



CASSITOUN GROUP BUSINESS PLAN 2020 - 2021



UPDATED SEPTEMBER 2020

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SECTION 1 – FOREWARD AND INTRODUCTION

1.1 - FOREWARD

This Business Plan sets out how Cassiltoun Housing Association and its subsidiaries operate. It demonstrates our financial capacity, long term viability and business planning assumptions. We continue to monitor how changes in the external social, economic and political environment could potentially have an impact on our business and our tenants. This continuous process of review is more critical in light of the recent global pandemic and its subsequent economic and social consequences. The Association believes that its robust planning framework, long term forecasts and scenario planning all indicate that the Association will remain strong and financially viable over the next 30 years.

The external economic conditions continue to focus our minds on delivering even greater value for money whilst at the same time ensuring that we play our part supporting the local economy and wider community. Our business plan does not sit still which is reflected in the many successes we have achieved. To maintain our business drive we must continue to innovate, take advantage of new ways of working and operate flexibly in a changing environment both internally and externally.

Our success is due to strong partnerships both locally and nationally, our dedicated staff team and the enthusiasm and professionalism of our Voluntary Board which consists of both local residents and other professionals who have a strong belief in our values and culture.

1.2 - INTRODUCTION

This business plan is our central strategic document and sets out our strategic direction up to March 2021. It is approved by the Board prior to the start of each financial year. In developing this plan, we have taken account of business planning guidance published by the Scottish Housing Regulator (Dec 2015 and updated guidance in August 2020).

1.3 - PURPOSE OF OUR BUSINESS PLAN

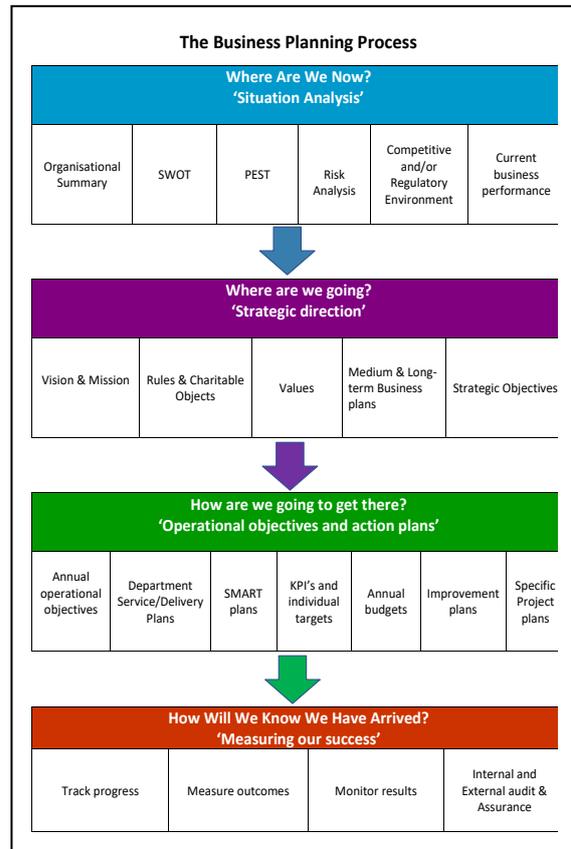
The purpose of the business plan is to:

- help us to understand the opportunities and threats inherent in our operating environment as well as our own internal strengths and weaknesses;
- clarify and communicate our strategic objectives and priorities and set out the key actions we will take to achieve these objectives;
- demonstrate that we have the resources necessary to carry out these actions and help us to identify and mitigate any risks we face in delivering these actions;
- provide a strategic overview for our other strategies and plans; and
- provide a framework with which we can monitor our progress and measure our success.

1.4 - OUR BUSINESS PLANNING PROCESS

We reviewed and strengthened our business planning processes in 2019 and introduced a new protocol which sets out the key steps we take to prepare our business plan. They are:

- agreed business planning timetable
- strategic objectives are reviewed on a three-yearly cycle by the Board and staff team
- operational objectives are reviewed annually and an action plan for the years ahead is developed with the Board and staff team
- financial and resource plans are prepared
- risks are assessed by the Board and staff team
- business plan and budget are approved
- objectives and targets are communicated to staff
- monitoring and review are embedded.
- This process is led by our Board, supported by senior staff, and is highly participative ensuring a whole organisation approach



1.5 - ENGAGING WITH STAKEHOLDERS

In preparing this business plan, invaluable feedback was received from:

- our Board
- our staff team
- a comprehensive, independent, tenant satisfaction survey
- an independent community plan
- other Housing Associations in the sector (by reviewing their Business Plans)

We would normally seek feedback from our focus group/scrutiny panel and through informal methods at tenant events. We have been unable to do this due to Covid-19 but will ensure that wider views are captured in the review process in Spring 2021.

1.6 - THE YEAR AHEAD 2020 – 2021 QUARTER 2 UPDATE

This Plan has been updated (August and September 2020) at a time of a global pandemic that has both major short term and long-term impact on individuals, society and the economy. The 2020 – 2021 financial year will focus on the following areas:

Business Continuity – Continuing to deliver our critical services to tenants and meeting our commitments to uphold our financial commitment to our partners and suppliers and our delivery targets to funders. We will work towards our operational objectives where we can and also continue with strong Governance and Financial Management.

Supporting our Communities – During the pandemic and subsequent recovery period our role as a community anchor will be to support the wider Castlemilk Community networks to care for those in the community who are at risk or more vulnerable.

Planning for the Future - Part of our response to changes imposed on our Business by the pandemic will necessitate that we review our short and medium-term plans. We will need to review how we operate and deliver services to ensure that we emerge from this as a stronger organisation that is more resilient. We will take advantage of new ways of working that will improve our business and services to tenants and customers. We will focus on the 3 'R's':

- What old ways of working or plans do we want to **RESTORE**
- What new ways of working or plans do we want to **RETAIN**
- What about our business do we need to **REINVENT**

SECTION 2 – ABOUT THE CASSILTOUN GROUP

2.1 - HISTORY

Cassiltoun Housing Association is a community-controlled housing association formed in 1984 by a group of local people, then council tenants. The group wanted to bring about change by managing and controlling their own affairs. Since then they have been hugely successful. Originally formed as Glasgow's first housing co-operative "Castlemilk East" in 1985, after a rule change in 2004 to become a charitable organisation and became Cassiltoun Housing Association.

Cassiltoun Trust was formed in 2004 as a vehicle to save a building at risk 'Castlemilk Stables' and transform it into a community asset to offer a mix of both business accommodation and community space. After the completion of the £4.5 million renovation Castlemilk Stables and Cassiltoun Trust have delivered a stable rental income and a constant programme of community projects. Since 2009 their work has also encompassed the regeneration of the local woodland 'Castlemilk Park'.

Cassiltoun Stables Nursery was created in response to a business opportunity when the private nursery based in Castlemilk Stables closed. Since welcoming its first customer in 2013, this business has expanded, increasing its childcare registration and utilising the local woodland to deliver creative and innovative childcare services.

The Business Plans for Cassiltoun Trust and Stables Nursery can be found at Appendices 1 and 2.

2.2 - OUR SOCIAL IMPACT

All parts of the Cassiltoun Group have an overarching purpose which is to 'provide value for money for their services and play a critical role in the local economy to support both job

creation and wider social and economic regeneration'. Each of the businesses has its own charitable objects, strategic and operational objectives and business planning framework to meet those objectives.

We are keen to align our approach to maximising Social Impact to the Scottish Government's 16 National Outcomes. Across our Group we focus particularly on the following 12 outcomes where we believe we can have the most significant impact.

- We realise our full economic potential with more and better employment opportunities for our people.
- Our young people are successful learners, confident individuals, effective contributors and responsible citizens.
- Our children have the best start in life and are ready to succeed.
- We live longer, healthier lives.
- We have tackled the significant inequalities in Scottish society.
- We have improved the life chances for children, young people and families at risk.
- We live our lives safe from crime, disorder and danger.
- We live in well-designed, sustainable places where we are able to access the amenities and services we need.
- We have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others.
- We value and enjoy our built and natural environment and protect it and enhance it for future generations.
- We take pride in a strong, fair and inclusive national identity.
- Our people are able to maintain their independence as they get older and are able to access appropriate support when they need it.

This approach will help us to maintain our focus on the social impact we wish to make.

SECTION 3 – OPERATING CONTEXT

3.1 - EXTERNAL ENVIRONMENT - THE NATIONAL CONTEXT

The Economy - At the time of updating this plan, the UK economy is in its first recession for 11 years. The impacts of the Covid-19 pandemic are having significant and wide-ranging economic consequences. These include:

- low interest rates
- increasing levels of unemployment
- low consumer confidence

Covid-19 - Is having a significant impact on how we deliver our services. Over the first 6 months of the financial year, The Cassiltoun Group have had to:

- Work in a more dispersed way
- Invest in new technology and hardware to enable staff to work remotely and for effective governance
- Limit the services we can provide to tenants
- Re-profile our building, maintenance and repairs programs

- Divert resources (both time and financial) to Covid-19 related measures, training and health and safety

Poverty & Deprivation - The UK and Scotland are still struggling to eradicate deprivation, poverty and child poverty in particular. A recent report from the Joseph Rowantree Foundation noted (Oct 2019):

‘Poverty in Scotland is rising, from an already unacceptably high level. More people are facing situations where they cannot afford the basics nor play a full role in society. Almost one in five people in Scotland live in poverty, and for children the situation is worse, with one in four in poverty. New analysis shows the key role of housing in people’s lives, and how types of housing, and the lower cost of housing in particular in the social rented sector, mean that poverty is significantly lower in Scotland than in the rest of the UK overall.’

New Legislation and Regulations - During the last few years, we have witnessed and been impacted by new Legislation and Regulations including the Scottish Housing Regulatory Framework, the extension of Freedom of Information requirements to social housing and the Scotland Act 2016.

Access to finance - We have been fortunate to be able to access finance to support our current housing delivery plans. Further finance will be required if we continue with phase three of our development plans. Although we are assured by lenders that they are still willing to work with Housing Associations the Scottish Housing Regulator continues to warn that whilst investors’ appetite remains strong, housing associations should not take access to finance for granted. Landlords also need to ensure that any business plan that includes new borrowing is stress tested for future economic shocks.

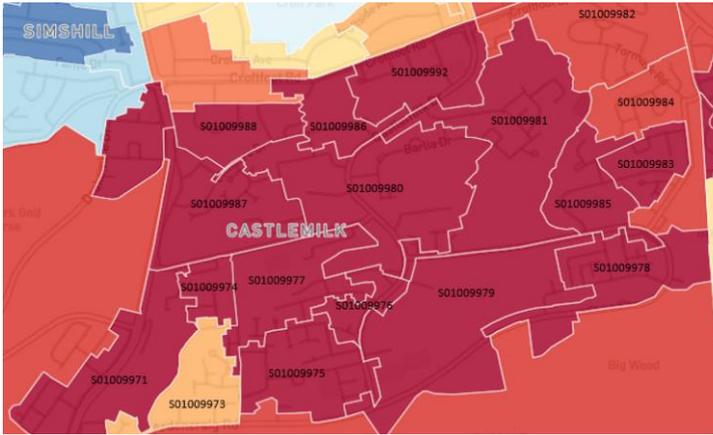
Brexit. - The UK is leaving the EU at the end of 2020 and although the outcome is uncertain, it is believed that a no deal Brexit could lead to:

- Business uncertainty which could lead to increased unemployment
- Rising costs leading to inflationary pressure
- Pressure on interest rates
- Shortages of goods and materials leading to delays or increased costs in building and construction and repairs and maintenance.

In January 2020 the Scottish government published a report titled ‘Social and Equality Impacts of Brexit.’ It identified 137 potential social impacts across groups which may experience discrimination or exclusion, including migrants, homeless people and people on low incomes. The potential social impacts include the loss of legal rights, employment protections, funding opportunities, healthcare rights and impacts on food, fuel and medicine. Castlemilk was an area that the Scottish Government believed would be most impacted.

We have taken account of all these external national factors in preparing and updating this business plan.

3.2 - THE EXTERNAL ENVIRONMENT – THE LOCAL CONTEXT (CASTLEMILK)



SIMD data – Castlemilk is an area of deprivation with poor transport links, lower than average car ownership, limited employment opportunities, a declining shopping centre and no major supermarket.

Castlemilk is made up of 18 data zones, 16 of which fall within the most deprived 15% of all data zones across Scotland (SIMD20); it is significant to note that 12 of the data zones that make up Castlemilk fall within the

most deprived 5% nationally. Income, employment, health and education all rank high in relation to deprivation

- Income - 17 data zones fall within the most 15% income deprived, with 13 falling within the most 5% income deprived
- Employment – 16 data zones fall within the most 15% employment deprived, with nine falling within the most 5% employment deprived and 15 within the most 10% employment deprived
- Health – 16 data zones fall within the most 15% health deprived, with 10 falling within the most 5% health deprived. One data zone is ranked seventh worst for health out of a total of 6,976 data zones
- Education – 13 data zones fall within the most 15% education deprived, with seven within the most 5% education deprived

Cassiltoun Housing Association Stock - Cassiltoun Housing Association has stock across five data zones: All of these data zones fall within the most deprived 10% of all data zones, with three data zones falling in the most 5% deprived. Data zone S01009980 is ranked the 44th most deprived data zone across Scotland.

Data Zone	SIMD 2020 Rank	%	Income Domain Rank	%	Employment Domain Rank	%	Health Domain Rank	%	Education Domain Rank	%	Access Domain Rank	%	Crime Domain Rank	%	Housing Domain Rank	%
S01009980	44	0.63%	21	0.30%	94	1.35%	7	0.10%	538	7.71%	5959	85.42%	256	3.67%	699	10.02%
S01009981	267	3.83%	244	3.50%	289	4.14%	110	1.58%	1007	14.44%	3798	54.44%	2064	29.59%	669	9.59%
S01009982	682	9.78%	1004	14.39%	236	3.38%	236	3.38%	1147	16.44%	3807	54.57%	1279	18.33%	1309	18.76%
S01009985	105	1.51%	66	0.95%	168	2.41%	168	2.41%	361	5.17%	3103	44.48%	642	9.20%	936	13.42%
S01009992	494	7.08%	331	4.74%	513	7.35%	513	7.35%	1104	15.83%	5322	76.29%	890	12.76%	971	13.92%

Population - The population is broken down as follows, with a comparison against the average for the wider Glasgow City Council area (SAPE, 2018):

Age Group	Total Count	Percentage	Glasgow Average	Scottish Average
0-15	789	21.6%	16%	16.9%
16-64	2,390	65.5%	70.5%	64.4%
65+	471	12.9%	13.5%	18.7%
	3,650			

Income - All of Cassiltoun Housing Association’s stock falls within the most 15% deprived in relation to income, with four data zones falling within the most 5% income deprived data zones. The total population living within these three data zones is 3,650, with 1,250 individuals being defined as income deprived, an average of 34% across all data zones, this is significantly higher than Glasgow’s income deprivation rate of 19%.

Data Zone	Income Domain Rank	%	Total population	Working Age population	Income rate	Income count
S01009980	21	0.30%	629	389	43%	272
S01009981	244	3.50%	691	461	35%	243
S01009982	1004	14.39%	981	683	26%	253
S01009985	66	0.95%	631	414	42%	264
S01009992	331	4.74%	718	443	30%	218

Employment - All five data zones fall within the most 10% deprived for employment, with three falling within the most 5% employment deprived data zones. 571 individuals living within these areas are identified as employment deprived, an average of 23.9% across these areas, significantly higher than the Glasgow average of 13%. Within one data zone S01009980, the employment deprivation rate is as high as 30%.

Data Zone	Employment Domain Rank	%	Total population	Working Age population	Employment rate	Employment count
S01009980	94	1.35%	629	389	30%	113
S01009981	289	4.14%	691	461	25%	112
S01009982	598	8.57%	981	683	20%	139
S01009985	158	2.26%	631	414	27%	113
S01009992	518	7.43%	718	443	21%	94

Health - All five of the data zones that contain Cassiltoun Housing Association stock fall within the most deprived 10% in relation to health, with four data zones within the most deprived 5%, and one data zone (S01009980) ranked as the 7th most deprived across Scotland - highlighting the significant issue of health inequalities across the community. The comparative illness factor (CIF) is a measure of chronic health related conditions and relates to local people who have a limiting long-term illness and/or poor general health. All five data zones containing Cassiltoun Housing Association’s stock have a CIF that indicates significantly poor health conditions relative to Scotland – this is as high as 305% higher within S01009980. The incidences of alcohol and drug misuse related hospitalisations across the area are also significantly higher relative to Scotland, with data zone S01009980 having hospital stays related to drug misuse 825% higher than the standardised ratio.

Data Zone	Health Domain Rank	%	Comparative Illness Factor: standardised ratio	Hospital stays related to alcohol misuse: standardised ratio	Hospital stays related to drug misuse: standardised ratio	Standardised mortality ratio	Proportion prescribed drugs for anxiety, depression or psychosis %	Proportion of live singleton births of low birth weight %	Emergency stays in hospital: standardised ratio
S01009980	7	0.10%	305	825	199	278	40%	13%	184
S01009981	110	1.58%	260	246	238	239	27%	3%	168
S01009982	236	3.38%	200	706	404	307	23%	4%	172
S01009985	168	2.41%	265	352	357	143	22%	9%	151
S01009992	513	7.35%	225	69	183	154	26%	7%	134

Education - All five data zones that contain Cassiltoun Housing Association's stock are within the 20% most deprived for education, three are within the most deprived 15% with two data zones falling within the most deprived 10% for education.

Data Zone	Education Domain Rank	%	School pupil attendance %	Attainment of school leavers	Working age people with no qualifications: standardised ratio	Proportion of people aged 16-19 not in full time education, employment or training %	Proportion of 17-21 year olds entering in to full time higher education %
S01009980	538	7.71%	70%	5.04	238	3%	5%
S01009981	1007	14.44%	76%	5.67	245	7%	6%
S01009982	1147	16.44%	77%	5.04	191	4%	4%
S01009985	361	5.17%	63%	5.05	233	1%	4%
S01009992	1104	15.83%	78%	5.4	224	11%	8%

Housing - Four data zones containing Cassiltoun Housing Association stock are located within the most deprived 15% for housing, with one data zone (S01009981) falling within the most deprived 10%.

Data Zone	Housing Domain Rank	%	No. of people in households that are overcrowded	No. of people in households without central heating	Percentage of people in households that are overcrowded	Percentage of people in households without central heating
S01009980	699	10.02%	132	5	23%	1%
S01009981	669	9.59%	165	6	24%	1%
S01009982	1309	18.76%	190	9	18%	1%
S01009985	936	13.42%	131	3	21%	1%
S01009992	971	13.92%	147	3	21%	0%

We have taken into consideration the local context when devising our Business Plan.

SECTION 4 – CASSILTOUN HOUSING ASSOCIATION STRATEGIC FRAMEWORK

4.1 - CHARITABLE OBJECTS

The objects of the Association are:

- To provide for the relief of those in need by reason of age, ill-health, disability, financial hardship or other disadvantage through the provision, construction, improvement and management of land and accommodation and the provision of care; and
- Any other purpose or object permitted under Section 24 of the Housing (Scotland) Act 2010 which is charitable both for the purposes of Section 7 of the Charities and Trustee Investment (Scotland) Act 2005 and also in relation to the application of the Taxes Acts.
- The permitted activities and powers of the Association will include anything which is necessary or expedient to help the Association achieve these objects.
- The Association shall not trade for profit.

4.2 - VISION AND MISSION

We review our vision and mission every three years as part of the business planning process. These assist with the formulation of our strategic objectives.



Community driven social responsibility achieved through business diversity and performance which will make a real difference to local people



We aim to enhance the quality of life of our clients and to regenerate and sustain our community through housing-led and resident controlled initiatives.

4.3 - VALUES

Our values are important to us. They shape the way that we work and how we interact with our partners, tenants, service users and each other. We annually measure and appraise our staff team and our Board of Management. This process involves assessing staff and our Board of Management to ensure their behaviours are reflective of our values.

The Values which were created by the staff team in December 2014 are:

- Having Integrity
- Be a good leader
- Adapt & commit to change
- Quality Customer Service
- Inspiration & Innovation



4.4 - OUR UNDERLYING APPROACH

Underpinning our vision, mission and values are a set of principles which serve to reflect and reinforce our organisational culture.

Delivering meaningful customer and community consultation and engagement - we seek to widen our approach to customer engagement, ensuring that we involve our tenants,

customers and wider community in all aspects of our organisation. As a community-controlled Housing Association accountable to its tenants and members, it is vital that we continue to have tenants on our Board helping to shape our future and guiding us to make the right decisions.

Continuing to work collaboratively and in partnership with others – we believe that sharing ideas and resources can lead to the creation of new ways of working and deliver a bigger impact for our community.

Promoting opportunity and fostering social inclusion – in our efforts to help support and sustain our local community, we take care to facilitate social inclusion and tackle inequality through our actions.

Delivering value for money and innovation to increase business efficiencies and better services for our customers - it has probably never been more important that we deliver value for money for our funders, our partners, our community and above all, for our current and future customers. We will also work to ensure that we not just maximise value, but that we also demonstrate it clearly.

Ensuring we have strong governance and internal controls – governance and compliance rests not just with the Board and Senior staff but with every member of staff. We will embed a culture of strong governance and internal controls throughout the Association to ensure that as a business we are effective and efficient, that we have robust and reliable reporting that stands up to high levels of scrutiny and we have high levels of compliance with applicable laws and regulations.

4.5 - STRATEGIC AND OPERATIONAL OBJECTIVES 2020 - 2021

Strategic Objectives – 2018 to 2021				
Ensure that our rents remain affordable, maintain a stock base sufficient to achieve economies of scale and deliver effective services in a cost-efficient way.	Maintain the high quality of our housing and service provision, ensuring the comfort of tenants and the protection of investment.	Contribute to the wellbeing of the local community by working with tenants, residents, partners and funders to develop initiatives that promote regeneration and increased levels of inclusion.	Ensure that the work of the Cassiltoun Group is supported by good governance, effective financial, management and regulatory compliance and robust administrative and HR systems.	Ensure we attract and retain highly skilled and knowledgeable staff and Board members. Develop our staff and Board members through education, training and coaching

Operational Objectives - 2020 to 2021

1. Governance

- a) Increase Board membership to 12 (Q4)
- b) Ensure that the Board of Management complete their agreed training and learning plans (Q4)
- c) Assess performance against the SHR's Regulatory Framework and submit an Annual Assurance statement (Q3)
- d) Achieve compliance with Investors in People platinum standard and implement any recommendations (Q4)
- e) Support the development of a new scrutiny panel and deliver first report to the Board (Q4)
- f) Adopt New Model Rules (Q2)
- g) Complete an external assessment on effectiveness of Board performance (Q4)
- h) Develop an action plan to ensure that we meet the SHR's new guidance on Equalities and Human Rights from April 2021 (Q4)
- i) Complete a staff structure review (Q2)

2. Subsidiaries

- a) Support our subsidiary companies with effective Financial, Operational and Governance support
- b) Create Cassiltoun Environmental Services and move into operational phase (Q4)

3. Housing Management

- a) To meet all objectives set out in the KPI's and SMART plans set out in the Internal Management Plan (Q4)
- b) To ensure that we deliver the objectives set in the Asset Management Plan & deliver our 2020/21 major repair improvement plans.
- c) Continue to achieve high levels of customer satisfaction and VfM with our Reactive, Cyclical and Environmental contracts.
- d) Complete an Action Plan to ensure compliance with EESSH2 (Q4)
- e) Complete necessary work to ensure that we are compliant with new fire and smoke detector regulations by 2021
- f) Complete Stock conditions survey (Q3)

4. Housing Development

- a) Achieve a completion for Barlia 3 (Q1)
- b) Achieve a site start for Castlemilk Drive (Q2)
- c) Progress with plans for the Nursery Site including site acquisition (Q3)

5. Regeneration and Communities

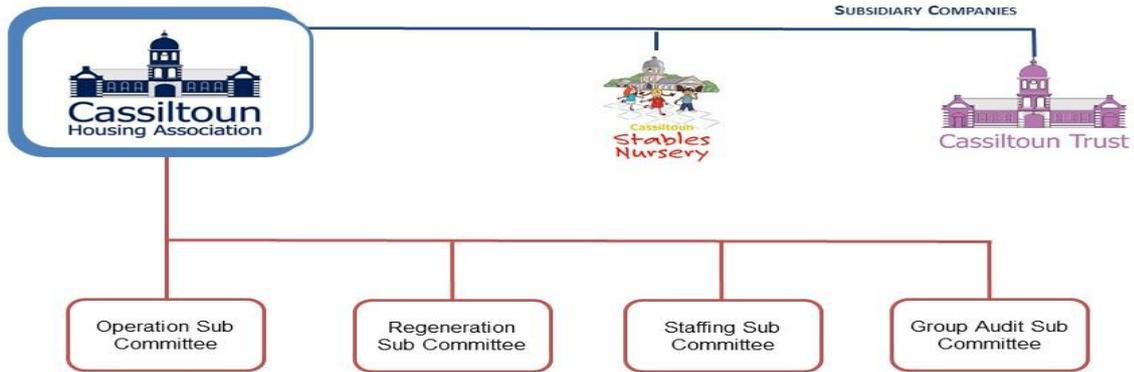
- a) Complete external Community Plan (Q2)
- b) Deliver outcomes set out by existing funders and seek other funding and opportunities (Q4)
- c) Achieve funding targets for Social Enterprise and Wellbeing Centre and progress with development plans (Q3)

SECTION 5 - GOVERNANCE AND STAFF STRUCTURE

5.1 - BOARD STRUCTURE/SUB COMMITTEE STRUCTURE

The Cassiltoun Group is currently made up of:

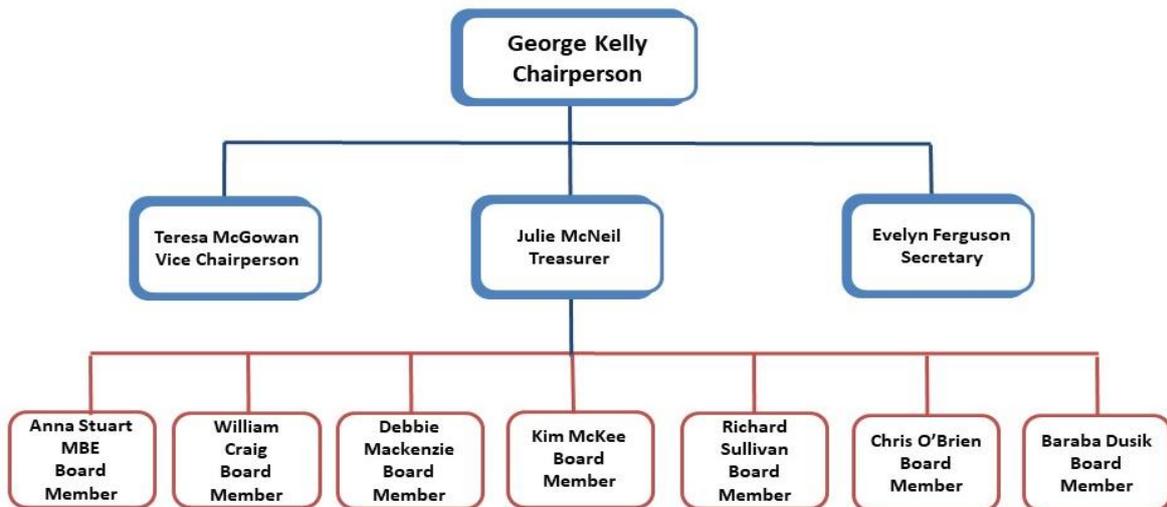
- Cassiltoun Housing Association
- Cassiltoun Trust
- Cassiltoun Stables Nursery



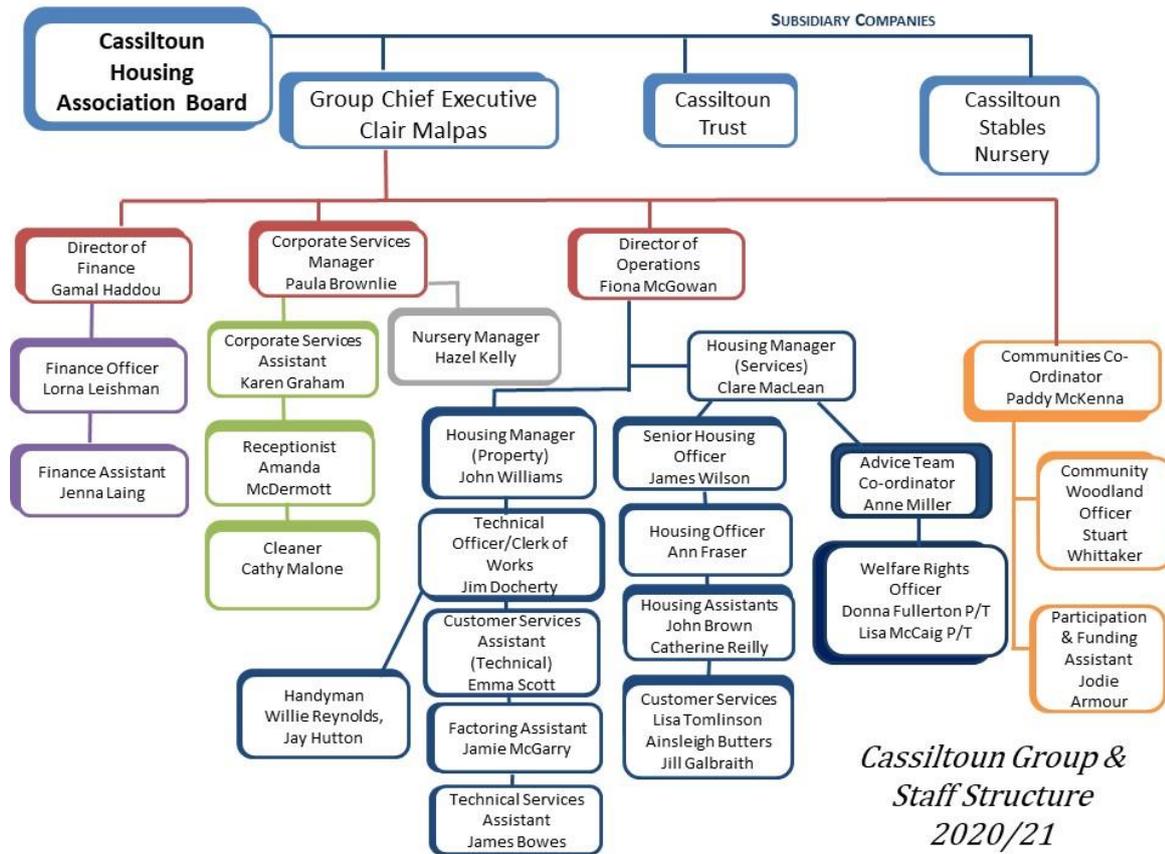
5.2 - BOARD OF MANAGEMENT

We continue to attract Board members with the right mix of skills, knowledge and experience to drive the Association’s strategic vision. We conduct annual appraisals and skills audit of all Board members and have successfully implemented an appraisal system for those members who achieve 9 years’ service.

Further details of our Board members are included in Appendix 3.



5.3 - STAFF STRUCTURE



Cassiltoun Group & Staff Structure 2020/21

5.4 - STATISTICAL OVERVIEW

Cassiltoun Housing Association currently has 975 properties for social rent. The Association's stock is made up of many different house sizes which range between one and seven apartment properties.

Size	House	Tenement	4-in a block	total
2 apartment	2	51	28	81
3 apartment	57	545	24	626
4 apartment	34	128	0	162
5+ apartment	100	6	0	106
Total	193	730	52	975

Our housing stock is based in the East of Castlemilk. The areas covered are detailed below:

Area	Apartment Size
Ardmaleish Road	3
Ballantay Road	2, 3, 4 and 5
Barlia Drive	2, 3, 4, 5 and 7
Barlia Gardens	2, 3 and 4
Barlia Grove	2, 3, and 4
Barlia Way	3
Castlemilk Drive	2, 3, 4 and 5
Cavin Drive	3 and 4
Cavin Road	3 and 4
Croftfoot Crescent	3 and 4
Croftfoot Drive	3 and 4
Croftfoot Road	3 and 4
Croftfoot Street	3 and 4
Croftfoot Terrace	2, 3, 4 and 5
Elmtree Gardens	2, 3, 4 and 5
Hoddam Avenue	2, 3 and 4
Hoddam Terrace	2 and 3
Lenihall Drive	3 and 5
Machrie Drive	2, 3, 4, 5 and 6
Machrie Road	2, 3 and 4
Machrie Street	3 and 4
Oaktree Gardens	2, 3, 4, 5 and 6
Stravanan Road	4
Tormusk Drive	3 and 4
Tormusk Road	2, 3, 4 and 5

In addition to the properties listed above that are available for social rent we also:

- Own a 40-bed residential unit 'Buchanan Lodge' which is managed by the Talbot Association
- Own 3 shared ownership properties
- Factor 145 tenement properties

SECTION 6 - PEST, SWOT AND RISK

6.1 - PEST

This was reviewed and agreed by the Staff and Board teams in business planning sessions in January and February 2020 prior to the preparation of the strategic objectives for 2020/2021

<p style="text-align: center;">Political</p> <ul style="list-style-type: none"> • 2nd Indy Ref • Welfare Reform • Housing Scotland Act • Financial - Welfare • Pensions • Housing First (Homelessness) • EESH Targets • Climate Change Scotland Act 2009 • Property Factors Act 2012 • Self-assessment & Regulatory Framework • GCC - Glasgow Standard • FOI • Government changes re fire safety • Barnet Formula • Scottish and Council Budget 	<p style="text-align: center;">Economic</p> <ul style="list-style-type: none"> • Council cutbacks • Unemployment (changes in opportunities) • Energy costs • Rate of Inflation • Impact of costs/taxes • Pound drops • Recession • Housing Demand (crisis in market) • Reduction in public expenditure • Low wages (zero hour contract) • Benefit freezes • Pressure on rent affordability • Cuts to external funding and more competition • Procurement exchange • Cost of Borrowing/lenders attitude to risk
<p style="text-align: center;">Social</p> <ul style="list-style-type: none"> • Crime etc • Staff development (cuts) • Barriers to education • Isolation • Mental and physical health problems • Community Integration – negative/positive • Poverty (food/fuel) • Addictions • Reduction in public services • Managing expectations • Aging population/social care • Change in demographic profile • Lack of training and employment • Need for greater partnership working • Increased homelessness • Immigration 	<p style="text-align: center;">Technology</p> <ul style="list-style-type: none"> • Social Media • Google reviews • Robots – could reduce jobs • 24/7 response expected with regard to services • Email increase • High tech homes • Cybercrime/ IT Security (anti-virus) • Digital disconnection/exclusion • Innovations and Energy efficiency • Changing building regulations • Management systems • Developing expertise of staff • Confidence/lack of confidence with new technologies • Changes to service delivery/pace of change • Electrical car provisions

6.2 - SWOT

This was reviewed and agreed by the Staff and Board teams in business planning sessions in January and February 2020 prior to the preparation of the strategic objectives for 2020/2021

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> • Good performance • Financially Stable • High levels of customer engagement • committed staff/diverse - career progression • Good T & C's • Healthy Working Lives • Proactive approach to welfare reform • SHR low engagement • new developments /Expanding Stock • Skilled Board members/background • Partnership working • Volunteer network • Community Focus • Reputation • Community Engagement • Adaptable • Diverse funding strengths • Values • Ambitious and fearless • Good attitude to risk • Know our tenants – responsive • 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> • Lack of space in Stables/lack of storage space • Overstretch advice team - long waiting times • not enough 4 apartment properties • Heating • Poor wi-fi connection • Social Media • Website/App • Forward planning - organisational/frontline • Staffing Costs • Trend analysis • Demonstrating VFM with certain contracts • Board member uptake • AGM Attendance • Potential Stresses/workload • Competition • Benchmarking • Lack of progression/succession planning for staff
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> • New builds • IT Upgrading • Community Job Fund • Develop Tenant participation • SE4 • Garden Pods • Staff empowerment/increased jobs • Social Media • Planning/Communication • Factoring Service • Forest School • Training & Development • Land Development • Local Nature Reserve Status • Investment/Funding Opportunities • Expansion of Stables Nursery • Expansion/takeover of another HA 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> • Brexit/Welfare Reform • Increasing debts resulting in homelessness • Lack of funding for new posts and existing services • Health and wellbeing of tenants - poverty • Increased demand for housing • Loss of staff/board • SE4 reputation risk • Environmental issues/impact • Fraud/phishing/hacking • Financial obligations • Climate change • Legislative and Regulatory changes • New build issues • Bank covenants

6.3 - RISK MANAGEMENT

Effective risk management is a core ingredient in any successful business. Managing the risks to our organisation reduces the chance of us having to deal with the unexpected and ensures proactive management rather than reactive crisis management. We have therefore adopted a comprehensive approach to risk management to ensure that we:

- are more flexible and responsive to new internal and external demands;
- are able to make informed decisions;
- can provide assurance to the Board, the Audit & Risk Committee and the management team;
- reduce incidents and control failures
- integrate risk management into the culture of the organisation;
- raise awareness of the need for risk management;
- encourage a positive approach to risk management;
- support improved decision making, innovation and performance through a good understanding of risks and their likely impact;
- manage risk in accordance with good practice.

AUDIT & RISK COMMITTEE - The Board is responsible for overseeing risk management in the organisation. In 2019 we extended the remit of the Audit Committee to include overseeing our approach to Risk Management and it is charged with monitoring the management of high-level risks, reviewing the risk appetite and ensuring proper controls are in place.

RISK REGISTER - We maintain a detailed and up-to-date register of significant risks where we set out their causes and potential impact, assign a named person to be responsible for their management, the controls we have in place together with a scoring system to help us to understand their seriousness. We use this proactively to identify, assess, control, monitor and review the risks to our organisation.

Our current Risk Register in in Appendix 4

SECTION 7 - PRIORITIES

Our analysis of the external and internal environment has helped us to identify our key corporate priorities for the remainder of this plan. These can cut across our strategic objectives and service areas and is underpinned by ensuring that we look at providing Value for Money for our tenants and external investors (e.g. funders).

- Maintaining performance
- Rent Affordability
- Strategic Asset Management
- Community Development, engagement and regeneration
- Governance & business improvement
- Strong financial controls and medium and long-term financial planning

7.1 - MAINTAINING IMMEDIATE BUSINESS CONTINUITY AND PERFORMANCE (COVID-19)

Cassiltoun has had a strong performance record with comparably low levels of rent arrears and void costs as well as high levels of satisfaction. Like many landlords in the first 6 months of 2020 -2021, arrears and voids have increased significantly. Getting this under control and bringing the figures back to pre-lockdown levels will be an ongoing priority for the rest of the financial year (and beyond).

In the first, emergency stage of Covid-19, the main elements of Cassiltoun's response included the following:

- We closed our office to the public and staff, who made a quick transition to home working
- We suspended housing repairs, other than emergency works, and postponed gas servicing appointments if any members of the household reported symptoms of the virus or were self-isolating
- We provided a responsive telephone and email service to deal with tenant enquiries and service requests. This included offering Money Advice appointments.
- We called all of our tenants to make sure they had support and assistance they need.
- We provided all tenants with regular information updates.
- We advised the Scottish Housing Regulator of changes in service delivery, in accordance with SHR's advice on reporting such changes as Notifiable Events.
- Our Board of Management and Management Team have held online meetings, to review issues arising, make decisions, and plan for the next stages of our response.
- Construction and repairs contracts have been suspended to protect workers' safety.

At the time of reviewing this plan

- Staff have returned to the Stables on a rota basis
- Allocations have recommenced
- Development and major repairs contracts have resumed

If infection rates stay under tight control, we are hopeful that the coming weeks and months will see considerable progress being made in the following areas:

- The full re-opening of the Stables building to the public, when it is safe to do so
- Restoring services that are currently suspended (e.g. reactive repairs) in a way that is safe for tenants and staff

7.2 - RENT AFFORDABILITY

Through our development programme we are working towards increasing the supply of good quality affordable housing in the area to meet critical housing need.

We are also aware of the current financial pressures on households. We have reviewed our rents with the SFHA's affordability tool to check how our rents affect different household types.

This indicates that the majority of our rents are either affordable or just affordable according to house type and household composition. We are aware that single people under 25 and larger families who are on limited incomes are those that may find meeting their rent and general outgoings more difficult. We are committed to maintaining rents at an affordable level and helping our tenants to reduce or meeting their other housing-related costs through external and internal funding (heating, decoration and floor coverings, furniture, moving costs, etc.) We know that fuel poverty is a particular issue for many of our tenants and ensuring that all our properties meet the new EESSH standards will be critical, Our Advice service will continue to play a key role in supporting our tenants.

Rent Benchmarking - Cassiltoun's property sizes range from 1 bedroom to 6-bedroom properties. We also have a 40-bed residential home and supported accommodation. We have benchmarked with other organisations against the most common property types.

Landlord	Average Rent 2018/19*			
	2 Apt £	3Apt £	4 Apt £	5 Apt £
Cassiltoun HA	71.31	74.68	85.15	97.60
Cathcart & District HA	62.89	77.29	87.98	90.32
Craigdale HA	68.14	72.62	82.17	85.61
Govanhill HA	82.53	88.15	101.79	122.01
North View HA	68.24	84.68	94.22	105.20
Scottish Average	76.11	77.70	84.43	93.50

**figures for 2019/20 have not been published on SHR website at time of writing.*

7.3 - ASSET MANAGEMENT

The Asset Management Plan sets out the framework for our approach to managing our assets in order that we achieve our aims and objectives both now and, in the future, and ensuring compliance with the Scottish Housing Regulator's Regulatory Framework.

Our Asset Management strategy identifies how we will manage, maintain and invest in our property assets to ensure that our properties provide attractive, good quality homes for our residents and future customers, at an affordable cost to them and us. We also want to ensure our homes and other property assets are in the right location and are fit for purpose, provide value for money, support growth and diversity and are sustainable into the future.

Various asset management procedures and processes are in place to achieve this, including the following:

- Planned and Cyclical maintenance programmes;
- Reactive maintenance policy and procedures;
- Voids procedures;
- Response targets and quality standards;
- Health and safety procedures.

Through our asset management strategy, we contribute to our strategic objectives and we are committed to ensuring the following:

- Recognition of our customer needs;
- Customer satisfaction;
- Quality standards;
- Suitability of purpose;
- Sustainability;
- Financial viability, affordability and value for money;
- Delivering added value through contributing to our community benefits strategy, where possible.

Our stock will be regularly assessed to ensure it meets our business needs.

General Principles

- To consult with tenants and residents, keeping them updated on forthcoming programmes of works and to incorporate tenant choice wherever possible as part of the replacement programmes.
- To provide a planned and cyclical maintenance programme and undertake improvement works and an adaptations service in a professional and cost-effective manner.
- To ensure compliance with all relevant legislation and regulations and to maintain the stock in accordance with the landlord responsibilities set out in the tenancy agreements.
- To maintain the Association's properties in a good, lettable standard at all times.
- To undertake, wherever possible, and where funding is available, the incorporation of innovation and improvements as part of our programmes that provide a long-term benefit to our tenants and the environment, especially those which reduce running costs or improve the quality of life for residents.
- To ensure that the works carried out are undertaken effectively and efficiently in compliance with recognised good practice.
- To reduce the amount of ad-hoc major repairs and routine maintenance through a planned maintenance approach.
- To undertake regular stock condition surveys and inspections and maintain updated life cycle costing programmes for all our properties.
- To undertake where necessary, risk management appraisals, value management and cost benefit analysis in respect of identified and planned works.
- To report regularly to the Board of Management, on planned programmes, progress,

spend, costs and other relevant issues.

Customer Profiling and Stakeholders - We recognise that there are a number of key stakeholders in relation to our asset management strategy. These include:

- Residents, service users, local stakeholders and the wider community;
- Our Board of Management and staff;
- Funders and lenders;
- The Scottish Housing Regulator and other regulators;
- Partners, such as the local authority, contractors, others RSLs, agencies and community groups.
- Compliance with Standards

As a registered social landlord, Cassiltoun will comply with the regulatory requirements of the Scottish Housing Regulator (SHR). The Asset Management Strategy has been guided by the SHR recommended practice for Strategic Asset Management (August 2012). Compliance with statutory obligations and health and safety requirements is reflected in our cyclical and planned maintenance programmes and processes.

Planning and performance - Our short to medium term cyclical and planned maintenance programmes are recognised in our 5-year financial plans. Our ongoing planned maintenance and improvement programmes are included as part of our 30-year business and financial plans. Performance is monitored and regularly reported to senior management, our Board of Management and our customers. The reporting process allows us to control costs and identify any trends which require intervention or can impact on the planning process.

The Scottish Housing Quality Standard (SHQS) was introduced in February 2004 and is the Scottish Government's principal measure of housing quality in Scotland. SHQS Compliance was required by April 2015, with the exception of any abeyance and exemption. We achieved full compliance of all properties by the due date with the exception of allowable exemptions and abeyances. We regularly monitor our properties to ensure continued compliance.

The Energy Efficiency Standard for Social Housing (EESH) was launched by the Scottish Government in March 2014. The standard sets minimum energy ratings for social housing stock to achieve by 31 December 2020. The standards are based on target minimum energy ratings that vary dependent upon the dwelling type and the fuel type used to heat it. During 2019/20 an independent surveyor carried out a cloning exercise of all our stock which confirmed that at the end of March 2020 99.9% of our stock meets the standard. We have commissioned a Stock Condition Survey in 2020/21 part of which will check the SAP ratings and produce EPC's to ensure that our stock continues to meet the standard by informing our investment programme. We will plan our future improvement works to enable the remaining properties to pass, barring tenant refusal or other issues out with our control, which may result in abeyances or exemptions. We are now working towards compliance with EESH 2.

The Stock Conditions Survey will also be used to update our investment programme priorities. We will re-prioritise our schedule of component replacement to take account of our legal duties and responsibilities, our need to smooth the programme to ensure we have sufficient capacity and to take into consideration the potential for further lockdowns (either national or local) and the anticipated increase in tender process as companies are forced to bring in additional health and safety measures that will increase costs and length of contracts.

Our planned expenditure for the next two years is below.

	2020/21	2021/22
Planned Maintenance	£1,002,000	£1,224,600
Responsive Repairs including Voids	£494,000	£508,800
Cyclical/Estate Maintenance	£502,430	£587,000
Medical Adaptations	£25,000	£25,000

7.4 - COMMUNITY DEVELOPMENT, ENGAGEMENT AND REGENERATION

In our vision and strategic objectives, we have set out our desire to help create and support the local community. We recognise that this requires us to be more than a landlord and to use our skills and resources to deliver enhanced social impact. We have a history of delivering successful regeneration projects these include: promoting and supporting community-led action to overcome the isolation and disadvantages experienced by local people; support for older people, families and young people; skills development and employability programmes; tackling social isolation and loneliness; improving health and wellbeing, and social enterprise creation.

Cassiltoun's role in each of these will vary depending on where we feel we can best add value. We will actively seek to work in partnership with others, new funding for projects and use social benefit clauses in procurement processes. Our work leading the Community response to lockdown through 'Castlemilk Together' demonstrated our commitment to collaborative working practises and delivering programmes that benefit the whole of the Castlemilk community and not just Cassiltoun tenants.

Our current Regeneration Plan can be found at Appendix 5.

Engagement - Cassiltoun always aims to put customers at the heart of everything it does. This includes providing opportunities to shape services, agree priorities and provide feedback. There are a range of opportunities for tenants and residents to get more involved with the work of Cassiltoun. However, we are always looking to improve how we engage with

our tenants and residents to ensure that we are able to capture as wide a range of views as possible. We are currently exploring how we can utilise more virtual methods of engagement to continue with our engagement activities during Covid-19 restrictions and to widen the methods we use to participate. Currently people can:

- Become a **Board member** and govern the organisation
- Join our **Scrutiny panel** and look at specific areas of our activity and provide recommendations to the Board
- Join the **Estate action group** and liaise with staff and other service providers and provide practical feedback at a local level
- Join our **Youth Group** who design activities that respond to the needs of local young people and help us to review documents and give a view from an alternative perspective.
- Take part in **consultations** and **satisfaction surveys** which give us the information we need to shape new services and improve existing ones.

SECTION 8 - OUR FINANCES

8.1 OVERVIEW

The 30 Year Financial Plan is a long-term projection for the Association based on cash, both inflows and outflows, which helps to identify funding gaps and demonstrate long term financial viability and any pressure points. It is also a requirement of Barclays Bank and the Scottish Housing Regulator to have this in place and approved by the Board annually. The first 5 years of the existing approved plan is uploaded electronically to the Scottish Housing Regulator's Portal by 30 September each year but then adjusted to take the budget into account along with any known changes.

This updated financial plan has been rewritten and verified externally by Housing Regeneration Consultants and uses similar assumptions to previously adopted. To a large extent it is a continuation of the previous plan but with the Castlemilk Drive development programme included with associated loans and HAG grant.

The plan has been prepared using the BRIXX modelling software and largely pre-dates the full impact of Covid-19 which started in March 2020.

The 30 Year Financial Plan can be found in Appendix 8.

8.2 FINANCIAL MODELLING AND ASSUMPTIONS

Most business plan modelling is done on such cashflows as it is from having a lack of cash that businesses cease trading or customers move to a new company. The FRS102 accounting rules have reduced the usefulness of making the I&E Statement (Statement of Comprehensive Income) a measure of liquidity and annual strength since large values of amortized HAG are treated as income whereas there is no cash and some pensions spend is excluded for the past service deficit. In addition, the main lender requires covenants to be neutral for the changes in accounting rules and with the favourable removal of most major

repairs spending from the I&E Statement then the cashflow statement is much closer to the original bank covenants criteria.

Component accounting has complicated the I&E report since only a small portion of major repairs are now recorded as costs here. Instead major repair components are recorded as increasing the fixed assets but with those replaced items being deducted using the cost that existed when first bought or built. This is how the items are recorded in the management accounts and the consistent approach is maintained.

The starting point for modelling major repairs is to use the 2017 JMP stock condition survey which was then subsequently smoothed out to eliminate peak spend years that would compromise lender covenants and in practice we need a smoother programme of activity and connecting together similar items of work to be carried out at the same which minimises disruption to our tenants. A new survey has been commissioned for 2020 during the three-year cycle.

The plan continues to assume most of the costs are generally increasing by 3% and rents at 3.5%, generating £31 million (last year £28m) of cash over the 30 years. If the medium-term view is that Cassiltoun's inflation/activity rise of 3-8% is here to stay for a number of years, then this can easily be built into the model. Some sensitivity analysis modelling has been carried out and the conclusion is Cassiltoun can absorb a range of adverse factors.

The Barlia development programme Covid-19 delay will not have a material adverse impact on finances as prudently no loans have been drawn down yet and of course the delayed income is matched with no maintenance costs. The Castlemilk Drive delay has resulted in some recent increased costs from the business plan however Glasgow City Council has agreed to fund all of this via the HAG offer and hence the effect of the business plan is neutral.

The assumptions behind the plan should ideally be conservative as we would want to demonstrate that Cassiltoun can perform better and generate higher levels of cash in the business. However, the level of safety buffer has been reduced over the past few years with the main three areas being a higher void & bad debts assumption as described above, higher interest rate and maintaining £2million provision for Strathclyde pensions cessation.

Rental income is assumed to increase by 3.5% in each year being 0.5% above inflation. Void and bad debt loss starts at 1% each which is prudent and factors in some turbulence for the welfare reform changes and Covid-19. It increases to 2% each from 2025 to reflect future unknowns.

All costs rise by 3% and the starting point is our existing cost base or known budgets. The model could allow major repairs and some others to be increased at a different rate. In reality what we generally see is some costs increase materially, previously energy and raw materials, whereas others fall or rise by less, such as technology or some consultancy fees.

Cyclical costs are derived in part from the JMP report for internal and external decoration, gutter cleaning and legionella testing but then further includes Buchanan Lodge facilities management, CCTV and current gas servicing. Major repair costs had previously been temporarily reduced by £1.2m to allow a proportion of self-financing both developments. A

refreshed stock survey will be conducted in 2020 to look at wear and tear and any new pricing pressures.

Salary and pensions include £138k in relation to past service deficit pension costs and staffing at current levels although this is planned to reduce in 2021/22 by 1 FTE. Pensions auto enrolment is included at current levels of almost full take up.

In year 2028/29 there is a £2 million one off expenditure provided for to cover a possible pensions deficit and withdrawal in the Strathclyde scheme. This arises from the GHA stock transfer and was built into the purchase price calculations at that time. It is now thought the figure is vastly prudent.

Wider role activity includes £86k to cover the stables studio events and community (match) funding of projects that support the core business.

Interest rate changes are heavily protected with £3.5 million on a fixed rate and £2.7 million at an average variable rate at 1.1%. The overall (weighted) average interest rate nudges down to 3.8%. The business plan assumes 4% rising to 4.5% by 2023/24 and a further increase to 5.2%. It assumes £5.0 million of CAF future borrowings will be variable at 2%.

8.3 INCOME AND EXPENDITURE AND BALANCE SHEET PROJECTIONS

As per last year all but one year of the I&E year shows a surplus because most major repairs spending is not shown here. The year with a deficit happens in 2028/29 being -£1.2m and this is because of the Strathclyde pensions liability explained above. Interest received fluctuates around £23k-£13k for the next 10 years being lower than we showed two years ago.

The balance sheet fixed assets edge upwards due to higher costing components replacing historical cost ones which were built or installed 10-40 years ago and because of the new build programme. Debtors and creditors increase just with inflation as it would be impossible to forecast specific amounts owed to Cassiltoun or invoices outstanding. Rent arrears are contained within debtors and the model assumes 2% are written off annually which is a prudent approach. This equates to £85k for year 1 compared to an actual amount of £20k.

8.4 LOAN COVENANTS

These are presented quarterly to the lenders on the basis of Income & Expenditure results but with depreciation excluded, amortized HAG removed from income and capitalised major repairs spending included. This therefore reflects close to a cash position and maintaining accounting treatment neutrality which brings the quarterly covenants into line with the business plan cash projections.

In 2019 the Financial Consultant provided independent assurance that the covenants are met so long as costs do not creep up, with the exception of the anomaly year 2028/29 and the one-off potential pensions liability. This anomaly is in the process of being removed in the covenant terms. However, we know that interest cover continues to be the most significant covenant to comply with such as from 2023/24 where major repairs plus cyclical maintenance is at the £2.0m level.

8.5 SCOTTISH HOUSING REGULATOR REVISED GUIDANCE AUGUST 2020

The Scottish Housing Regulator recently (August 2020) issued supplementary guidance to consider within business planning covering;

- What base assumptions need to be re-assessed or new assumptions required, such as slower completion rates for developments
- What additional or revised stress testing is needed with updated Bank of England inflation and base rate assumptions and how have the pressure points been affected
- What revised rent affordability assumptions need to be considered for the current year and beyond
- What impact will the cessation of relevant government financial support e.g. the furlough scheme, have in the short and medium term
- What additional pandemic related costs have arisen, both one-off and recurring
- What has the impact been on debt and covenant compliance, including the investment profile
- What is the longer-term impact on rent affordability
- What has been the impact of delayed committed and uncommitted development works and repairs, including contractor cost changes and contractor ability to deliver
- What new or revised contingencies may be required
- What different and/or new sensitivities are needed
- How to assess what would be reasonable to include in the revised worst-case scenario
- Have we considered and managed any potential impact on subsidiary companies and the impact for the overall group?

Each of these has been considered and for some the impact cannot yet be determined, such as one-off costs. The impact on tenants and the job retention scheme coming to an end in October 2020 is still to be determined but the business plan models voids and bad debts at various amounts between 2% - 4.5% when historically these have been only 0.7% (£30k)

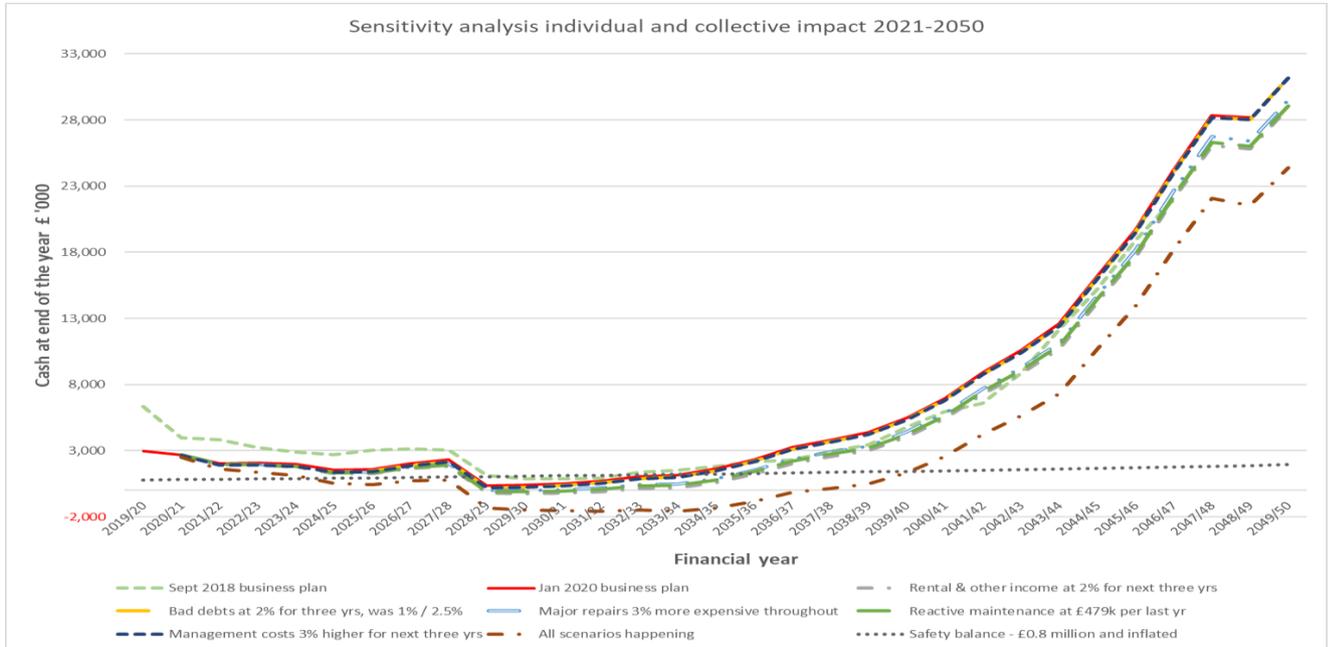
8.6 SCENARIO PLANNING

The model allows changes in assumptions to be easily quantified and the outcome of these are summarised in the table below.

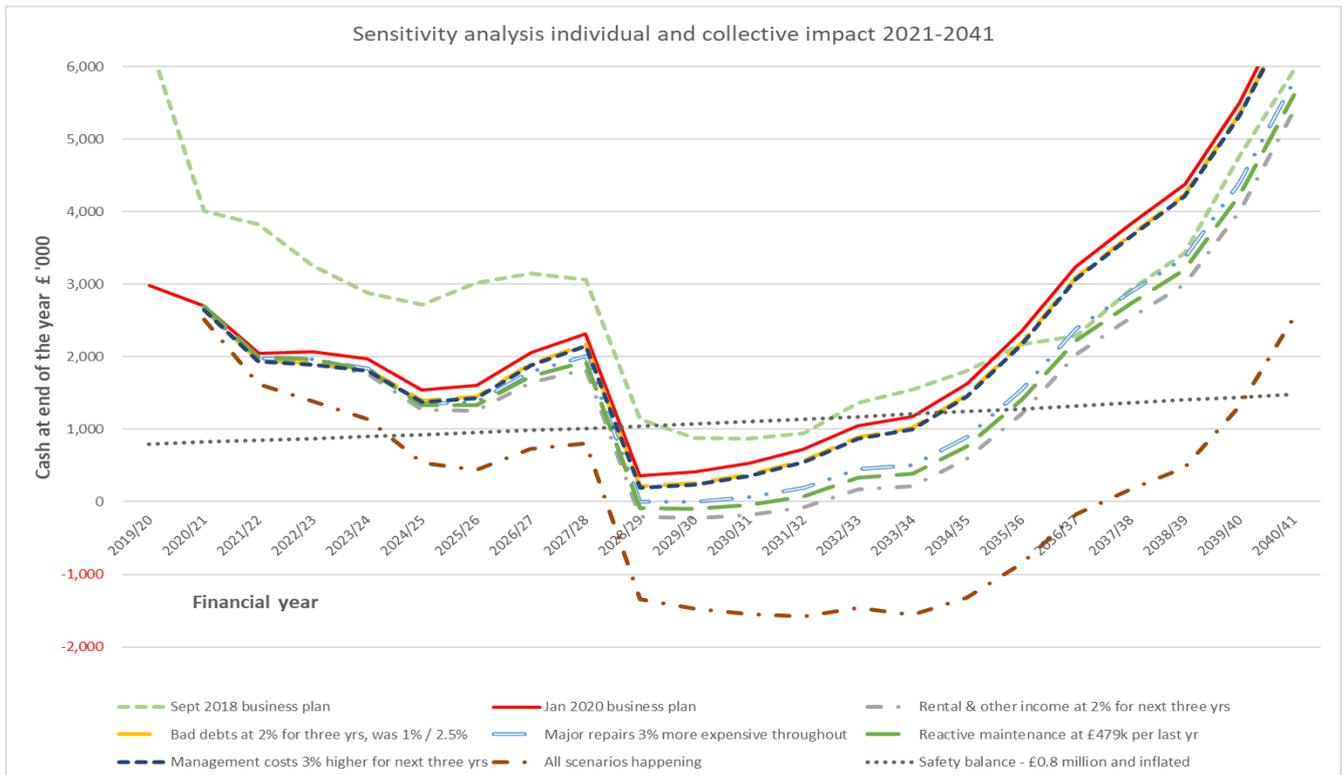
Sensitivity factor	Decrease to the final cash balance	Lowest cash amount
Baseline assumptions	-	£0.4m
Rental income restricted to 2.0% over next three years (i.e. below our business inflation)	£2.4m lower	£ (0.2) m
Bad debts at 2% for next three years	£0.2m lower	£0.2m
Major repairs 3% more expensive over thirty-year duration	£1.8m lower	£0
Reactive maintenance costs starting at last year's £479k outcome	£2.2m lower	£ (0.1) m
Management costs 3% higher over next three years	£0.2m lower	£0.2m
All above adverse scenarios happening	£6.8m lower	£ (1.6) m

It can be seen therefore that Cassiltoun continues to be very sensitive to a small change in rental income whereas major repairs could increase for all thirty years by 6% (inflation + 3%) and have just a £1.8 million impact.

The sensitivities can be graphed together which is shown below where the bank balance would be in negative territory.



The graph below is an extract of the next 20 years where the pinch points and cash balances are most acute.



Over 30 years £31 million of cash is generated based on the current assumptions. This demonstrates long term viability although risk is increased as the interest cover covenant is more volatile and major repairs spending has been reduced as well as smoothed. The business plan will help frame the rent increase consultation in January and ultimate Board decision.

The impact of Covid-19 has been recognised with a bad debt (arrears) assumption much higher than has been incurred in previous years and that many one-off higher costs this current year can be offset against £60k furlough income. It is too early to assess the long-term impact of new working methods on contractors and to what extent digitisation will be enhanced to provide new or existing services. The extra community and tenant support that has been needed this year has been significantly helped with grant funding and current year forecasts for grants are much higher than budgeted for.

8.2 - GOVERNANCE & BUSINESS IMPROVEMENT

We have created a number of Action Plans that have been generated through internal and external audits of our Business and in response to legislative changes and Board Scrutiny and Assurance. We will continue to work through these and update the Board. We will also look for ways we can improve our operational performance, embed good practice, ensure our policies and procedures are always up to date, develop a strong leadership and management team and establish a more effective tenants' scrutiny panel. We will also continue to make the most of technological advances to communicate and engage with our customers and improve internal processes.

Current Action Plans:

- Assurance Action Plan
- GDPR
- Factoring
- Landlord Health and Safety
- Development
- Staff development
- Information Technology

A copy of our Internal Audit Plan can be found at Appendix 6.

SECTION 9 - VALUE FOR MONEY AND BENCHMARKING

9.1 - VALUE FOR MONEY

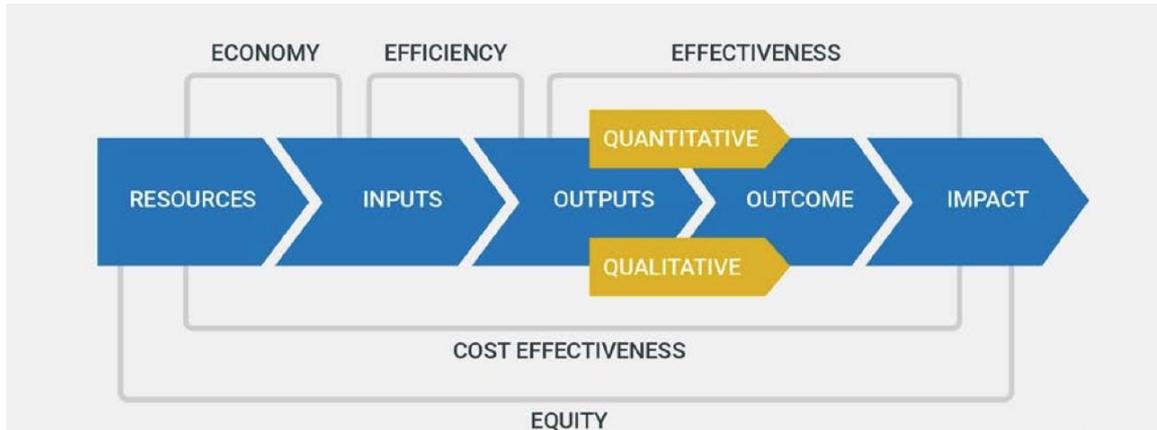
Cassiltoun already believe that Value for Money is embedded into our business operations. During 2021 -2022 we will work with our tenants to review our Value for Money policy. At Cassiltoun we focus on the 4 E's:

Economy: refers to the costs of the inputs needed for the project e.g. unit costs of staff, materials or equipment.

Efficiency: refers to the cost of achieving each output e.g. what output you get for the input you put in. We want to maximise the given output for a given input.

Effectiveness: refers to whether the project's outputs will translate into the project's outcomes and at what cost.

Equity: refers to whether the project is addressing social or economic disparity. It is a cross-cutting principle to consider throughout a VFM analysis.



Cassiltoun currently defines Value for Money as: -

- Delivering maximum value while minimising cost.
- Providing high quality services that meet the needs and expectations of our Tenants/Customers as efficiently and cost effectively as possible.
- Making the best use of available or limited resources.
- Ensure transparent and well understood costs, detailing the quality and level of service provided.

The Scottish Housing Regulator has published its 4th Year Report from its National Panel of Tenants and Service Users; this theme considered views on what value for money means for users of social landlord services. It included a range of factors that contribute to value for money judgements and to what extent service users see these factors as potentially justifying higher rents.

Feedback suggests that value for money judgements are influenced by a broad range of factors. The main driver of views on value for money appear to be:

- Rent Levels and Affordability
- Comparability of Rents
- Quality of Services such as Repairs/Maintenance
- Capital Investment in Homes
- The Size of Annual Rent Increases.

The goals of our strategy are to improve our performance on costs and our outcomes compared to other associations of our size and complexity and to ensure that we are making the best possible use of our assets to meet our objectives.

9.2 - SECTOR BENCHMARKING

	Staff Costs 2018/19*			
Landlord	Self-Contained Units	Office based staff (FTE)	Unit per staff	Employee costs per unit (£)
Cassiltoun	971	28.4	34.2	995
Ardenglen HA	959	18	53.3	619
Prospect HA	882	30	29.4	1146
Osprey HA	1,027	25	41.1	871
Linthouse HA	1,155	21.4	54	919

	Tenant Satisfaction 2018/19*			
Landlord	Self-Contained Units	Overall service provided %	Landlord good at keeping them informed %	Satisfied with opportunities to participate %
Cassiltoun	971	90.4	96.1	85.8
Ardenglen HA	959	97.0	97.8	95.8
Prospect HA	882	93.1	95.9	90.3
Osprey HA	1,027	92.1	94.8	85.1
Linthouse HA	1,155	90.3	94.8	94.8

	Quality & Maintenance of Homes 2018/19*			
Landlord	Homes that meet (SQHS) Standard (%)	Time taken to complete emergency repairs (hours)	Time taken to complete non-emergency repairs (days)	Reactive repairs Right First Time (%)
Cassiltoun	99.3	2.0	3.9	92.7
Ardenglen HA	100	2.5	5.4	92.6
Prospect HA	99.7	2.2	3.1	97.0
Osprey HA	99.9	2.3	8.6	95.1
Linthouse HA	85.0	3.7	4.1	93.3

	Value for Money 2018/19*			
Landlord	Self-Contained Units	Total Rent Collected (%)	Rent Collected – Empty homes (%)	Time to re-let homes (days)
Cassiltoun	971	99.4	0.2	7.9
Ardenglen HA	959	99.3	0.1	10.5
Prospect HA	882	100.3	0.3	24.7
Osprey HA	1,027	99.2	0.4	14.3
Linthouse HA	1,155	99.9	0.9	25.8

****figures for 2019/20 have not yet been published on the SHR website at the time of writing***

SECTION 10 - MONITORING AUDIT & REVIEW

We will review and update this business plan every year as part of our annual business planning cycle. Although this is primarily an internal process, we are keen to widen the scope to include our new Tenants Scrutiny Panel and other key stakeholders.

10.1 - PERFORMANCE MANAGEMENT

There will be an annual review of which Key Performance Indicators (KPIs) will be reported to the Board as part of the monitoring and review process, to ensure that a limited number of appropriate indicators are identified which will demonstrate whether or not strategic objectives are being successfully progressed and met.

Staff will continue to be fully engaged with management in drawing up annual delivery plans to move forward the strategic objectives and key priorities identified within the business plan. Following Board approval of the business plan for the year ahead, the staff appraisal process will be used to cascade delivery plans and targets down to individual staff members. On-going one-to-one meetings, including a 6-month review of individual tasks and targets, will maintain the focus throughout the year.

The Board will receive a review of progress with the business plan which will include:

- Delivery plan tasks programmed for completion
- KPI targets – position at each quarter end
- Management accounts, including financial KPIs and loan covenant compliance
- Review of key risks affecting successful delivery of the business plan

The Operations Service Plan which outlines 2020 – 2021 KPI's for Housing Services is at Appendix 7.

SECTION 11 - THE NEXT 3 YEARS FOR THE CASSILTOUN GROUP

11.1 - HOUSING DEVELOPMENT

The Association has been working on various housing development plans over recent years. We are working towards developing 152 new homes over three separate housing projects over the next 5 years with 100 homes being completed within the next 3 years.

Our approach has been to carefully consider the risks attached to each development and ensure that we have adequate internal skills and resources to complete each new build housing development and business plans whilst ensuring sufficient demand exists to occupy the new build housing supply.

Our Development plan can be found in Appendix 9

11.2 - A NEW SOCIAL ENTERPRISE

In the next 3 years we plan to create a new Social Enterprise subsidiary “Cassiltoun Environmental Services”. This will improve value for money by delivering services differently in the future and by offering further opportunities to improve jobs, training and development for local people. We have already completed a feasibility and business plan however in 2020-2021 we have ‘paused’ our plans due to the need to focus on core business activities and our response to Covid-19.

11.3 - A NEW SOCIAL ENTERPRISE CENTRE

As part of our ongoing Social Enterprise development and to maximise the opportunities for local people we are proposing the development of a new Social Enterprise and Wellbeing Centre on land adjacent to the Stables. This will offer space for our social enterprises to grow and develop as well as providing more local jobs and opportunities to deliver programmes that would assist to tackle local inequalities. This project is dependent on securing external capital grant funding.

11.4 - FOCUS ON EQUALITY AND DIVERSITY

We have recently rolled out training to our staff around unconscious bias. Over the next three years we will progress with our plans to develop an equality and diversity action plan which will ensure that we are more proactive with our approach to creating opportunities for all and ensuring that our Business reflects every sector of society.

11.5 - DIGITAL TRANSFORMATION

During 2019 – 2020 Cassiltoun had begun the process of considering which areas of its operations could be improved by the use of more technology and digital resources. The Chief Executive was part of the Scottish Government Digital Champions Programme in 2019 -2020 and led the Associations response to the Covid-19 lockdown; the need for staff to operate remotely and for the Association to deliver some of its services virtually. Over the next 3 years

the staff and Board will review our process and make recommendation about what areas could benefit from moving to more digital based platforms.

11.6 - SUCCESSION PLANNING AND FINALISING STAFF STRUCTURE

It is important that we carry out our staff and Board succession planning to help enable us to prepare for the future. In 2017, we completed a 5-year staff succession plan to allow the Board to assess the future service, career development and aspirations of the staff team. We anticipate refreshing the document in 2022. Some staff were placed on temporary contracts or responsibility payments as part of the CEO's transition into her new role. This was due to be assessed in the current financial year. However due to Covid-19 it was agreed to defer this to 2021-2022.

Succession planning forms part of the Board annual appraisal process and we develop Board members through internal and external training to enable them to become office bearers. Like many Housing Associations we need to ensure that we actively recruit new Board members and this is something that we will improve upon in the next 3 years.

11.7 - BUSINESS RECOVERY POST COVID-19

At the time of writing the threat of Covid-19 has not abated and there are risks of new outbreaks as society opens up more and we move into the winter and therefore the risk remains of further 'lockdowns'. The economic impact is still to be determined.

A clearer picture will emerge as the 2020 -2021 year draws to a conclusion. We are confident that our systems and process mean that key areas such as governance, staffing resources and financial controls and management are all operating effectively.

As a business Cassiltoun will focus on the following areas in the next 18 months:

Rent arrears and rent affordability. Like many other landlords Cassiltoun has seen a sharp increase in rent arrears, although for the past 2 reporting periods the arrears figure has stabilised and reduced. Our staff will concentrate on ensuring that tenants have access to the benefits they are entitled to, that tenants are assisted to budget their income and expenditure and that tenants in arrears are supported to draw up affordable repayment plans. We will consult with tenants with regards to any proposed rent increase in April 2021.

Asset Management We are in discussions with our contractor, City Building, about a timetable for returning to a full **reactive repairs** service and we will work with them to determine a process that will mean that outstanding repairs are dealt with in the most effective way. As we have a fixed price contract we agreed to pay our normal monthly charge during lockdown with the understanding that City Building would catch up with the outstanding repairs once the restriction was lifted. We have therefore not seen any 'savings' over the past 6 months from not delivering this activity but conversely we will not see a spike in costs once this resumes.

We are confident we can deliver our **planned investment programme** for 2020-2021 and our current stock conditions survey (due to be completed 2020-2021) will be used to review our future programme and we will consider potential delays and Covid-19 risks when considering our timetable. The brief for the Stock Condition survey includes that the stock is assessed against the SHQS to ensure ongoing compliance and also EESSH (SAP ratings and EPC's are provided).

The Investment programme for 2020/21 has been designed to ensure that we meet the requirements for the Fire and Carbon Monoxide Detector Standard by 1 February 2021. From 2019/20 electrical servicing has been included in the cyclical maintenance programme and is also carried out at void stage to ensure compliance by March 2022.

We will review our plans further in the next two years to consider our requirements under EESH2 and any consideration we need to make in terms of the local authority or Scottish Government plans for carbon neutrality.

Development Plans. We are currently completing one development project (Barlia 3) which is due off site on Autumn 2020 and starting another (Castlemilk Drive). We have sufficient resources in place to undertake this new project as we secured lending from CAF bank, good levels for funding from Glasgow City Council and we are also utilising some of our cash reserves. We also have another development site in the pipeline. This project is in the planning stages but will go through a robust financial appraisal before the decision is made to progress with the project and we would not be seeking further borrowing for this project in the next 18 months.

Seeking efficiencies and value for money. We will ensure that we scrutinise our costs, reduce discretionary spend and seek efficiencies where we can. However, this must be balanced with continue to provide a high-quality service to our tenants and wider community, having the staff in post to deliver essential service and supporting and training staff, ensuring that adequate health and safety measures are in place and continuing to deliver on our major business aspirations. We will review our Value for Money strategy by the end of 2020-2021.

Consulting with stakeholders. During the first 6 months of the year we have maintained our levels of consultation with many of our external stakeholders including our lenders and strategic partners and some of our tenant groups. Over the next 6 -18 months we want to ensure that we create virtual platforms for our tenants and service users to engage with us more fully if face to face methods are still not feasible.

Review of our vision and strategic direction and 'lessons learnt'. As part of our normal Business Planning process we are scheduled to undertake a review of our vision, mission and strategic objectives in the third quarter of 2020- 2021. As part of this we will review and use all of our key business planning tools (SWOT, PEST Risk analysis). We will also undertake a review of our business continuity planning and link this with our plans to assess how we can use more digital tools in the business to improve effectiveness, business flexibility, allow more connectivity and link this to long term savings in the business.

SECTION 12 - APPENDICES

- Appendix 1 – Cassiltoun Trust Business Plan
- Appendix 2 – Cassiltoun Stables Nursery Business Plan
- Appendix 3 – Board Members details
- Appendix 4 – Risk Register
- Appendix 5 – Regeneration Plan 2020/21
- Appendix 6 – Internal Audit Plan 2020/21
- Appendix 7 – Operation Service Plan 2020/21
- Appendix 8 – 30 Year Financial Plans
- Appendix 9 – Development Plan 2020 update