals. We have set a quota of 40% for 2023/24 and have agreed to monitor and review this over the course of the year. In discussions with GCHSCP in recent years, we have emphasised that the target level of lets sought cannot be achieved due to the lack of referrals wishing to be rehoused in Castlemilk. We also aim to offer rehousing opportunities to applicants from each of the housing needs categories stated in our Allocations Policy.
- We will continue to discuss the target with GCHSCP. The smooth running of our annual Lettings Plan requires this, including having a clear picture of the availability of housing for other applicant categories in housing need.

### **Tenant Engagement (Priorities 10 to 12)**

- We intend to conduct a thorough review of our future strategy and methods for tenant engagement, to achieve higher levels of participation overall and to give residents greater choice about the type and level of engagement that would provide the best fit with their own circumstances.
- A key aim is to develop an improved understanding of tenants' priorities for their homes, the services North View offers, and their community.
- This could be approached in different ways, for example through surveys. We will give this further thought and hope to discuss the best methods with tenants in the months ahead. We intend to carry out area meetings in 2023/24 which will help inform this work.

### **Tenancy sustainment (Priority 13)**

- North View experienced a higher number of tenancy abandonments in 2022/23 (15 cases, compared with 5 in 2020/21 and 6 in 2021/22).
- In response, we will introduce new tenancy sustainment procedures in 2023 to support effective early intervention and try to reduce the number of abandoned properties.
- Housing Officers and the income maximisation service play the most direct role in tenancy sustainment, but we are keen to emphasise that tenancy sustainment issues can arise or come to light in the course of delivering any of our services.
- In addition to actions we take directly, North View has also built up a wide range of partnerships with specialist organisations to which we can refer tenants needing support and assistance. These provide practical supports in areas such as fuel poverty and fuel costs, food insecurity, and money and budgeting advice. North View itself has become more involved in providing support to residents during the pandemic and now the cost of living crisis.

### **Digital and Communications (Priority 14)**

- Our current focus will be on implementing texting functionality within HomeMaster (rather than progressing a tenant portal at this time) and ensuring any specific communication preferences are responded to.

## 7. Asset Management

### Introduction

Asset management covers many North View services and activities including:

- Reactive, voids and cyclical maintenance
- Ensuring the safety of North View tenants in their homes
- Planning, procuring, and overseeing major repairs to the housing stock in a way that is based on good evidence, cost-effective and affordable to the Association
- Developing our approach to improving the energy efficiency of the housing stock.

This Chapter:

- Reviews North View's performance in addressing the priorities in the 2022/23 Business Plan.
- States the priorities the Management Committee has approved for 2023/24.
- Provides contextual information about the priorities that have been set.

This looks at the impact that internal and external issues could have on North View and how we can manage these to secure the best outcomes for tenants and North View's business.

Relevant information for reference can also be found elsewhere in the Plan:

- Chapter 7 (Value for Money) and Appendix 3 of the Plan provide information about North View's performance, benchmarking, and tenant satisfaction results.
- Appendix 1 shows the outcomes we intend to achieve during the next three years. These provide the backdrop for the priorities set each year, starting in 2023/24.

### Strategic Objectives and Statement of Progress at 31 March 2023

Asset Management is a major contributor to the following North View strategic objectives.

**Objective 1:** Provide quality homes in a good environment at affordable rents

**Objective 2:** Consolidate and improve our core services, while meeting tenants' needs and aspirations

**Objective 3:** Invest in tenants' homes, manage our assets well and plan ahead for the decarbonisation of our housing.

## Statement of Progress Achieved in 2022/23

Table 1 summarises North View’s progress in addressing the asset management priorities described in last year’s Business Plan, covering 2022/23.

The priorities included work that was due to be fully completed in 2022/23, as well as work that has continued into 2023/24. Accordingly, some tasks were one-off or single year events while in other cases work that would stretch from one year into the next.

**TABLE 1**  
**ASSET MANAGEMENT: BUSINESS PLAN ACHIEVEMENTS/PROGRESS AT END OF 2022/23**

Business Plan Priority (2022/23)	Achievements/Progress
1. Complete Asset Management Strategy.	<p><b>Not achieved and carried forward to 2023/24</b></p> <ul style="list-style-type: none"> <li>This will be completed in 2023/24</li> </ul>
2. Meet the Scottish Social Housing Charter to a high standard.	<p><b>Achieved/ongoing</b></p> <ul style="list-style-type: none"> <li>North View’s Charter results for 2022/23 were strong in most areas, continuing trends over recent years (See Appendix 3). Any negative variances in 2022/23 compared with the previous year were not material.</li> <li>Appendix 3 shows that North View’s performance in 2021/22<sup>3</sup> was better than the <u>national average</u> for all 8 ARC maintenance measures and better than our <u>peer group average</u> for 6 of the 8 maintenance measures.</li> <li>North View’s results were poorer than the peer group average for tenant satisfaction with quality of home (small difference) and average time to re-let empty properties.</li> <li>There was substantial improvement in North View’s void re-let times in 2022/23 (average 33.5 days compared with COVID peak of 54.4 days at end March 2021). Latest peer group average available is 28.4 days in 2021/22.</li> </ul>

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<sup>3</sup> Comparisons are with 2021/22 because this is the most recent data published by the Scottish Housing Regulator at June 2023

<b>Business Plan Priority (2022/23)</b>	<b>Achievements/Progress</b>
3. Achieve practical completion and handover of properties at Windlaw Lodge new build development by May 2022	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>• Project achieved Practical Completion on 5 May 2022.</li> </ul>
4. Review of voids management procedures to reduce time taken to re-let empty properties	<p><b>Achieved, with further improvement needed</b></p> <ul style="list-style-type: none"> <li>• North View's average number of days to re-let an empty property reduced from 43.9 days in 2021/22 to 33.5 days in 2022/23.</li> <li>• Following major disruption caused by COVID in 2020/21, results have improved significantly in each year since then.</li> <li>• Joint review and analysis undertaken by Housing and Maintenance Managers, along with increased joint working by their respective teams.</li> </ul>
5. Complete the current cycle of stock inspections, to achieve inspections for 50% of North View stock by end of 2022/23	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>• 56.9% of housing stock had completed inspections at 31 March 2023</li> </ul>
6. Complete the 2022/23 programme of component replacements	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>• 71 new flat entrance doors were installed</li> <li>• New bathrooms were installed in 20 homes</li> <li>• New windows were fitted in 30 homes</li> <li>• 53 new kitchens were installed</li> </ul>
7. Achieve final completion of Energy Efficiency Standard for Social Housing (EESH1), subject to tenant co-operation in having works carried out	<p><b>Progress</b></p> <ul style="list-style-type: none"> <li>• Compliance rate with EESH of 99.86% at 31 March 2023 (<i>only one property not compliant, non-compliance is due to lack of tenant co-operation</i>).</li> </ul>

<b>Business Plan Priority (2022/23)</b>	<b>Achievements/Progress</b>
8. All obligations met regarding tenant safety	<p><b>Substantially achieved/ongoing</b></p> <ul style="list-style-type: none"> <li>• No out of time gas safety inspections in 2023/24.</li> <li>• 11 SHQS abeyances at 31 March 2023 due to lack of electrical safety (EICR) certificates and lack of tenant co-operation. This compares with 30 abeyances for these reasons in 2021/22.</li> <li>• During 2022/23, North View had 25 properties with lapsed EICRs due to difficulty in gaining access. All 25 cases were remedied by 31 March 2023.</li> <li>• Monthly rolling programme is used to secure tenant co-operation.</li> </ul>
9. Improve the energy efficiency of tenants' homes.	<p><b>Achieved and ongoing</b></p> <ul style="list-style-type: none"> <li>• Programme to meet the 2020 Energy Efficiency Standard for Social Housing (EESH1) virtually complete (see 7. above).</li> <li>• Positive impact on the energy efficiency of tenants' homes through the 2022/23 planned maintenance programme (e.g. replacement of windows). This work will continue as needed.</li> <li>• Tracking of developments with the Scottish Government's EESH2 standard (currently under review) and implications for North View.</li> </ul>

## Statement of Priorities for 2023/24

### Asset Management Strategy

1. Complete North View's Asset Management Strategy (AMS) and develop the approach to implementation, monitoring and committee reporting.
2. Review the recommended practice guidance on Integrated Asset Management published by the Scottish Housing Regulator (SHR) in February 2023. Consider how this could be applied in North View's context, for example in relation to techniques and measures for understanding the performance of the housing stock and the value of our assets.

### Procurement

3. Undertake procurement of new contracts for landscape maintenance and painterwork.

## Tenant Safety

4. Meet North View's legal and duty of care obligations for ensuring the safety of tenants in their homes, with particular emphasis at the present time on renewing expired electrical installation (EICR) checks where tenants have not provided access and on implementing our policy and procedures in relation to identified dampness, mould and condensation cases.
5. Take appropriate action in response to Scottish Housing Regulator guidance requiring increased information provision on health and safety compliance in the 2023 Annual Assurance Statement.

## Scottish Social Housing Charter compliance

6. Maintain North View's performance which is better than the Scottish Average for all Charter Indicators relating to repairs and maintenance.

*Assessment to be based on the Charter Indicators shown at Appendix 3 and Charter Scottish Average results for 2022/23 when published.*

## Stock Condition Surveys

7. Conduct surveys of a further 20% of the stock during 2023/24 which would take the percentage of stock surveyed to more than 75%.

## Investment Programme 2023/24

8. Carry out the 2023/24 programme of component replacements, based on the approved budget and allowing for any in-year adjustments that may be required for cost or delivery purposes. The Management Committee has approved the following programme:

Type	Number	Est. Spend 2023/24
Windows	22	£86,724
Kitchen replacement	30	£123,996
Close door replacement	6	£30,000
Flat entrance doors/fire safety works	50	£74,988
Kitchen doors		£21,500
Boilers	contingency	£20,000
Electric heating upgrade		£32,000

Despite the prevailing financial circumstances, previous spending levels have been maintained in 2023/24. Cost pressures will mean that levels of output for our investment will be lower.

## **Void Re-let times**

9. Maintain North View's improved performance in progressively reducing the average time to re-let empty properties. Seek to achieve an average re-let time of less than 30 days in 2023/24 (actual performance results were 43.9 days in 2020/21 and 33.5 days in 2020/21).
10. Review the Association's Void Management Policy and Procedures in 2023/24 to help improve performance.

## **Improving Energy Efficiency**

11. Achieve final completion of EESSH1 works by 31 March 2024 (subject to tenant co-operation to enable works to be completed).
12. Analyse the outcomes from the Scottish Government's current review of the EESSH2 standard, when completed and its consultation proposals on Energy Performance Certificates and how these are likely to be reflected in future standards.
13. Develop an Energy Efficiency Position Statement, which in time will evolve into a more formal Energy Efficiency Strategy and Action Plan and provide a foundation for financial scenario and project design planning.
14. Continue to take opportunities to improve energy efficiency standards through the planned maintenance programme.
15. Develop specific project proposals if external funding opportunities become available (for example, from Glasgow City Council). This could be considered in our own right, or by partnering with other landlords on the specification and commissioning of suitable solutions.

## **Key Issues and Pressure Points**

### **Asset Management Strategy (Priorities 1 and 2)**

- Asset management is about making the most of the assets that we own, for the benefit of our tenants and our business. The housing stock is North View's biggest asset.
- It follows that demand for the stock, how it is performing, how much it is costing to maintain, and what standards it should be achieving now and in the future are all important contributors to our investment strategy and overall business planning.
- North View's maintenance staff have an in depth knowledge of the stock built up over many years. We have a structured programme of stock condition surveys currently covering more than 55% of the stock with a further 20% to be surveyed in 2023/24.



- A new Asset Management Strategy (AMS) will be completed and approved in 2023. This will provide the strategic framework for North View's future investment in the housing stock and our other property management services. The strategic themes the AMS will address include value for money, sustainability, and energy efficiency.
- The importance of understanding the performance and value of our assets has increased because of external financial pressures on expenditure and the recent SHR practice advice publication on Integrated Asset Management. The SHR advice advocates the need for structured appraisals of assets and the application of Net Present Value techniques to assess the value of individual properties.

### **Investment Programme (Priorities 5 and 6)**

- North View's investment plans, component replacement costs and lifespans were independently reviewed as part of the 2020 Business Plan by Thomson Cost Consultants who were satisfied that each of these elements were reasonable.
- Cost estimates are reviewed annually in the light of ongoing stock condition surveys and our work with FMD Financial Services to prepare North View's budgets and 5- and 30-year financial projections.
- Investment expenditure is regularly reviewed and where necessary re-profiled by the Maintenance Manager and FMD Financial Services as part of our budget-setting and financial projections.
- This joint work provides the Management Committee with assurance that the Association's cashflows will support the future investment needs of the housing stock in the short, medium, and longer-term and enable us to meet the covenants set by the Association's lenders.
- The scope of the major repairs programme has been reduced in 2023/24 to give priority to essential items and to recognise that increased costs reduce the outputs that are achievable. The need to set the annual rental increase at 5% (around half the rate of inflation) has also been a factor. A recent North View review of costs showed that the cost of kitchens had increased by 100% in past 2 years, while increases in the last year included:
  - Windows 35%
  - Silicone 75%
  - Bathrooms 30%
  - Timber 40%
  - Boilers 12.5%.

- These increases in costs and the reduction in rental income due to the cost of living crisis have required North View to take a pragmatic and flexible approach to the scale of investment that is sustainable at the present time.
- Accordingly, we have implemented measures such as reducing the number of components replaced and substituting other priority areas of work where better value and/or greater certainty of delivery can be achieved in the current marketplace. In 2023/24 for example, we have cut bathrooms and painterwork to accommodate increased costs for other items of work in the programme. However, we are also determined to keep a major repairs programme running, to meet tenants' expectations and ensure the quality of the housing stock.

### **Void Management (Priority 8 and 9)**

- North View's voids performance has been strong historically but was badly affected by the COVID-19 pandemic. In the period 2014 to 2020, North View took an average of 17 days to re-let empty properties, while during the peak COVID year of 2020/21 this more than trebled to 54 days.
- Performance has improved in each of the two years since then and a renewed focus on joint working between the housing and maintenance teams has been a key part of this. This work will continue in 2023/24 when we will be aiming to reduce the average re-let time down to less than 30 days.

### **Energy Efficiency Works (Priorities 10 to 13)**

- North View continues to improve the energy efficiency of tenants' homes through the component replacement programme. In addition, the decarbonisation of all housing in Scotland is being promoted by the Scottish Government as part of its mission to achieve net zero standards.
- **Scottish Government Standards and Glasgow City Council Plans**
  - Scottish social landlords will have to meet Scottish Government standards to decarbonise their housing stock, although it is not currently known what these standards will be.
  - Future standards were stated in the Energy Efficiency Standard for Social Housing (ESSH2), published in 2020. ESSH 2 states that all social rented homes should achieve an EPC rating of "B"/SAP rating of 81 or more by 2032, with a caveat that compliance should be "*within the limits of cost, technology, and necessary consent*".
  - In October 2022, the Scottish Government published Interim Guidance stating that ESSH2 was now "placed on hold" and subject to review during 2023.

- For its part, Glasgow City Council has published a Climate Change Implementation Plan earlier in 2021 which has the ambitious aim of making Glasgow a net zero city by 2030.
- **Developing a Detailed Strategy for Decarbonisation**
  - North View's concern – shared by many other housing associations – is that it is not yet possible to assess with any certainty the impact of external standards and how this can be reflected in credible, detailed strategies for doing what may be asked of them.
  - Scottish Government requirements in EESSH2 has so far been based on EPC ratings and it has recently (July 2023) published a consultation document on changes to EPC ratings criteria, as described in Chapter 4, Strategic Analysis. This, along with recent Ministerial statements about accelerating decarbonisation and statutory disincentives for continued use of fossil fuels, suggests that the bar may be about to be raised in relation the scope and cost of work and timescales.
  - The issues of EPCs and measurement methods are crucial. Some substantial energy efficiency measures make only a small difference to existing SAP ratings, so the risks to be managed include investing heavily in measures that ultimately might make only a marginal difference to meeting the targets finally set by government.
  - The lesson is not that alternative technologies should be rejected, instead their suitability for wider use should be considered carefully using satisfactory evidence. In the current climate, the sheer volume of technologies that is emerging creates a risk of solutions being adopted that prove not to be either fit for purpose or value for money.
- **The Way Ahead**
  - Clarity about the standards to be met will allow North View to developing a meaningful strategy for implementation and compliance. We will also track progress in the Scottish Government's development of a Heat in Buildings bill.
  - Added to this, there is a need to resolve current substantial uncertainties around funding, the availability of affordable and effective technological solutions, and what role if any the new National Energy Agency will play on matters such as enabling procurement of components or contractors at scale.
  - There are still opportunities to improve the energy efficiency of our stock in the short term, but this will by necessity be on a more limited scale than the Scottish Government seeks and may also be affected by the financial environment we will be operating in.

North View will track progress and seek opportunities for partnership working where feasible through our membership of SFHA, joint discussion with other Castlemilk housing associations, and by taking part in GCC's engagement with housing provider.

## 8) Wider Role

### Introduction

This Chapter:

- Reviews North View's performance in addressing the Wider Role priorities in the 2022/23 Business Plan.
- States the priorities the Management Committee has approved for 2023/24.
- Provides contextual information about the priorities that have been set.

North View has a long tradition of delivering projects and initiatives that go beyond housing provision and management and that seek to improve the social and economic circumstances of the local community. Such activities are known as 'Wider Role' and can involve service delivery by North View itself or working in partnership with others.

The overall aim of our Wider Role work is to help to alleviate poverty, offer support to protect our community from the current cost of living crisis and improve opportunities for local people. Our approach is to promote dignity and do the best that we can for our community with the resources that we have available.

### Context for North View's Wider Role Approach

The Management Committee approved a Wider Role Strategy in the first part of 2023. The Strategy builds on the services and activities we have carried out over many years. It renews our commitment to Wider Role and our overall approach as well as setting out the future path we are taking as an organisation.

The importance of Wider Role is reflected in this Business Plan, in particular:

**Our Mission Statement** which is: To make Windlaw a good place to live, and to build a better future for Windlaw residents and their families.

**Our strategic objectives** which include: Bringing much-needed community support services to Windlaw, working in partnership with local service providers.

There is strong support for Wider Role activities in the Windlaw community, with our 2022 Customer Satisfaction Survey recording 95% tenant support for North View's Wider Role spending and our joint working with other local organisations to provide local services and activities.

There are severe levels of poverty and inequality in Windlaw and the wider Castlemilk area. This is evident from the findings of the 2020 Scottish Index of Multiple Deprivation (SIMD), as shown in Appendix 4 of the Business Plan. The following statistics from the 2020 SIMD summarise the scale of inequality that is involved:

- The core Windlaw area is in the most deprived 5% of all datazones in Scotland
- The rate of low incomes is 2.5 times higher in Windlaw than in Glasgow.

The SIMD statistics pre-date the pandemic and the cost of living crisis, which have impacted poorer communities the most.

### Statement of Progress at 31 March 2023

Table 1 summarises North View’s progress in addressing the Wider Role priorities described in last year’s Business Plan, covering 2022/23.

**TABLE 1**  
**WIDER ROLE: BUSINESS PLAN ACHIEVEMENTS/PROGRESS AT END OF 2022/23**

<b>Business Plan Priority (2022/23)</b>	<b>Achievements/Progress</b>
1. Complete a new Wider Role Strategy for North View	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>• Strategy approved by Committee March 2023.</li> <li>• Strategy sets out North View’s strategic approach to Wider Role, the financial framework for our involvement, and the priority services or activities we will deliver in house and/or with our local partners.</li> </ul>
2. Provide a local, expert welfare rights service for Windlaw residents	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>• North View Welfare Rights Officer (WRO) provision of welfare rights advice and support and signposting/referral of service users to other specialist services where required.</li> <li>• WRO service assisted 170 North View residents and generated financial gains for clients of £674,576 in 2022/23.</li> </ul>
3. Community support services provided by Partner Organisations with support from North View	<p><b>Achieved</b></p> <p>Partnership arrangements implemented successfully with:</p> <ul style="list-style-type: none"> <li>• Wednesday Playclub (the Jeely)</li> <li>• The Castlemilk Pantry (including implementation of a new pilot referral scheme and access to energy advice). The</li> </ul>

Business Plan Priority (2022/23)	Achievements/Progress
	<p>Pantry provided access to good quality food at low cost.</p> <p>At the end of 2022, 113 pantry members lived in the North View area. In addition, the Association has referred 94 households to the Pantry.</p> <ul style="list-style-type: none"> <li>Over 102 food parcels were distributed by North View through our partnership with the Trussell Trust which provides rapid help to households experiencing crisis.</li> </ul>
4. Support the management committee of the Birgidale Complex	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>Continue to work with the Birgidale Complex as it seeks to maintain its operations as a community centre for the people of Windlaw.</li> </ul>
5. Other direct provision of services by North View	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>Provision of fuel top-ups to residents experiencing hardship</li> <li>£15k of new funding secured from the Castlemilk and Carmunnock Community Windpark Trust and Social Housing Fuel Fund to set up a fuel voucher scheme to help distribute this money to tenants.</li> <li>£5k of new funding secured from the Winter Hardship Fund to provide food shopping vouchers and referrals to the Castlemilk Pantry.</li> <li>Scottish Government funding obtained to provide food vouchers for households struggling as a result of the cost of living crisis.</li> <li>Two community trips for residents organised by North View.</li> </ul>
6. Continue to explore opportunities to further extend our joint working with the other community based housing associations in Castlemilk, to support residents and provide services in the area.	<p><b>Achieved and ongoing</b></p> <ul style="list-style-type: none"> <li>Local HAs have continued to meet to discuss areas of mutual interest.</li> <li>To date, the Castlemilk Pantry has been the main focal point of joint action and is continuing the "Pantry Plus" initiative which includes help with IT and fuel advice.</li> </ul>

<b>Business Plan Priority (2022/23)</b>	<b>Achievements/Progress</b>
7. Seek opportunities to contribute to the development of the Castlemilk Locality Plan	<p><b>Achieved</b></p> <ul style="list-style-type: none"> <li>• Participation in meetings and contributing to the process.</li> </ul>

**Statement of Priorities for 2023/24**

1. To deliver, and continue to develop, North View's approach to Wider Role in accordance with the objectives set out in the Wider Role Strategy
2. To base our activities on a "community anchor" approach combining direct delivery by North View and partnership working with local organisations that share our objectives and can bring skills or expertise to projects or services.
3. Deliver/support the programme of activities and services included in North View's budget for 2023/24, as summarised below:

<p><b>Direct Provision by North View</b> Funded by North View annual budget</p>	<ul style="list-style-type: none"> <li>• Welfare rights service</li> <li>• Fuel top-ups</li> <li>• Trips for residents</li> </ul>
<p><b>Delivered by Partner Organisations, with support from North View</b></p>	<ul style="list-style-type: none"> <li>• Wednesday Playclub and an additional playclub (the Jeely)</li> <li>• The Castlemilk Pantry (including implementation of a new pilot referral scheme)</li> <li>• Food parcels (the Trussell Trust)</li> </ul>

In 2023/24, we have made budget provision for community support activities of just under £40k, or around £58 per tenancy.

4. Pursue opportunities for new external funding. Our priority will be to raise funding that allow us to provide community support services in Windlaw, particularly to alleviate hardship caused by the cost of living crisis.
5. Continue to explore opportunities to further extend our joint working with the other community based housing associations in Castlemilk, to support residents and provide services in the area.

6. Seek to support the Management Committee of the Birgidale Complex as it strives to continue to operate in challenging circumstances.
7. To seek opportunities to contribute to the development of the Castlemilk Locality Plan.

## **Key Issues and Pressure Points**

### **Wider Role Strategy (Priority 1)**

North View's Wider Role Strategy was approved by the Management Committee at the end of March 2023. It draws on areas of existing activity as well as areas for further development, notably seeking to expand the work we are already doing to support residents during the cost of living crisis. Whilst we have no direct control of the current wider economic circumstances affecting our tenants, we are committed to trying to help alleviate the pressures being felt by households at this time (for example, through provision of fuel vouchers, food support etc). While the rate of inflation is slowly falling, recent information from the Office for National Statistics confirms that the affordability of food and home energy are still creating hardship for many households on low incomes.

### **Community Anchor Approach (Priority 2)**

As a relatively small organisation, there are limits to the human and financial resources that North View can devote to direct fundraising work or delivering Wider Role services.

For this reason, our approach is based mainly on a “community anchor” model that combines direct activity by North View in some areas (e.g. welfare rights) and partnerships with other local organisations in others (e.g. The Jeely and Castlemilk Pantry). Where we provide support to others, sometimes the support is financial and sometimes it is “in kind”.

The community anchor approach works well for North View because it increases the range of services and opportunities that can be made available in our community. It can also be attractive to potential partners that are able to benefit from North View's local knowledge and reach into the community. This helps partners to identify and provide services to people who would benefit from them and who might otherwise be missed.

### **Programme of Activities/Services 2023/24 (Priority 3)**

In 2023/24, we have made budget provision for community support activities of £40k, which is equivalent to around £58 per tenancy.

### **Seeking New External Funding in 2023/24 (Priority 4)**

North View secured new external funding in 2022/23 from the Scottish Government, Castlemilk and Carmunnock Community Windpark Trust and Social Housing Fuel Fund, to help residents with



home energy and food costs. We will seek further such funding in 2023/24 to support our focus on cost of living assistance.

External funding can be difficult to obtain. There is often not enough funding on offer to meet all the bids received, leading to demanding application processes and strong competition between organisations seeking financial support. The communities that need funds the most may not receive it under this type of "challenge funding" approach.

North View will generally avoid seeking funding of this type to make the best use of our resources and tap into funding that provides direct assistance to community anchor organisations, such as community-based housing associations. This has proved to be a good way for North View to tap into Scottish Government funding during the pandemic and now the cost of living crisis.

### **Strategic Partnerships (Priority 5)**

Wider role work is a potential area for joint working by Castlemilk's local housing associations. North View will be open to such opportunities.

### **Birgidale Complex (Priority 6)**

The Birgidale Complex is a long-standing and valued resource for the Windlaw community. It has experienced reductions in GCC financial and staffing support for some time and is now strongly reliant on volunteers to keep going. North View seeks to support the Management Committee of the Complex by providing assistance in kind when appropriate and we will continue to do this to help retain the important role the Complex plays in the community.

## 9) Value for Money

### Summary

Value for Money (VFM) is relevant to all of North View's strategic objectives, as described in Chapter 3 of the Plan. This Chapter describes North View's performance in addressing VFM and the specific priorities we intend to address in 2023/24. Our priorities are:

- To maintain North View's current trend of good and improving performance in our core services areas, while seeking improvements in our weaker areas notably lost rental income from void properties and rent arrears.
- To maintain high levels of tenant satisfaction.
- To keep our rents at affordable levels during the current cost of living crisis, while raising sufficient income to invest in tenants' homes and maintain North View's financial viability.
- To manage the current squeeze on our income and expenditure, to mitigate increases in our costs at a time when rental income is reducing in the short term at least.

### Scottish Social Housing Charter: Trends and Benchmarking Comparisons

#### Trends in North View's Performance

Appendix 3 (3.1) of the Business Plan shows trends in North View's Charter performance over the three years from 2020/21 to 2022/23.

Appendix 3 (3.2) of the Business Plan shows North View's performance in 2021/22 compared with:

- The national average for all social landlords in Scotland
- A peer group of housing associations of a similar size and operating context as North View.<sup>4, 5</sup>

The comparison with other landlords matches the Charter Indicators with three important aspects of VFM. These are **value to the customer**, **efficiency** and **positive financial impact**. Figure 1 provides an overview of North View's 2021/22 results compared with the national average.

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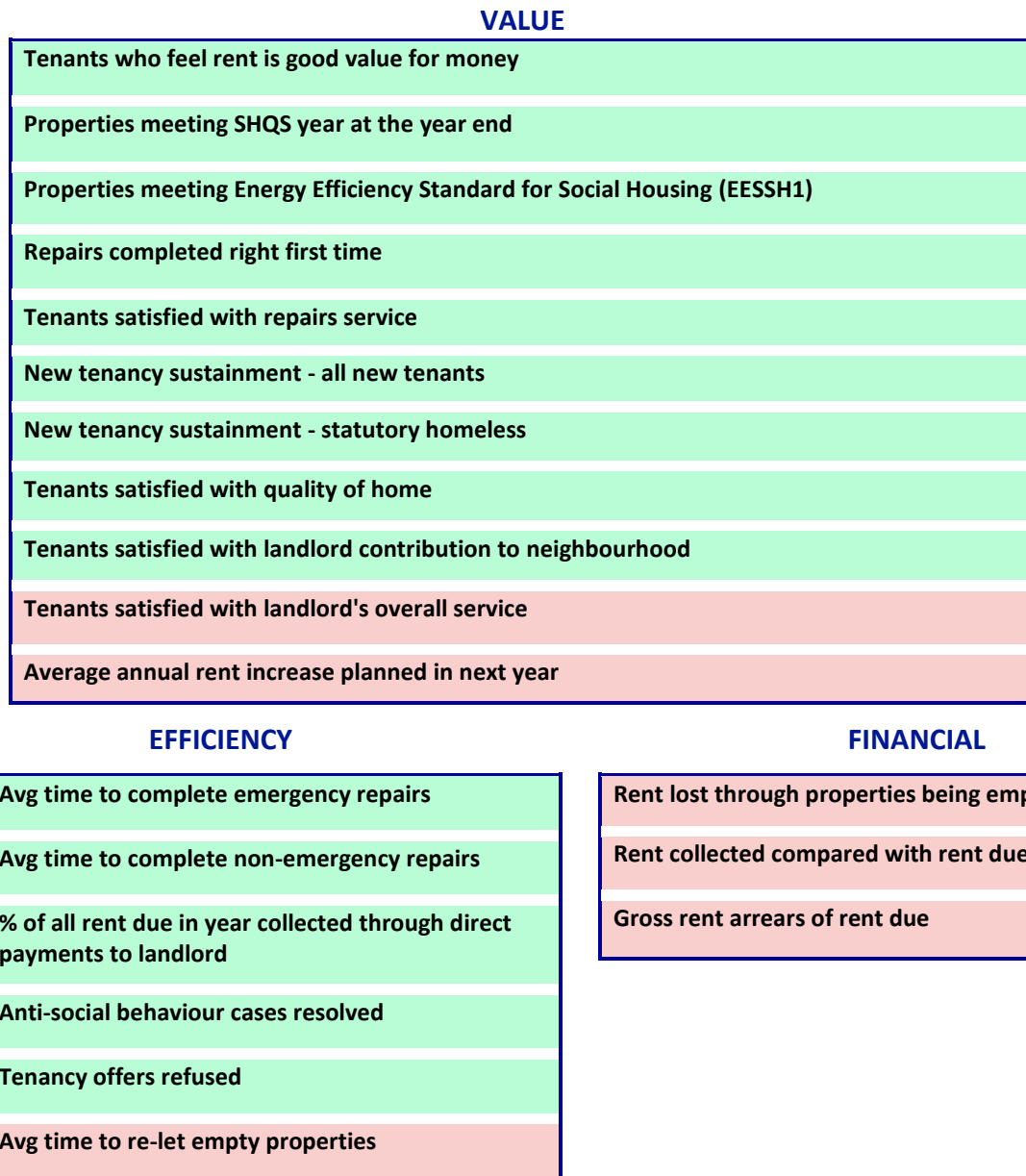
<sup>4</sup> 2021/22 is the latest year for which comparative data is currently available.

<sup>5</sup> Peer group members are Blairtummock HA; Cadder HA; Cassiltoun HA; Easthall Park HC; Ferguslie Park HA; North View HA; Pineview HA; Wellhouse HA

**FIGURE 1: VFM INDICATORS 2021/22**

(Source: Scottish Housing Regulator, Annual Return on the Charter data for 2021/22)

North View results are BETTER THAN OR EQUAL TO the Scottish average (green shading) or  
 North View results are POORER THAN the Scottish average (pink shading)



The results show that North View’s 2021/22 results were better than or equal to the Scottish average for 14 of the 20 VFM indicators shown (70%) and consolidated improvements achieved in 2020/21.

North View’s strongest results were those demonstrating good outcomes for tenants and efficient delivery of services. North View’s weaker areas were the financial results for voids and rent arrears. We are actively seeking to achieve improvements in these areas, including the

introduction of enhanced tenancy sustainment work to address an increase in abandoned properties in 2022/23.

## Customer Satisfaction Results

Customer satisfaction is a critical element of Value for Money. North View tests the views of tenants and factored owners by commissioning a comprehensive survey every two years, with a continuous survey used to assess satisfaction with completed repairs..

**Table 1** compares North View’s 2022 satisfaction survey results with our peer group average and the Scottish average for social landlords.<sup>6</sup> The colour coding shown is the same as in Figure 1:

**Green shading** = North View’s result is **BETTER THAN OR EQUAL TO** the peer group or national average

**Pink shading** = our result is **POORER THAN** the peer group or national averages.

The benchmarking results shown that North View’s performance is better than the Scottish average on six of the seven ARC indicators of tenant satisfaction, while North View has better results than the peer group average for four out of seven of the Charter indicators.

**TABLE 1: TENANT SATISFACTION INDICATORS 2022  
NORTH VIEW COMPARED WITH PEER GROUP AVERAGE (PGA) AND THE NATIONAL AVERAGE<sup>7</sup>**

Satisfaction Category	North View HA 2021/22	Scottish Avg 2021/22	PGA 2021/2022	North View vs Scottish Avg
% satisfied with overall service provided by landlord	79	88	89	minus 9%
% who feel rent for property represents good value for money	84	83	88	plus 1%
% tenants satisfied with repairs service	98	88	90	plus 10%
% tenants satisfied with quality of home	85	85	88	no difference
% who feel landlord good at keeping them informed	96	91	96	plus 5%
% satisfied with opportunities to participate in landlord decision making	97	91	96	plus 6%
% satisfied with landlord contribution to management of neighbourhood	89	85	84	plus 4%
% factored owners satisfied with factoring service	46	65	81	minus 19%

<sup>6</sup> Peer group members are shown in the footnote on the first page of this Chapter.

<sup>7</sup> Sources: Scottish Housing Regulator 2001/22 ARC Database for 2021/22 (base date March 2022), and North View Tenant Satisfaction Survey Report by Research Resource (August 2022)

Appendix 3 (3.3) compares North View's 2022 survey results with the previous survey in 2020. The 2022 results are positive overall:

- Results for six the other seven tenant satisfaction measures were stable or improving.
- The exception was **satisfaction with the landlord's overall service** (down 6 percentage points to 79% in 2022).
- Conversely, satisfaction with views on **whether the rent for the tenant's property was felt to be good value for money** increased by a very substantial 16 points to 84% in 2022.
- Exceptionally high levels of satisfaction were recorded with the **quality of information** provided by North View (no change at 96%); and with **opportunities to participate** in North View's decision making (up 7 points to 97%).
- Satisfaction with North View's **contribution to neighbourhood management** improved by 4 points to 82% in 2022, while satisfaction with the quality of the home stayed the same in both surveys, at 85%.

Subsequent review suggests that some aspects of the repairs service are likely to be the cause of the reduction in overall satisfaction in the 2022 survey. We are working to improve our communication with tenants using the service and are monitoring the impact of this.

**Satisfaction with the factoring service** reduced substantially to 46% in the 2022 survey (based on 22 responses). A key factor here is the change in neutral responses by those surveyed rather than a large increase in expressions of overt dissatisfaction. In the 2022 survey, 41% of respondents said they were neither satisfied nor dissatisfied with the service, compared with only 14% in 2020.

We became aware early in 2022 of a number of historical weaknesses in the factoring service and have now completed an action plan to address these.

## Tenant Priorities

The 2022 Tenant Satisfaction Survey also collected information about tenants' priorities for the future. The top four landlord activities and services which were most important to respondents were:

- 1) Providing an effective repairs service (79%)
- 2) Modernising tenants' homes to keep them to a reasonable standard (68%)
- 3) Keeping rents and charges affordable (58%)
- 4) Improving the look of the area/environment (41%).

The full range of responses provided is shown in Appendix 3 (3.3).

Listening to what matters to tenants is always important and may become more so if there is continued pressure on costs, rents, and rental income.

North View is keen to explore further with tenants the areas described, and indeed any other aspects of our service where we can make improvements, including improving value for money.

This has often been difficult in the past, because of low levels of interest among tenants in engaging with the Association on service development issues.

We are planning to hold a further round of area meetings in 2023 to discuss tenant priorities and any concerns. This will be followed later in 2023 by work to develop our future approach to tenant engagement. While budgets for 2023/24 are extremely tight, we would ideally like to make use of external expertise in reviewing our tenant involvement strategy. This area of work will also be subject to internal audit which should contribute recommendations on future approach and best practice.

## **Rent Levels and Rent Affordability**

### **Principles**

North View aims to keep rents affordable to tenants who pay some or all of their rent themselves. Our approach to rent-setting must also take account of:

- The income needed to provide tenants with quality services and investment in their homes.
- Raising enough income to meet our obligations to lenders, keeping a positive cash position and ensuring prudent financial and risk management.
- How our rent levels compare with those other social landlords.
- The Scottish Housing Regulator's views about rent reviews and increases.

Striking a fair and effective balance between all of these factors is a challenge for every social landlord, and North View is no different.

North View spent a great deal of time in the later part of 2022 testing our response to the Cost of Living (Tenant Protection) (Scotland) Act 2022 passed by the Scottish Parliament in October 2022. The Scottish Government decided that it would not use its powers under the Act to cap social landlord rent increases in 2023/24, relying instead on voluntary restraint by social landlords. We do not expect that statutory intervention in rent setting will be re-introduced in the near future, but this could continue to be a possibility, particularly if inflation and the cost of living for tenants remain high.

## Tenant Feedback about Rent and Home Energy Affordability

North View's 2022 Tenant Satisfaction Survey asked tenants about the affordability of their rent payments. Among respondents paying full or partial rent:

- 38% said their rent was very or fairly easy to afford
- 51% said their rent payments were just about affordable
- 11% said it was very or fairly difficult to afford the rent.

While the sample size (65 respondents) was small, the results show that a significant proportion of respondents were struggling to pay their rent.

The Survey also examined hardship caused by home energy costs. A high proportion of North View tenants use payment meters and payment cards. This adds an extra layer of vulnerability since households that run out of cash or credits have no means of heating their homes.

- Over 80% of the survey respondents pay for the heating and electricity for their property using payment meters (43%) or by payment card (40%), with less than 20% paying by direct debit.
- Those with prepayment meters (51%) were most likely to find it difficult to afford their bills, while tenants who paid by Direct Debit (19%) and on receipt of a bill (17%) were least likely to find their bills difficult to afford.
- Tenants paying by payment card (31%) or with a payment or key card (31%) were most likely to have chosen not to put on their heating due to affordability concerns.

## 2023/24 Rent Increase

### *Rent Increase*

North View's rent increase of 5% for 2023/24 was half the prevailing rate of inflation, with the aim of avoiding further strain on tenants' incomes. To make this possible, we have had to make cost savings in this year's budget, including the rescheduling of some elements of our housing investment programme.

The 5% increase followed on from an inflation only increase of 4.2% in 2022/23 and a 0% rent increase (rent freeze) in 2021/22 because of the impact on tenants of the pandemic. The trend in rental income over the last years has therefore been one of significant reduction in real terms, a situation that has affected many social landlords.

### *Rent Restructuring*

North View is currently working through a 5 year process to implement a new Rent Policy which seeks to make rents fairer, more consistent, and more transparent.

This rent restructure involves some rent charges increasing and others reducing to arrive at a new target rent for each property type and size by the end of this period.

The first two years of phasing in took place as planned in 2021/22 and 2022/23 but we chose to pause the process in 2023/24 due to uncertainty regarding government controls on rent increases and also North View's decision that no tenant should be asked to pay an increase of more than 5% in 2023/24. The phasing-in process will be re-commenced in 2024/25.

### ***Costs and Budget Reductions***

In line with the sector-wide position, North View's costs have increased significantly, in some cases well in excess of the headline (CPI) rate of inflation. This is most evident for maintenance services/materials, other service costs and energy costs, as illustrated in Chapter 7. Wider economic factors such as the war in Ukraine and Brexit have also contributed to rising costs.

Increases in our costs and reductions in our rental income have created an imbalance in 2023/24 which we have addressed by seeking savings and efficiencies in our budget for the year. The areas targeted for reductions in 2023/24 are reconfiguration of the planned maintenance programme, and savings in consultancy costs and other overheads expenditure.

### ***Longer-term impacts***

The 2023/24 rent increase carries with it longer-term financial implications for the Association. These are described in Chapter 9 of the Plan, along with the future assumptions the Association is making on rents, to ensure its future viability.

As noted in Chapter 9, the reduction in rental income in 2023/24 has implications for our longer term financial position since it will carry through the whole 30-year period of our financial projections. Chapter 9 provides information about the sums involved.

### **Rent Affordability Tests**

North View tests rent affordability by comparing the various rent levels for our properties with earnings levels for working households on low pay.

The rent levels used in the tests are those charged to North View tenants as approved by the Management Committee for 2023/24.

The earnings benchmark used is the **National Living Wage**, formerly known as the National Minimum Wage. This year's rate is incorporated in the the SFHA Affordability Tool which we have used in the calculations.

Finally, North View assumes that rent affordability is demonstrated if a household spends 25% or less of its income on rent.



In summary, the tables in Figure 5 are presented as follows:

- The affordability tests looked at 39 house size and household type scenarios
- 22 out of the 39 scenarios tested passed the 25% affordability test. **Shaded green**
- The eight scenarios where rent was more than 25% are **Shaded amber** if less than 30% and **Shaded red** if greater than 30%
- Four scenarios exceeding 25% were single person households, two of working age and two over retirement age. Four single parent households also exceeded 25% (although the limitations of the SFHA affordability tool are such that the maximum number of children which can be selected is two and therefore, this household size would not generally be able for the larger sized properties which show scenarios where rent is more than 25%).
- The percentage of income spent on rent for these household types was between 25.8% and 32.4%.

**FIGURE 5**  
**INCOME AS A PERCENTAGE OF EARNINGS AT THE NATIONAL LIVING WAGE**  
**AFFORDABILITY TEST RESULTS FOR 2023/24 (BASED ON 2023/24 RENTS & 2023/24 MINIMUM (LIVING) WAGE LEVELS)**

2 APARTMENT:			Household types: % income for min (living) wage 23+				
Rents	House Type	Weekly 2023/24 Rent	Single Person	Couple 1 x PT 1 x FT	Couple 2 x FT	Pensioner Couple	Single Pensioner
Lowest	Flat	£72.77	24.3%	15.9%	11.8%	15.9%	22.0%
Median	Flat	£85.48	28.6%	18.7%	13.9%	18.7%	25.8%
Highest	Flat	£96.81	32.4%	20.3%	15.7%	21.1%	29.3%

3 APARTMENT:			Household % income for min (living) wage 23+	
Rents	House type	Weekly 2023/24 Rent	Single parent (2 children)	Small family (2 children)
Lowest	Flat	£87.64	18.0%	13.6%
Median	Flat	£98.09	20.5%	15.2%
Highest	Cottage flat/wheelchair	£118.92	24.4%	18.4%

4 APARTMENT:			Household % income for min (living) wage 23+	
Rents	House type	Weekly 2023/24 rent	Single parent (2 children)	Small family (2 children)
Lowest	Flat	£95.01	19.4%	14.7%
Median	House - mid Terrace	£109.45	22.6%	17.0%
Highest	House - End Terraced	£117.67	24.3%	18.3%

5 APARTMENT:			Household % income for min (living) wage 23+	
Rents	House Type	Weekly 2023/24 rent	Single parent (2 children)	Small family (2 children)
Lowest	Flat	£110.72	22.6%	17.1%
Median	House - End Terraced	£117.93	24.4%	18.4%
Highest	House - End Terraced	£130.93	27.3%	20.5%

6 APARTMENT:			Household % income for min (living) wage 23+	
Rents	House Type	Weekly 2023/24 rent	Single parent (2 children)	Small family (2 children)
Lowest	Flat	£127.13	26.3%	19.8%
Median	House - Semi Detached	£132.79	27.6%	20.8%
Highest	House - End Terraced	£135.52	28.2%	21.2%

The results shown use the lowest, highest, and median (middle) rent for each property size, based on number of apartments. This reduces any distortion that could be caused by the use of average rents only.

The results do not take account of eligibility for benefits, in the form of Universal Credit (UC) or pension credit. These will often be payable to people on low wages with dependent children or to single pensioners whose only source of income is the State Pension.

North View's overall performance in relation to the 25% rent to income ratio it has set is positive, although there are scenarios where the target 25% ratio is exceeded and affordability will be more pressured. Eligibility for benefits (in the form of Universal Credit or Pension Credit) becomes

important in such cases as a way of increasing household income. North View provides access to income maximisation support which is available to all Windlaw residents.

The following examples show the difference that benefit entitlement can make. The examples shown are a single person household, a single parent with children, and a single pensioner (based on a 35 hour working week).

1. A **single person working full-time** for the NLW would not receive any Universal Credit if their rent was the lowest or the median North View rent for a 2 apartment. If paying the highest North View rent, £11.76 UC per month would be payable.
2. A **single parent** working full-time for the NLW and with two children needing their own bedrooms would receive monthly UC of between £796.99 (lowest NV rent) and £895.18 (highest NV rent).
3. A **single pensioner with no works or private pension** would have their full rent paid from housing benefit if in receipt of Guarantee Credit. If receiving the new state pension rate of £203.85 per week, the tenant would be expected to pay 65% of any excess over their applicable amount resulting in the tenant in this case paying £1.82 per week towards their rent.

Access to benefits is crucial for many North View tenants but unfortunately some groups are disadvantaged by government policy. Single people of working age generally do not receive benefits even if they are working for very low pay, nor do they have an additional wage coming into their household. Families receiving Universal Credit are subject to the benefit cap if they have more than two children. This means that across the housing system as a whole, rent affordability is more pressured for certain household types and sizes.

## Average Rent Levels

The rental charges shown in **Table 2** are base-dated 31 March 2023. The Table includes the four community-based landlords in Castlemilk as well as Glasgow Housing Association, which is also a significant landlord in the area.

**TABLE 2**  
**AVERAGE WEEKLY RENTS BY HOUSE SIZE AT 31.3.2023 (SOCIAL LANDLORDS IN CASTLEMILK)**

House Size	Ardenglen HA	Cassiltoun HA	Craigdale HA	Wheatley Homes Glasgow	North View HA
<b>2 apartment</b>	£75.45	£81.37	£75.58	£85.22	£79.37
<b>3 apartment</b>	£85.27	£84.53	£80.09	£91.28	£93.03
<b>4 apartment</b>	£94.20	£93.20	£91.09	£105.90	£103.20
<b>5 apartment</b>	£107.48	£108.24	£94.56	£115.99	£115.72

House Size	Castlemilk Average	North View compared with Castlemilk average
2 apartment	£84.94	(£5.57) lower
3 apartment	£90.83	£2.20 higher
4 apartment	£105.22	(£2.02) lower
5 apartment	£114.76	£0.96 higher

North View's average rents were generally higher than those of our local peers, with the exception of Wheatley Homes Glasgow.

- Our average rent for 2 apartments and 4 apartments were lower than the local peer average
- Our average rent for the remaining house sizes were higher than the Castlemilk peer average, by a margin of £2.20 per week for 3 apartments and £0.96 per week for 5 apartments

This situation is in part due to rent levels that were inherited from Scottish Homes when properties transferred to the Association via Tenants' Choice and a final stock transfer in 2005.

In the last two years, we have been proactive in making our rents more competitive and more affordable:

- The Management Committee approved a one-year rent freeze for 2021/22 to ease the considerable financial pressures that tenants experienced during the COVID-19 pandemic.
- In 2022/23, North View completed the second year of the rent restructuring plan already described, with the goal of ensuring we have a fair and consistent rent structure. For example, this is providing us with a direct means of tackling Tenants Choice rent anomalies.

The restructuring plan works by phasing in rent increases or rent reductions over five years, with all tenants arriving at the target rent for their home at the end of that period.

## BUSINESS PLAN PRIORITIES

North View's priorities for reviewing and/or improving value for money in 2023/24 are set out below. The priorities are drawn from the Business Plan as a whole, as well as the content of this Chapter on value for money.

### Void Management

1. Achieve continued reduction in relet timescales and lost rental income as set out in North View's key performance indicators. This will be based on joint working between the Housing

and Maintenance Managers and their teams to review working practices and processes and to identify solutions in individual cases.

### Rent Affordability

2. Update our affordability assessments as part the 2023/24 rent review, keeping our focus on affordability for tenants earning low wages. Continue to develop our understanding of the reasons why tenants receiving Universal Credit are more likely to have rent arrears and what affordability issues may be involved.

### Procurement

3. From 2023, include procurement in discussions with other Castlemilk housing associations, regarding possible areas for future partnership working.
4. Achieve best value by tailoring our procurement methods to the type and scale of purchasing or procurement being undertaken. In 2023/24, our significant procurements will be:

Activity	Intended Procurement Method	Timescale
Governance Review	To be agreed	September 2023
Financial Services	Competitive tender (to be advertised on PCS website and involving balancing quality and price aspect)	September 2023
Landscape Maintenance Contract	Competitive tender (involving a prequalification and quality aspect)	April 2023
Painterwork	Framework agreement	May 2023

### Efficiencies and Value for Money Framework

5. Identify efficiencies and potential savings during the development and approval of the 2023/24 budget, and carry this forward to the budget for 2024/25.
6. Develop and implement a new value for money strategy during 2023/24, to provide an overall policy framework and action plan for North View’s work on Value for Money.

### Tenant Engagement and Priorities

7. Hold area meetings with residents to follow up on the 2022 Tenant Satisfaction Survey results and provide an opportunity for residents to discuss any issues in their local development area. During 2023, review tenant involvement strategy and develop follow-on engagement work, to secure greater levels of involvement in the Association’s work. If financial resources permit, commission external expert advice in reviewing our tenant involvement strategy.

## **Estate Management**

8. Develop joint working between Housing Management and Maintenance to improve upkeep of the area and introduce new procedures to support this.

## **Digital Services and IT Development**

9. Continue to publicise the North View services and information that tenants and factored owners can access online, through the website.
10. Use the functionality provided by the HomeMaster software system to improve our processes. The priority in 2023 will be to develop our texting functionality initially which will have benefits for our customers as well as the Association.
11. Complete ongoing work with Visual Stats Solutions to further develop the Association's data collection and performance reporting on HomeMaster.

## 8. Strategic Risk Assessment

### Strategic Risk Register and North View’s Key Risks

North View’s Strategic Risk Register describes the strategic risks that are material to our ability to achieve our objectives and to ensure the sustainable management of the Association.

This Chapter is supported by a set of **Risk Profiles for the “Top Ten” risks in the Register**, as set out at Appendix 4. Each Risk Profile describes:

- **Causes:** factors and potential triggers for risks crystallising or exposure increasing
- **Effects:** the potential consequences of each risk
- **Mitigations:** the measures we have in place to identify and manage the risk
- **Future Actions:** further actions we intend to take to further develop our risk management.

As we have seen with the COVID-19 pandemic and the current economic crisis, the course of some risks can change very rapidly. Accordingly, the information in this Business Plan is best seen as a snapshot at a given point in time with careful monitoring also needed on a continuing basis.

In the year ahead, the Senior Management Team will review the Strategic Risk Register quarterly and provide an updated Register and quarterly report to the Audit and Risk Sub-Committee.

### Risk Scoring Method and Heat Map

North View uses a scoring method to assess and prioritise risks, using the heat map diagram in Figure 1.

**Figure 1: Assessing and Scoring Risks**

<b>IMPACT</b>	Extreme/catastrophic 5	5	10	15	20	25
	Major 4	4	8	12	16	20
	Moderate 3	3	6	9	12	15
	Minor 2	2	4	6	8	10
	Insignificant 1	1	2	3	4	5
			1	2	3	4
		Remote	Unlikely	Possible	Probable	Highly Probable
		<b>LIKELIHOOD</b>				

- The **likelihood and impact of each identified risk** are scored using the descriptions on each axis of the heat map, from 1 (lowest) to 5 (highest). The scores for likelihood and impact are then multiplied, to give an overall risk score.
- Separate scores are prepared for **Raw risk** (the level of risk if no action is taken) and **Net risk** (the level of risk that remains after measures to control it are taken into consideration).
- The resulting risk scores are colour-coded as follows:
  - RED**: the risk score is **high (score 15 or greater)**
  - AMBER**: the risk score is **significant (score 8 to 12)**
  - GREEN** – the risk score is **moderate (score 4 to 6)**

A risk score of 3 or less means that the risk is judged to be low.

**Figure 2** on the next page shows North View’s Top Ten risks as set out in the Strategic Risk Register, ranked from highest to lowest score for net risk. Net risk is the main score we rely on. As a secondary measure, the chart also shows a score for raw (inherent) risk.

Figure 2 links each identified risk to the relevant strategic objectives set out in the Business Plan. This helps to identify how the various risks might impact North View’s overall strategic objectives and its various service and business areas.

Scoring risks is a useful tool but is not an exact science. It should be accompanied by careful monitoring and thinking about the causes of risks and the tools needed to manage them. This is addressed in the Strategic Risk Register and in the Risk Profiles at Appendix 5.

While there has been no overall change recently in North View’s most significant headline risks some risks have intensified or have changed in their nature in the last year, especially where external economic factors are involved. This is particularly the case in relation to the balance of the Association’s costs (rising) and rental income (reducing, due to the combined impact of high inflation and the effect of the cost of living crisis). Other risks have receded to a degree, for example the impact of the COVID-19 pandemic.

Risks have been tested where feasible and proportionate in the future cashflows in the Business Plan, either in updated base case assumptions or in the sensitivity analysis that has been carried out. However, this can be challenging when many of the risk factors cannot be assigned a monetary value or involve high levels of political or economic uncertainty. This is particularly the case for the future cost of climate change obligations.



**FIGURE 2: North View’s Top 10 Strategic Risks: Risk Scores and Links to North View’s Strategic Objectives (at June 2023)**

	<b>RISK SCORE IS “HIGH”</b>		<b>RISK SCORE IS “SIGNIFICANT”</b>	<p>* <b>RAW</b> Score is the score if no action is taken to deal with the risk.</p>	<p>* <b>NET</b> Score is the score after risk management measures are applied by North View. The Net Score is the primary tool for risk reporting.</p>
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Risk (from Strategic Risk Register)	RAW Score*	NET Score*	Quality homes/ environment at affordable rents	Improve tenant services, respond to tenants' priorities	Invest in tenants’ homes, manage our assets well	Partnership working on community support services	Improve housing opportunities in Windlaw	Strong governance and financial resilience, be a good employer
1. IMPACT OF ECONOMIC ENVIRONMENT ON NORTH VIEW’S BUDGETS AND CASHFLOWS	25	20	✓	✓	✓	✓	✓	✓
2. FAILURE TO MAXIMISE RENTAL INCOME	16	16	✓	✓	✓			✓
3. IMPACT OF UNIVERSAL CREDIT ON NORTH VIEW’S INCOME STREAM	20	16	✓	✓	✓			✓
4. GOVERNMENT INTERVENTION IN SOCIAL LANDLORDS’ RENT SETTING	25	15	✓	✓	✓			✓
5. FAILURE TO MEET LEGAL OBLIGATIONS FOR TENANT AND RESIDENT SAFETY	20	15	✓	✓	✓			✓
6. NORTH VIEW RENTS ARE NOT AFFORDABLE TO TENANTS	16	12	✓	✓	✓			✓
7. FAILURE TO MITIGATE CONTINUING IMPACTS OF COVID-19 PANDEMIC ON TENANTS, STAFF AND NORTH VIEW’S BUSINESS	15	12	✓	✓	✓	✓		✓
8. COMMITTEE NUMBERS AND BLEND OF SKILLS/ EXPERIENCE DO NOT MEET NORTH VIEW’S NEEDS OR REGULATORY STANDARDS	25	12						✓

Risk (from Strategic Risk Register)	RAW Score*	NET Score*	Quality homes/ environment at affordable rents	Improve tenant services, respond to tenants' priorities	Invest in tenants' homes, manage our assets well	Partnership working on community support services	Improve housing opportunities in Windlaw	Strong governance and financial resilience, be a good employer
9. CLIMATE CHANGE: INABILITY TO COMPLY WITH SCOTTISH GOVERNMENT OBLIGATIONS	15	12	✓		✓		✓	✓
10. VIABILITY: NORTH VIEW CEASES OPERATIONS OR BECOMES UNVIABLE	15	12	✓	✓	✓	✓	✓	✓

## **The Management Committee's Risk Appetite**

The Management Committee's focus in the Business Plan is on:

- Consolidating and improving the performance of North View's core business as a housing and property manager, and
- Acting as a community anchor organisation for Windlaw, supporting residents and the community through North View's own actions and by working in partnership with others.

Overall, the Management Committee has a moderate and prudent appetite for risk, but it is not risk averse. The Committee is open to new ideas and ways of working that may benefit North View's tenants and the wider community, but it is also mindful of the need for considered decision-making in the extremely challenging economic climate that currently exists. Against this backdrop, the Committee will examine new activities and opportunities with care.

The Management Committee sees partnership working with other community organisations including the other Castlemilk housing associations as an area for further exploration, since this could help achieve mutually beneficial results and mitigate risks. This is particularly important in the aftermath of COVID-19 and in the present economic circumstances which are challenging for tenants, communities, and landlords alike. The Castlemilk Pantry is an excellent example of how smaller organisations can achieve more through joint working.

## **Internal Audit**

Quinn Internal Audit Services were appointed as our Internal Auditor in January 2023 following a balancing quality and price procurement process.

We have agreed a new internal audit plan and programme which is now underway with the following priorities set for 2023/24:

- Factoring
- Equalities
- Tenant participation

## **Business Plan Priorities in 2023/24**

- 1) Establish a new review cycle and process for the Strategic Risk Register.
- 2) Develop our Operational Risk Registers, giving priority to maintenance and with a particular focus on tenant safety.

## 9. FINANCIAL PLANS AND PROJECTIONS

### Introduction

This Chapter provides a commentary on the financial projections shown in Appendix 6 of the Business Plan.

The projections were most recently reviewed in November 2022, with particular attention given to:

- The potential impact of a freeze on rental income in 2023/24 and the feasibility of a 5% rent increase.
- Persistent high rates of inflation which were expected to continue for the next 12 months or so, at which point Bank of England forecasts were that they would begin to taper off.

North View's decision was to go ahead with the proposal for a 5% rent increase in 2023/24, approximately half the prevailing rate of inflation.

The 5% increase was approved in response to continuing cost of living pressures for tenants. There was also pressure from the Scottish Government for landlords to set below inflation increases, on a voluntary basis or through new statutory rent caps set by government. The first of these options was ultimately adopted for social landlords.

The financial projections show that North View can meet these immediate challenges, while also adopting a planned approach that will sustain North View's financial position in the medium and long term.

The next comprehensive review of the financial projections is due to take place as part of the budget and rent-setting cycle that will take place in the third quarter of 2023/ 24. This integrates our various financial planning processes in the short- and longer-term.

### North View's Context

The Association's core business is the management and maintenance of 695 rented units and 2 sharing owner properties. The Association also factors 81 owner occupied properties.

At March 2022 an overall surplus of £295k was projected prior to annual actuarial charges of £67k. Net assets of the Association totalled £3.32m. The final accounts for financial year 2021/22 stated an overall surplus of £490k and cash balances of £1.93m.

The financial model includes completion of a 25-unit new build project (Windlaw Lodge) in the first quarter of 2022/23. Overall project costs total £3.398m, grant funding amounts to £1.454m and loan finance totals £1.944m.

The status of the COVID 19 pandemic has changed significantly since last year's Business Plan Update as a result of the national vaccination programme. While variants to the virus and other factors are a continuing threat requiring vigilance, the UK has now entered a new phase of "living with COVID".

This has enabled North View to return to a more normal pattern of business. The office is open to tenants, staff are working from the office again, and it has been possible to resume services that were previously suspended or delivered in a socially distanced way (particularly repairs and maintenance services).

The financial projections assume that this more normal position will continue and that any required modifications to the budget will be identified and incorporated as required.

## **Current Operating Environment**

The current financial and political climate which the Association is operating in has a substantial impact on the assumptions used in the projections and the overall business planning model.

The main factors present include:-

- Global economic and political climate - including Brexit and war in Ukraine
- Cost of living crisis which has driven up the cost of home energy, food, and other essentials
- Impact of COVID 19
- Rising materials and component costs for repairs and maintenance
- UK, Scottish and local government strategies
- Welfare reform, notably the switch of tenants receiving Housing Benefit to Universal Credit
- EESSH 2020 and the next phase of government energy efficiency targets, although the Scottish Government has still to decide what the next phase targets will be
- Pension fund deficits
- Increasing interest rates, in response to inflationary pressures
- UK headline inflation
- Increased lender and SHR interest
- Tenant expectations of service level improvements

Chapter 4 of the Business Plan, Strategic Analysis, provides a commentary on how external economic factors are likely to impact North View. Since the present economic outlook is both changeable and challenging, sensitivity testing results have been updated in the cashflows to take account of the changes to inflation and rent increases described at the start of this Chapter. This is an ongoing process and depends on the risks involved and their materiality.

## Material Assumptions in this Update

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

- Increase in the housing stock by 25 units following completion of Windlaw Lodge new build development in the first quarter of 2022/23
- Higher inflation levels in 2023/24 (10%) and 2024/25 (reducing to c 5% second half of 23/24)
- Inflation levels at 2% over the long term (2025/26 onward, per Bank of England forecasts)
- Sub-inflation rent rise of 5% in 2023/24, in response to tenants' cost of living pressures and threatened use of Scottish Government rent caps legislation
- Real rent increases of 1% for 2024/25 to 2027/28, then CPI inflation only for remaining years 7 to 30
- Voids and Bad Debts average at 2.5% pa (reduced from 4% in 2020 plan)
- Real maintenance cost increases at 0.5% over 30 years
- Added bulk uplift cost of £25k assumed annually
- Current staffing levels remain
- Real increases of 0.5% in management costs until year 10
- All staff in defined contribution pension scheme at rates of 7.45%-10.45%
- Loan interest rates (pre margin) increase annually from 4.5% years 2 and 3 and then 4%
- RBS 10-year bullet facility of £1m extended for 2 years
- All debt repaid by year 14
- Average annual spend of £20k on other fixed assets
- Rent arrears increase in year 2 prior to gradual reduction to 5.5% pa

Key changes in assumptions compared with the base Business Plan approved in 2020 include:

- The Plan now assumes a shorter period of real terms rent increases in the early years (now 4 years starting from 2024/25, compared with 10 years in the 2020 Plan)
- Reduced allowance for voids and bad debts (2.5% compared with 4% in the 2020 plan)

Changes in financial Key Performance Indicators (KPIs) have also occurred, with the updated KPIs shown later in this Chapter.

## Commentary on Assumptions used in the Projections

### Base Date and Stock Levels

All financial information is based at 2022/23 levels, unless otherwise stated.

The Association's rented housing stock levels at the start of 2022/23 comprises of 674 general rented units plus 2 sharing owners. A further 25 rented units are added in year 1 of the plan.

### Rental Policy and Future Financial Strategy

Chapter 9 of the Business Plan describes:

- North View's average rents
- Our assessment of the affordability of North View's rents
- How our rents compare with other local RSLs .

In this Chapter, we take a longer-term view about North View's future rent policy. Table 1 shows recent rent increase levels alongside future planning assumptions.

**TABLE 1: Revised Assumptions Regarding Future Rent Increases**

	Assumed CPI Inflation	Real Increase in Rents	Assumed Increase in Rents
<b>2022/23</b>	4.2%	0%	4.2%
<b>2023/24</b>	10%	<b>5% REDUCTION</b>	5%
<b>2024/25</b>	5%	1%	6%
<b>2025/26 to 2027/28</b>	2%	1%	3%
<b>2028/29 to 2051/52</b>	2%	0%	2%

In summary, the assumptions involve:

- A rent freeze in 2021/22, followed by an inflation only increase in 2022/23, followed by a 2023/24 increase of 5% which is approximately half the level of inflation.
- Reverting to a 1% real rent increase for each of the following four years (from 2024/25 to 2027/28)
- Planning for inflation only rent increases from year 7 onwards (2028/29) for the remainder of the 30 year term of the financial projections.

The Management Committee is very aware from its work on the 2023 rent increase that a significant reduction in rental income in any one year will be compounded through the full 30 years of the Business Plan and will result in material reductions in future rental income.

In North View's case, setting the 2023/24 rent increase at 5% for just one year will result in approximately £2.150 million less cash at the end of 30 years than was assumed in our original 2022 financial projections.

We have been able to maintain the budget for investment and other costs at planned levels in 2023/24. However, high costs means that this expenditure will deliver a lower level of output.

For the longer term, the proposals in Table 1 are current planning assumptions. These will need to be reviewed regularly to ensure that a sustainable balance between rental income and expenditure can be maintained.

A future policy of no real increases in rental income in the longer term would not be feasible. Such a policy would be the single greatest threat to the Association's ability to maintain positive future cashflows and could impair future investment in tenants' homes and services. As a result:

- Cash balances at year 30 of the plan would reduce from £7.43 million (baseline) to £1.28 million (no real rent increases over the 30 years).
- The Association would be unable to replenish its finances after the combined effects of COVID and spiralling inflation.
- Capacity to maintain investment in the housing stock at the required levels to meet tenant expectations and government requirements would be reduced, along with our ability to raise energy efficiency standards.
- There would be pressure for rents to increase to unaffordable levels further down the line.

Our longer-term financial strategy is to ensure that the decisions we make now are prudent in the longer term. Accordingly, there are not any years in the next 30 years where we are forecasting a deficit, nor have we assumed we will 'clawback' the 2023/24 sub inflation rent increase in later years.

With so many external economic and political factors to consider, some of them volatile, future assumptions will need to be continually monitored and if necessary adjusted. Looking ahead to the next rent review in 2024/25, a key factor will be whether current Bank of England forecasts of a sustained reduction in CPI inflation from autumn 2023 onwards prove to be accurate.



## **Voids and Bad Debts**

For the year to 31 March 2022 voids and bad debts for the Association's stock were 0.7% and 0.8% respectively. These results were significantly better than those achieved in 2020/21 when the pandemic was at its worst (1.6% and 1.8% respectively).

Total costs in the 2022 plan are assumed at 2.5% long term.

This represents an increase in 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, i.e. the Association will seek to minimise void losses and to recover debts owed wherever possible. The Association recognises there is still room for improved performance in both areas and this is described in the Business Plan chapters on service delivery.

A 1% change in voids and bad debts has an overall impact of around £1.6m 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.

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.

## **Major Repairs**

Future major repairs costs are based on the planned maintenance programmes produced internally, as described in Chapter 7, Asset Management.

It is envisaged that on average around £32,940 per unit shall be incurred over the next 30 years. In the first 10 years 25% of total spend shall take place, followed by a further 35% of spend up to year 20, with the balance of 40% being spent in the last 10 years. Real cost increases are assumed at 0.5% per annum for the full plan period.

The Association currently fully complies with EESSH1 requirements, other than a handful of properties where electrical installation testing is being brought forward to comply with new 5-year statutory timescales. Work to consider the budget implications of EESSH 2 is at a relatively early stage as described later in this Chapter.

A 10% difference in major repair costs has a £3.86m impact on the year 30 cash position and if no real cost increases are applied on any major repair costs, then an improvement of £3.17m arises.

The Association's programme of stock condition surveys was disrupted in 2020/21 by the pandemic. Staff resources have been prioritised to bring the programme back on track and the target survey rate of 50% across the stock by 31 March 2023 has been achieved.

Taking account of knowledge of the stock, the Association is satisfied that costs can be contained within sums provided for in the financial model. Works cost estimates have been revised upwards to take account of the stock condition survey results and the increase in costs that has resulted due to market conditions.

### **Cyclical Maintenance**

Cyclical costs per unit are estimated at an average of £616 per unit over the plan period. 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, stair lighting, landscaping, close cleaning, and bulk uplift.

Expenditure per unit on rented stock totalled £514 per unit on average for the 3 years to 31 March 2021. Costs have increased due to continued growth in stock safety obligations and the transfer of bulk uplift costs from Glasgow City Council to the city's housing associations.

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

### **Reactive Maintenance**

Expenditure per unit on rented stock totalled £558 per unit on average for the previous 3 years to 31 March 2021.

The financial model include average costs at £605 per unit inclusive of real cost rises at 0.5% for the full 30-year period.

A 10% increase in reactive costs has an adverse impact of £2.12m 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 the sums provided for in the financial model.

### **Other Costs**

Costs relate to the wider action costs at around £41k per annum and stage 3 costs at £23k over the full 30-year period. The budget for 2022/23 consolidates wider action and tenant participation costs in a single wider action budget heading, where the purpose of the expenditure is non-housing expenditure on activities that benefit the wider community. The Association may undertake some activities directly or in partnership with other local housing associations or specialist service providers for the benefit of the Windlaw community.

## Management and Administration

The Association's management costs in the annual accounts refer to staff and overhead costs relating to the rented stock. Costs for 2020/21 totalled £2,037 per unit and average £1,823 per unit over the long term. These costs include six DLO staff members (Tradesteam). Overheads as a % of turnover averaged 10.24% and, taking account of the size of the organisation, are at high levels. A number of areas of activity shall be reviewed in the immediate term including lease costs, subscriptions, telephone costs etc. A value for money review of Tradesteam was carried out in 2022/23 and other value for money initiatives will be taken forward, in response to increases in the Association's costs due to external economic pressures.

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 £2.34m saving results.

## Other Fixed Assets

The long-term projections include replacement costs for furniture, fittings, replacements, and equipment over the plan period. Average annual spend of £20k per annum is allowed.

## Loan Finance and Stock Value

Loan debt at 31 March 2022 totals £8.765m inclusive of loan debt for the 25-unit new build project. Lenders are RBS and Allia and margins are at 1% following a review of loan finance in 20/21.

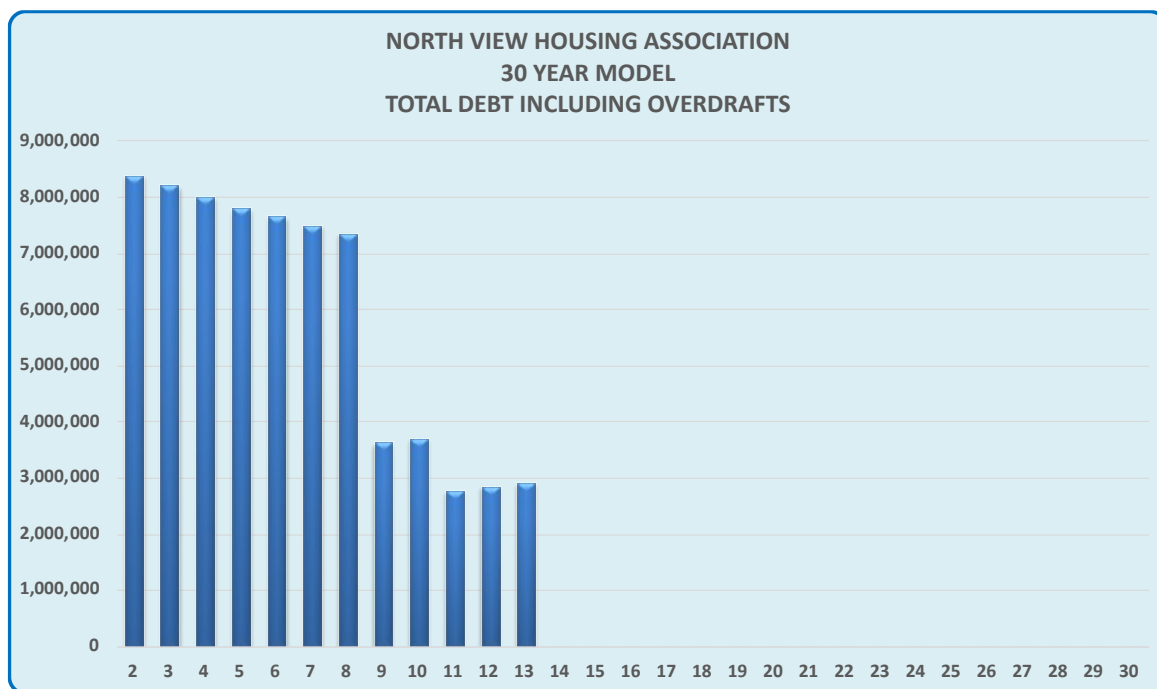
We are monitoring the upward trend of interest rates carefully. While this has an impact on North View's cashflows (an estimated additional cost of £55k in 2023/24), current rates are manageable in the short term, especially if rates begin to reduce again as inflation reduces. In line with Bank of England forecasts, the greater impact may be on longer term cash balances if interest rates remain higher in the medium term.

The loan covenant analysis confirms no issues with loan covenant compliance during the plan period. Compliance is relatively tight in years 2 and 3 but that will be resolved on budget updates.

Total loan repayments in years 1 to 5 of the plan are £2,768,776. The projections assume that base rate will be 4.5% in years 2 and 3 and then 4% long term. The base case model indicates that by year 13 cash resources are projected to exceed debt levels and all debt is modelled as repaid by year 14, as shown in **Figure 1**.

Currently around 43% of stock is unencumbered and the Association has an ability to borrow around £19m based on the March 2022 stock valuations. The Association is currently working with RBS on the release of further properties from the security RBS holds.

**Figure 1: Debt Profile**



### Sensitivity Analysis

Sensitivities are largely modelled on varying rent increases, rent losses, management and maintenance costs, inflation, and changes to net income. The modelling allows the resilience of the plan to be stress tested when the various sensitivities are applied, singly and in combination.

**Table 3** profiles the impact of the impact of each sensitivity factor on the cash position at 5-yearly intervals, the increase or decrease in cash at the end of 30 years, and the implications for covenant compliance.

**Figures 2, 3 and 4** provide a graphical illustration of the impact of the sensitivity factors.

**TABLE 3: Financial Impacts of Sensitivity Factors**

Sensitivity	Year 5 £'s	Year 10 £'s	Year 20 £'s	Year 30 £'s	Increase/ (Decrease) in cash from Base Case	Lenders Covenants Maintained
1. Inflation increase by 1% from year 3	1,862,104	1,205,507	3,832,171	9,583,882	2,156,344	Yes
2. Variable loan rate reduction by 0.5% from year 3	1,891,321	1,075,220	2,969,374	7,611,142	183,603	Yes
3. No real cost increase in major repair costs	1,865,404	1,080,280	3,883,819	10,594,516	3,166,977	Yes
4. No real rise in management costs	1,897,733	1,269,713	4,019,662	9,769,910	2,342,372	Yes
5. Reduction in voids and bad debts by 1% from year 3	1,947,963	1,270,371	3,710,913	9,059,982	1,632,444	Yes
6. Added net income £30k pa from year 3	1,933,590	1,224,995	3,589,985	8,841,864	1,414,326	Yes
7. No real rent rises at all	1,601,605	(167,362)	(623,039)	1,280,257	(6,147,282)	Yr 3 int cover breach
8. Bad debts increase by 2% pa from year 2	1,507,796	129,199	846,892	4,024,453	(3,403,086)	Yrs 2 and 3 int cover breach
9. Variable loan rate increase by 1% from year 3	1,696,436	605,850	2,458,220	7,060,332	(367,207)	Yr 3 int cover breach
10. Reduction in net income by £50k pa	1,539,668	294,333	1,352,143	4,931,837	(2,495,702)	Yrs 2 and 3 int cover breach
11. Increase in major repair costs of 10% from year 2	1,512,311	240,482	806,941	3,564,818	(3,862,721)	Yrs 2 and 3 int cover breach
12. Increase in reactive maintenance costs by 10%	1,596,080	416,447	1,606,454	5,308,018	(2,119,520)	Yr 3 int cover breach
13. Combine versions 7,8,11 and 12	609,718	(2,361,291)	(7,636,257)	(14,421,676)	(21,849,214)	N/A
14. Combine versions 7.8.9.11.12 and CPI rise by 2%	425,603	(3,390,430)	(22,049,619)	(75,434,156)	(82,861,694)	N/A
15. Base case and claw back 5% rent undercharge	1,826,360	1,355,815	5,866,095	13,898,426	6,470,888	N/A

As previously described, the single factor most likely to place the Association in financial difficulty would be if it were to adopt – or be compelled by government to adopt - a policy of no real terms rent increases over some or all of the plan period. The Association’s analysis shows that that this has a negative impact after just one year and would quickly begin to create serious difficulties with the cash position if enforced for a longer period.

The majority of sensitivities have been modelled on an individual basis. It is recognised that a combination of changes in circumstances and assumptions is a clear possibility, as we have seen since the start of COVID through to the present economic crisis. Regular budgeting and the monitoring of financial results helps to ensure that the financial position remains on target and in the event of material adverse variances this allows corrective action to be put in place.

The combined sensitivities show deficits occurring consistently from year 9 onwards. All other factors being equal, the strategic choices to be considered would be likely to include additional real rent increases and/or additional borrowing. The measures needed would depend on the amounts required and any remedial action the Association is able to take in advance.

At this stage, no allowance has been made within the projections for additional spending relating to Scottish Government energy efficiency requirements. This will change as and when North View develops a costed strategy and delivery plan.

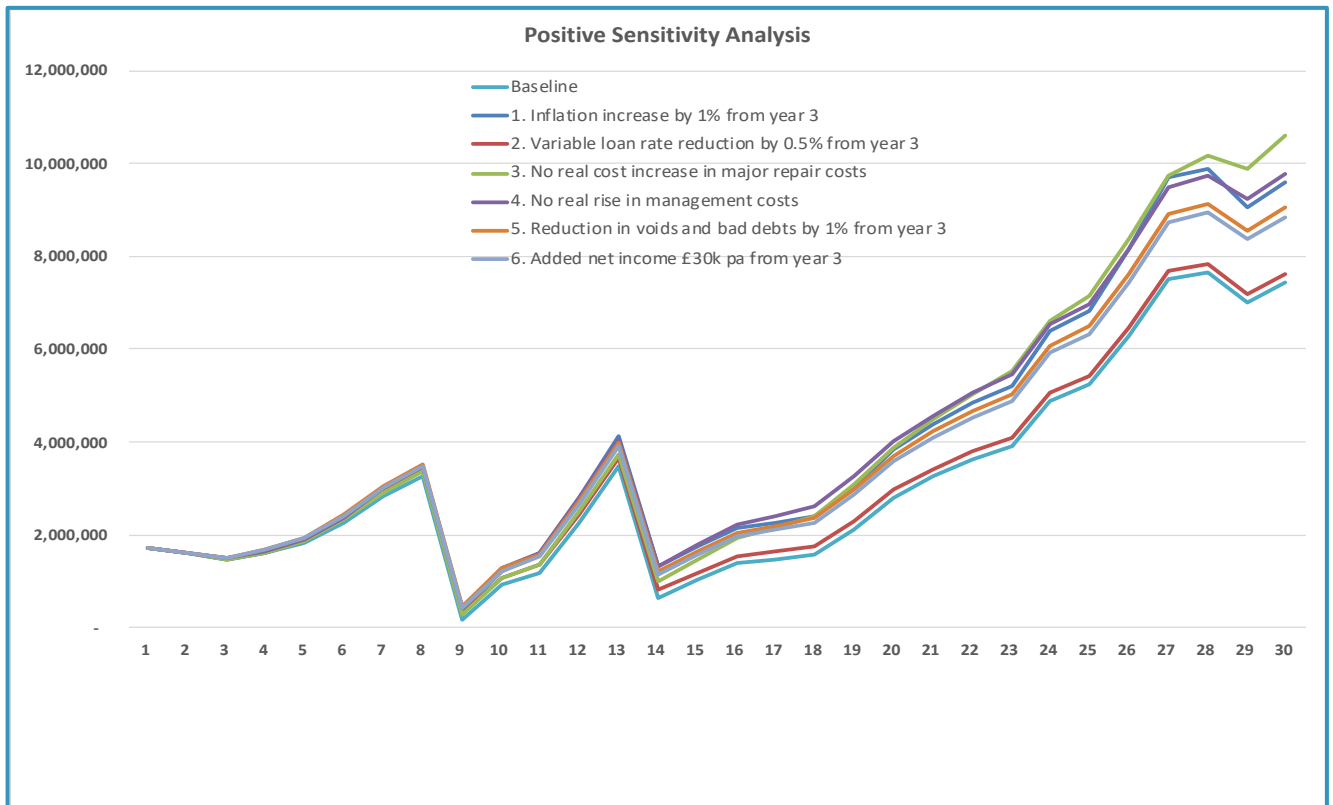
For this to happen, it must be clear what standards have to be met, how improvements in energy performance and efficiency are to be measured, what existing property features need to be retrofitted or improved, what technological solutions will be available and at what price, and what funding or financing models the Scottish Government is prepared to make available. None of these issues are clear at present. Without clarity from the Scottish Government, there is a high risk that landlords may be put under pressure to invest in measures that prove to be neither fit for purpose nor value for money and that this places an unacceptable burden on tenants through their rents.

Initial calculations prepared by the Association indicate that North View like many other social landlords will not be able to invest at the levels needed without substantial financial support from the Scottish Government. The calculations assume an average expenditure requirement of £10k per unit spread over 4 years to 2032; with a £3m million loan taken towards the costs (c 43% of costs); and grant funding receivable for the remaining costs.

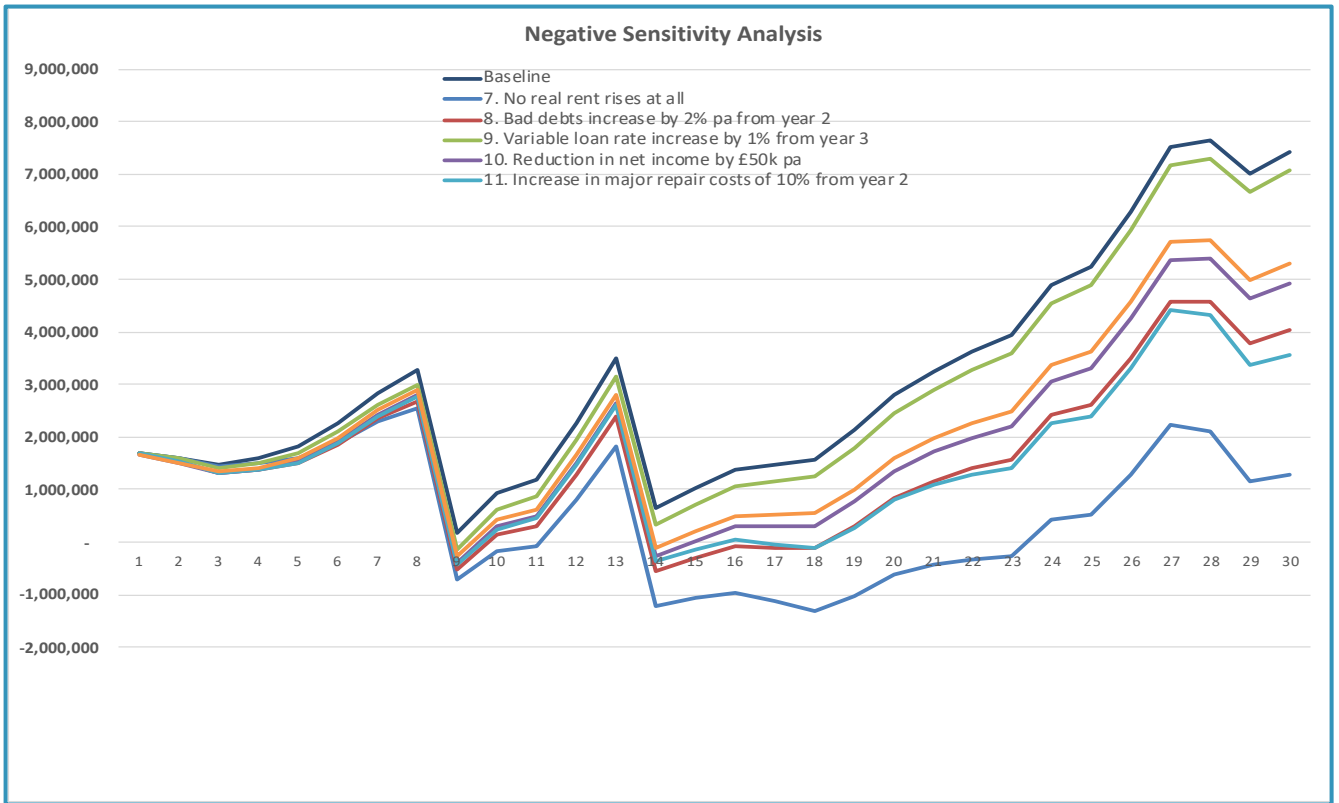
The results show that the investment would not be viable without four consecutive years of 3% real rent increases. This would place tenants under an unprecedented financial burden that would be at odds with the Scottish Government’s commitment to a “just transition” to net zero. Moreover, the stability of the Association’s finances would be seriously threatened, with our initial calculations showing frequent difficulties in relation to deficits and covenant compliance.

Further information on North View’s approach to improving energy efficiency is provided in Chapter 7, Asset Management.

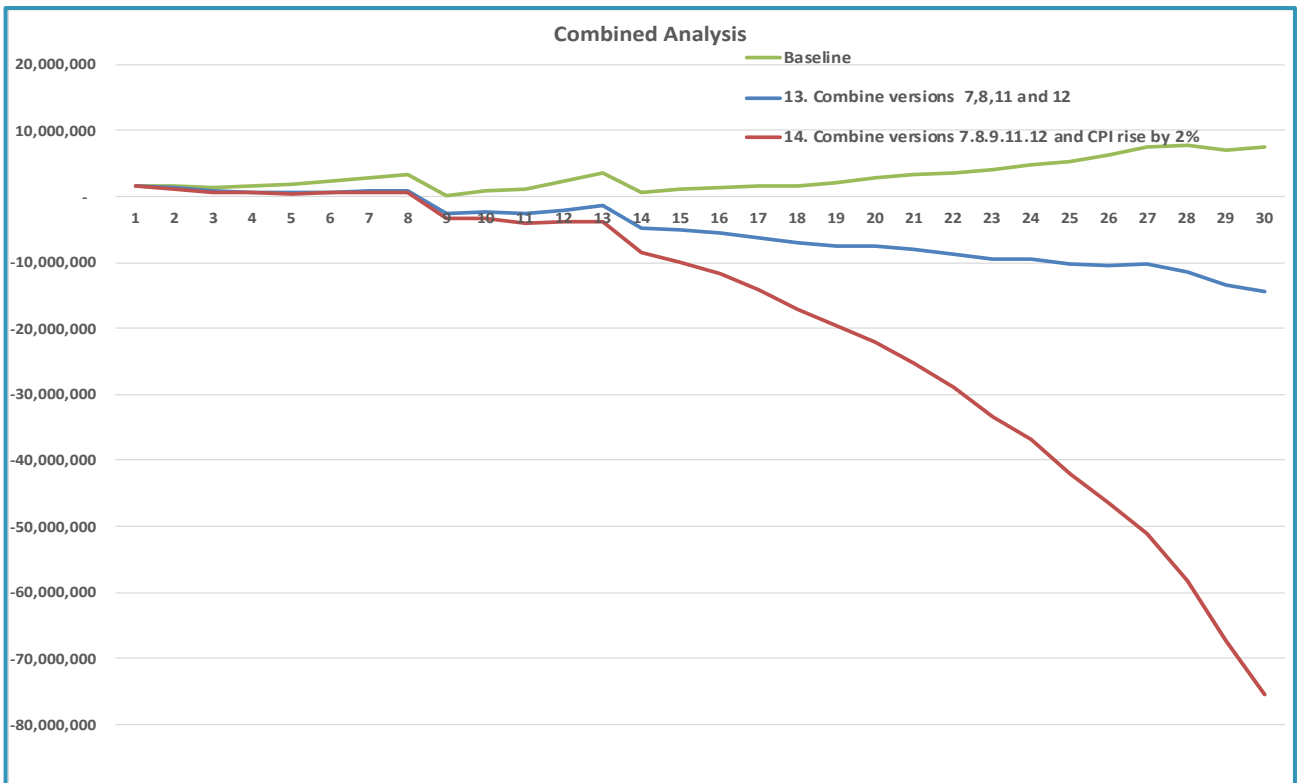
**FIGURE 2: Factors with a Positive Impact on Long-Term Cashflows**



**FIGURE 3: Factors with a Negative Impact on Long-Term Cashflows**



**FIGURE 4: Impact of Multiple Factors on Long-Term Cashflows**



## Risks to the Delivery of Financial Plans

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

Currently, high inflation, rising interest rates, financial hardship among tenants, Universal Credit, and other welfare reform measures, COVID 19, and the costs of maintaining the housing stock and running the business are the main risks for the Association. There are no current plans to undertake further new build in the period after completion of Windlaw Lodge.

Further risks continue to emerge as a result of government policies and priorities.

After a period of uncertainty and abortive work by the sector, the Scottish Government decided not to set **statutory rent caps for social landlords** in 2023/24 and the legislation passed for that purpose has now expired. It is possible that the issue could be re-opened at a future date, since similar measures are in place in England and Wales on a permanent basis, and the Scottish Government is due to introduce new legislation in 2023 to introduce statutory rent controls in the private rented sector in Scotland. However, at this stage ministerial statements suggest that the proposed introduction of statutory rent controls will apply to private landlords only.

Also in the latter part of 2022, the UK and Scottish Governments have announced **substantial public spending cuts** that will lead to austerity at local authority and community levels. GCC will likely continue to reduce its funding for non-statutory services and seek to transfer responsibility for more local services or facilities to local organisations without any transfer of resources. This has already been seen with bulk uplift services.

As noted earlier in this Chapter, meeting **Scottish Government standards on energy efficiency** could place new and substantial demands on the Association's resources. North View will follow the development of government policy and legislation on standards and funding and will include the successor to ESSH2 in its stress testing of the business plan as soon as realistic assumptions can be made.

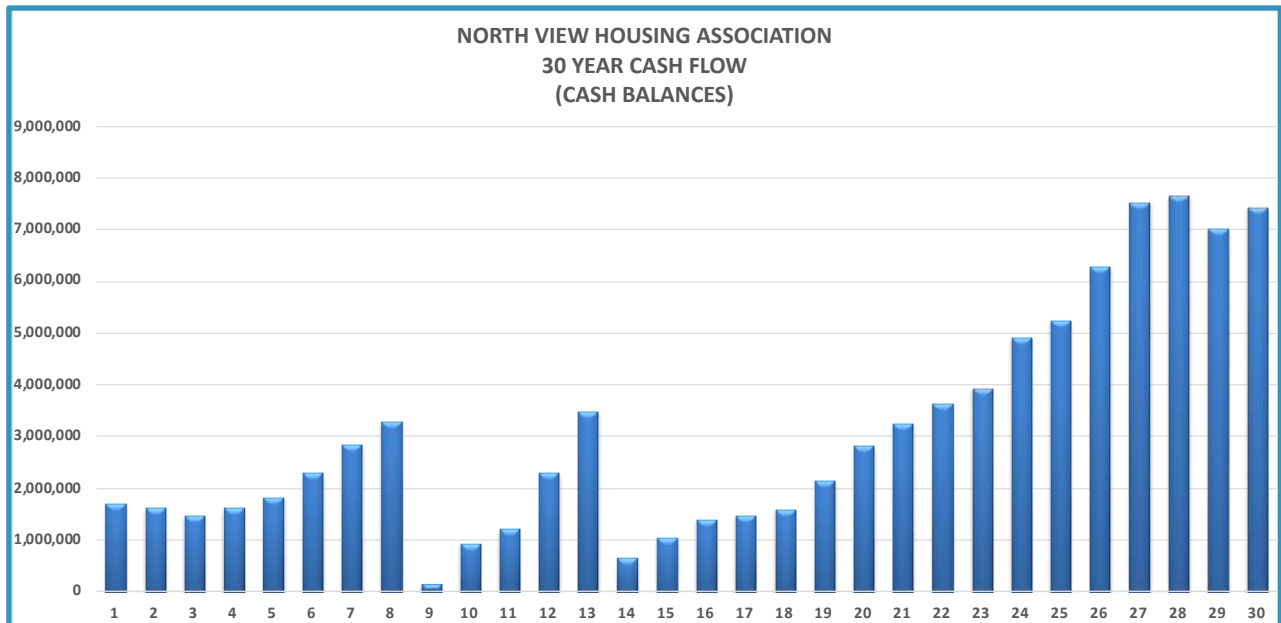


## Summary

The Association's opening cash balance at April 2022 was £1.65m.

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 and changes in circumstances as shown in Figure 5.

**FIGURE 5: Projected Cashflow (30 years)**



Based on reasonable assumptions the financial projections show annual surpluses and confirm adequate liquidity in order to allow implementation of the financial plans. Changes in actuarial assumptions shall be accounted for as information becomes available post each year end.

No issues arise in respect of loan covenant compliance under the Business Plan base case and the Association continues to operate satisfactorily. As shown in Table 3, the stress tests carried out show that covenant compliance could become pressured if certain negative scenarios were to occur, such as not applying any rent increases at all or a sustained increase occurring in the level of bad debts. Covenant compliance continues to be monitored and managed carefully, to anticipate and manage any such scenarios.

### Commentary

**In the first 5 years** surpluses of £2.6m add to the net assets of the organisation and cash balances average £1.6m. No SHQS or EESSH1 difficulties are expected, total major repair spend is £3.7m and debt capital repayments total £971k. This is after additional rental losses have been provided for and rent arrears at an average level of 6.7%.

**The next five-year period to year 10** project surpluses of £3.3m, loan repayments of £4.1m, and major repair spend of £3.4m. Rental arrears are projected as continuing at 5.4% and cash reserves average £1.9m over this 5 year period.

**For the 5-year period to year 15** surpluses of £3.3m result, debt reduces to nil and major repair spend totals £4.6m. Rental arrears are projected as continuing at 5.4% and cash reserves average £1.7m over this 5 year period.

Thereafter the annual surplus position continues. Cash resources also increase with average balances at £4.4m and a final year 30 cash balance of £7.4m.

The sensitivity analysis described earlier in this Chapter shows that each of the adverse scenarios could, assuming they arise as single events, be capable of being managed by the Association. The application of inflation only rent rises in the four-year period from 2024/25 to 2027/28 would represent the most serious challenge.

The Association provided tenants with a rent freeze in 2021/22 at the height of the pandemic and a sub-inflation rent increase of 5% in 2023/24 due to the cost of living crisis and Scottish Government expectations. The Association's income has been seriously depleted and this affects the long-term as well as the short-term position.

The factors remaining within the Association's control include rental policy, staffing levels, and the timing and scale of maintenance contracts. Any combination of adverse scenarios would require to be managed carefully 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.