

Abronhill Housing Association

Interim Business Plan

September 2024 – March 2025

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Introduction

Welcome to Abronhill Housing Association's Interim Business Plan, which sets out our priorities and activities between September 2024 and March 2025.

We are committed to ensuring our plans are in the best interest of our tenants, other service users and key stakeholders. We are proud to serve the Abronhill community and we work hard to provide good quality homes and services. In the last year, we have maintained strong service performance, achieving high levels of tenant satisfaction. However, we have only been able to deliver limited improvements in our housing meaning that AHA continues to have low levels of compliance with the Scottish Housing Quality Standard (SHQS) and energy efficiency standards to comply with Energy Efficiency Standards in Social Housing (ESSH). This is due to two key factors: the extent and nature of the mixed tenure in Abronhill, preventing an integrated approach to investment in flatted properties and the fragmented nature of our information about all of our own stock.

Last year, in keeping with meeting the needs of our tenants, we commissioned an independent Strategic Options Appraisal to assess what will be in their best long term interests. The SOA was conducted by independent consultants, HRC who reported to the Management Committee in August 2023. HRC concluded that the best route to delivering the required improvement works for our tenants' homes, within a timescale that would be considered reasonable and rents that would be affordable, is for AHA to seek a transfer of our stock and staff to another Registered Social Landlord (RSL) by way of a Transfer of Engagements (ToE). This was approved by the Management Committee in August 2023.

The Scottish Housing Regulator has also been engaging with AHA about our financial management, stock quality and plan to secure a Transfer of Engagements.

We have identified four priority actions that are in the best interests of our 258 tenants for the long term to ensure homes meet the SHQS and ESSH while rents remain affordable.

As we do not have enough up to date and accurate information on our stock investment needs, we are not in a position to prepare a 3 year business plan as would normally be the case. In light of this, we have decided to produce an interim plan that sets out our priorities, including producing a long term business plan for the period April 2025 to March 2028.

In order to pursue a Transfer of Engagements, first of all we need accurate and robust short, medium and long term financial forecasts. We are conducting a comprehensive strategic review as a priority during 2024/25, which includes a full stock condition survey, a detailed asset management review and a strategic financial review. This will establish the investment required to bring our housing stock up to the Scottish Housing Quality Standard and ESSH and the impact this would have on rents.

To get to that position, we have set four Strategic Objectives for this interim business plan, which covers the period September 2024 to March 2025 and is aligned to the budget we approved in March 2024.

Strategic Objective 1: Improve housing stock and maintain service quality

Strategic Objective 2: Ensure statutory and regulatory compliance

Strategic Objective 3: Prepare a robust long term strategic financial plan

Strategic Objective 4: Progress the Transfer of Engagements

Further information about these Strategic Objectives is contained in Section 2 and the specific actions we will take and when are set out in our Delivery Plan in section 9.

The Management Committee is fully committed to working closely with tenants to identify their priorities and needs and to consulting with other key stakeholders, including staff about future plans.

In the meantime, we thank our tenants, other service users, staff and partners for their continued support.

With kind regards

Craig Burns
Chair

Executive Summary

1.0 Background

Abronhill Housing Association was established in 1995 as a not-for-profit housing provider, a "Registered Social Landlord" with the Scottish Housing Regulator (Registration No. 275) and a Registered Scottish Charity (No. SC033116). We have 35 members of AHA.

The Association owns and manages 258 units throughout Abronhill, most of which are located within multi-tenure flatted properties.

AHA has a staff team of 7 (4.6 full-time equivalent) who are responsible for delivering a high-quality service to its tenants and other customers. All staff are experienced and knowledgeable in their areas of the business.

Over its years of operation, AHA has enjoyed a good reputation amongst its tenants, and other stakeholders and housing service performance with high Tenant satisfaction levels. However, AHA has significant challenges in meeting housing quality standards.

This is largely due to:

- a) The extensive mixed ownership including other social landlords, owner occupiers and private landlords and difficulty in securing financial contributions for common repairs and investment
- b) The absence of reliable data on the full investment needs of our stock. Currently just 59% of AHA's stock meets the SHQS and 41% of homes do not have a current EPC.

2.0 Business Plan

2.1 This business plan originated from a planning session on April 13, 2024, incorporating input from Committee Members and staff. It reflects significant changes over the past year:

- Intimation of the withdrawal of Director Services by Hillhead Housing Association in summer 2023 due to their senior officer's impending retirement.
- The completion of a Strategic Options Appraisal by HRC Consultants with a recommendation that AHA pursue a Transfer of Engagements, which the Management Committee's approved on 3rd August 2023.

- Ongoing engagement with the Scottish Housing Regulator (SHR) about our financial management, stock quality (including planned maintenance schedule and energy efficiency plans) and plans to secure a Transfer of Engagements.
- The appointment of a new AHA Director in February 2024

The Strategic Options Appraisal in particular has highlighted the absence of robust data about our stock condition (with the Stock Condition Survey completed in 2022 involving just 16% of our stock) and a knock on effect to our financial planning and long term sustainability. Examples of this are provided in the SOA Report where HRC

Noted that 'AHA would also require additional resources to support the investment plans outlined in their updated stock condition survey of 2022. This highlighted a required spend of £42,000 per house over the next 30 years. The AHA business plan assume spend of £32,000 a house with an assumption that the reactive budget will meet some of the shortfall in future investment.'
Made several references to 'being unclear as to AHA's ability to fund their share of investment costs as 'they are not identified, costed, or provided for within their own business plan.'

There is no detailed asset management plan through which to tackle AHA's housing quality in the context the tenure mix in our stock locations. The table in section 4.4 sets out the tenure pattern that incorporates 106 of our households (in 41% of our total stock), leading to severe difficulties in obtaining agreement and funds from owners to undertake common works. This complexity is a contributing factor to our inability to comply with the SHQS, where we currently stand at less than 60% compliance overall. We are also facing challenges in complying with EESSH as at present 40% of our stock has a rating of D-F and over 100 Energy Performance Certificates are at least 10 years old and need to be updated.

3. Strategic Objectives

In light of the factors above, AHA has established four strategic objectives for the period September 2024 to March 2025.

Strategic Objective 1: Improve housing stock and maintain service quality (within the budget agreed by the Management Committee in June 2024)

Strategic Objective 2: Ensure statutory and regulatory compliance

Strategic Objective 3: Prepare a robust long-term strategic financial plan

Strategic Objective 4: Progress the Transfer of Engagements, issuing a Prospectus by 1st April 2025

There is further discussion of these objectives in Section 2 below and how these priority activities will be resourced and achieved is set out in a detailed delivery plan in section 9.

Progress with Business Plan will be monitored by the Management Committee bi-monthly.

4. Layout of the Business Plan

Following this Executive Summary, the business plan includes the following sections:

About Abronhill Housing Association
 Strategic Direction and Objectives
 Tenant Profile
 Housing Stock
 Housing Services

Performance Targets
 Rents and affordability
 Operating Environment and Risk Management
 Delivery Plan
 Financial Plan

1. About Abronhill Housing Association

1.1 Organisational Status

Abronhill Housing Association is a Registered Social Landlord (RSL), registered with the Scottish Housing Regulator in 1995 and we are also a registered Scottish charity No: SC033116. We operate to the SFHA model rules 2020. Our area of operation is Abronhill, an area in the North Lanarkshire Council (NLC), which borders Glasgow to the North and East. AHA owns and manages 258 properties. Our turnover for the year ended 31 March 2024 was £1,394,500. We have 36 Association members.

1.2 Management Committee

Our Management Committee has 12 places, and we currently have 9 members (6 elected at the last AGM, 2 co-opted, and 1 member filling a casual vacancy). Committee members are unpaid volunteers and currently comprises 3 tenants and 5 other experienced individuals. The Management Committee is responsible for setting AHA's strategic direction and monitoring our performance for the benefit of tenants. They make strategic decisions and ensure oversight of our affairs. We have a ToE Subcommittee, established in June 2024. Members are Raymond Russell (Chair), Craig Burns, Anne-Marie Thomson and Ian Smith.

Following two recent resignations (for personal reasons), we currently have a total of 4 vacancies and will seek to recruit suitably experienced Committee Members. The current Chair has intimated his intention to resign from the position following the AGM but will remain a Committee Member. There is interest amongst remaining members to take on the role of Chair. In light of our Strategic Objectives, we will encourage applications from individuals with experience of Finance, Asset Management and Transfers of Engagements.

No	Position	Name	Member since	Office Bearers	Resignations
1	Chair	Anne Marie Thomson	March 2024	Elected Chair September 2024	
2	Vice Chair	Janette Meechan	June 2024	Elected Vice Chair September 2024	
3	Secretary	Iain Smith	September 2024	Elected Secretary October 2017	
4	Member	Craig Burns	October 2018		
5	Member	Raymond Russell	November 2016		
6	Member	Alison Peden	September 2014		
7	Member	Julie Kelly	September 2021		
8	Member	Carolann Docherty	September 2022		
9	Co-opted	Adam Smith	September 24		
10	Co-opted	Heather West	September 24		

AHA complies with the SHR's Regulatory Framework, as confirmed in our latest Annual Assurance Statement and noted in the SHR's Engagement Letter for 2024/25.

1.3 Staff Team

We have a staff team of 7 (equating to a full time equivalent of 4.6 posts):

1 x PT Director – Audrey Murphy (joined in February 2024)

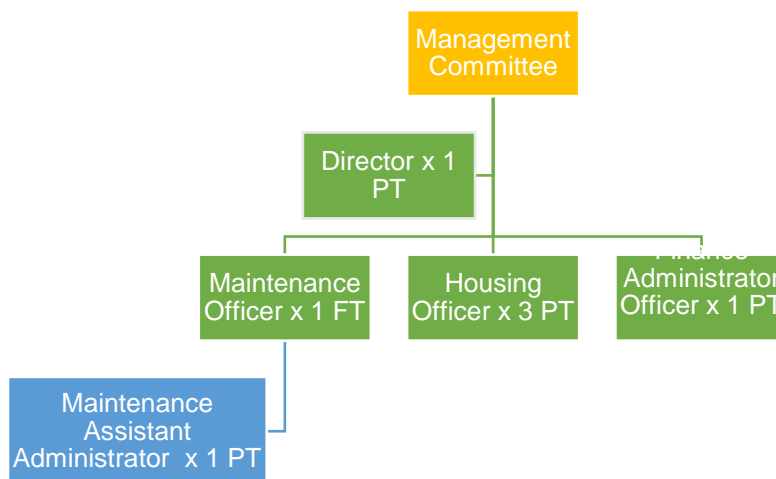
3 x PT Housing Officers

1 x FT Maintenance Officer

1 x PT Finance Administration Officer

1 x PT Maintenance Assistant Officer

Our new Director is focussed on delivering AHA's strategy while supporting our staff to ensure that our tenants and other service users receive a friendly, efficient, and responsive service. We also engage a range of third parties to deliver specialist elements of our business, e.g. legal, technical and consultancy support, financial advice, and external and internal audits. These are set out in section 1.5.



1.4 Vision, Mission and Values.

AHA's Vision, Mission and Values are underpinned by the best interests of our tenants.

Vision: High quality homes in an empowered community
Mission: To provide Abronhill HA Tenants with high quality homes and services at affordable rents.
Values: Putting customers first Obtaining value from every rent paid Collaborative solutions

1.5 Stakeholders, Advisers and Affiliations

Key stakeholders:

- Customers (Tenants and applicants)
- Committee members
- Association members
- Staff
- Scottish Housing Regulator (SHR)
- North Lanarkshire Council
- Lenders – Bank of Scotland

Scottish Government
Office of Scottish Charity Regulator
Information Commissioner
Owners and Private Landlords
Local Registered Groups and charities

Advisers:

Auditor – CT Auditors
Solicitor – TC Young
FMD – Financial services
Internal Auditor – Quinn Internal Audit Services
M2 Ltd- SDM System
Other consultants e.g. Indigo House Group, NBM Construction Cost Consultants Ltd,

Contractors:

Rogers and Johnston, Repairs and Maintenance
James Frew, Gas Contractor
Nurture Ltd, landscape maintenance

Affiliations:

SFHA
EVH
GWOFS
SHN
SHARE

2. Strategic Objectives

2.1 Background

AHA’s core purpose is to ensure that our tenants are provided with high-quality homes and services at an affordable rent and we have endeavoured to do so - our tenant satisfaction and performance results show that we provide good services overall and the rents we charge are affordable. However, we have been unable to provide the best quality of housing for all of our tenants, largely due to:

- a) the extensive mixed ownership in our area including North Lanarkshire Council, owner occupiers and private landlords and difficulty in securing financial contributions for common repairs and investment
- b) the absence of reliable data on the full investment needs of our stock. Currently just 59% of AHA’s stock meets the SHQS and our current EPC data shows that at least 40% of our stock is in bands D, E and F. At least 40% of our EPC data is out of date, being at least 10 years old.

As a result, our financial position and forecasts do not reflect the real investment needs of the stock to bring it up to SHQS and ESSH standards for the benefit of many of our tenants.

2.2 Stock Quality

As has been documented over a number of years, the extent and nature of the mixed tenure within Abronhill is a barrier to investment in our flatted properties. Of our 149 flats, 106 AHA households are located within blocks where the Association is the minority owner. Of the 1038 properties (in 142 Blocks) AHA owns around 10% of the flats, NLC owns around 20% and the remaining 70% is owner occupied or rented through private sector landlords.

The absence of formal factoring arrangements and deeds of conditions relating to properties in private ownership, and the lack of appetite for owners to contribute to common repairs/improvements means that at least 40% of our own tenants within such blocks are disadvantaged as their housing does not meet the required standards.

SHQS Compliance as reported in the Annual Return on the Charter

Landlord	AHA	Forgewood HA	Garrion Peoples	NLC	Average
2023/24	58.9%				
2022/23	42.6%	100%	100%	80.44%	93.5%
2021/22	31%	100%	100%	70%	90%
2020/21	54.5%	100%	100%	89.8%	96.6%

In the ARC for 2023/24 AHA reported our projections for SHQS compliance for 2024/25 as 66.67% of stock due to window and door installations and potential electrical remedial works.

Despite our very limited resources, AHA has endeavoured (as an independent RSL) to secure partnerships with the Local Authority and private owners to improve the housing conditions and surrounding environment. However, there is no formal strategy in place for the mixed tenure blocks and little prospect of this becoming a strategic priority within North Lanarkshire Council in the foreseeable future.

Strategic Options Appraisal

In 2023, AHA commissioned an independent Strategic Options Appraisal, conducted by HRC Consultants. This was to assess the best long term future for housing AHA's tenants.

We provided HRC with the stock condition information we had at that time, which was based on a 16% Stock Condition Survey and our current financial forecasts. HRC's report highlights the following:

Several references to HRC being unclear as to AHA's ability to fund their share of investment costs as *'they are not identified, costed, or provided for within their own business plan.'*

HRC say *'AHA would also require additional resources to support the investment plans outlined in their updated stock condition survey of 2022. This highlighted a required spend of £42,000 per house over the next 30 years. The AHA business plan assumes a spend of £32,000 a house with an assumption that the reactive budget will meet some of the shortfall in future investment.'*

'Armours reported that to date repairs to properties and component replacements have been carried out on an ad hoc basis. Their general observation across the estate was that the major elements of the external building fabric remain to be in poor to satisfactory condition. This is primarily due to the fact that the majority of external finishes remain the same as when the houses were originally constructed.'*

*Armours conducted a stock condition survey in 2022 involving 16% of our AHA's homes.

'The ability to invest in their homes is a major challenge for AHA. While their financial projections demonstrate that AHA is viable and covenant compliant, this is only achieved by deferring investment on the understanding that this will be met through the reactive budget. This has led us to conclude that it is in the best interests for the tenants of Abronhill Housing Association (AHA)

that it should seek interest and proposals for a transfer of engagements with a local Registered Social Landlord.

The Management Committee carefully considered the report on 3rd August 2023 and approved HRC's recommendation to seek a Transfer of Engagements.

Engagement with SHR

SHR's Engagement Plan with AHA for 2024/25 states:

'We are engaging with Abronhill about its financial management, stock quality and planned organisational changes.

Abronhill has completed a stock condition survey and is planning what further investments is required in the medium term. We will engage with Abronhill to get assurance that the impact of its investment plans has been reflected in its long term financial projections.

Abronhill has one of the poorest compliance levels with the Scottish Housing Quality Standard. We have been engaging with Abronhill over its planned maintenance schedules and energy efficiency plans to bring its stock up to the required standards. It produced a new asset management strategy in 2023/24 which it is now implementing.

Following an independent strategic options appraisal, Abronhill has concluded that it is in the best interests of its tenants and other service users to transfer to another Registered Social Landlord (RSL). Abronhill is developing plans to identify a transfer partner including detailed partnership proposals. It will then finalise a business case for the transfer before developing and implementing plans for consulting with tenants and other service users.'

The Engagement Letter goes on to specify particular requirements of AHA and measures the SHR will take.

Through this Interim Business Plan we will address the matters of concern raised by SHR regarding:

AHA's financial management and stock quality, specifically concerning the impact of investment on our long term financial projections. We will achieve this by completing a comprehensive stock condition survey and reflecting the resultant investment requirements to achieve the SHQS and EESSH into our long term financial projections.

Our plans to achieve a Transfer of Engagements. We will set out and implement a programme with key milestones including tenant engagement, identification of tenant priorities, developing and a detailed partnership proposal and issuing this Prospectus by 1st April 2025 seeking expressions of interest from other RSLs in a Transfer of Engagements.

2.5 Strategic Objectives

In light of the factors set out above, AHA has established the following 4 strategic objectives

Strategic Objective 1: Improve housing stock and maintain service quality

It is imperative that AHA continues to invest in our stock in line with our approved budget for 2024/25. The programme for the current year is set out in section 4 below, along with progress to

date and in the Delivery Plan in section 9. We will also complete a programme of EPC certification for the 106 homes where the current certificate is close to or above 10 years old.

A critical element of our service is to ensure that we meet all of our landlord health and safety obligations. Our past performance in this respect is good and we will ensure this is closely monitored and maintained.

We will continue to deliver high quality services for the benefit of tenants and meet our agreed key performance indicators to manage our approved budget and ensure covenant compliance.

The key performance indicators approved for 2024/25 and are set out in section 6 below and the Delivery Plan along with a programme and resource requirements (section 9).

Strategic Objective 2: Ensure statutory and regulatory compliance

The SHR has confirmed AHA's status as 'compliant' in the current Engagement Plan, though they set out three specific areas where they will continue to engage with AHA: financial management, stock quality and planned organisational changes.

We are actively addressing these matters as reflected in our Strategic Objectives overall and the actions we have and will take are set out in detail under each of these objectives within the Delivery Plan. We have updated our Risk Register which is set out in Section 8 where we have assessed the likelihood and impact of key risks arising and mitigation actions to control/manage these risks.

We will ensure that the Management Committee remains in full control of governance in relation to the Transfer of Engagements, including where we delegate authority for aspects of the process, where clear terms of reference will be in place.

Overall, AHA will continue to ensure compliance as required within Chapter 3 of the SHR's Regulatory Framework, with other specific continual improvement measures being detailed in the Delivery Plan including the timetable for recruitment of suitably experienced Management Committee Members.

Strategic Objective 3: Prepare a robust long term strategic financial Plan

As mentioned in Objective 2 above, AHA acknowledges that the absence of comprehensive stock condition information limits our understanding of the full investment needs of our homes. We have recently commissioned a comprehensive stock condition survey in order to inform our asset management review and long term financial plans. The SCS will include a full survey of 84% of our homes and utilise the survey results from 2022 for the remaining 16% of our stock. The SCS, Asset Management Review and long term financial plan will be completed within the current financial year and integrated within an accurate and robust business plan for 2025-2028. The Business Plan will provide a solid platform from which to develop a detailed business case for a Transfer of Engagements.

Details of the actions required to achieve the following are contained the Delivery Plan along with a programme and resource requirements:

- Stock Condition Survey
- Asset Management Review

- Long term Financial Plan
- Detailed Business Plan for 2025/2028

Strategic Objective 4: Progress the Transfer of Engagements

AHA approved the pursuit of a Transfer of Engagements (ToE) in August 2023. The SHR is engaging with us regarding our proposals and progress towards this constitutional change. We are taking important steps, especially under Strategic Objective 3, to prepare detailed partnership proposals and issue a Prospectus by 1st April 2025 seeking expressions of interest in a ToE from RSLs.

There are three main strands to achieving the target date for issuing the Prospectus:

Ensuring our long term financial plans are robust and clearly demonstrate our financial position, particularly in terms of the investment needs to achieve compliance with SHQS and EESSH. This will also enable us to assess the resultant impact our financial position has on housing quality, services and rent affordability. We will consider and approve a draft Business Plan in January 2025 for the purposes of consultation with tenants and other stakeholders. We will approve our final 2025-2028 Business Plan in March 2025.

Clearly conveying how our financial position impacts on tenants, staff and other stakeholders with regard to housing quality, services and rents.

Consulting with tenants and other stakeholders about their priorities and establishing objectives for inclusion in the prospectus for interested RSLs. We will ensure tenants have access to independent support and advice from experienced service providers.

Responsibility for governance of this work rests with the Management Committee, with support from the ToE Subcommittee. This Subcommittee will work within clear Terms of Reference detailing its delegated authority to ensure the Management Committee remains in control while allowing timely progress and decision making.

The ToE related actions are set out in detail in the Delivery Plan along with a programme and resources requirements.

3. Tenant Profile

3.1 Context

Abronhill's tenants and the Association have faced significant challenges since our last Business Plan:

- high inflation and interest rates
- Cost of living crisis - rising inflation has led to financial hardship, especially for energy and food.
- Increased service costs - sharp rises in service delivery costs, particularly for repairs and maintenance.
- Political pressure - efforts to keep rent increases below inflation despite rising costs.
- Public expenditure cuts that disproportionately affect poorer communities.

3.2 Scottish Index of Multiple Deprivation

The Scottish Index of Multiple Deprivation (SIMD) is a tool used to identify areas in Scotland with high levels of deprivation. It ranks small areas, called data zones, based on several factors, including income, employment, health, education, access to services, crime, and housing.

For the Abronhill area of Cumbernauld, the 2021 SIMD provides specific insights into how the area ranks in terms of deprivation:

Breakdown for Abronhill Area:

1. Population

The Abronhill area, like other areas, is divided into smaller data zones for analysis. Each data zone typically contains around 500 to 1,000 people. The exact population of each data zone can vary, but these zones represent manageable segments for the analysis.

2. Deprivation Levels:

- The SIMD ranks areas from 1 (most deprived) to 6,976 (least deprived).
- In the 2021 SIMD, several data zones in Abronhill are ranked within the lower deciles, indicating higher levels of deprivation.

Specific Findings for Abronhill:

Abronhill has multiple data zones ranked in the lowest 20% of the SIMD (indicating high deprivation). Specifically, there are **two data zones** in Abronhill that are ranked within the most deprived 20% in Scotland.

These zones reflect significant challenges related to income, employment, and health, among other factors.

Summary:

Abronhill is an area with notable pockets of deprivation, with two data zones particularly highlighted as being in the most deprived 20% of Scotland. This indicates that these areas face considerable socio-economic challenges compared to other parts of the country. The population within these data zones typically faces higher levels of poverty and related issues.

3.3 Support for Tenants

The Advice for Tenants and Residents Project (AFTAR) offers our customers financial advice. It's a collaborative effort with four other social landlords and the Motherwell and Wishaw Citizen's Advice Bureau. Our latest AFTAR report shows that customers are presenting with various complex issues, often aggravated by health conditions and other barriers. On average, each customer presents with three issues: benefits, debts, and energy.

The cost of living crisis continues to severely impact our customer's finances. Cases are taking longer because most customers need help with financial insecurity and lack of financial stability.

There has been a significant increase in customers needing help to challenge benefit decisions and obtain specialised debt advice. Providing holistic advice and support on energy efficiency is also a crucial part of our services.

Please see AHA's statistics for 2023/24 below.

Abronhill HA Stats	
Client	92
New Clients	36

Client Contacts	114
Issues	210
Client Financial Gain	£89,477.87
Rescheduled Debt	£41,050.04
Energy Issues	44
Foodbanks/Food Vouchers	11
Fuel Vouchers	21
Benefit Forms Completed	34

3.4 Demographics

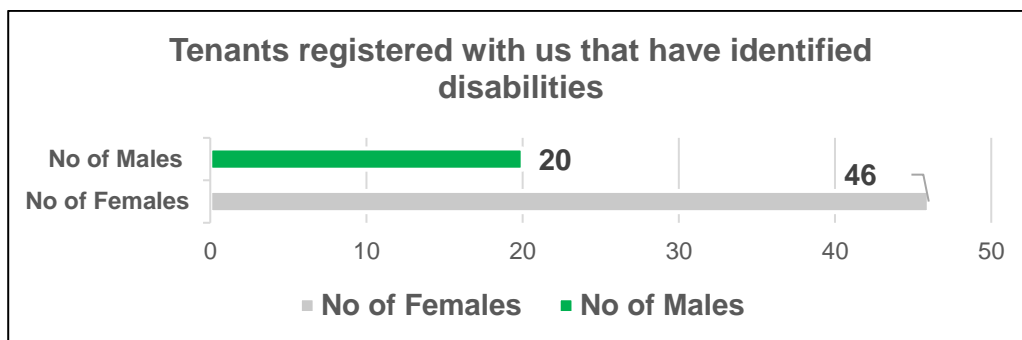
Tenants by age and identified gender

Age	16-25	26-35	36-45	46-55	56-65	Over 65	Total	% of Tenants
Male	1	9	13	22	15	19	79	31
Female	3	31	31	43	44	25	177	69
Non-Binary	0	1	0	0	0	0	1	0
Void Property	N/A	N/A	N/A	N/A	N/A	N/A	1	1
Total	4	41	44	65	59	44	258	100
% of Tenants	1.5	16	17	25.5	23	17	100	

Tenants by ethnicity

Ethnicity	All Tenants July 2024	% of Tenants
White Scottish	235	91
White Polish	5	2
White other British	4	1.5
Mixed Background	4	1.5
Black African	2	1
Pakistani	2	1
Asian	0	0
Unknown/Not Stated	6	2
Total	258	100

Tenants with Disabilities



4. Housing Stock

4.1 AHA Stock

We have a total stock of 258 units of the following types and sizes:

Property Type	Total property Stock	House Types	Flat Types
Studio	1	0	1
1-bedroom properties	60	21	39
2-bedroom properties	118	28	90
3-bedroom properties	57	40	17
4-bedroom properties	21	20	1
5-bedroom properties	1	0	1
Total	258	109	149

4.2 Asset Management

AHA has adopted an Asset Management Strategy that sets out the principles and some of the key issues facing the Association. However, we were not able to populate the strategy with specific actions in the absence of a comprehensive Stock Condition Survey with clearly identified and costed stock investment sums. This is being addressed in this interim business plan. The information provided below on SHQS and EESSH comes from our existing data, and as such should be treated with caution until we have completed the SCS and the long term financial plans.

4.2.1 SHQS

The Scottish Housing Quality Standard (SHQS) was introduced by the Scottish Government in 2004 to ensure that social housing in Scotland meets a minimum level of quality. It applies to properties owned by local authorities and housing associations, aiming to provide tenants with safe, warm, and well-maintained homes.

The SHQS covers aspects like energy efficiency, safety, and modern facilities. By 2015, all social landlords were required to ensure their homes met this standard. Although the SHQS itself is not a law, it is enforced through regulations, meaning that social landlords must comply or face penalties, ensuring tenants' rights to quality housing.

Abronhill complies with all the regulatory standards set out by the Scottish Housing Regulator (SHR). However, we are engaging with the SHR mainly due to our low compliance with the Scottish Housing Quality Standard (SHQS).

All of our properties are within the scope of SHQS, which is 258 units. Of these, 152 are compliant (58.9%) with the SHQS, leaving 106 properties that are not compliant.

Of the 106 properties, our current information shows the following, however this will be updated this year when we have our returned stock condition survey results.

With major planned works that we are undertaking this year, we hope to improve our SHQS compliance by the end of next year to 172 properties (66.67%) mainly due to new highly rated energy efficient windows and external front doors.

A major contributory factor of our low SHQS is that just under 42% of our stock is amongst mixed tenure blocks where we are not the majority landlord and any works would require owner occupiers/private landlords to vote for the works to commence. Abronhill also being the 5th smallest social landlord, we do not have the resources to lead on major investment works which would incorporate wide scale planned works involving multi tenure sites.

The following information was provided to the SHR in the Annual Return on the Charter for 2023/24.

Abeyance
41 – properties requiring a door entry system
7 – properties requiring remedial work following the electrical inspection
1 – property requiring door entry and unable to gain access to carry out EICR
4 properties require door entry and we have been unable to gain access to carry out remedial works following the inspection.
Fails
42 –failing to meet the required energy rating for EESSH
8 – properties failing to meet EESSH standard and require a door entry system
1 - Properties failing to meet EESSH standard, require a door Entry and doesn't have a valid EICR
1 –property failing to meet EESSH and requires a full central Heating system
1 – property failing EESSH and and requires access to carry out EICR remedial works after inspection
There are no outstanding gas certificates. There is an escalated forced access procedure for 2 EICRs ongoing that involves support agencies.

4.2.2 EESSH

The Scottish Government's plans to decarbonise housing stock present a major challenge over the next decade, particularly as property owners are expected to receive minimal financial support from the government. Recent ministerial statements on changes to Energy Performance Certificates and the transition from fossil fuels to low-carbon alternatives suggest higher costs and a faster pace of change than previously anticipated.

A summary of Energy Efficiency Analysis, conducted in 2021 by Changeworks is provided below. Was hired to check how well Abronhill Housing Association's homes would meet at that time, the

Scottish Government's Energy Efficiency Standard for Social Housing 2 (ESSH2). These measures are currently being reviewed and we await the Scottish Government's new targets, however, a summary of the initial findings demonstrates the level of improvement work required to make our homes more energy efficient. An Energy Performance Certificate (EPC) is a document that sets out how energy efficient a property is from A (most efficient) to G (least efficient). It also sets out the potential level of emissions with the associated costs of improving the rating for that property.

Abronhill HA has 258 homes with the following ratings:

- 14% of homes (36 properties) are in band B
- 46% of homes (120 properties) are in band C
- 31% of homes (82 properties) are in band D.
- 8% of homes (20 properties) are in bands E-F.

A key objective is to obtain EPC data for 106 of our properties that require a new EPC within the current year. The stock condition survey visits will incorporate the EPC certification in those homes where the last certification is 10 years or more.

4.3 Tenure Mix

Abronhill has 258 properties, made up of the type and size in the table below.

House types and size

Size	Total Properties	Houses	Flats
Studio	1	-	1
1 bedroom properties	61	22	39
2 bedroom properties	118	28	90
3 bedroom properties	57	40	17
4 bedroom properties	20	19	1
5 bedroom properties	1	0	1
Total	258	109	149

Our largest property type is 2 bedroom properties (90) and these also tend to be our largest turnover of voids.

As a social landlord we have the responsibility to ensure we maintain and improve common areas of our blocks and also have regulatory requirements to meet standards. However any significant works require the consent of other owners, who if they are in the majority, can stop any improvements taking place.

The table below demonstrates the tenure type of 106 of our flats, which are 71% of our total available flats, in which we as a landlord are in the minority of tenure. The minority status of ownership over all of our properties is 41%

4.4 Tenure mix for flatted properties

ROAD (FLATS)	Total	No of Blocks	AHA Tenats	NLC Tenats	Owners incl PRS
Almond Road	99	9	10	12	77
Ash Road	126	25	16	20	90
Cedar Rd	108	13	8	35	65
Elm Drive	33	3	2	3	28
Hazel Rd	90	12	7	34	49
Hornbeam Rd	36	3	3	7	26
Laburnum Rd	50	8	8	14	28
Medlar Rd	71	8	5	18	49
Oak Rd	154	14	17	24	113
Rowan Rd	147	28	10	25	112
Spruce Rd	124	19	20	19	85
Total Numbers	1038	142	106	211	722
% ownership			10.20%	20.30%	69.50%

There are 106 flatted properties (41% of our total stock) located in multi-tenure blocks as shown in the table above. The complex pattern of ownership and the presence of a significant number of private landlords makes it extremely challenging to get consensus for improvement works.

4.5 Investment for 2024-2025

The planned and cyclical investment for the year 2024-2025 is set out below along with a progress update and spend to end August 2024.

Major Repairs spend has decreased by around 27% from £205,000 in 2023/24 to £150,000 in 2024/25. Spend on cyclical repairs has decreased by around 16% from £23,000 to £19,500.

4.5.1 Planned Investment Works

Our planned investment works involve tendering or inviting quick quotes via our procurement policy and procedures. The works often involve scheduled upgrades and improvements to properties, such as installing new kitchens, bathrooms, or heating systems, to enhance the living conditions for tenants and ensure compliance with quality standards like the SHQS.

These works are often categorised as fixed assets because they significantly increase the value of the properties, with the improvements being long-term investments that enhance the property's durability and overall worth. The expenditure overall for 2024/25 is £340,000 with £150,000 included within the major repairs line in our budget for 2024/25 (within the Statement of Comprehensive Income) and £190,000 being set out within the Statement of Financial Position.

4.5.2 Cyclical Maintenance

Investment in Fixed Assets 2024/25 (See SOFP)	Budget Breakdown	Progress
10 boilers – programme of works	35,000	Tender received July, paper will be issued to committee at August 2024 meeting for authorisation, date for works will be agreed at pre start meeting with contractor in early September 24
10 kitchens - programme of works	45,000	Completed between 3/6 - 30/7 - total cost £65,059.20
10 Bathrooms	50,000	Awaiting a Quantity Surveyor report to be issued and then will seek approval from Management Committee for inspections to begin in September/October 24.
Ad hoc replacement to bathrooms, kitchen and boilers	10,000	Carried out when unforeseen replacements required
10 properties new highly efficient windows.	50,000	Contract awarded and due to start September/October expected cost
Fixed Assets Total	£190,000	
Major Repairs 2024/25 (See SOCI)	Budget Breakdown	Progress
Render repairs as required	15,000.	Carried out when required throughout year
Stage 3 adaptations (grant funded)	25,000.	Carried out when OT referrals received, these works are retrospectively grant funded by the local authority.
10 properties new front entrance doors	30,000	Contract awarded and due to start September/October expected cost
EESSE -energy efficiency works & SHQS	80,000.	Various projects to support the increase of compliance.
Major Repairs Total	£150,000	

Abronhill has a cyclical maintenance programme each year and this refers to the regular, often annual or biannual upkeep of our properties—such as repainting, servicing boilers, electrical or roof inspections etc.—to prevent deterioration, ensuring homes remain safe, efficient, and comfortable for tenants.

Our budget and how we will spend it is set out in the table below.

Cyclical maintenance	Breakdown of Budget	Commentary and actual costs against budget where data has been received.
Gas boiler/HW cylinder servicing	11,500.00	Carried out throughout year when property requires service
Safety anchor inspection	400.00	To be carried out in November
Electrical inspections (EICR)	4,000.00	Carried out throughout year when property requires an electrical inspection
Aspen Place/Larch Place emergency lighting	200.00	Completed - April £212.84
Aspen Place dry riser testing	235.00	Completed April - £216.00
Aspen Place smoke vent testing	175.00	Completed May - £165.55
Contributions to gutter repairs in mixed blocks to NLC.	2990.00	This can be in the form of Ad hoc or one off projects.
Total Budget	£19,500	

4.6 Reactive Repairs

During 2023/24 we spent £221064 on 30 Emergency Repairs and 869 Routine Repairs, an average of 3.5 repairs per house at an average cost of £911 per house. The budget for reactive repairs has increased by around 5% from £223,000 in 2023/24 to £235,000 for 2024/25. From the June Management Accounts (Q1 2024/25) our spending is on target at £54938.

We completed 91.94% of reactive repairs right first time in 2023/24 (an improvement on 91.38% the previous year) and have set a target of 93% for 2024/25.

4.7 Medical Adaptations

The Association does not have any purpose built properties that have been specifically adapted for medical needs such as wheelchair use. Our tenants request medical adaptations via the occupational therapist service, which assigns a priority for the adaptation to be carried out. The association claims medical adaptations grant in arrears each year. We are expecting to require £25,000 of Aids and Adaptations Grants in line with previous years, please see the table below. In the ARC for 2023/24, we reported that there were 3 people on the waiting list for medical adaptations.

Year	Number of Adaptation Referrals	Types of Adaptation carried out.	Total Costs
2022	5	Wet floor shower x 3, Internal handrail x 1 External handrail x 1	£15,797.65
2023	5	Wet floor shower x 4 Internal handrail x 1	£23,014.05

4.8 Estate Management/Open Spaces

Our officers carry out common area inspections regularly and take action where required, examples of a range of policies and procedures are in place to engage tenants in keeping our areas of responsibility free of debris and that all of our customers are living to the standards set out in their tenancy agreements.

These are as follows:

- Process for any tenant's overgrown gardens

- Process for unkempt bin areas where our tenants are sole users

- Liaise with the local authority on bin management, dog fouling, etc. when our tenants are not the majority tenure

- Inspection of our contractor's work

- The process to resolve and manage reported anti-social behaviour

- AHA has sole responsibility to maintain the grass and the open spaces in only two areas which are at our developments in Larch and Aspen Place.

Our contractor Nurture Landscapes carries out this work for us.

5. Housing Services

5.0 Housing Services

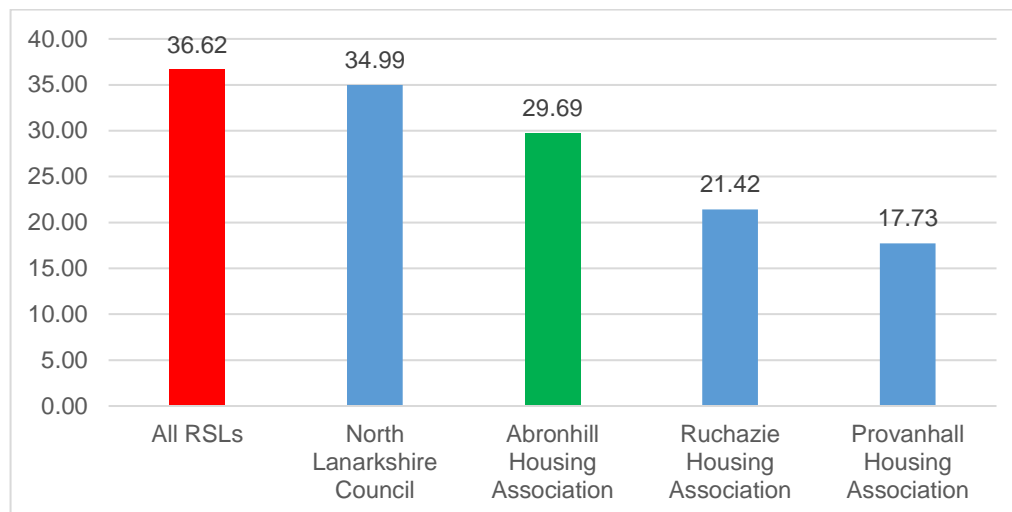
Our three part-time Housing Officers within Housing Services, handle a wide range of functions, including managing tenant applications, allocating homes, and overseeing rent collection. They also provide essential support by conducting regular property inspections and ensuring compliance with housing standards. Additionally, staff assist tenants with issues related to their tenancy, offer advice on housing benefits, and work to resolve any disputes or concerns, fostering a positive and supportive living environment.

5.1 Lettings, Lost Rent and Housing Demand

Our average void turnover over the last four years for relets is 19 void properties. Our biggest turnover is 2 bedroom flats.

Our voids available to relet from April 2023 to 31st March 2024 was 16 properties taking 29.7 days to relet. Our benchmarked performance is below showing we are performing better than the average of all RSL's. Due to our low turnover and with a focus on streamlining our process, we have challenged ourselves an ambitious target to 12 relet days.

Table - Average number of days to relet properties.



5.1.2 Void Rent Loss

Due to our properties being empty for the period when they were void, we calculate the rental income we lose as a performance indicator. Our rent loss for 23/24 was 0.37% of our income, a total of £4,771.00

As at July 2024, we have 207 applicants on the general waiting list for the following size of properties.

Type of Property	Number of Waiting List Applicants
Studio	4
One Bedroom	104
Two Bedroom	53
Three Bedroom	36
Four Bedroom	9
Five Bedroom	0

As of July 24 we have 25 AHA tenants wishing to transfer from their current home to another within our stock.

Type of Property	Number of Transfer List Applicants
One Bedroom	10
Two Bedroom	7
Three Bedroom	8

Our benchmarked performances below, derived from our membership with Scottish Housing Network, who has many Scottish RSL's that we can benchmark ourselves again.

These benchmarked indicators show our performance against other small urban RSL's.

5.2 Rent, Arrears and Debt Write Off

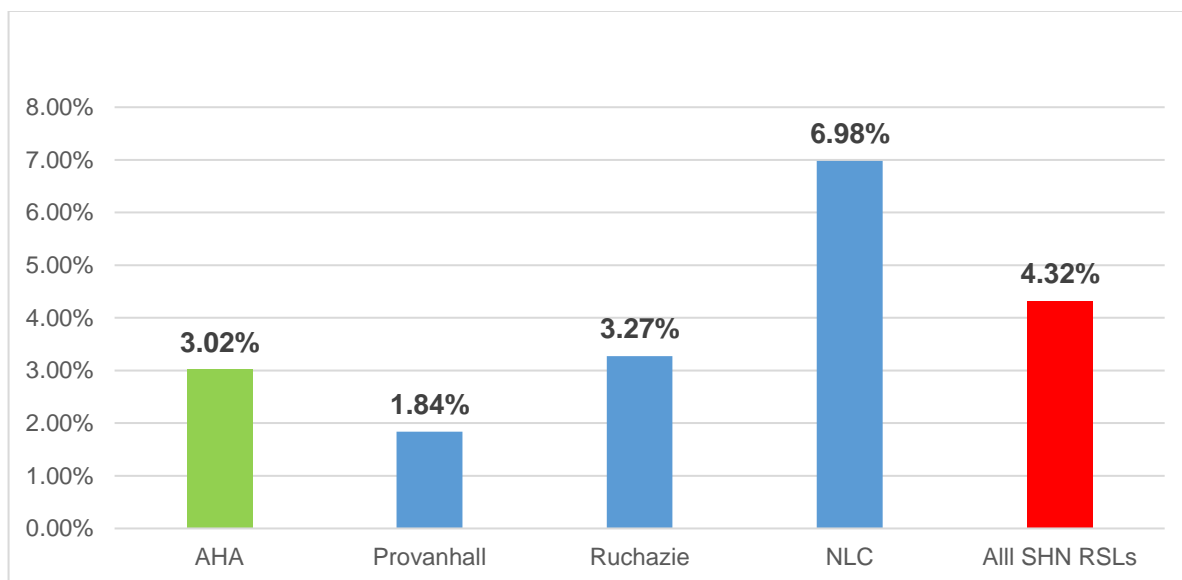
5.2.1 Rent Collection

In 23/24 we were due to collect £1,282,102 of rent and service charges. Our actual total collected was £1,284,786 which is 100.21%. We currently have 149 tenants for home we receive direct payments for either full or partial rent amounting to £628,924.

Our benchmarked performance for rent collections against other small urban RSL's is below.

5.2.2. Gross Rent Arrears

Our gross arrears at the end of March 2024 which was 3.02% of the rent due of £1,277,331 is benchmarked as below the RSL average and demonstrated good performance against the small peer group.



5.2.3 Debt Write-off

Abronhill follows our rent arrears policies and this includes progressing any rents left owed by former tenants. The total value of former tenant debt left at the end of 23/24 was £16,125. Of that amount, we identified £5,785 (35.88%) as being unrecoverable.

5.3 Customer Service

We believe that delivering customer service is crucial for ensuring that tenants feel supported, valued, and confident that their needs and concerns are addressed promptly and effectively.

Abronhill Tenants' overall customer satisfaction compared to local landlords

Tenant satisfaction	Abronhill Housing Association Ltd	Average of compared landlords	Difference from the average	North Lanarkshire Council	Garrion Peoples Housing Cooperative Ltd	Forgewood Housing Co-operative Ltd
Percentage of tenants satisfied with the overall service						
Previous years >						
Percentage of tenants who felt their landlord is good at keeping them informed about their services and outcomes	96.1%	89.9%	6.1%	92.6%	90%	87.1%

*source SHR website

5.4 Complaints and Anti Social Behaviour

Managing tenancies through the Scottish Secure Tenancy Agreement is a key responsibility of housing officers in social housing. This agreement provides tenants with strong legal rights and security of tenure.

Housing officers oversee the enforcement of the terms outlined in this agreement, including rent payments, property maintenance, and tenants' responsibilities. They also support tenants in understanding their rights and explain how they can use our complaints system and help explain to tenants any breaches of the agreement, such as antisocial behavior. Additionally, housing officers ensure that tenancies are conducted fairly and in line with legal requirements, fostering stable and sustainable communities.

We had 7 stage one complaints in 23/24 of which 1 couldn't be resolved and was escalated to stage 2 where it was resolved. We had 22 anti social complaints which were several were regarding one

5.5 Tenant Engagement

As a small local landlord, accessible to tenants Monday to Friday at our local office, we are always willing to take on our tenants views. We use our Facebook page and website and our most popular service, our text messaging service which can link to articles or news on our platforms straight to our tenants mobile phones.

We also produce our newsletters and encourage for tenants to become shareholding members. Over the following months we will be engaging with our tenants and other stakeholders about our strategic direction, transfer of engagements, and highlighting the importance of our tenants having their voices heard.

Our latest Tenant Satisfaction Survey was completed in early 2023.

Abronhill Tenants satisfaction with opportunities to participate in the landlord's decision making.

Percentage of tenants who felt their landlord is good at keeping them informed about their services and outcomes <small>Previous years ></small>	Abronhill Housing Association Ltd	Average of compared landlords	Difference from the average	North Lanarkshire Council	Garrion Peoples Housing Cooperative Ltd	Forgewood Housing Co-operative Ltd
Percentage of tenants satisfied with the opportunities to participate in the landlord's decision making	91.5%	89.6%	1.9%	96.8%	86.3%	85.7%

6 Key Performance Indicators and Targets

6.1 Past Performance and Targets for 2024/25

The table below sets out our validated achievements against the performance target for 2023/24 and the targets approved by the Management Committee for 2024/25.

Measure	Target For 2023/24	Year End 23/24	Comments	Target Set for 24/25
Void average days to re-let	15 days	29.7 days	There were 16 voids in total to let for the year at 475 void days = 29.7 Avg	12 Days
Rental income lost from empty properties	1%	1.1%	Void loss is just slightly above target by 0.1%	0.5%
Current Tenant Arrears	4%	2.6%	22/23 CTA was 3.2% and has been improved upon this year with full credit to the team for their continued hard work.	3.5%
Gross rent arrears	5%	3.49%	Gross Arrears for 22/23 was 4.5% improved performance on previous year.	4.5%
Tenants satisfied with repairs carried out	95%	97.37% Avg	22/23 end of year was 94.7% improvement has been made and well above Scottish Average	95%
Average length of time to complete emergency repairs	4 hours	1.87 Avg hrs	22/23 end of year was 1.72 hrs so slightly above time on last year, but still excellent performance	4 Hours
Average length of time to complete non-emergency repairs	5 days	4.12 Avg days	22/23 end of year was 4.07 so slightly above time last year but We are still performing very well against our target for this indicator.	5 days
Repairs right first time	93%	92.05% Avg	22/23 year end was 91.38% so slightly up and we are performing below target	93%
Occupied houses with valid gas safety certificate	100%	100%	All have a valid CP12 certificate	100%
Scottish Housing Quality Standard (SHQS)	68%	58.91%	22/23 SHQS was 43%, an increase of nearly 16% is due to EICR works being done to raise compliance.	90%
Anti-social behaviour complaints responded to within locally agreed target timescales	100%	100%	There were 22 cases in the year of ASB reported with several of these for the same incident. All cases resolved within agreed timescales.	100%

7. Rent Affordability

7.1. Rent Comparison

As members of the Scottish Housing Network (SHN), we have asked for a detailed analysis of our rents compared to a local peer group including two RSLs of similar size to AHA and the Local Authority. We have also taken account of the local housing allowance set by the local authority and market rents within North Lanarkshire. The key information produced by SHN on our behalf is summarised below.

7.2 Social Rent Comparison

To assess the affordability of Abrohill Housing Association rents, rent levels by property size have been compared to rent levels in the social housing sector. Comparator RSLs include North Lanarkshire Council, Forgewood HC and Garrion Peoples HC.

Figure 1. Abronhill and peer group rent comparison by apartment size

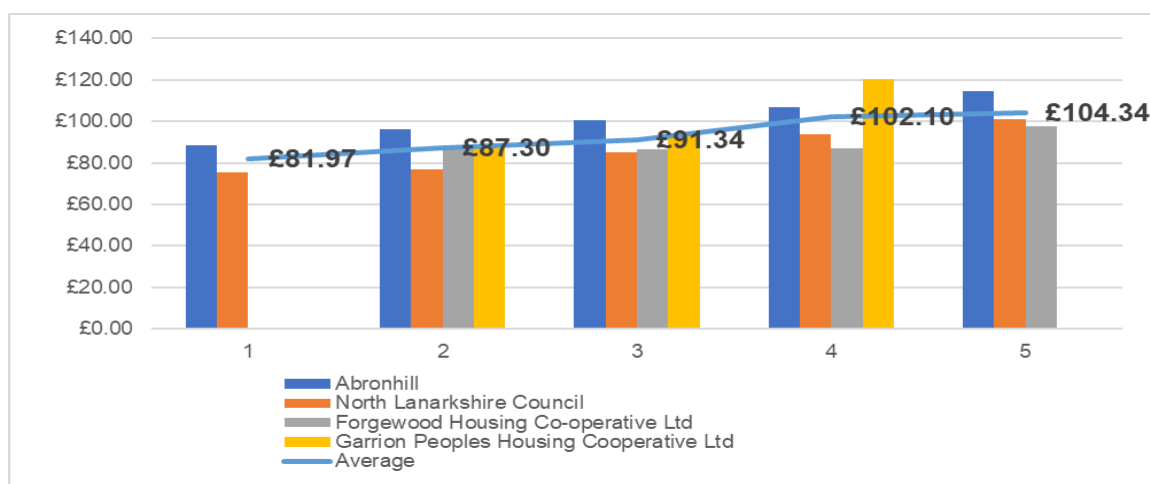


Figure 1 above shows that Abronhill Housing Association rents are higher than the peer group average rent across all apartment sizes.

Property Size	AHA rents (per week)	Peer Group Rental Value (per week)	Difference	% Difference
1 Apt	£88.38	£75.57	£12.81	14.49%
2 Apt	£96.20	£84.34	£11.86	12.33%
3 Apt	£100.64	£88.25	£12.39	12.31%
4 Apt	£107.04	£100.45	£6.59	6.15%
5 Apt	£114.40	£99.30	£15.10	13.20%
Average (1-5 Apt)	£101.33	£89.58	£11.75	11.60%

Table 1 above shows that Abronhill Housing Association rents are between 6.15% and 14.49% higher than comparable social rents.

7.3 Market Rent Comparison

The average market rent in North Lanarkshire is £180.23 per week. As expected, Abronhill rents are significantly lower than the market rents and particularly so for larger property sizes. Table 2 shows that there is a lower differential in rental values for smaller properties, though the larger the property size, the greater the differential between market rents and the average social rent levels.

Table 1. Market Rents, North Lanarkshire

Property Size	AHA rents (per week)	Market Rents*	Difference	% Difference
1 Apt	£88.38	-	-	-
2 Apt	£96.20	£108.23	-£12.03	-12.51%
3 Apt	£100.64	£146.31	-£45.67	-45.38%
4 Apt	£107.04	£191.08	-£84.04	-78.52%
5 Apt	£114.40	£330.00	-£215.60	-188.45%
Average (1-5 Apt)	£101.33	£180.23	-£89.33	-88.16%

7.4. NLC Local Housing Allowance

Table 3 below shows that Abronhill Housing Association rents sit below the LHA cap for Housing Benefits in the North Lanarkshire BRMAs with the exception of 1 apartment properties. AHA owns 60 one bedroom Properties. AHA owns 118 two bedroom properties and the LHA for these is marginally higher than AHA's rents.

Table 2. Local Housing Allowance, North Lanarkshire

Property Size	AHA rents (per week)	LHA Rate*	Difference	% Difference
1 Apt	£88.38	£86.30	£2.08	2.35%
2 Apt	£96.20	£101.26	-£5.06	-5.26%
3 Apt	£100.64	£126.58	-£25.94	-25.78%
4 Apt	£107.04	£155.34	-£48.30	-45.13%
5 Apt	£114.40	£205.97	-£91.57	-80.04%
Average (1-5 Apt)	£101.33	£135.09	-£33.76	-33.32%

7.4 Income to Rent Ratios

Traditionally, 'one week's pay for one month's rent' has been used to define rent affordability as roughly 25% of the households' earnings. In the UK, there is no official benchmark for this ratio, although according to the National Housing Federation, housing is affordable if the ratio is up to 25%, and according to CIH, if the ratio ranges between 20-30% (CIH 2013).

Table 3. Annual income required to be able to afford an AHA property by size

Property Size	AHA rents (per week)	25% income to rent	30% income to rent
1 Apt	£88.38	£18,382.05	£15,318.37
2 Apt	£96.20	£20,009.58	£16,674.65
3 Apt	£100.64	£20,932.48	£17,443.73
4 Apt	£107.04	£22,263.44	£18,552.87
5 Apt	£114.40	£23,796.07	£19,830.06
Average (1-5 Apt)	£101.33	£21,076.72	£17,563.94

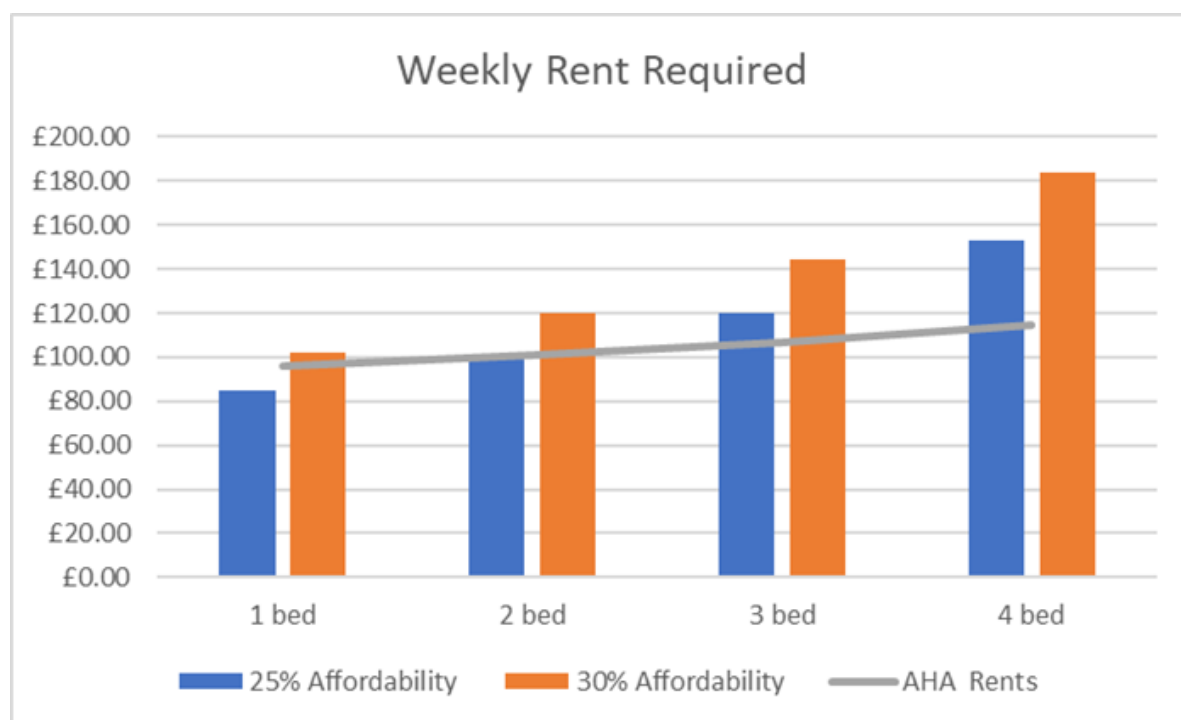
Income/Rent ratio of 25%

If tenants received the minimum wage of £20,820 and spent 25% of this on rent, AHA's 1 and 2 apartment properties (69% of households) would be considered affordable. However, the remaining 31% of households would not find AHA's rents affordable.

Income/Rent ratio of 30%

If tenants received the minimum wage and spent 30% of this on rent, all of AHA's rents would be considered affordable.

Figure 3. Weekly rent required



7.6 Summary

- AHA rents are higher than those of each of the peer Social Landlords, except 4 bedroom properties at Garrion People’s Co-op
- AHA rents are higher than the peer group average for all property types
- AHA rents are below market rent costs
- 23% of AHA rents are marginally above (2.35% higher than) the LHA rate (1 bedroom apartments)
- 46% of AHA rents are marginally below (5.25% less than) the LHA rate (2 bedroom properties)
- AHA rents are not affordable to lower quartile households based on 25% income to rent ratio for 3, 4 and 5 bedroom properties (80 properties in total, equivalent to 31% of AHA’s stock)
- AHA rents are affordable to all lower quartile households based on 30% income to rent ratio
- The number of tenants receiving contributions towards their rent is 149 (58% of AHA’s tenants).
- The value of direct housing cost payments in 2023/24 was £628,924 (49% of rental income) from a total rental income due of £1,277,331

While 87.5% of tenants say they are satisfied with the value for money AHA’s rents represent, we will be mindful in our preparation of the Business Plan 2025-2028 and the long term Financial Forecasts that AHA’s rents are the highest in the peer group, as was the rent increase for 2023/24. Also AHA’s compliance with SHQS is the lowest in the peer group.

8 Operating Environment and Risk Management

8.1 Economic Outlook

AHA has withstood difficult economic and operating conditions for several years. We have had a global pandemic, the UK has left the European Union, there is a war in Europe, and there has been a change in the UK Government. We have seen a cost-of-living crisis which has meant that AHA and their customers face major challenges, with many tenants facing genuine financial hardship. AHA is also faced with cost

inflation that is running above the headline rate of CPI, higher interest rates, and increasing requirements on quality of homes. While responding to pressure to keep rents as low as possible AHA will have to continue to manage their resources to ensure their financial well-being, maintaining rents at a level that tenants can afford to pay and investing in our homes.

The economic outlook remains challenging, with persistent threats to the financial well-being of social landlords. Inflation rates have had a severe impact on our Business Plan, as have higher interest rates.

Abronhill’s costs have risen significantly, while rental income has not kept pace. This pressure is common across the housing sector. In two of the last three years, including 2023/24, Abronhill’s rents have decreased in real terms. The reduction in real income has short- and long-term implications for our financial position resulting in our current financial plan assuming that the Association will consult with tenants for 25/26 rents at 2% above the Consumer Price Index (CPI)

8.2 External Environment – Opportunities and Threats

The following external factors are considered below to identify key opportunities and threats for Abronhill Housing Association.

	Opportunities	Threats
Political	Focus on providing more social rented homes	Fuel poverty – energy prices and winter allowance Potential reductions in public spending
Economic	Inflation reducing Interest rates reducing	High Inflation High interest rates Higher supply chain costs Reduced public funding/grants Cost of living
Social	Demand for social housing	Limited social housing stock LAs declaring housing emergencies Reliance on Private Rented Sector
Technological	Growth in digital communication	Cyber threat
Legal/Regulatory	Framework for Transfer of Engagements	End of help to buy scheme Additional regulatory requirements and guidance
Environmental		Cost of SHQS, EESSH 1 and EESSH 2

8.3 Internal Environment - Strengths and Weaknesses

Focusing on the immediate challenges facing Abronhill Housing Association, the organisation’s key current strengths and weaknesses are outlined below.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Long term knowledgeable and professional staff • New Director • Experienced Management Committee • Agreement on strategic objectives for 2024/25 • Agreement on Transfer of Engagements • High Customer Satisfaction across many areas 	<ul style="list-style-type: none"> • A very small staff team and limited resources in a complex area of operation • Absence of robust data on stock condition and full investment needs • Low compliance with SHQS and EESSH • Cashflow requires careful management • Inadequate long term financial forecasts (don’t reflect full investment needs) • Ongoing engagement with SHR • High level of mixed tenure stock, leading to inability to deliver investment • Lack of influence with strategic partners due to size

<ul style="list-style-type: none"> Rent Collection Performance and most aspects of service performance in general 	<ul style="list-style-type: none"> Higher rents than local peers
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8.4 Strategic Risk Register

8.4.1 We have developed a Strategic Risk Register (SRR) to identify the key risks to our interim business plan and strategic goals, along with actions to mitigate these risks.

The SRR underlines the necessity to achieve the established Strategic Objectives. For the purposes of this short term Interim Business Plan, we have focussed on significant, major and severe risks where the likelihood is almost certain, likely or moderate. These have been scored in line with the table below.

		Insignificant 1	Minor 2	Significant 3	Major 4	Severe 5
Likelihood What's the chance of the risk occurring?	5 Almost certain	Medium 5	High 10	Very high 15	Extreme 20	Extreme 25
	4 Likely	Medium 4	Medium 8	High 12	Very high 16	Extreme 20
	3 Moderate	Low 3	Medium 6	Medium 9	High 12	Very high 15
	2 Unlikely	Very low 2	Low 4	Medium 6	Medium 8	High 10
	1 Rare	Very low 1	Very low 2	Low 3	Medium 4	Medium 5

8.5. Summary of Strategic Risks

The Risk Register reflects AHA's current position and will be kept under regular review and amended to take account of any risks which have been overcome and any new risks that arise during the period of the Interim Business Plan.

	Risk	Residual Risk Rating
1	Asset Management	Very High
2	Financial sustainability	Very High
3	Transfer of Engagements	Very High
4	Financial Control	Very High
5	Management Committee and Staff	Very High
6	Governance	High
7	Landlord Health and Safety	Medium
8	Business as Usual	Medium
9	IT Security	Medium

8.6 Strategic Risk Register 2024 - 2025

1. Asset Management Risk: Non-compliance with SHQS and EESSH

Causes: failure to fully understand and sufficiently invest in housing stock
Consequences: Failure to provide tenants with good quality homes and value for money, engagement with SHR, reduced asset value, reputational damage, statutory intervention by SHR, directed transfer
Mitigation actions: complete a comprehensive stock condition survey and reflect required investment in long term financial plan

	Likelihood	Impact	Total Score
Inherent Risk	5	5	25
Residual Risk	4	4	16

2. Financial sustainability

Risk: Unsustainable finance in short to medium term – insufficient cash to meet legal obligations
Causes: Significantly increased investment requirements, increasing operating costs, reduction in cash flow and surpluses
Consequences: Ongoing deficits and unfundable cashflows, SHR intervention, directed transfer
Mitigation actions: Complete a robust long term strategic financial review and produce short, medium and long term financial forecasts

	Likelihood	Impact	Total Score
Inherent Risk	5	5	25
Residual Risk	4	4	16

3. Transfer of Engagements

Risk: Delay in progressing the ToE; failure to attract a suitable RSL partner for ToE; failure to obtain tenant support in a ballot
Cause: Lack of commitment or resources to implement the agreed programme for ToE; failure to fully promote the opportunity and case for ToE to potential partners; inadequate or inaccurate information; ineffective campaign to secure tenant support
Consequences: Statutory intervention, transfer directed by SHR, limited influence in choice of partner or benefits for tenants
Mitigation actions: Ensure full commitment of MC and staff for ToE, develop and budget for a robust plan and secure experienced resources for its implementation, build tenant awareness and confidence in ToE.

	Likelihood	Impact	Total Score
Inherent Risk	5	5	25
Residual Risk	4	4	16

4. Financial Control

Risk: Underperformance in performance targets or overspend on budgeted costs
Cause: Loss of financial/operational controls such as poor operational performance on e.g. rental income, arrears, void control; budgeted expenditure is exceeded e.g. repairs, planned maintenance; failure to monitor and adhere to budgetary plans
Consequences: Negative impact on cash flow, covenants and overall viability, SHR intervention
Mitigation actions: Ensure performance targets are realistic and achievable for staff and activities are well planned and delivered in accordance with relevant policies; ensure best value from repairs and planned works contracts, MC regularly monitor budget performance and take mitigating action within budget constraints.

	Likelihood	Impact	Total Score
Inherent Risk	5	5	25
Residual Risk	4	4	16

5. Management Committee and Staff

Risk: Unforeseen resignations reducing Committee membership or reduction in staff resources

Cause: Failure to succession plan within Committee and prepare a fall back to maintain staff complement

Consequences: Organisation unable to make decisions (if Committee falls below 7 members, a notifiable event) and/or implement decisions/plans effectively, impacting on customer service and compliance with regulatory requirements, reputational damage

Mitigating actions: Maintain a robust succession plan for Committee and recruit to fill all Committee places with suitably experienced members. Set out a fall-back position to ensure continuity of service should staff resign or are on long term leave.

	Likelihood	Impact	Total Score
Inherent Risk	5	5	25
Residual Risk	3	5	15

6. Governance

Risk: Failure to comply with regulatory/statutory requirements

Cause: Lack of understanding regulatory framework; failure to prioritise governance improvement measures;

governance, risk and audit systems poorly implemented

Consequences: Lack of assurance, non-compliant status, Regulatory intervention, reputational damage

Mitigation actions: Ensure all MC members and staff understand Chapter 3 of the SHR's Regulatory Framework, identify areas for improvement and address these systematically, maintain open and constructive relations with SHR

	Likelihood	Impact	Total Score
Inherent Risk	4	5	20
Residual Risk	3	4	12

7. Landlord Health and Safety

Risk: Serious health impact on tenant households

Cause: Failure to adhere to landlord health and safety checks

Consequence: Injury or death, reputational damage, financial and or legal penalty, regulatory intervention

Mitigation action: Ensure all health and safety checks are programmed, completed and certified within the required timescales, address any H&S failures immediately, frequent MC monitoring

	Likelihood	Impact	Total Score
Inherent Risk	4	5	20
Residual Risk	3	3	9

8. Business as Usual

Risk: Failure to maintain our core services and meet our tenant obligations for 2024/25

Cause: Insufficient resources to maintain services while progressing complex objectives including completing and integrating a stock condition survey, asset management review, long term financial forecasts and preparing to issue a ToE prospectus.

Consequences: Poor customer service and performance with consequently negative regulatory/budgetary impact, lack of focus on critical ToE activities, regulatory intervention, directed transfer

Mitigating actions: Put in place a clear delivery plan for day to day business and obtain external support for specialist work from suitably qualified agents working to an integrated programme of strategic objectives.

	Likelihood	Impact	Total Score
Inherent Risk	4	5	20
Residual Risk	3	3	9

9. IT Security

Risk: Cyber-attack or other material breach of IT systems

Causes: Inadequate protection measures, failure to implement appropriate policies

Consequences: Leaks of tenant's data, reputational damage, fines, cost of disaster recovery, SHR intervention

Mitigation actions: Ensure recommended practice is followed and staff follow IT policies

	Likelihood	Impact	Total Score
Inherent Risk	4	5	20
Residual Risk	3	3	9

9 Delivery Plan

9.1 Actions and Programme

There is a spreadsheet containing an action plan and programme for each of the following four strategic objectives:

Strategic Objective 1: Improve housing stock and maintain service quality

Strategic Objective 2: Ensure statutory and regulatory compliance

Strategic Objective 3: Prepare a robust long term strategic financial plan

Strategic Objective 4: Progress the Transfer of Engagements

These are designed to be readily followed by staff and agents, scrutinised and monitored by the Management Committee at two monthly intervals.

Collectively, the four spreadsheets represent AHA's Delivery Plan for 2024/25.

9.2 Resource Requirements

The rationale for the external resource requirements is provided below. The Stock Condition Survey was due to be completed and had been budgeted for next year, however this has been brought forward as a matter of urgency. There is some provision within the approved budget for a limited ToE activities. We will confirm costs of all of the below activities as soon as possible. However, as this Interim Business Plan demonstrates, we have refocused our priorities and will be working at quick pace to achieve these. This may require some reprioritisation within our budget lines, which, if necessary, will be reported to the Management Committee for approval.

Activity	Resource
Stock Condition Survey	External Specialist to confirm stock condition and establish what needs to be done to bring it up to SHQS and EESSH Standards and to update EPCs.
Strategic Financial Planning	External Adviser to integrate what can be done to meet housing quality standard in the context of strategic long term financial plans. This appointment will also assist in clarifying for tenants and other stakeholders (SHR, NLC and lenders) the imperative behind the ToE.
ToE Project Manager	External Adviser to support the Director, MC and ToE SC with key aspects of the ToE process and its governance.
Independent Tenant Adviser	Independent Tenant Adviser to support tenants in understanding AHA's position and pursuit of a ToE and, importantly, engage with tenants to identify their priorities.

Strategic Objective No. 1: Improve housing stock and maintain service quality (within approved budget)													
Goal	Lead	Resources /support	Outputs/ Outcomes	Risks if not achieved	Target Dates	Report to	2024				2025		
							Sept	Oct	Nov	Dec	Jan	Feb	Mar
Achieve repairs and maintenance within budget	MO	Dir	Monthly Programme updates for Dir demonstrating progress and quarterly MC reports	Risks 4 & 8	1/9/24-31/3/25	Dir and MC		MC			MC		
Ensure full certification of Landlord Health and Safety measures	MO	Dir	Monthly updates for Dir and Quarterly Performance reports confirming full compliance	Risks 6, 7 & 8	1/9/24-31/3/25	Dir and MC		MC			MC		
Meet all performance targets	MO and HOs	Dir	Monthly updates for Dir and Quarterly performance reports confirming KPI's remain on target	Risks 6 & 8	1/9/24-31/3/25	Dir and MC		MC			MC		
Affordable rents	Dir		Report on the outcome of consultation	Risks 2, 6 & 8	6/1/25-31/1/25	MC							

Strategic Objective No. 2: Ensure statutory and regulatory compliance													
Goal	Lead	Resources /support	Outputs/ Outcomes	Risks if not achieved	Target Dates	Report to	2024				2025		
							Sept	Oct	Nov	Dec	Jan	Feb	Mar
Close engagement with SHR per Engagement Plan	Dir	ToE adviser	Regular updates to SHR and Increased Assurance	Risk 6	1/9/24-31/3/25	MC							
Strong Management Committee	Dir		Recruitment to ensure all MC vacancies filled by suitably experienced members										
Governance Assurance	Dir		Evidence Bank and Annual Assurance Statement	Risk 6	1/9/24-31/10/24	MC							
Compliance with Regulatory Returns	Dir	FMD	Accurate and timely returns	Risks 4,6 &	Insert schedule of returns	MC							
Strong Risk Management	Dir		Bi monthly risk review by MC										
MC control of ToE	Dir	ToE Adviser	Terms of Reference for ToE Committee	Risk 6	16/09/2024	MC							
Successful implementation of 24/25 BP	Dir	SCS Consultant, Assset, Finance, ToE and Tenant advisers and FMD	Bi monthly progress reports to MC	Risks 2, 3, 6 & 8	31/10/24-28/2/25	MC							

Strategic Objective No. 3: Prepare a robust long term strategic financial plan and BP for 2025-2028

Goal	Lead	Resources /support	Outputs/ Outcomes	Risks if not achieved	Target Dates	Report to	2024				2025		
							Sept	Oct	Nov	Dec	Jan	Feb	Mar
Robust Stock Condition information	Dir	SCS specialist	SCS report including detailed investment plans to comply with SHQS and ESSH and update EPCs	Risk 1	1/10/24 to 15/11/24	MC							
Commission Finance, ToE and Tenant advisers	Dir		Key advisers appointed	Risks 1, 2, 3, 5 & 6	1/9/24-30/9/24	MC							
Integrated financial forecasts based on realistic asset management strategy	Dir	Strategic Finance Adviser	Robust short, medium and long term financial forecasts based on realistic asset strategy	Risks 1 & 2	1/10/24-31/12/2024	MC							
Draft the Business Plan	Diir	Strategic Finance Adviser ToE Adviser	Draft Business Plan for MC approval	Risks 2, 3, 4, 6, 7, 8 & 9	1/10/24-31/12/2024	MC							
Strong tenant awareness of AHA position and consultation on ToE;	Dir	ToE Consultant Independent Tenant Advisor	Tenant priorities for inclusion in ToE Prospectus	Risks 6&8	6/1/25 - 31/1/2025								
Finalise and approve Business Plan	Dir	Strategic Finance Specialist ToE Consultant	Fully integrated Final Business Plan for 2025-2028	Risks 2, 3, 4, 6, 7, 8 & 9	3/2/25-28/2/25								

Strategic Objective No. 4: Progress the Transfer of Engagements

Goal	Lead	Resources /support	Outputs/ Outcomes	Risks if not achieved	Target Dates	Report to	2024				2025		
							Sept	Oct	Nov	Dec	Jan	Feb	Mar
Strong Governance arrangements for ToE Process	Dir	ToE Adviser	Terms of Reference for ToE SC	Risk 6	1/9/24-30/9/2024	ToE SC and MC							
Thoroughly plan for issuing Prospectus	Dir	ToE Adviser Independent Tenant Adviser	Approved ToE budget, Project Plan and Programme	Risks 2 & 6	1/9/24-31/10/24	ToE SC and MC							
Secure legal input	Dir	ToE Adviser	Brief solicitor and obtain advice as necessary	Risk 6	1/11/24-15/11/24	ToE SC							
ToE SC oversight	Dir	ToE Adviser	Monthly Meetings of and reports to ToE SC and MC decisions sought as necessary	Risk 6	1/10/24-31/3/25	ToE SC and MC							
Strong communication and consultation with tenants	Dir	ToE Adviser Independent Tenant Adviser	A comprehensive tenant communication and engagement plan	Risk 6	18/11/24-13/12/24	ToE SC							
Full engagement with tenants	Dir	ToE Adviser Independent Tenant Adviser	Engagement Plan implemented and Tenants priorities confirmed	Risk 6	6/1/25-31/1/25	ToE SC and MC							
Persuasive ToE Prospectus	Dir	Strategic Finance Adviser ToE Adviser	Full Draft Prospectus and advert for ToE SC and final approval by MC - will include Final Business Plan	Risk 6	3/2/25-21/3/25								

10 Finance

Introduction

At their meeting on 27th June 2024, the Management Committee considered financial forecasts prepared by AHA's Finance Agents, FMD. As the MC has already seen this information and it is contained within spreadsheets, this will be forwarded to MC by email only.

The following commentary and the budget for 2024/25 were prepared by FMD prior to the Management Committee's detailed consideration of this Interim Business Plan for 2024/25. We acknowledge that some of the commentary below is not aligned to the strategic direction set out in this Interim Business Plan

The budget as it stands does not fully reflect the scope and pace of activity now planned by the MC, particularly in relation to the specialist advice required for the ToE. This will be fully addressed in the new Business Plan for 2025-2028.

10.1 FMD Commentary

We are fully committed to making the best use of our resources, people, and money to ensure we remain a strong and sustainable organisation.

1. Maximise income and minimise expenditure to ensure viability.
2. Safeguard and invest in our existing stock.
3. Meet the loan covenants of our lenders.
4. Continue to provide quality affordable homes.
5. Be a willing partner in discussions to improve Abronhill.
6. Ensure value for money in everything we do.

We remain financially viable, however we require to focus on our cash flow and ensure we are profiling and smoothing our spending to maintain our cash flow at a comfortable limit.

We undertake a robust financial planning process. This ensures we can meet all our financial commitments in the short, medium, and longer-term. Demonstrating our ability to achieve our key aims and objectives, this financial planning exercise includes setting an annual budget together with 5-year projections and 30-year forecasts.

These projections include an income statement, a statement of financial position, and a detailed cash flow analysis. Our financial projections are consistent with the requirements of the Scottish Housing Regulator and meet our loan covenant obligations.

10.2 Financial Projections Five Year Summary (2025-2029)

1. Income Growth:

Our income from rents and service charges is expected to increase from £1,369,600 in 2025 to £1,586,832 in 2029. This steady growth will support our ability to maintain and improve services, however, our

investment spend for improvements to our properties needs to be carefully managed in order to ensure strong cash flow and enough cash in the bank to ensure our lenders are satisfied we can easily meet our interest payments on loans.

2. Operating Costs Management:

Operating costs are projected to remain stable, starting at £1,312,700 in 2025 and reaching £1,297,446 in 2029. This careful management will ensure we can meet expenses without compromising on any current service delivery, however, we have factored in a set of scenario plans too, as we need to make sure our projected costs whether potential fluctuations in the economy.

3. Maintenance and Repairs:

We will invest in property upkeep, with direct costs for major repairs peaking at £150,000 in 2025 and planned cyclical maintenance increasing from £19,500 in 2025 to £35,045 in 2029.

Our investment needs predicted are approximately £3 million over the next 10/15 years to meet quality and energy efficiency standards, which is significantly higher than we can commit each year, therefore we need to wait until our surplus builds up to enable to do all the work we would like to do. This is coupled with the issues of gaining the appropriate consent from owner-occupiers, where there is a high level of mixed tenure. It is the wait for tenants for these works that drove the transfer of engagement outcome of the appraisal.

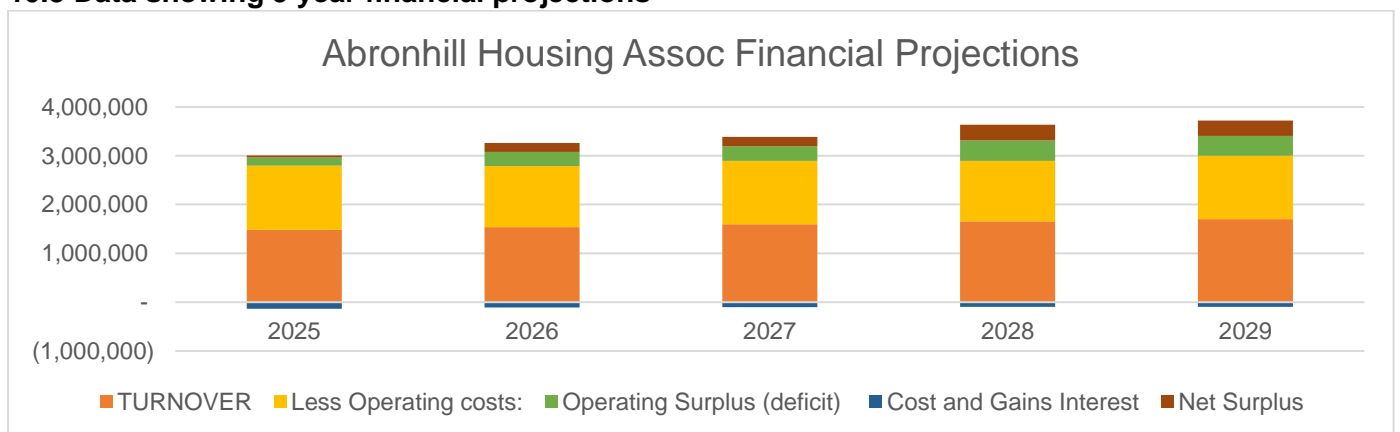
4. Surplus Growth:

Our operating surplus is expected to grow from £172,200 in 2025 to £405,113 in 2029. After accounting for interest and other factors, the net surplus will increase from £35,500 in 2025 to £312,960 in 2029. This surplus will be reinvested to benefit our tenants and community.

5. Financial Stability:

Overall, our financial health is projected to improve over the next five years, enabling us to provide consistent and reliable services. The increase in our net surplus over the years highlights our commitment to financial stability and service excellence. These projections illustrate a robust financial outlook, ensuring continued support and high-quality housing for our tenants.

10.3 Data showing 5 year financial projections



10.4 30 Year Projections

Scottish housing associations do 30-year projections to make sure they can manage their finances and plan for the future effectively. Here's why:

1. Long-Term Planning: Buildings last a long time, so they need to plan far ahead to keep them in good shape.
2. Risk Preparation: Identifying future problems early helps them prepare and avoid issues.
3. Regulatory Rules: The Scottish Housing Regulator requires these projections to ensure housing associations are financially healthy.

4. Investment Needs: Big projects like building or renovating homes need careful, long-term financial planning.
5. Funding Assurance: Lenders and investors want to see long-term plans to feel confident about providing loans or funds.
6. Adaptability: Planning for future changes in laws, the economy, or the environment helps them stay resilient.
7. Tenant Support: They need to ensure they can keep rent affordable and maintain quality services for tenants over many years. In short, 30-year projections help housing associations stay financially stable, meet regulations, secure funding, and provide good, affordable housing for the long term.

Abronhill Housing Association

Statements Of Financial Position

	Year	Year	Year	Year	Year	Year	Year	Year
	1	2	3	4	5	10	11-20	21-30
	2,025	2,026	2,027	2,028	2,029	2034	2,044	2,054
TANGIBLE FIXED ASSETS								
Land & Buildings - Gross Cost or Valuation	11,844,406	11,859,850	11,881,386	11,934,916	11,979,704	12,378,508	13,509,224	14,929,374
Less:								
Housing Depreciation	(3,785,744)	(3,940,883)	(4,089,224)	(4,038,111)	(4,113,373)	(4,196,827)	(5,487,716)	(7,602,448)
Housing NBV	8,058,662	7,918,967	7,792,162	7,896,805	7,866,331	8,181,681	8,021,508	7,326,926
Other Fixed Assets	2,098	1,165	253	363	8,685	8,725	550	23,089
	8,060,760	7,920,132	7,792,415	7,897,168	7,875,016	8,190,406	8,022,058	7,350,016
CURRENT ASSETS								
Debtors - Rent Arrears	34,584	32,081	35,930	42,706	38,489	30,353	37,000	45,103
Debtors - Other	1,566	1,566	1,566	1,566	1,566	1,566	1,566	1,566
Cash at Bank & in Hand	608,095	677,907	734,782	681,271	752,967	799,623	3,133,690	9,540,121
	644,245	711,554	772,279	725,543	793,022	831,542	3,172,256	9,586,790
CURRENT LIABILITIES								
Loans < One Year	(159,140)	(162,738)	(166,826)	(170,864)	(174,958)	(81,811)	(97,143)	(2,755,825)
Pension Creditor	0	0	0	0	0	0	0	0
Other Creditors	(147,299)	(147,299)	(147,299)	(147,299)	(147,299)	(147,299)	(147,299)	(147,299)
	(306,439)	(310,037)	(314,125)	(318,163)	(322,257)	(229,110)	(244,442)	(2,903,124)
NET CURRENT ASSETS / (LIABILITIES)	337,806	401,517	458,154	407,380	470,765	602,432	2,927,814	6,683,667
TOTAL ASSETS LESS CURRENT LIABILITIES	8,398,566	8,321,650	8,250,569	8,304,548	8,345,781	8,792,838	10,949,872	14,033,682

Loans	(2,406,505)	(2,243,767)	(2,076,941)	(1,906,077)	(1,731,119)	(1,208,227)	(308,692)	2,755,824
Pension Creditor	0	0	0	0	0	0	0	0
Deferred Income	(3,441,877)	(3,337,877)	(3,233,877)	(3,129,877)	(3,025,877)	(2,505,877)	(1,465,877)	(425,877)
	2,550,184	2,740,006	2,939,751	3,268,594	3,588,785	5,078,733	9,175,303	16,363,630
CAPITAL & RESERVES								
Share Capital	43	43	43	43	43	43	43	43
Revenue Reserves	2,550,141	2,739,963	2,939,708	3,268,551	3,588,742	5,078,690	9,175,260	16,363,587
	2,550,184	2,740,006	2,939,751	3,268,594	3,588,785	5,078,733	9,175,303	16,363,630

10.5 Main Assumptions

- Rent increase of 6.6% in year 2024
- CPI +2% years 2-4, CPI only thereafter.
- Voids/bad debts at 1.0% each, every year.
- Planned maintenance based on May 2022 plans.
- Real cost increases for all maintenance costs for 30 years.
- Some planned maintenance works to be absorbed into reactive maintenance
- Some planned maintenance works to be deferred to help with cashflow.
- Staffing costs are based on the current structure.
- Overhead costs are based mainly on the 24/25 budget.
- Variable lending rates pre-margin to settle at 4% by year 2.
- Loan £1m, fixed rate 2.3%, repaid by year 2033.
- Loan £0.525m, fixed rate 3.6%, repaid by year 2050.
- Loan £1.575m, variable rate, repaid by year 2050.
- Gross rent arrears start at 6.4%, increasing to 8% in the year 2029, before settling at 5% from the year 2032.
- Opening position based on forecast outturn to March 2024 (year 0) and budget 2024/25(year 1).

10.6 Projections

- Cash increases in most years and at year 30 is £9.2m.
- Statement of Comprehensive Income I-surpluses annually
- Balance Sheet-net assets move from £2.5m to £3.5m by the end of year 5 to £16.0m at year 30.
- Loan covenants – compliance every year.
- Financial indicators-no material concerns.

The Director and Management Committee regularly stress test these assumptions and also do negative and positive scenario analysis to ensure all risks are being mitigated.

10.7 Conclusion

The Committee and Senior Officer will continually seek to move forward and engage with tenants and stakeholders about the future of Abonhill Housing Association in order it delivers the best outcome for its tenants. We will make this plan available on our website and we will produce a summarised version to engage with our customers and gain feedback on their priority



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