



Milnbank
Housing Association

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**BUSINESS PLAN 2023/2026 & APPENDICES,
YEAR 2 (2024/2025) UPDATE APPROVED BY
THE MANAGEMENT COMMITTEE ON
11 JUNE 2024.**

Milnbank Housing Association

BUSINESS PLAN 2023/24 TO 2025/26

**Approved by the Management Committee
June 2024**



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EXECUTIVE SUMMARY

Key Topics Addressed In The Business Plan

Milnbank Housing Association (MHA) is a community-controlled housing association operating in the east end of Glasgow, working mainly in Dennistoun and Haghill.

The Business Plan is MHA's overarching strategic plan, covering the three-year period 2023/24 to 2025/26. This plan has been updated to reflect Year 2 (2024/25). The main issues addressed in the Plan include:

- MHA's strategic direction and objectives
- MHA's operating environment
- Developing and improving the services our customers receive
- Managing our assets, including investment in tenants' homes
- Developing and improving how we manage MHA as a business
- Strategic risks we need to manage
- MHA's financial plans and projections

MHA's Purpose and Values

Since we were first set up in 1975, MHA's purpose has been to serve the community, with a strong ethos of community control and accountability.

MHA serves the community in a host of ways, from providing homes at affordable rents, being the largest property factor in our area, and providing or supporting a range of community support services and activities. MHA has high levels of tenant satisfaction and enjoys high standing in the community.

Throughout our history, MHA's Management Committee has been led by committed local volunteers, all of them with an in depth understanding of local housing and community issues.

While MHA's business has grown and developed over the years, our purpose and values have been a constant and they provide the foundation for the priorities set out in this Business Plan.

Strategic Direction 2023/24 to 2025/26

"Strategic direction" is a way of summing up how MHA wishes to develop in future. This is shaped by MHA's own circumstances and aspirations, and by the wider operating environment we work in.

The effects of economic crisis and uncertainty are having a strong impact on the housing sector. MHA is responding to the challenges by making changes to what we do and how we work, working with the resources we already have.

The Management Committee has set the following strategic direction for MHA:

- Consolidating, developing, and improving the performance of MHA's core business as a housing provider and property manager.
- Safeguarding the resilience of our business through challenging economic times.
- Addressing community support needs in a sustainable way.
- Pursuing new housebuilding opportunities at a relatively modest scale and where financially viable, to help regenerate our area and respond to housing needs.
- Examining possible growth in our role as a property factor, subject to a business review and options appraisal.

Strategic Objectives and Priorities for Action

The Management Committee has set six strategic objectives for the three-year period of the Business Plan.

- 1) To do what matters most for tenants, other customers, and the community.
- 2) To provide housing and property services that our customers regard as being of a high standard, affordable and good value for money.
- 3) To manage our assets and resources well, maximising investment in our housing and providing new housing while managing rising costs and other delivery challenges.
- 4) To be a strong community anchor organisation for Dennistoun and Haghill, supporting the community through MHA's own efforts and through partnerships with community organisations and other service providers.
- 5) To ensure that MHA is financially viable, well-governed, and has the capacity to achieve its objectives for the benefit of customers and the community.
- 6) To enhance the growth and development of MHA staff, while maximising the deployment of available technology as an integral part of our commitment to providing value-for-money and the highest standard of customer service.

Across these objectives, MHA's **top line priorities for the next three years** include:

MHA Tenants and Services

- Provide services that are affordable and good value for money
- Achieve high levels of resident engagement with MHA

- Provide tenants with a joined-up service from all relevant teams across MHA
- MHA customers receive quality, high performing services
- Promote access to MHA's housing and tenancy sustainment
- Protect MHA's rental income

MHA Assets and Tenants' Homes

- Base our delivery on MHA's asset management strategy (AMS)
- Meet all legal and duty of care duties for the safety of tenants and their homes
- Plan to invest in major repairs and renewals to tenants' homes in the period 2024/25 to 2025/26
- Prioritise investment in pre-1919 tenements, seeking external funding to support this
- Build more new homes in our area, obtaining external funding to do so

MHA Role in the Community

- Continued support for wider role activities, based on what is affordable and sustainable for MHA
- Targeted involvement by MHA in funding and/or service delivery
- Consolidate MHA's role as a community anchor for Dennistoun and Haghill

MHA's Governance and Financial Viability

- Ensure that our Management Committee has the breadth of skills and experience needed and that its membership becomes more diverse
- Make sure our self-assurance approach and the recording of results is robust
- Ensure MHA's continued financial viability
- Provide value for money across all of MHA's service and business areas
- Be proactive in identifying and managing strategic risks
- Maintain the confidence of our funders and regulators.

MHA's Organisational Management

- Support our staff through excellent communications and access to learning and development opportunities
- Promote a performance culture across all MHA teams and encourage high levels of collaboration between teams
- Support more efficient working by maximising the potential of our ICT systems and software

MHA Priorities for Year 2 of the Plan (2024/25)

MHA's priorities for the second year of the Plan (2024/25) are summarised below.

Customer Services

- Develop a Customer Services Strategy, including setting up a new specialist customer services team to work with our tenants.
- Patch-based housing officers to carry out annual tenants' visits.
- Conduct research into tenants' future needs, expectations, and aspirations so that these are at the heart of decision-making about homes and services.
- Promote use of the MHA customer portal, leading to more customers doing business with MHA using digital means. Develop other tools such as apps and social media.
- Continue to assist tenants who are making the change from housing benefit to Universal Credit and manage threats to MHA's rental income that the change to Universal Credit may cause.

Asset Management

- Update the asset management strategy as this is the key to the delivery of business objectives and ensure continued financial viability, compliance with obligations to lenders and safeguarding the interests of all stakeholders.
- Monitor and effectively manage the performance of existing assets. The asset management strategy should assist the Committee in assessment of whether the current or future homes are fit for purpose.
- Develop an appraisal model that will scrutinise the performance of MHA homes considering a set of inputs effectively a measure of property performance, or cost benefit analysis.

Community Support

- Provide or enable a range of community support services, including community engagement, income maximisation and community halls.
- Review the affordability of existing wider role commitments to MHA's overall business and what the priorities for support should be in future.

Factoring

- Conduct an options appraisal to review the feasibility etc. of expanding the scale of the current factoring service.
- Develop new digital platforms to streamline operations, such as online portals for reporting issues and paying bills.

Development

- Monitor the outcome of the financial & risk appraisal, including grant rates and funding, of MHA agreeing to develop the site of the former primary school. Any development will be compliant with the SHR Thematic Study on development of new build homes.

Governance and Organisational Management

- Maintain MHA's compliance with regulatory standards and guidance.
- Retain and attract local people to serve on the MC and the subsidiary Board.
- Continue MHA's successful programme of meetings, activities, and information, to promote MC membership and other types of involvement throughout the community.
- Finalise the change of the MHA Organisational Review
- Continue to evaluate MHA's structure, including its governance and staffing structure, to help identify any inefficiencies, overlaps, or gaps in responsibilities.
- Implement the Digital Transformation Strategy, which seeks to increase the use of digital methods in customers' use of MHA's services and to support staff in using technology to work efficiently.
- MC Performance Management of MHA's strategy and priorities, scrutiny and being assured about achievement and holding staff to account. Tools like a balanced scorecard will be used to provide assurance meeting the BP objectives and achieving VFM.

Value for Money (VFM)

- Monitor MHA's-wide VFM Strategy, against set priorities for future VFM initiatives and the organisation-wide framework for ensuring VFM objectives are taken forward robustly in all parts of MHA's business.
- Hold conversations with our tenants to understand what their needs and priorities are, to inform decisions about where we should provide better value for money.
- Build upon our improved performance achieved on VFM indicators.
- Keep firm control over MHA's running costs and reduce non-essential expenditure, to maximise the resources available for investment in tenants' homes.
- Seek opportunities for efficiencies in procurement costs through partnership working with other community-controlled housing associations.
- Continue to implement the new MHA rent structure, which seeks to make our rents fairer and more consistent.
- Taking MHA's financial projections into account, develop a financial plan for covering MHA's operating costs and funding required investment in the housing stock. This will include a plan for future rent increases to bring MHA's current exceptionally low rents to a level that will bring MHA's income and costs into a more sustainable balance and continue to offer tenants good value for money.

- Test rent affordability against the MHA benchmark which is that a working household (one full-time earner on the NLW) should not spend more than 30% of their net earnings on rent. In 2024/25, all MHA rents pass this test comfortably, which provides some headroom for the future increases that will be needed.

Risks and Financial Projections

We have assessed MHA's most significant strategic risks as:

- The impact of sustained economic pressures on MHA and our customers
- Reductions in rental income
- Failure to comply with legal or regulatory requirements.
- Insufficient resources to meet residents' expectations regarding housing investment and the requirement to meet Scottish Government targets relating to the decarbonisation of our housing stock.

External economic risks and uncertainties are particularly challenging at present and feed through either directly or indirectly to many aspects of MHA's business. While MHA cannot control economic risks, we must monitor and assess their potential impact and apply appropriate risk mitigations where this is feasible. Our approach to doing this is shown in MHA's Strategic Risk Register and in MHA's various plans and strategies.

MHA's financial projections have been adversely affected by successive and significant economic shocks since 2020 and economic headwinds are continuing. These are sector-wide trends, but impact and solutions vary considerably between different organisations.

This emphasises the importance of review and re-forecasting of budgets and projections in response to actual or anticipated changes in circumstances. Regular stress testing of the financial business plan is critical in understanding how different strategic scenarios could affect us. The introduction of a series of "**Golden Rules**" around Interest cover and gearing provides additional internal business controls. They will alert the management committee to any potential issues of underperformance or concerns over viability.

MHA's stress testing of the Business Plan shows that the greatest negative impacts would occur if future rent were charged at "inflation only" and in a second scenario involving rent increases at inflation only plus a 10% increase in major repairs costs. Both scenarios show that the Business Plan cashflows would go into substantial deficits after around 10 years in these scenarios.

The challenge for MHA is ensuring that these hypothetical scenarios do not become a reality.

This is achievable but is likely to require the following courses of action:

- Continue to increase rents to address MHA's historic levels (headroom to do this exists because of MHA's very low rent levels)
- Significant costs savings (reducing or spreading out the timing of housing investment and/or reducing our staff and other operating costs) to continue to build on the savings made during the financial year 2023/24.
- Disposal of unencumbered, higher value void stock, possibly on the open market, subject to any required consents.

Overall, we will need to ensure a strong emphasis on value for money across the organisation, to achieve our goals continues.

1. Introduction

What the Business Plan is for

Milnbank Housing Association (MHA) is a community-controlled housing association operating in the communities of Dennistoun and Haghill in the east end of Glasgow.

The Business Plan is MHA's **overarching strategic plan**. It sets out a detailed picture of our plans and priorities over the next three years from 2023/24 to 2025/26.

The main audiences for the Business Plan are MHA's Management Committee and MHA subsidiary Boards; MHA's staff team; our tenants and factored owners; and MHA's funders and regulators.

What the Plan covers

The Plan addresses all major aspects of MHA's business, guided by the **strategic direction and objectives** set by the Management Committee (MC). In doing so, the Plan describes our analysis and future intentions regarding:

- MHA's operating environment, taking account of internal and external factors
- What we will do to meet the needs of our tenants and communities
- How we will manage our customer services, assets, and finances
- How we are governed and how we work as an organisation
- Our priorities for change and development across all parts of our business
- The strategic risks we need to manage to achieve our priorities

How MHA has developed the Plan

The Plan has been prepared using MHA's business planning procedures, including a series of planning meetings and events involving committee and senior staff.

Appendix 1 shows in detail the activities that have been undertaken. These include MHA's budget, the annual rent increase, risk management strategy, asset management priorities, and the work of MHA's subsidiary organisation.

This approach has allowed key topics to be addressed in detail, with high levels of Management Committee input as well contributions by tenants and MHA focus groups.

In developing the Plan, we have consulted the plans and priorities of stakeholder organisations as well as referring to the Scottish Housing Regulator's Recommended Practice on business planning, and other relevant SHR guidance.

Putting the Plan into practice

MHA will have a clear focus on achieving the priorities described in the Plan, across all parts of the organisation and harnessing the input and talents of the MC and staff team. We will make sure that:

- The MC sets priorities and performance and reviews performance regularly.

- The Leadership Team drives action and achievement on behalf of the MC.
- The Plan is communicated to all MHA staff teams and is embedded in their work, through the Plan itself and the associated Work Plans for each part of the business.
- Changes in MHA’s operating environment are identified and acted upon, to ensure we are adaptable and resilient.
- The Plan is updated annually until March 2026.
- The highest priority will always be given to making sure MHA remains financially viable during the Business Plan period and in the longer term.

MHA’s History and Profile

History

MHA was first set up in 1975 as one of a new generation of community-controlled housing associations (CCHAs) formed in inner-city communities across Glasgow.

Led by local activists and volunteers, CCHAs became renewal agents in working class communities throughout the city. They purchased, repaired, and improved poor quality tenement housing, providing decent homes in long-neglected communities.

MHA has grown and diversified in ways that would have been hard to foresee back in 1975 but across the last five decades our commitment to community values and local leadership and decision-making have remained as strong as ever.

Overview of MHA’s Business Today

Community governance

- All our MC members are volunteers who live locally. They have in depth local understanding and insight as well as a range of other relevant skills and experience that help ensure good governance and responsible stewardship of MHA’s resources.

MHA as a landlord

- MHA provides more than 1,600 good quality, affordable homes for rent, and a full range of tenancy, property, and asset management services.
- Our housing stock is in Dennistoun (our original area of operation) and the adjoining neighbourhood of Haghill, where we purchased the former Glasgow City Council housing stock in 2011.

MHA as a property manager and factor for privately owned homes

- MHA is the largest property factor in our main stock areas and beyond. Factoring services are delivered by MHA’s subsidiary Milnbank Property Services (MPS) Ltd.

- We are factor for more than 1,300 flats. This includes around 600 flats owned by private landlords, safeguarding our own interests as a property owner, and driving up standards of property management.

MHA is more than a landlord

- MHA is a community anchor organisation, with deep insight into community needs and concerns. In working with public bodies, we are an advocate for our community, seeking funding or changes that will benefit the community.
- MHA addresses community needs directly. For example, we provide community halls/spaces which support a wide range of community activities and voluntary groups.
- We also work in partnership with others to help deliver services in our communities.

The **MHA Key Facts** on the next page provide a further introduction to the Association's business.

MHA Key Facts

Legal and Governance	
Year MHA was established	1975
Legal form	Community Benefit Society (non-profit distributing) Scottish Charity
Management Committee (MC) members	14 members. All are unpaid volunteers, living in Dennistoun and Haghill
Current number of shareholding members	704 (at 31.3.24)
Number of members attending 2023 AGM	87
Properties and Customer Satisfaction	
Number of MHA properties for rent	1,670 (at 31.1.24)
Number of factored properties	1,323
Tenant satisfaction rate (2023 tenant survey)	
MHA's overall service	91.57%
Rent represents good value for money	95%
Rental Income	
Rental income receivable in 2023/24	£6,502,809
Average 3 apartment weekly rent (at 31.3.24)	£77.95 (Scottish average £84.18)
Additional income secured for residents through income maximisation in the last 3 years	£5,472,168
Funding	
Total private loan funding	£20,783,635
Loan/interest payments for 2023/24	£728,886
Staffing	
MHA office-based staff (full time equivalent)	25.69 plus 6.8 senior staff
MHA direct labour staff (full time equivalent)	18.25

2. MHA's Purpose, Mission, and Values

MHA's purpose is to ***serve our community, with a strong ethos of community control and accountability.***

This purpose will be evident in everything we do, including the standard of tenants' homes and neighbourhoods, the quality of the customer services we provide, and the ways in which we support our community.

Mission Statement

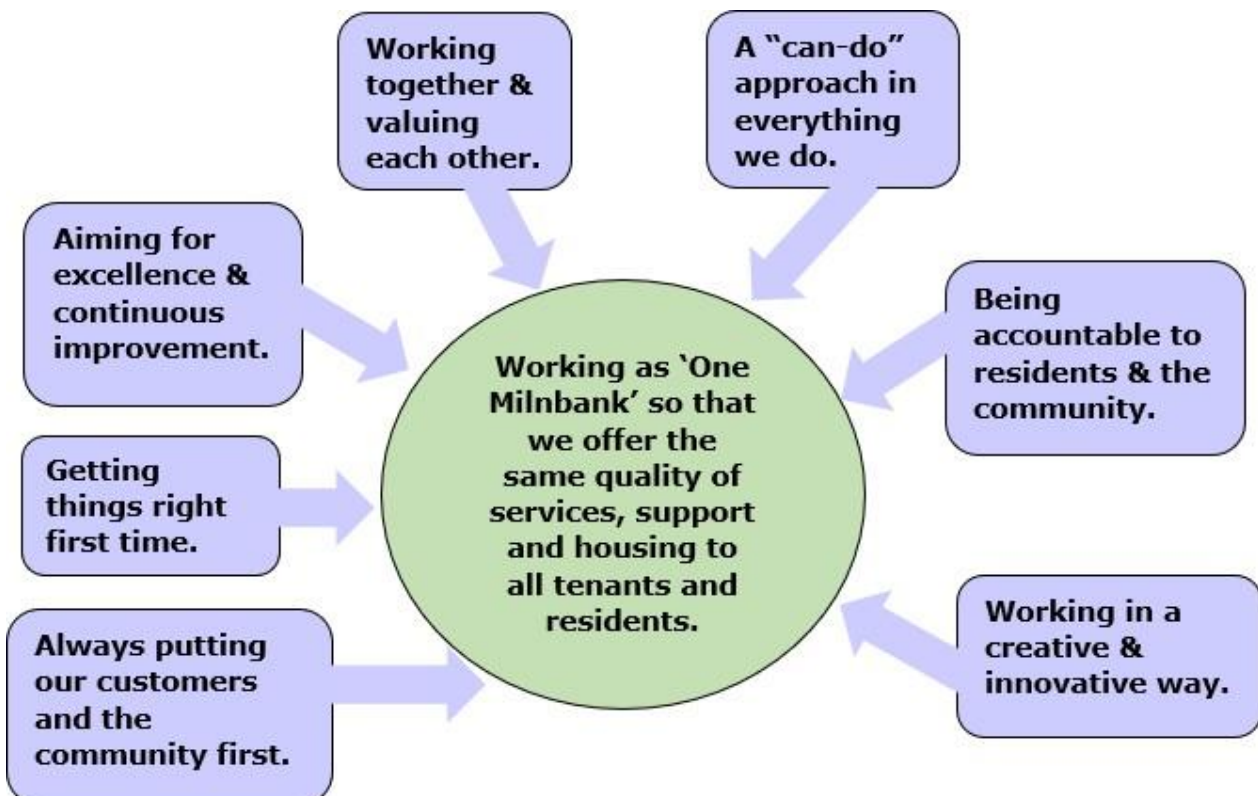
MHA's Mission is ***Providing excellent homes and services in a thriving community.***

We will always strive to make sure that people living in Dennistoun and Haghill:

- Have warm, safe, and affordable homes, and receive excellent services from MHA.
- Live in neighbourhoods that are clean and well cared for, with real community pride.
- Have access to opportunities and services that promote a good quality of life.

MHA's values

MHA's values guide how we work with customers and the community, with partner organisations, and with each other as committee members and colleagues. Our values are:



3. Strategic Objectives and Direction

The Management Committee has set the following strategic objectives for the period 2023/24 to 2025/26. These are as follows:

FIGURE 1: MHA Strategic Objectives

- 1) To do what matters most for tenants, other customers, and the community.
- 2) To provide housing and property services that our customers regard as being of a high standard, affordable and good value for money.
- 3) To manage our assets and resources well, maximising investment in our housing and providing new housing while managing rising costs and other delivery challenges.
- 4) To be a strong community anchor organisation for Dennistoun and Haghill, supporting the community through MHA's own efforts and through partnerships with community organisations and other service providers.
- 5) To ensure that MHA is financially viable, well-governed, and has the capacity to achieve its objectives for the benefit of customers and the community.
- 6) To enhance the growth and development of MHA staff, while maximising the deployment of available technology as an integral part of our commitment to providing value-for-money and the highest standard of customer service.

MHA's Strategic Direction

The Management Committee's chosen **strategic direction** for the Plan period is shown on the next page.

"Strategic direction" is a way of summing up how an organisation wishes to develop in future, for example by identifying parts of their business they want to consolidate or improve, expand, or contract, and whether there are new activities they wish to pursue. In MHA's case, our strategic direction is shaped by our own circumstances and aspirations, and by the wider operating environment we work in.

External challenges are uppermost in the minds of all housing providers now, and indeed in businesses of all sizes in all sectors. These are discussed in detail in Chapter 5, Strategic Analysis. For present purposes, the key messages are:

- MHA will need to be prudent and adaptable in how we take our plans forward
- Strong risk awareness will be vital at all levels of the organisation.
- A positive outlook and making changes to what we do and how we work will take us a long way, working with the resources we already have.
- We should remain ambitious for our community.

FIGURE 2: MHA's Strategic Direction 2023 to 2026

- **Consolidating, developing, and improving the performance of MHA's core business as a housing provider and property manager.**

This will include a continuing focus on what we do, how we do it, and the end results we are delivering for customers. While there are many things that MHA does well, we will always be open to new ideas about how we can do things better and whether we are working in the most efficient and effective way.

- **Safeguarding the resilience of our business through challenging economic times.**
- **Sustainably addressing community support needs in Dennistoun and Haghill, by our own actions or in partnership with other service providers.**

MHA has a proud tradition of supporting our community and this will continue. We also recognise that MHA cannot meet every need that exists, and that public bodies are increasingly likely to ask us to deliver services or manage buildings that they can no longer afford to.

Our aim is to reach a more balanced position between continuing to support the community and the affordability of the services we can provide. We will explore a range of approaches, including applications for external grant funding and partnerships with other organisations that have the expertise and/or community base needed to play a positive part in community support activities.

- **Pursuing new housebuilding opportunities at a relatively modest scale and where financially viable, to help regenerate our area and respond to housing needs.**

The opportunities available to us must add value to our overall business and should not need to be subsidised by existing rent-payers or from MHA's overall financial resources.

In all the above, MHA's work will be informed by the community-controlled values and traditions that underpin our organisational ethos and governance.

Developing the strategic objectives and direction into plans for action

The strategic objectives and direction described above are high level statements of what MHA wishes to achieve over the lifetime of the Plan. We take a two-tier approach to turning the high-level statements into plans for action.

- **Priorities for the next three years** (2023/24 to 2025/26) are set out in Appendix 2 of the Plan, along with intended outcomes, and how we will measure success.
- **Priorities for the second year** (2024/25) are stated in the main Business Plan chapters. When the MC has approved the Plan, the priorities are developed into Work Plans for each of MHA's various service and business areas. These set out the practical actions needed to achieve the priorities approved by Committee.

4. Strategic Analysis: Local Context

Strengths, Weaknesses, Opportunities and Threats (SWOT Analysis)

SWOT analysis is a tool for considering planning issues from a local and internal perspective. Figure 1 shows the key issues identified in developing this Business Plan.

FIGURE 1: SWOT Analysis Key Issues

STRENGTHS	WEAKNESSES
<p>Assets and Customer Services</p> <ul style="list-style-type: none"> ○ Ethos as a community-controlled housing association, excellent reputation within the area. ○ The local office in the heart of the community, all our stock is within a one-mile radius. This allows us to stay close to our customers. ○ High standards of customer service at the front line, with high levels of resident participation and satisfaction. ○ Stock condition survey has confirmed good property condition overall. 	<ul style="list-style-type: none"> ○ Ageing housing stock, difficult to meet the requirements of EESSH, net zero etc. within older tenement stock. <ul style="list-style-type: none"> ▫ Aspiration to have the lowest/most affordable rent levels have been negative for the business, positive for residents. ○ Traditional approach to service delivery, could be brought more up to date to achieve better results.
<p>Community</p> <ul style="list-style-type: none"> ○ High numbers of dedicated volunteers within the community. ○ Excellent wider role services which increase tenancy sustainment and maximise resident incomes. 	<ul style="list-style-type: none"> ○ High levels of poverty in the community, particularly in Haghill. ○ In-work poverty (often no government support for tenants in this position).
<p>How MHA Works</p> <ul style="list-style-type: none"> ○ Committed MC Members and loyal staff. ○ Positive relationships with partners. ○ Organisational restructure and new leadership are generating fresh views. 	<ul style="list-style-type: none"> ○ Work through legacies in the current staff structure to deliver new BP, and the culture needs to change.
<p>MHA's Finances</p> <ul style="list-style-type: none"> ○ Cash in the bank and the support of lenders. ○ All loan finance is on fixed rate terms. 	<ul style="list-style-type: none"> ○ Rent arrears are increasing because of the cost-of-living crisis.

OPPORTUNITIES

Assets and Customer Services

- Adjust our property portfolio by selling pepper-potted flats to generate income.
- National policies on net zero present opportunities to tackle fuel poverty, assuming reasonable financial support by government.
- New build development.
- Explore expanding the factoring service,

Community

- Partnerships with external agencies to secure grant funding to sustain wider role projects and audit the social benefits accordingly to attract additional income.

How MHA works

- Complete the creation of a modern and fit for purpose staff structure to deliver services and help achieve VFM.
- Digital transformation, to provide more efficient customer communication and enhance workflows to help staff work more efficiently.

MHA's Finances

- Be geared up to seek external funding where this fits with MHA priorities.
- Improved spending controls to focus resources on asset management and other business plan priorities.

THREATS

- Milestone for Universal Credit migration will create additional pressure on rent collection and rent arrears.
- Retrofit solutions for stone-built tenement stock will be expensive and socially complex in mixed tenure blocks.
- Continual raising of legal and regulatory standards for stock management (e.g. Scottish Government, HSE etc.) which must be met from rental income.

- External factors like the cost-of-living crisis and social impacts of COVID have placed more residents in financial difficulty. This will increase demand for MHA support services and impact rent arrears and tenancy sustainment.

- Risk of losing volunteer contributions and commitment of staff.
- Negative impact of policy and regulatory agendas on CCHAs, despite numerous government policies promoting "community empowerment".

- Over regulation/cost of assurance and compliance.
- Expected to do more and more from existing resources.

Demographic Profile for Dennistoun and Haghill

The best available information about the local population profile is found in Glasgow City Council's 2017 series of Neighbourhood Profiles which use 2011 Census data. The age of the data means they should be seen as highlighting broad population features only.

Extracts from these sources are provided in Appendix 5. They illustrate important differences between Dennistoun and Haghill/Carntyne in relation to age, economic activity, health problems and disability, and ethnicity.

Who Do We House?

Traditionally MHA houses a relatively high proportion of working households but the latest figures for 2024 show a reduction in households that do not receive some assistance towards their rent. 41% of all MHA tenants as at March 2024 were **not** in receipt of help with their housing costs from Housing Benefit or Universal Credit.

Around 27% of MHA tenants were of an ethnicity other than White Scottish. Polish tenants were the largest category of minority ethnic households in MHA's stock (3.4% of tenants). Polish and African applicants have been the fastest growing groups among housing list applicants, when compared with existing MHA minority ethnic tenants.

Future Changes in Population

According to National Records of Scotland (NRS), Glasgow's population is set to increase by 3% between 2018 and 2028. Growth in the number of households is expected to be higher at around 16,000 (5.5%).

Glasgow City Council's 2018 projections for the city's 23 Multi-Member Wards (MMW) provide the following information for the Dennistoun MMW which takes in Haghill, Royston and Sighthill as well as Dennistoun itself.

- **Ward population:** slight increase projected 2014 to 2024. Projections include a small reduction in the number of children; no change in the number of older people; and a small increase in people of working age. Further modest increase in population is projected for 2024 to 2034 (around 1.5%)
- **Households:** 3% increase in household numbers 2014 to 2024, followed by a further 3.6% increase 2024 to 2034. The increase in households is about half the rate anticipated growth for Glasgow as a whole.

Poverty and Deprivation in MHA's Community

Figure 2 shows the 2020 Scottish Index of Multiple Deprivation (SIMD) results for the four SIMD datazones in MHA's area. Detailed results are shown for reference at Appendix 5.

FIGURE 2: SIMD 2020 Results, Deprivation Rankings by Area

Two MHA datazones ⁽¹⁾ are in the 5% most deprived in Scotland

- **Bluevale** is ranked the second most deprived datazone in Scotland out of 6,976
- The area in and around **Cardross Street** is ranked 166th most deprived in Scotland

One further MHA datazone is in the 10% most deprived in Scotland

- **Haghill** (other than Bluevale) is ranked the 453rd most deprived in Scotland

The final MHA datazone is in the 20% most deprived in Scotland

- **Dennistoun** (off Alexandra Parade) is ranked the 1,284th most deprived and in the bottom 20% in Scotland.
-

The **SIMD rankings** show if an area is more or less deprived compared with others. An accompanying set of **SIMD Indicators** helps to understand the specific reasons that make an area deprived, by providing statistics for various types of deprivation.

SIMD Indicators – a brief illustration for MHA’s community

- 51% of adults living in Bluevale and 40% in the Cardross Street area were categorised as being **income deprived**. The Bluevale figure is 2.5 times greater than the average for Glasgow.
- 42% of adults in Bluevale and 26% in Cardross Street were categorised as being **employment deprived**. The average for Glasgow is 14%.
- There were high levels of working age adults with no qualifications, and the proportion of young people aged 16-19 not participating in education, employment or training was twice as high in Bluevale as in Glasgow as a whole.
- All four MHA areas had poorer health outcomes than the city average, and some of the results were off the scale. For example, in relation to:
 - Emergency stays in hospital, including admissions resulting from the consumption of alcohol or drugs.
 - Mortality rates.
 - Babies with low birth weight.
 - Adults prescribed medication for mental health condition. This is at least one in five adults in all the MHA datazones, rising to more than one in three adults in Bluevale.

Long-term efforts by public bodies through policies such as community planning and promoting inclusive growth have not delivered the improved outcomes everyone wishes to see. Community anchor organisations such as MHA work hard to fill some of the gaps where they can but they also have limited powers and resources.

In this Plan, MHA reaffirms our commitment to supporting our community. We cannot meet every need and will target activities where we believe we can make a real impact. We will continue to work with external agency partners, as well as acting in our own right

(1) A datazone is a small area (typically with 700-800 people) used to measure and report on deprivation in that area. There are 6,976 SIMD datazones in Scotland, four of which are in MHA’s area of operation.

so that our combined resources, skills, and experience deliver tangible benefits for the community.

Local Housing Market

The most recent GCC Housing Stock Estimates (2018) report that.

- Dennistoun is dominated by owner occupation and private renting, with a relatively small share of social rented housing.
- In contrast, social renting has the largest housing share in Haghill/Carntyne. Private renting is on a par with the citywide average, while owner occupation is considerably less than the levels found in Dennistoun and Glasgow as a whole.
- Private renting in Dennistoun ward increased by 22% between the 2001 and 2011 Census, and it will have increased further still since 2011. The area's supply of rented housing, good amenities and proximity to the City Centre make it one of the east end's preferred destinations for private renters.

FIGURE 3: Housing Tenure Pattern (2018)

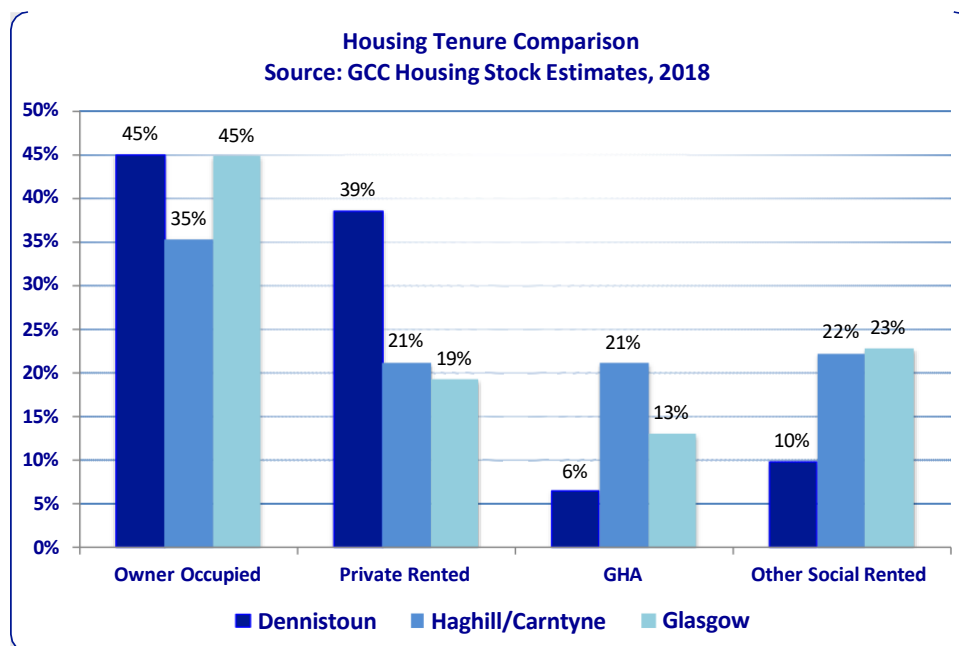
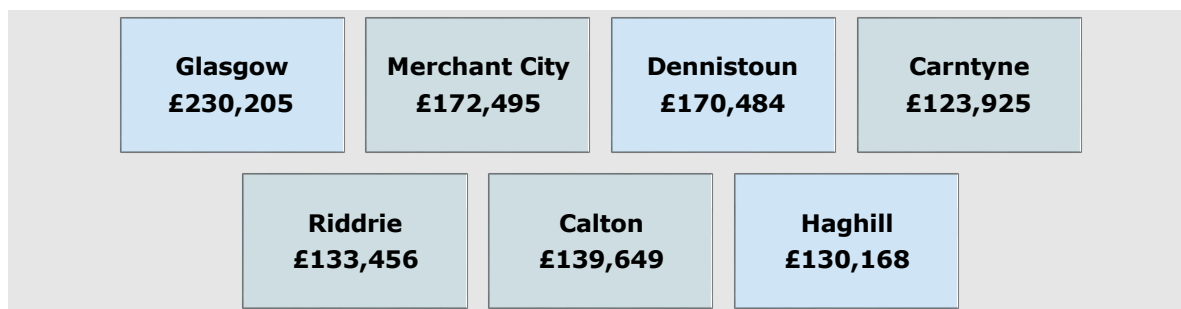


FIGURE 4
Average House Prices 1 April 2023 to 31 March 2024

In March 2024, Registers of Scotland/Rightmove UK reported the following average house prices by area in the previous 12 months:



Private Rents

Citylets data (fourth quarter 2024) show that average rents for new private lets in the G31 postcode area were significantly lower than citywide averages:

FIGURE 5
Average Private Rents per Calendar Month (pcm) by House Size: source: Citylets

Size	G31 avg rent pcm	G31 avg time to relet	Glasgow avg rent pcm	Glasgow avg time to relet
1 bedroom	£779	20 days	£883	20 days
2 bedrooms	£1,032	28 days	£1,229	30 days

In contrast, MHA average rents (pcm equivalent) in 2024/25 are £324 for a 1-bedroom property and £361 for a 2-bedroom property.

Time to relet for private rentals in Dennistoun are approximately 50% less than they were three years ago, indicating that the market for private renting is buoyant.

The Citylets information indicates that in Glasgow as a whole average 1-bedroom rents are 41% higher than they were five years ago, while 3-bedroom rents have increased by 53% in the same period. This information cannot be broken down by postcode area, but other data suggests that the rate of increases may have been lower in the G31 area than in the city.

While average house prices and private sector rents in MHA’s area are well below citywide averages, very few MHA tenants or housing applicants would be able to afford them. Like many housing associations, MHA is seeing increasing demand from applicants who currently live in private rented accommodation and who are seeking to be rehoused because the rents charged are unaffordable.

5. Strategic Analysis: The Wider Operating Environment

MHA's business is impacted by a wide range of external factors, as set out in this Chapter.

SOCIAL FACTORS

Social Security

- The UK Government has approved the uprating of benefits, pensions, and the National Living Wage from April 2024 to fully match inflation (10.1%).
- The Scottish Government (ScotGov) is using its social security powers in a progressive way, for example through the new Scottish Child Payment and Adult Disability Payment.?

Homelessness and Tenancy Sustainment

- As part of its Rapid Rehousing Plan, Glasgow City Health and Social Care Partnership (GCHSCP) is seeking increased numbers of lets from social landlords for homeless households (60% in 2023/24). MHA offered rehousing to every homeless household referred to us in 2022/23 but the low level of referrals received meant that only 22% of our total lets were to a homeless household.
- The low number of homeless referrals is mainly due to GCHSCP reporting very little demand for properties in Haghill, which is where MHA has a higher turnover of properties.
- GCHSCP is also operating a new Housing First programme for people with more complex needs, following a pathfinder programme which ran between 2020 and 2022.

POLITICAL, LEGAL AND REGULATORY FACTORS

Scottish Government Priorities and Funding Support

- The top priorities in ScotGov's "Housing to 2040" strategy are to increase new housing supply, reduce homelessness, and reduce carbon emissions from homes.
- The budget for the national "More Homes" programme has reduced to £ £556m in the 2024/25 Scottish Budget, down from £568m in 2023/24.
- Funding for housing projects in Glasgow comes from a separate ScotGov budget managed by GCC. The Glasgow budget for 2024/25 is £80m (reduced from £92m in 2023/24).
- The Housing (Scotland) Bill is currently being reviewed by the Scottish Parliament and is due for implementation in the later part of 2024. Stakeholders' views have been sought on the Bill and GWSF have provided comments on behalf of member associations.

Government Powers on Controlling Rent Increases

- Legislation passed in October 2022 allowing rent increase caps from 0% upwards to be applied by ScotGov to rented housing in the period to 31 March 2024, as well as a moratorium on evictions.

- ScotGov expired use of these powers for social landlords, based on sector assurances that average rent increases in 2023/24 would be significantly below inflation.
- ScotGov's "New Deal for Tenants" bill, (September 2023) introduced rent increases being capped at 3% for private landlords. ScotGov has given assurances that this will not affect social landlords.

Future Public Spending

- Deep public spending cuts have been announced by the UK and Scottish Governments and will be followed by further austerity at local authority and community levels.

Housing Regulation

- MHA has a "compliant" rating with SHR.
- MHA has updated its Asset Management Strategy to include the SHR "Recommended Practice" document on asset management in February 2023. This impacts on landlords' asset management strategies, e.g. criteria for stock appraisals and use of NPV calculations for all individual properties owned.
- SHR takes a very close interest in landlords' compliance with tenant safety duties. It continues to work with the sector on the issue of dampness and mould in housing. The SHR has set up a Tenant and Resident Safety Advisory Group with practitioner representatives to consider health & safety.

ECONOMIC FACTORS

Cost of Living Crisis

- The cost-of-living crisis is having a profound effect on the ability of MHA tenants to afford essentials such as food and home energy costs. This has a knock-on effect on MHA's rent collection and arrears levels.
- Energy and food costs although reduced, since last year's Business Plan (20% inflation compared to 2.9%) are still a challenge for many of MHA's residents. Wholesale gas prices have been reducing for some time, but energy companies and Ofgem have been slow to reduce prices to the consumer.
- The UK Energy Price Cap has recently fallen to below £2,000 but the benefit of this will be cancelled out for most consumers because they will not get the same £400 discount from the government they previously received.

Wages

- For most people in work, wages are not increasing in line with inflation. Real incomes are falling when adjusting for rising prices. Pay rises in the public sector in Scotland have been highly contested, resulting in industrial action in several sectors.
- The Real Living Wage for 2024/25 will be £11.44 per hour in line with inflation. While welcome, this will still result in workers doing skilled and essential work being paid the minimum wage.

Economic Outlook

- Economic recovery from COVID has been derailed by rampant inflation and the autumn 2022 fiscal crisis. The UK economy has the poorest performance in the G7 for economic recovery from COVID.

Economic Policy and Public Spending

- The UK Government's economic priorities are to reduce inflation and the nation's debt. To support this, income tax payable will increase by freezing thresholds for paying tax and public spending will see deep cuts.
- The Scottish Government's "protected areas" for spending are the NHS and social security. Other areas, including local government, will experience real term cuts.
- GCC will continue to reduce its funding for non-statutory services such as neighbourhood management. GCC will likely try to transfer responsibility for further local services or facilities to local organisations such as housing associations, without any transfer of resources.
- GCC delayed passing the responsibility for bulk uplift charges to housing associations, but this could be reviewed any time in the future GCC has also stated an intention (not yet fulfilled) of passing on responsibility for landfill charges associated with bulk uplift.

Increased Maintenance and Repairs Costs

- Brexit and global economic stresses have significantly increased costs for repairs and maintenance costs across the housing sector. This is a key element of MHA's finances.
- Of particular importance are sharply rising costs for construction materials, shortages of some types of materials, and disruption to supply chains. Further information about cost increases is provided in Chapter 8, Asset Management. The scale of increases has been substantial and has led to us reducing the number of component replacements that are affordable within our budgets. It is very unlikely that costs will return to previous levels, which will place pressure on repairs and maintenance works across the housing sector.

Universal Credit (UC)

- UC creates significant challenges in collecting rent and in managing arrears and bad debts. UC is also causing significant hardship for claimants.
- Impacts are likely to increase rather than reduce, since full rollout of UC has now started. The DWP has stated they aim to have everyone currently receiving one or more of the older style benefits switched to UC by 2028
- Aside from the impact on rental income, UC makes substantial demands on MHA's staff resources.

Future Uncertainty

The future economic outlook is highly uncertain. This makes economic forecasting by the Bank of England and others less reliable because of the many complex economic and geopolitical factors that must be considered.

ENVIRONMENTAL FACTORS

ScotGov targets to address climate change objective include a commitment to decarbonise Scotland's housing and replace fossil fuel heat sources with net zero equivalents. In addition, Glasgow City Council has stated an ambition that Glasgow should be a net zero city by 2030.

- ScotGov has pledged to invest £1.8 billion to decarbonise one million homes by 2030. This is an average of £1,800 per house and only 6% of ScotGov's estimate that it will cost £33 billion to decarbonise all the country's homes.
- Like all social landlords in Scotland, the Association aims to increase our compliance with the Scottish Housing Quality Standard (SHQS) every year. SHQS now incorporates the Energy Efficiency Standard for Social Housing (EESH) requirements, and for the bulk of MHA's properties which do not meet SHQS, this is due to a failure to meet EESH. The Association is continuing our boiler replacement programme in 2024 and will replace over 150 boilers with the aim of increasing SHQS compliance from 72% to 84%.
- The SG had set a further target that all social rented homes should meet EPC Band B by 2032, but following a review of progress on EESH2, has consulted instead on a new standard SHNZS, which will refocus investment towards the use of renewables. However, SG has yet to provide details of any support or funding to assist RSLs in achieving the new standard.'

In summary, there are several fundamental issues that need to be resolved at national government level, to give property owners a better basis for planning investment in their homes. These issues include:

- The availability of government grants or other finance, at a reasonable level that is financially sustainable for social landlords and does not result in rents having to be increased to unaffordable levels for tenants who may already be experiencing fuel poverty.
- Identification of appropriate technological solutions at an affordable cost is a key challenge. This is particularly important for MHA because of the proportion of our stock that is pre-1919 stone built tenements which will require disruptive and more expensive retrofit solutions. Moreover, there is still considerable debate among construction professionals about what the optimum solutions are for the Scottish climate and for different construction types.
- Whether action will be taken at national or regional level to procure materials and/or works contracts.

While all these matters need to be progressed, MHA recognises that the focus on the future of the planet is an unprecedented opportunity to make homes more energy efficient and to tackle fuel poverty among our tenants. Accordingly, MHA is moving forward with several pieces of work at this stage:

- Updating Energy Performance Certificates
- Reviewing our Asset Management Strategy
- Completing works to improve energy efficiency through the Investment programme

- Seeking funding support from Glasgow City Council for energy efficiency projects
- Starting to consider potential options in terms of energy efficiency measures for each of our seven main house types, following analysis of our latest stock condition survey data.

TECHNOLOGICAL FACTORS

Technology is playing an ever-greater part in people's everyday lives and in the business functions and communications of organisations of all types.

While the number of tenants who are online is growing, there is sometimes a reluctance to interact digitally with landlords even among tenants who are very familiar with online environments from work, shopping, or other activities. Digital exclusion, whether this is due to a lack of skills or resources, is also a factor. As a result, most landlords have adopted a multi-channel approach, with the aim of persuading those who can use digital to do so and in the expectation that more and more tenants will opt for digital over time.

MHA's main digital offering is our customer portal which is an integral part of the Home Master software system we use to manage our services.

Technology is also playing a bigger part in how social landlords conduct their organisational affairs. Cloud-based software and storage solutions are now commonplace and there is growing interest in how technology can automate common tasks or simplify workflows, giving staff scope to work smarter. As discussed in Chapter 10, we will continue to develop better use of technology in MHA, as part of our goal of creating a modern and efficient organisation.

Technology also comes with risks. Phishing, data theft and cybercrime have all increased rapidly, and businesses have had to become aware of the need to protect their systems and to provide their staff with training to recognise and manage potential risks.

Conclusions

The Association's future operations, allied to the programme of significant internal change MHA is undertaking, will require us to be clear-sighted, flexible, and adaptable in the period ahead.

While we cannot control economic and political change, strong management disciplines will help us to foresee and manage potential impacts on MHA. This will be important in areas such as business planning, performance and risk management, budget planning and compliance, and financial planning and stress testing. These will all be part of our toolkit for navigating the way ahead, together with the Management Committee's key role in ensuring sound and stable governance.

6. Stakeholder Relationships and Priorities

The final part of the Strategic Analysis describes MHA's key stakeholders, who are shown in the following table.

Specific to MHA	Strategic & Regulatory
<ul style="list-style-type: none">• MHA tenants• Residents and factored owners• Housing applicants• Local groups and volunteers• MHA's employees• Local partners with whom we work to benefit our tenants and the local area• Our lenders, auditors, and insurers	<ul style="list-style-type: none">• Glasgow City Council• Glasgow City Health and Social Care Partnership• The Scottish and UK Governments• Department of Work & Pensions (DWP)• The Scottish Housing Regulator (SHR)• The Office of the Scottish Charity Regulator• The Financial Conduct Authority

Tenants and Residents

This is MHA's most important stakeholder group, and we encourage tenants and residents to be involved in our decision-making. We work closely with several area-based residents' groups as well as groups that address specific issues such as allocations and rents. We also regard factored owners and applicants for housing as stakeholders.

MHA gathers feedback about tenants' views through a continuing programme of internally managed surveys on services or topics. We also appoint external data contractors to conduct a large-scale satisfaction survey every three years. Results from the April 2023 survey are provided in Chapter 11, Value for Money.

The wider community

MHA has a high level of engagement and strong relationships with many community organisations and volunteers. This is seen in:

- Our in-house team's role in property management and estate management, and the support it gives to many groups in the area
- The work of our community engagement team
- High levels of shareholding membership and attendance at MHA's AGM (both among the highest in Scotland)
- The provision of community spaces and facilities in both Dennistoun and Haghill
- The community services that we deliver.

include income maximisation support; support for vulnerable residents; a community café; the Alexandra Park Sports Hub; community hall hires for functions, at affordable rates; and a community recycling shop.

In addition, many local people volunteer to facilitate various clubs and activities in the community halls, recycling shop, Sports Hub etc.

As a result, MHA Group has a much more active role in the community than is commonly the case among housing providers. Key to our approach is staying close to our community by involving local people. The results of the recent Tenant Satisfaction Survey confirm an exceptionally high (92%) satisfaction rate with MHA's role and services in the community.

Housing Benefit/Department of Work and Pensions (DWP)

MHA must maintain good working relationships with both GCC (Housing Benefit) and the Department of Work and Pensions (Universal Credit). As more tenants switch to UC, we are encouraging tenants to have their housing costs payments made direct to us.

Funders

The Association's total borrowing is £20.791 million, and our principal funder is GB Social Housing. Our GBSH funding allows for only an asset cover and a net income test on charged properties and external validation confirms that MHA meets both of these tests.

Glasgow City Council (GCC)

GCC is the strategic housing authority produced an updated **Local Housing Strategy (LHS) in May 2023** for the period 2023/28. This allows us to compare MHA's Business Plan with the strategic priorities that are being proposed for the city.

Figure 1 shows the LHS vision statement as well as the five overarching priorities that are proposed. The draft LHS also includes a set of "Ambitions for the city" and 14 "Missions" which are actions associated with each of the five priorities (see Appendix 5).

FIGURE 1 Local Housing Strategy 2023/28: Top Line Priorities in GCC

Vision

"Everyone in Glasgow will have access to an affordable, suitable, climate friendly home, which promotes good health and wellbeing and connects to communities and the opportunities the city offers"

Priorities

- 1) Deliver new homes.
- 2) Adapting existing homes.
- 3) Retrofitting existing homes to improve energy efficiency and sustainability.
- 4) Preventing, reducing and alleviating homelessness.
- 5) Safeguarding tenements and improving quality of homes.

There is a strong alignment between the LHS and MHA's own strategic priorities, particularly in relation to decarbonising the housing stock, reducing fuel poverty, preserving tenement housing, supporting vulnerable tenants, and sustaining tenancies.

MHA has worked closely and positively with GCC over many years, and we look forward to continuing this partnership in the future.

GCC delivers several **neighbourhood services** that MHA and our tenants rely on, e.g. refuse collection. The level of service provided by GCC for bulk uplift has not been sufficient to meet local needs and to maintain estate standards at a high level. MHA has addressed this by providing a local bulk uplift service through the in-house team.

Scottish Government/Parliament and UK Government/Parliament

See Chapter 5 of the Business Plan. While housing and several aspects of social security and taxation are devolved, the range of matters reserved to Westminster means we must be mindful of events and pipeline changes from both legislative bodies.

Regulatory Bodies

The Association's regulators are:

- The Scottish Housing Regulator (SHR)
- The Office of the Scottish Charity Regulator (OSCR)
- The Financial Conduct Authority (FCA)

SHR has the greatest impact on what we do. Its most significant powers include:

- Assessing compliance with the Scottish Social Housing Charter
- Setting and then assessing compliance with Regulatory Standards
- Intervening in the governance or management of RSLs, where it considers this is necessary to secure improvement and protect the interests of tenants and others.

We submit our annual return and accounts to OSCR, but otherwise we have few direct dealings with them or the FCA. We understand the importance of their roles, and the effect of breaching their regulations. We therefore take a healthy interest in both organisations.

7. Customer Services

Context

The chapter sets out:

- How MHA provides services to our customers, current challenges and service developments, and the level of performance we are achieving.
- The outcomes we are seeking to achieve over the full three-year period of the Business Plan (see Appendix 2).
- The priorities we will address in year 2 of the Business Plan (2024/25).

In addition, Chapter 11 (Value for Money) and Appendix 6 provide a performance analysis across MHA's services and activities.

Customer services feature directly in two of the Plan's strategic objectives:

1. To do what matters most for MHA's tenants and other customers
2. To provide housing and property management services that are of a high standard, affordable, and good value for money for tenants and other customers.

MHA's customer services are wide-ranging. They include:

Core MHA Services

- Managing housing applications and repairing and letting empty homes
- Providing housing for homeless households referred to us by GCC
- Carrying out reactive repairs to tenants' homes and common parts
- Collecting rent and managing rent arrears
- Resolving neighbour disputes and anti-social behaviour
- Involving tenants in the management of their homes and in MHA's decision making
- Property factor for owner-occupied homes, with factoring services delivered by our subsidiary Milbank Property Services Ltd.

Value Added Services

- MHA's Community Engagement team provides tenants and residents with income maximisation services and helps vulnerable tenants to sustain their tenancy.
- MHA's in-house team delivers some maintenance services as well as enhanced estate management services, to maintain good physical standards around our houses.

Key Issues for MHA's Customer Services

Customer Services Strategy

One of MHA's major priorities in 2024/25 is to further develop our Customer Services Strategy.

Our performance in relation to Scottish Housing Charter outcomes (see Chapter 11 and Appendix 6) are strongest in relation to customer satisfaction and weaker on measures relating to financial impacts.

Looking ahead, our primary goals are to ensure that service outcomes for MHA customers are consistently excellent, right first time, good value for money, and responsive to customer priorities. As a secondary goal, we are looking to modernise all aspects of our service delivery by establishing a customer services team and making more and better use of technology in how we work. Improvements in financial efficiency are also important, to improve control over costs which will help maximise the resources available for meeting tenants' needs.

Figure 1 outlines in more detail some of the main issues we will address in developing and then delivering the Strategy.

FIGURE 1 **Key Features of the Customer Services Strategy**

- Define our customer service goals and understand what customers expect from MHA
- Identify how we can ensure that residents receive the support they need - for example, by implementing new technology, improving communication, and creating a customer service team.
- Provide the customer service team with the training they need to deliver high-quality customer service. This could include training on conflict resolution, communication skills, and the latest customer service technologies.
- Offer multiple ways for residents to get in touch with our customer service team, such as email, phone, visiting our offices, live chat, and social media.
- Ensure we are easily accessible to customers raising complaints
- Keep track on how we are performing and what areas need improvement.
- Conduct regular surveys to gather feedback from residents and make changes based on their feedback.
- Ensure that residents' inquiries are answered quickly and effectively.
- Respond promptly to residents' needs and concerns

- Regularly review and update the customer care strategy to ensure that we are meeting the evolving needs and expectations of residents.

Reactive Repairs

Most MHA's repairs are carried out by a range of contractors appointed under a framework agreement. This includes 10 separate Lots, including a multi trade Lot that will provide an out of hours emergency repairs service, as well as Lots for individual trades. This includes updated KPI indicators within Lot 1, allowing MHA to improve the measurement of performance for on reactive repairs, emergency repairs, out of hours callouts and void properties.

In addition, we have 4 members of our in-house team working mainly on reactive repairs, plus an estates team of 12 staff members.

Reactive repairs costs have escalated during the last three years, as shown below:

- 2021/22 - £1.2m
 - 2022/23 - £1.6m
 - 2023/24 - £1.0m
- These totals include reactive and void repairs, jobs by the in-house team and external factors costs. Contributing factors have included:

Managing MHA's Rental Income

Effective rent collection is critical to the financial sustainability of MHA's business.

Figure 2 shows MHA's performance in collecting the rental income due to be paid each year, comparing this with a peer group average² and the Scottish average. Results are shown for 2022/23 (the most recent ARC reporting year) MHA's latest results are shown for 2022/23 (the most recent ARC reporting year). MHA's latest performance (2023/24) is included to show the improvements made.

FIGURE 2: Rent Collection Rates 2022/23

² In addition to MHA, the peer group members referred to in this Chapter are Govanhill HA, Maryhill HA, Parkhead HA, Partick HA, Shettleston HA, Southside HA and Tollcross HA

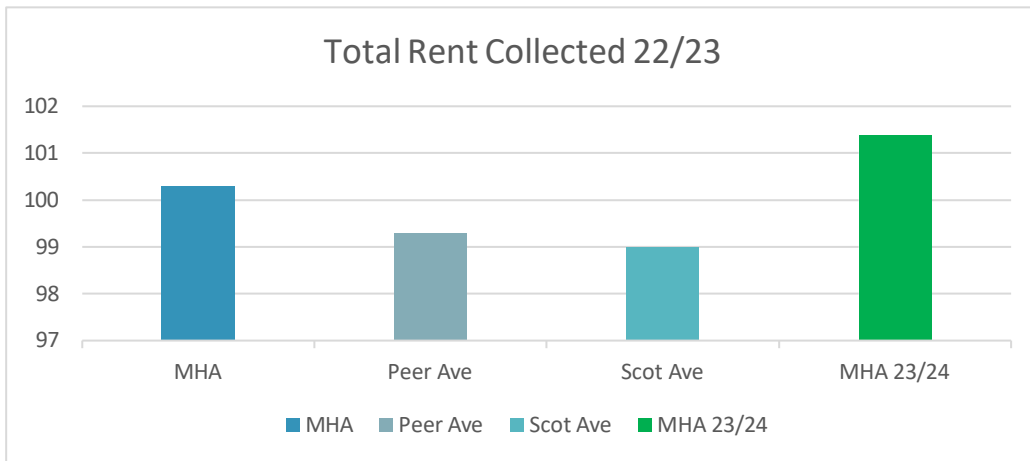
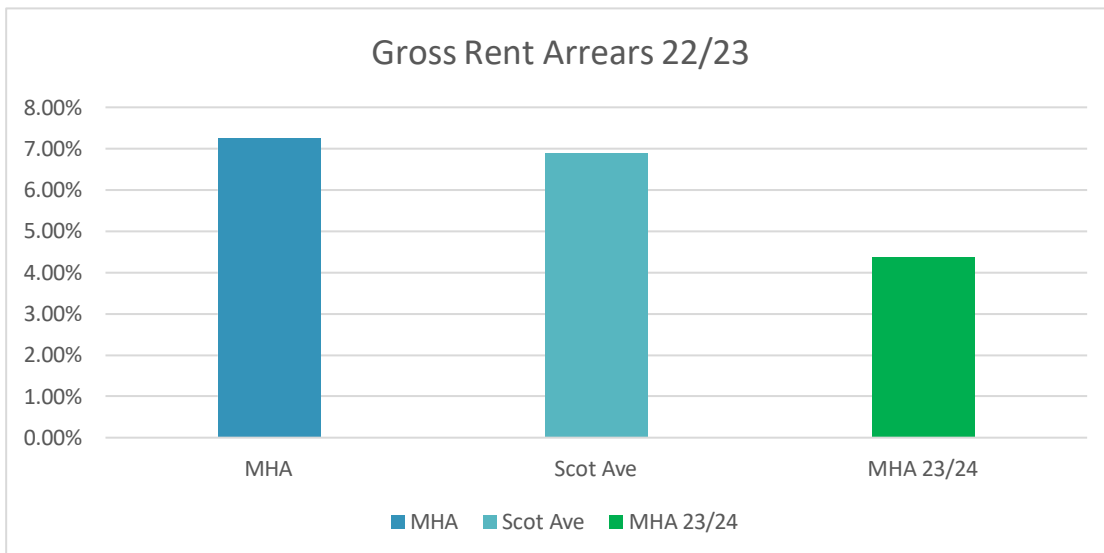


Figure 3 shows a similar analysis for gross rent arrears as a percentage of the rent due each year. The comparison here is between MHA and the Scottish Average. MHA’s latest performance (2023/24) is included to show the improvements made.

FIGURE 3: Gross Rent Arrears 2022/23



This shows that MHA’s results for collecting rent and managing rent arrears have generally been poorer than the Scottish Average. While the gaps are relatively small in percentage terms, they have a significant impact financially. E.g. a 1% improvement in rent collected rate would result in an additional £65k of annual income. MHA’s latest performance (2023/24) is included to show the improvements made.

MHA uses a variety of methods to maximise income and control arrears:

- Providing an income maximisation service that is available to all MHA residents. Demand for this service has increased considerably, and MHA has responded through the recent appointment of an additional income recovery assistant.
- Introducing the new post of Income Recovery Assistant whose key remit is to focus on managing MHA debt with a specific emphasis on early intervention on rent arrears.

- Close monitoring of tenants' rent accounts and all arrears cases.
- Encouraging tenants to work with us, so that we can provide information and support that will help to address rent arrears.

We are also clear that MHA will take firm action if tenants do not pay rent and choose not to work with us to address their arrears.

The Impact of Universal Credit

Before the pandemic, the impact of UC was already a significant challenge and risk for the Association. The cost-of-living crisis has made matters worse.

MHA has addressed this by:

- Operating a patch system, to involve a specific Housing Services Officer to an area, creating a single point of contact for tenants. The new IT system also allows for arrears to be identified at an early stage.
- Implementing our UC Strategy.

Experience has shown that many more tenants will struggle with paying rent because of the way UC is designed, particularly in the early stages of their tenancy which often then carries forward throughout the tenancy. DWP's plans to move large numbers of claimants from legacy benefits to UC by the end of 2024 could magnify this risk, and cause landlords' overall rent arrears to increase considerably.

MHA's UC Strategy aims to protect the interests of tenants and the Association. Key areas for action are:

- Increased levels of communication with tenants who will be making the change to UC
- Maximising the use of direct payments of UC to MHA which will protect our cashflow and ensure that tenancies can be sustained
- Continuing to make access to income maximisation services available to everyone who needs them.

Income Maximisation Services

MHA has a highly successful income maximisation service, provided by two full-time members of staff. This has achieved excellent results in the last five years:

	2023/24	2022/23	2021/22	2020/21	2019/20
Tenants using IM service	714	816	1,035	666	898
Financial Gain	£2.25m	£1.195m	£1.360m	£1.32m	£1.872m

In 2023/24 alone, 43% of MHA tenants used the service, and the average financial gain for each service user was around £3,158

The aim of the service is to ensure residents are receiving all benefits, allowances, pension credits etc. to which they are entitled. While the focus is on MHA tenants, the service is open to all residents in our stock areas. We are particularly keen that tenants who are experiencing financial difficulties and/or have rent arrears should use the service, and as a matter of course we carry out assessments for everyone who is on the vulnerable register.

The service boosts tenants' incomes, helping them pay their rent, and it has brought substantial amounts of money into the community, benefiting the local economy. It generates cashable gains for residents that are far more than the cost to MHA of providing the service. From a management perspective, the service is also key to our efforts to manage rent arrears.

MHA has recently secured grant funding for a two-year period to assist with covering the costs associated in delivering this service. A key aim of the funding is that the income maximisation staff now provide energy advice.

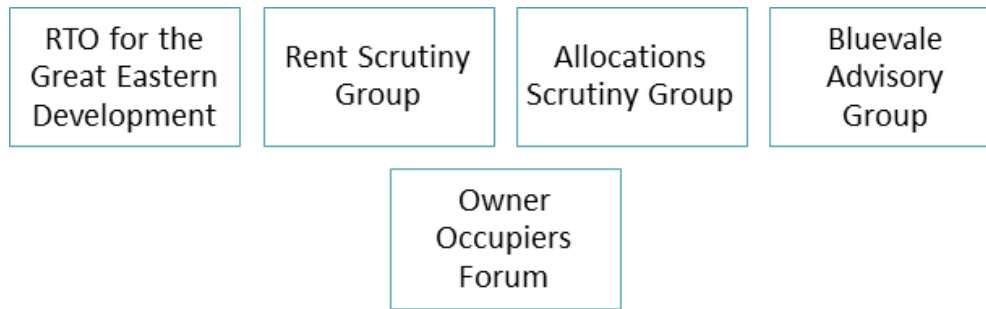
Tenant and Resident Involvement

MHA meets its legal obligations to formally consult tenants on issues such as the annual rent review and reviews of major policies such as the allocations policy.

We actively promote tenant and community involvement in our work. We respect that individuals' preferences can range from wishing to receive regular information about our services, to wishing to become more actively involved.

As with the last tenant's satisfaction survey, the most recent survey (April 2023) demonstrated that MHA has many tenants and residents who do wish to be more actively involved. It is therefore planned to hold a series of meetings with a range of local groups throughout the area, and with issue-based groups that bring tenants and residents together from across MHA.

The groups we currently work with are:



We may review the current approach to tenant and resident involvement following the implementation of the Customer First Strategy to ensure the best fit between the two elements.

Estate Management

Maintaining high standards in our neighbourhoods is a top priority for MHA and for residents. MHA's good performance is evident from visiting our neighbourhoods, and from high levels of resident satisfaction with neighbourhood management.

Through a mixture of an external contractor and MHAs in house Estates Team allows us to provide a rapid, flexible, and highly responsive service. The Estates Team provides additional services over and above the norm, such as regular bulk uplift service across the area.

Delivering these outcomes adds to MHA's costs. A key priority in the period ahead is to ensure that expenditure is achieving value for money and what options we must ensure value, affordability, and impact. This will be addressed, through an internal audit, in a value for money review of the estate management service which is currently underway.

Homelessness

MHA meets its legal obligations to provide settled accommodation for homeless persons/households referred to us by GCC. We also provide GCC with access to several temporary furnished flats.

The Glasgow Health and Social Care Partnership (GCHSCP) is responsible for implementing GCC's Rapid Rehousing Plan for the city. All social landlords in Glasgow have been set a target of making 60% of all lets to homeless persons referred by the Council.

In practice, the number and of homeless referrals we receive is low in comparison with other east end landlords, as shown in Table 1 which covers the period between 1 April 2022 to end December 2022.

TABLE 1
Rehousing of Homeless Households Referred to MHA
 (1 April 2023 to 31 March 2024)

Number of homeless referrals received by MHA	21
Number of offers made to homeless referrals	25
Number of accepted offers	25
Percentage of referrals that resulted in an offer	119%
Percentage of offers that result in a let	119%
Number of homeless referrals resulting in a let as a percentage of all MHA lets	22.3%

The key issue confirmed by these statistics is that MHA responded positively to all referrals we received, but the low number of referrals from GCHSCP meant only a small proportion of our total lets were made to homeless referrals.

MHA will continue to work with the Casework Team to improve outcomes, albeit achieving this is challenging.

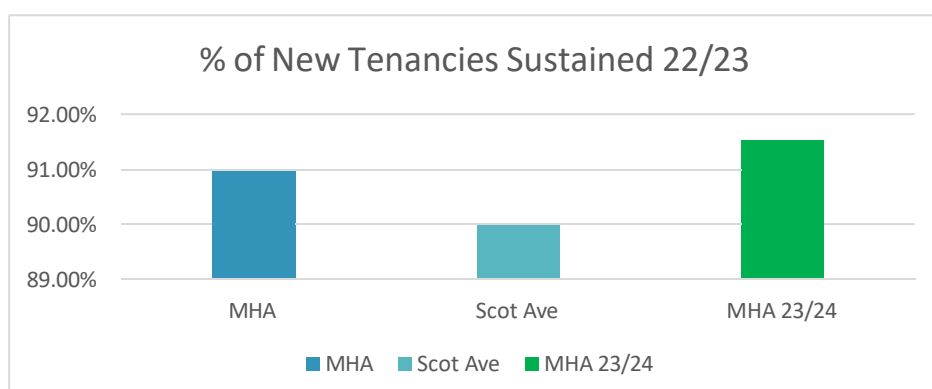
Tenancy Sustainment

Sustaining people in their tenancies benefits the individual, the wider community, and the public purse.

A 2019 research report for Shelter Scotland found that the average total cost of evicting a single person with low support needs into homelessness, with a not unusual 9 month stay in temporary accommodation, was nearly £24,000.

Sustaining tenancies is good business sense for MHA since we will have fewer abandonments and void properties to repair and re-let. Over the last three years, MHA has had a lower tenancy turnover rate than both the peer group (PGA) and the national (SNA) averages. We also had strong results in sustaining new tenancies:

FIGURE 4
Percentage of New Tenancies Sustained



The Community Engagement and Housing Services teams work together and with the tenant. The main elements of work include:

- Keeping a register of vulnerable tenants who may need help and support.
- Providing practical advice, information and support on housing, welfare rights, personal finance, life skills, personal independence, and other issues.
- Where appropriate, referrals or signposting to specialist services; working in partnership with GCHSCP to source appropriate solutions needed.
- Ensuring rent is being paid, often an important factor in sustaining the tenancy.

Business Plan Priorities 2024/25: Customer Services

Customer Services Strategy

- 1) Develop and launch a new Customer Services Strategy, with the active involvement of MHA tenants through the range of engagement channels in use and MHA colleagues in customer-facing roles.
- 2) Commission follow-up research into tenants' future needs, expectations, and aspirations.
- 3) Develop our Customer First Assistants team – phased rollout of ICT workflows and automations to help customer-facing staff to work smarter; promotion of digital services to customers and assessment of customer attitudes to digital and any barriers.

Income Management

- 4) Use the patch-based housing officers to increase personal contact with tenants, including those in arrears.
- 5) Maximise the use of direct payments to MHA for tenants receiving housing benefit or Universal Credit to help with paying their rent.
- 6) Develop and implement measures to support tenants migrating from legacy benefits to Universal Credit, to reduce the risk of arrears increasing further because of this change.
- 7) Maintain the much-improved performance results for both rent collection and rent arrears levels for 2024/25

Homelessness

- 8) Work with GCHSCP to promote Haghill as a potential area of choice for homeless households. Continue discussions with GCHSCP about the potential for Housing First lets in MHA's area.

Linking with Wider MHA Priorities

- 9) Complete MHA's structure, including its governance and staffing structures, to help identify any inefficiencies, overlaps, or gaps in responsibilities.
- 10) Through the organisational review (Chapter 10 of the Plan) and related strategies on value for money and customer services, promote an integrated approach to achieving modernised, value for money services that meet our customers' needs and aspirations.

8. Asset Management

Background

A property business that owns approximately 1,700 homes understands that an effective asset management strategy is key to the delivery of our business objectives and ensure continued financial viability, compliance with our obligations to lenders and safeguarding the interests of all our stakeholders.

Simply put it is essential that the performance of existing assets continues to be effectively monitored and managed. The asset management strategy should assist the Committee in our assessment of whether the current or future homes are fit for purpose.

Grant Murray Architects undertook an independent Stock condition Survey and an internal survey of approximately 80% (now at 86.5%) of our homes and 100% external surveys. This has helped us to ensure that future investment decisions are based on reliable and current data.

The survey identified the current condition of the houses and made recommendations as to the estimated replacement dates for each of the main building components. A schedule of rates was agreed, and these have been updated to reflect the increases in maintenance costs.

The Grant Murray report concluded that our housing stock is in a reasonable to good condition. The updated financial business plan will make assumptions an average investment per property.

We will continue to review our asset management practice (e.g. assessing stock condition and performance), which takes account of the recent SHR guide to asset management. MHA is working to achieve a better and more comprehensive understanding of our homes. We aim to develop a financial model to gain an insight into the value of our assets which will be used as evidence to inform future investment decisions. Establishing the NPV (Net Present Value) of our homes will be a key component of assessing the long-term viability of assets. Eliminating or reducing the impact of stock with a negative NPV on our cashflow could make a significant contribution to improving our long-term financial position and provide additional financial headroom to invest in our core stock.

Asset Management Strategy Objectives and Responsibilities

Our Asset Management Strategy has several key objectives which include:

1. Ensuring that MHA have accurate information that enables structured and rigorous planning and analysis to support good decision making.
2. Ensuring that MHA houses are fit for purpose, compliant and supports the business objectives.
3. Quickly make the right decisions about homes that are either underperforming or failing to reach our full potential in line with our objectives; and
4. Protect and enhance income streams by ensuring properties continue to meet customer expectations.

We will focus on every aspect of asset performance to establish if continued investment is sustainable. If our homes are fit for purpose, they should be:

- managed efficiently and generating demand.
- in good condition with a costed, affordable maintenance programme.
- making a positive contribution to the landlord's business plan.
- delivering value and amenity.

The asset management strategy will ensure:

1. Compliance with the Energy Efficiency Standard for Social Housing and when financially sensible EESSH2 guidance.
2. Continued compliance with Scottish Housing Quality Standards (SHQS); and
3. Compliance with relevant regulatory inspection and servicing regimes (including gas, water hygiene, fire, asbestos, and electrical testing).

The asset management objectives will be monitored, and compliance reported to the management committee throughout the year. All future investment decisions should be taken based on the principles Best Value, Financial Viability and Customer Satisfaction and evidenced to Committee.

MHA houses require ongoing investment to ensure that they remain fit for purpose and the stock condition information combined with operational intelligence should set out the investment priorities within the business plan. To accurately plan investment, rolling five-year plans should be developed each year. The plans aim to:

1. Accurately prioritise the reinvestment reflecting business need.
2. Give greater certainty for planned investment.
3. Provide a clear understanding of the financial implications of investment plans.
4. Increase consultation and satisfaction with tenants and other stakeholders

The stock condition information will be combined with local knowledge to identify underperforming assets including those which do not meet customer expectations or are financially unviable. Alternative strategies will be identified for those assets we identify as financially unviable to ensure that uneconomic investment in homes is avoided. Thus, increasing customer satisfaction.

Benefits of an Asset Management Strategy

A summary of business benefits to a coordinated approach to our Asset Management Strategy include:

1. Improved accommodation leading to greater customer satisfaction.
2. Homes in good condition.

3. Best value in securing maintenance contracts.
4. Long term sustainability of our core houses; and
5. Additional revenue streams realised through house sales

Financial Appraisals

There are several reasons why a property may cease to meet strategic requirements and become worthy of appraisal. This can include issues relating to –

1. Tenant satisfaction
2. Costs of regulatory compliance
3. Long term sustainability and
4. The ability to determine the investment strategy in blocks where we are not the majority owner.

MHA will develop an appraisal model that will scrutinise the performance of our homes considering a set of inputs effectively a measure of property performance, or cost benefit analysis. This would consider a range of inputs, such as income, demand, management and projected maintenance costs (including health and safety). Due to the varied nature of inputs, this will draw upon the knowledge and experience across the Association, maintenance and asset management teams. It will be the responsibility of the finance team to complete the financial appraisal the options for the properties reaching a shared understanding of our conclusions with other Directors before presenting recommendations to the Committee.

Financial Appraisals will be undertaken by the calculation of a positive Net Present Value (NPV), indicating long-term financial sustainability. NPV will be calculated for all properties, with updated NPVs calculated for all properties in identified clusters, or which have been identified by operational or maintenance teams and posing an “asset issue with an uncertain future.

Assessment of the necessary course of action can always be completed on a house-by-house basis, if required or by identified groups of homes. When assessment suggests that property assets performance is not sustainable, MHA may consider:

1. additional reinvestment, as determined by stock condition data.
2. use for an alternative customer or client group to improve financial viability.
3. Partnerships with developers for mixed tenure developments/regenerated blocks
4. disposal to other affordable housing providers; or
5. disposal on the open market.

Any disposals will need to take account of loan security issues or HAG conditions relating to the properties in question.

Traffic Light System

This process will be used to manage assets with identified performance issues at an individual property level. Properties assessed will be given classification of either 'Red', 'Amber' or 'Green':

1. **Red** - Those properties deemed to be of high risk (for example requiring higher than average levels of re-investment to maintain them in a good lettable condition) and/or that are in low demand (e.g. are difficult to let or which have an unjustifiably high void turnover rate).
2. **Amber** - Those properties that offer marginal or peripheral performance and that require further investigation to be reclassified as either red or green.
3. **Green** - Those properties that are in high demand and that require average or below average levels of re-investment. This category may otherwise be described as 'core stock'.

The introduction of the traffic light appraisal system will require more detailed stock condition information than is currently available.

The Traffic Light Appraisal System should be used for **all** investment decisions with Committee given detailed information relating to: -

1. NPV
2. Demand
3. Cashflow and
4. Implications for the Golden Rules for Covenants

This detail will be considered before the MC give our approval for the planned spend.

Our stock condition survey information is intended to help identify the necessary programme of work to maintain the stock over a 30-year business plan projection. Accurate Information is fundamental to the survey outputs to support good decision making.

This information should be frequently updated as properties are visited by staff. In line with standards set out in the SHQS, especially Modern Facilities and Services requirements, the priority issues for re-investment are mainly associated with the following elements:

1. thermal performance improvements for affordable warmth.
2. heating and boilers.
3. kitchens.
4. bathrooms.
5. electrical systems.
6. lifts.
7. windows and doors; and
8. roofs.

Consideration will be required for future environmental spend to ensure the neighbourhoods thrive, inside and out.

Health and Safety

Specific areas of health and safety management require mentioning within the strategy with detail on how MHA will deliver all our statutory duties relating to

1. Asbestos
2. Electrical Safety
3. Fire Safety
4. Gas Safety and
5. Legionella etc

MHA has signed up to using the services of EVH for Health & Safety advice as this covers compliance with specific statute obligations as the Association's role as a landlord and that of an employer. Each area of the manual will be worked through by the relevant Leadership Team Member.

Energy Efficient Homes and Asset Energy Performance

Our homes must meet the standards set out in the Energy Efficiency Standards for Social Housing (EESH) in all properties without a technical exemption by 2020, including the SAP rating that must be reached. This objective informs our asset management priorities.

Energy Performance Certificates (EPCs), detailing SAP ratings must be provided to all prospective tenants in social housing.

Engage specialist consultants to assist with developing plans for addressing energy efficiency retrofit works, through sustainability modelling and working towards an energy strategy and plan in partnership with other RSLs in Glasgow.

Assess the future requirements associated with the Scottish Government (SG) review of the EESH2 Standard, when published. Continue to monitor what supports (policy, financial, technical, procurement) may be available from SG and GCC to facilitate retrofit works to our homes.

Component Lifespans

Should be identified and shown as per an example table 1 below

Component	Life Cycle	Component	Life Cycle
Roof structure	50	CO detector	10
Roof finish	50	Kitchens	15
Soffit material	50	Bathrooms	30
Internal Walls	20	Central Heating	20
Boiler	20	Wiring	20
Windows	30	Common Doors	30

Cyclical Maintenance

Should be identified and shown as per an example table 2 below

Gas servicing	Within 12 months
Grounds maintenance / estates caretaking	Site specific specification
Lift Servicing* (including stair lifts)	Bimonthly
Lightning conductors	annually
Smoke/CO2 detectors	annually

Business Plan Priorities 2024/25

- We will continue to review our asset management strategy and practices (e.g. assessing stock condition and performance), which takes account of the recent SHR guide to asset management.
- We aim to develop a financial model to gain an insight into the value of our assets which will be used as evidence to inform future investment decisions, for a rolling 5-year period, to ensure they remain fit for purpose.
- The traffic light appraisal system will be updated with more detailed stock condition information to assist MHA to manage the performance of our assets.
- Assess the future requirements associated with the SG review of the EESSH2 Standard, and monitor levels of support provided to facilitate a retrofit programme.

9. Group Structure, Wider Role, and Factoring

MHA Group Structure

Acting upon the advice of our external auditor and solicitor, the Management Committee took the decision to end Milnbank Community Enterprises (MCE). This was to reflect the reduction in the level of activity being undertaken in MCE and it was agreed that the remaining wider role related activities (e.g. income maximisation service, café, community halls, food pantry etc.) would transfer over to MHA. MHA has one wholly owned subsidiary company Milnbank Property Services Ltd (MPS).

FIGURE 1 ROLES AND RESPONSIBILITIES WITHIN GROUP STRUCTURE

MHA is the parent organisation, responsible for setting group objectives and policies. MHA is the employer for all staff members working for the group. MHA also shares staff services with the subsidiaries through legal contracts between the parties (for example, for financial management and senior officer support).

MPS

In addition to our landlord role, MHA is also a property factor. Factoring services are delivered by MPS, to safeguard MHA's charitable status. MPS provides property management services for more than 1,300 properties where MHA is the factor. These properties are split almost equally between owner-occupiers and absentee landlords.

The combined efforts of all MHA group members make a substantial difference to our community, as well as strengthening MHA's neighbourhood management and providing local employment opportunities.

Where possible, MHA has sought to fill in the gaps left by the contraction of public services, by providing practical support to residents and our community, with a focus on working at the neighbourhood level.

MHA will continue to support the community but how we do this is likely to change:

- MHA's decisions on wider role must be informed by what it can do to meet the needs of tenants and if its current commitments can be sustained. Our first duty is to provide our customers with quality homes and services, which we know will become more financially challenging in future.
- The Association is not structured or funded to respond to every need that is present in the community. As a result, the affordability of wider role commitments to MHA's overall business needs to be considered which in turn will lead us to having to decide carefully what the priorities are for future support.

These are important questions for MHA to consider, and we will ensure that the Management Committee can discuss them fully in shaping MHA's future role.

Group Structure Governance

As group parent, MHA exercises control over the subsidiaries in the following ways:

- Relationships between MHA and the subsidiaries are governed by formal intragroup agreements
- Appropriate legal documentation is in force to regulate roles and relationships
- MHA controls the composition and membership of each subsidiary board
- The MC approves and monitors the business plans and budgets produced by the subsidiaries
- Summary minutes from all subsidiary board meetings are submitted to the MC.

The group documentation enables MHA to charge the subsidiaries for business support services it has provided to them (e.g. financial and governance support services). MPS is not receipt of any loans provided by MHA and is required to be financially self-sustaining. MPS consistently makes small annual surpluses, with annual gift aid returned to MHA. Financial performance is monitored closely by MHA's finance team, the Audit and Risk sub-committee, and the subsidiary board.

Priorities for 2024/25

Wider Role

- 1) Following the advice of our solicitors, continue to apply the agreed criteria for assessing all remaining wider role commitments and apply these to determine future affordability and sustainability for continued funding. This also applies to future decision-making on proposed new wider role activities and external requests for assistance.

Group Structure Review

- 2) Having completed the review with BTO Solicitors of the role and responsibilities of group members, due to the reduced activity, Milnbank Community Enterprises (MCE) ceased at the 31.03.24.

Factoring/MPS

- 3) Implement the revised business model which represents value for money and recovers costs in delivering the factoring service.
- 4) Conduct an options appraisal to assess the impact of whether to expand the current factoring service.

10. Governance & Organisational Management

Business Plan Objectives

Good governance and efficient and effective organisational management are key to achieving all the objectives set out in the Business Plan. Their overarching importance is described in the following Strategic Objectives:

- To ensure that MHA is financially viable, well-governed, and has the capacity to achieve its objectives for the benefit of customers and the community.
- To enhance the development of MHA staff, while maximising the deployment of available technology as an integral part of our commitment to providing value-for-money and the highest standard of customer service.

Context

Over the full period of the Business Plan, **MHA's governance priorities** will be to:

- To keep listening to tenants and the community, to understand what is important to residents and use their feedback to shape our services and future priorities.
- To ensure we have robust systems for committee reporting and self-assurance, to enable the Management Committee to perform its role.
- To protect and preserve MHA's community-controlled governance model, with residents continuing to provide strategic leadership and oversee MHA's performance.
- To make sure that our Management Committee (MC) continues to acquire and develop the skills and knowledge needed to provide effective leadership and challenge.
- To future-proof our governance, by attracting a new generation of committee members.
- To be fully accountable to our tenants.
- To comply with regulatory standards, in a manner that respects our values and ethos.

MHA's organisational management covers many aspects of how MHA works, from organisational culture and structure, our use of technology, human resources management, staff remuneration, and corporate priorities that cut across all parts of MHA such as equality and human rights, complaints handling and information management.

In these areas, we will preserve and build on the many things that MHA does to a high standard. We will also embrace the need for change and modernisation to ensure MHA is resilient, forward-looking, and capable of continuing to deliver on tenants' priorities following the shocks caused by the cost-of-living crisis and the financial challenges MHA itself faces due to the current and future economic outlook.

Against this background, **MHA's organisational management priorities** will be to:

- Complete the implementation of our new organisational structure and ethos

that is fully aligned to MHA’s objectives, together with a new set of related strategies and policies.

- Maximise value for money, which will involve making the best use of the resources available to us, eliminating unnecessary tasks or procedures to free up staff time, and maximising the benefits for customers and staff from increased use of technology.

MHA’s Governance

Constitution

MHA is a not-for-profit Scottish Charity, registered with the Scottish Housing Regulator, the Office of the Scottish Charity Regulator, and the Financial Conduct Authority.

MHA’s Rules are fully democratic. Shareholding membership costs £1 and is open to everyone living within MHA’s area of operation. We have a large membership (around 780 members). General meetings are always very well attended, with 87 members present at the 2023 AGM.

Management Committee and Structures

The MC is MHA’s governing body. Under MHA’s Rules, the MC consists of 14 elected members and 1 appointed member and must have a minimum of 7 and a maximum of 15 members, including any co-opted members. Elected members generally serve for a three-year term while co-opted members serve until the next Annual General Meeting (AGM) but can re-appointed if the MC agrees this. All committee members are unpaid volunteers, acting for the benefit of our community.

The MC currently has 14 members, as shown below:

Current MC Members and Office-Bearers	Date Joined the MC
Allan Scott (Chair)	01/09/1996
Ann Jenkins (Vice Chair)	20/09/2018
Catherine McGuire (Secretary)	02/09/1991
Rose Tinney (Treasurer)	01/01/2006
John O’Donnell	01/09/1981
Josephine Donachy	01/09/2008
Nick Halls	26/01/2010
May Hutchison	30/09/2010
Alex Young	29/09/2011
Margaret Anderson	19/09/2019
Georgina O’Hara	19/09/2019
Margaret Smith	19/09/2019
Gemma Hay	22/09/2022
Ellen Conwell	22/09/2022

The MC has a balance between long-serving and newer members, and all are residents of Dennistoun or Haghill.

9 MC members are MHA tenants, while a further 4 MC members are factored owners or receive another type of service from MHA. The remaining member is a local resident living within MHA's area of operation, who is neither a tenant nor factored owner of MHA.

MHA's committee structure consists of:

- 1) The **Management Committee** meets monthly to consider and decide strategy, compliance, financial management and policy issues, and to monitor the performance of MHA's two subsidiary companies as required. The MC also meets to discuss service delivery twice yearly to review performance and the quality of service we are providing.
- 2) The **Audit and Risk Sub-Committee** has been reviewed and its purpose is to manage and review risk management and internal and external audit appointments and reports.
- 3) The **Governance Sub-Committee** focuses on MHA's systems for governance and maintains oversight of the Association's engagement with the Scottish Housing Regulator.
- 4) The **Remuneration Committee** meets annually or as needed, to make decisions about staff remuneration and related policies.
- 5) The **Health & Safety Sub-Committee** focuses on all aspects of Health, Safety & Wellbeing (HS&W) in MHA's role as a landlord and as an employer. They also maintain that MHA's HS&W management system is effective.
- 6) **MHA's subsidiary** board is responsible for overseeing the delivery of their respective business plans and budgets, as approved by the MHA MC. The MC maintains strategic oversight of MPS subsidiary

Succession Planning

MHA has a succession planning strategy and an accompanying action plan for the MC, due to be reviewed in 2024/25.

As a place-based organisation, MHA will continue to promote MC membership primarily within the community we serve. Provision is made in the Succession Planning Strategy for seeking members without reference to place of residence should this be required, but it has not been necessary to do this. In attracting new committee members, we want the membership of MC to become progressively more diverse, for example in relation to the spread of age groups on the MC. The intention is that this should help with continuing to sustain a local MC into the future, as well as bringing different perspectives to the MC's work.

We will also meet the regulatory requirement to review existing skills and take steps if there are gaps, we need to fill. We have recruited five new committee members since 2019, with all but one continuing in their roles to the present. Succession planning will be a continuing priority to help us maintain sustainable governance in the longer term.

Leadership Team

The Leadership Team is responsible for the day-to-day management of MHA. It provides support to the MC in making sure that the Committee's overall strategy and priorities are delivered in an effective and efficient way. The Leadership Team members are:

Paul Martin – Chief Executive Officer (CEO)

Linda Sichi – Deputy CEO

Rona Anderson – Director of Asset Management

Chris Chalk – Director of Housing & Community Initiatives

ANO (currently recruiting) – Director of Finance

All Leadership Team members have extensive experience of senior management roles, as shown in the biographical details at Appendix 4, which is accompanied by a chart showing MHA's revised organisational structure effective from 1 April 2024.

Committee Reviews and Learning

All MC members take part in an Annual Skills Audit meeting to help them to reflect on their skills and their contribution to the MC's work, and to identify what support they would benefit from in future.

These confirm the varied range knowledge, skills, and experience that the MC Members have collectively. Learning needs are subject to action plans for individual members and the MC. There is close alignment to the Business Plan, to ensure learning on MHA strategic priorities and MHA's wider operating environment.

Many committee members also take part in external training activities, networking groups, and external conferences and seminars. This shows the high level of commitment committee members have in developing their skills and knowledge.

Self-Assurance

The MC recognises that self-assurance activity plays an important role in fulfilling its governance role. Self-assurance is also the basis for an Annual Assurance Statement submitted to the Scottish Housing Regulator. Further information about MHA's approach is set out in Chapter 12, Strategic Risk Assessment.

Organisational Management

Organisational Review

Over the last financial year, MHA has undertaken an organisational review which has resulted in a reorganisation of our staff teams and other resources. The review is of significant scope, taking in MHA.

The purpose of the review was to review current arrangements and to evaluate whether they meet present and future requirements. We also sought to ensure the proposals were consistent with MHA's financial strategy, as described in Chapter 13 of the Plan.

Other key changes that were implemented as part of the review include:

- Modernising our service delivery, by embedding a strong customer focus in all that we do
- Improving consistency
- Reducing the size of our leadership team
- Expanding the digital options available to tenants and encouraging them to interact with us in this way
- Better use of the technology already available to us, to support achievement of standards and allow staff to work smarter, for example by automating routine tasks and making better use of workflows
- Ensuring that our organisational management strategy and resources are an integral part of how we are developing other corporate priorities, including the Customer Services Strategy and VFM Strategy. It is planned to introduce a balanced score card to assist the Management Committee in scrutinizing and measure performance.
- Develop and implement a new People Strategy to provide a first-class internal communications forum and a fit-for-purpose People Culture.

The review has already resulted in substantial changes, with the remaining changes to be made. This will be a continuing priority due to its importance to MHA's organisational objectives and delivering for tenants in the most efficient and effective way we can.

Pensions

MHA closed the SHAPS DB Scheme in August 2023 due to the ongoing costs and increased risk. The 4 remaining employees were offered pension advice and subsequently moved to the DC scheme.

- We offer a lower cost defined contribution (DC) scheme, which is also the option used for auto-enrolment. This scheme is not exposed to any deficits accruing.

Digital Transformation Strategy

MHA has adopted a Digital Transformation Strategy to allow us to improve the delivery of services and support to its customers. The goal is to enhance the overall experience for residents and streamline work processes for staff.

Our recent Customer Satisfaction Survey found that 93% of MHA customers have internet access, a large increase in the levels previously reported. This presents a great opportunity although we know that tenants across the social housing sector are not always persuaded to use digital to do business with their landlord. The challenge for MHA is to overcome this and we can best do that by clear promotion, accessible services, and a good customer experience.

We currently offer a customer portal that links to our Home Master system. Customers can view housing applications, report non urgent repairs, view their repairs history, review rent/factoring balances, make enquiries and view MHA Newsletter.

Overall, we should recognise that digital transformation can bring significant benefits to MHA, including improved efficiency, better resident engagement, and cost savings. However, it is essential to approach digital transformation strategically and with a clear plan to ensure that the benefits are realised, and any potential risks are mitigated.

Potential risks include:

- A lack of engagement by customers.
- The effects of digital exclusion.
- Concerns about cyber-attacks, data breaches, and digital theft.
- The quality and reliability of digital services
- Digital customers lacking resilience if the technology fails or is unavailable

MHA is keen to advance the use of digital for customers who choose to do so. The challenges for MHA promote digital actively and clearly, ensure that services are accessible and provide a good customer experience.

We also recognise that there will be many tenants who prefer to do business with us in the more traditional ways. Our approach will continue to be “multi-channel” so that individual customers can choose what works best for them. Over time, we would hope and expect to see a greater proportion of customers using digital channels to engage with MHA.

The second main strand of the Digital Transformation Strategy is how we can use technology to work more efficiently. The key areas we are targeting at this stage are the use of automated workflows. This involves implementing software to automate repetitive tasks, freeing up staff time to focus on more complex and critical tasks.

ICT Systems

A Register of all hardware is kept up-to-date and allows us to monitor which staff are in possession of it.

IT Support is outsourced to Euro Systems, who ensure that robust Firewalls are in place, all laptops etc. are encrypted with regular updates.

We have accreditation under the Cyber Essentials programme to provide assurance that our systems are safe from hacking and other forms of cyber-crime. A training programme by Unsecure is being rolled out to all staff to ensure they are always aware of potential dangers from hacking, phishing, bogus links, and attachments, etc. As part of this exercise, all staff have been asked to complete cyber security tests.

Our internal auditors provide external validation of the processes in place.

Support from Euro Systems and Designer Software ensures that all our IT systems and programmes are constantly operational and service delivery is not compromised by any down time.

Business Plan Priorities for 2024/25

GOVERNANCE

The Association's priorities are summarised below.

1) Review of Governance Arrangements

- It is planned that an external consultant undertakes a review of MHA's current governance arrangements to ensure maximum effectiveness and efficiency while ensuring that the Management Committee remains in control.

2) Policy Reviews and Rule Changes

- Review of our governance policies and procedures, to ensure that they are fair, transparent, and meet with regulatory requirements.

3) Succession Planning

- Retain and attract local people to serve on the MC and the subsidiary Board, in keeping with MHA's community-controlled ethos.
- Maximise retention of newer MC members, and any further new members who join in the future.
- Continue with our programme of promotional activities and information, to promote MC membership throughout the community.
- Generate resident interest in membership of the MC from two groups: residents aged under 40; and residents who can offer types of skills and experience that the MC has identified as being desirable.

4) Committee Reviews and Skills

- Conduct the 2024 round of committee member skills audits, using the results to assist with future MC succession planning and committee training priorities.

5) Compliance with Regulatory Requirements

- Using recently published model toolkit guidance maintain and develop MHA's evidence base for Regulatory Standards, ARC and Annual Assurance.
- Maintain the Association's SHR engagement level of "Compliant" with regulatory standards and requirements.

ORGANISATIONAL MANAGEMENT

The Association's priorities are summarised below.

6) Organisational Review

- Finalise the implementation of the remaining stages of the organisational review.
- Monitoring the changes introduced and continuing to evaluate MHA's structure, including its governance and staffing structure, to help identify any inefficiencies, overlaps, or gaps in responsibilities.
- Ensure an integrated approach to current priority work on the organisational review and strategies on value for money, customer services and digital transformation. Ensure that committee reporting enables the Management Committee to have clear sight of how these strands of work fit together.
- At the end of the last financial year, the Management Committee agreed to become full members of EVH (Employers in Voluntary Housing) which involves moving staff terms and conditions to reflect EVH salaries, contracts, HR policies etc.

7) Digital Transformation

- Implement the Digital Transformation Strategy
- Key activities proposed are:
 - Promote the MHA portal to tenants and the benefits of digital
 - Consider how the range of services and information on the portal can continue to be developed
 - Consider whether an MHA app or use of social media could be added to the MHA website as a means of accessing the portal
 - Develop a "worker smarter" dialogue with MHA staff, to identify how digital changes could make us more efficiently free up staff time in our day-to-day processes. Including looking to introduce an Innovation Station to encourage employees' ideas and good practice.

8. 50th Anniversary celebrations

To mark the Association's 50th Anniversary in August 2025, a working group will be established to take forward a range of community celebrations.

11. Value for Money

Links to MHA's Strategic Objectives

MHA's commitment to achieving value for money (VFM) is relevant to the following strategic objectives stated in the Business Plan:

- 1) To do what matters most for tenants, other customers, and the community.
- 2) To manage our assets and resources well, maximising investment in our housing and providing new housing at a time of rising costs and other challenges.
- 3) To enhance the development of MHA staff, while maximising the deployment of available technology as an integral part of our commitment to providing value-for-money and the highest standard of customer service.

MHA's Overall Approach

MHA has a significant number of change initiatives underway at present, with improving value for money a common theme.

This is in part a response to the strong economic pressures that MHA already faces, along with all other social landlords. It is expected that many of these pressures may continue for some time to come.

VFM is also highly relevant in our own organisation. Ultimately, it is about making the best use of the resources already available to MHA, to deliver better outcomes for our customers and enabling more efficient and more rewarding ways of working for the MHA staff team.

To ensure a sharper focus on VFM, we implemented MHA's Value for Money Strategy during 2023/24. This draws together existing work and new initiatives to be presented for Management Committee approval.

How will we know if MHA is achieving good value for money?

This question is at the heart of MHA's approach.

Figure 1 contains several practical statements that are designed to assist the MC in setting VFM goals and assessing the achievement of outcomes.

FIGURE 1: How will we know if MHA is achieving good value for money?

MHA Customers

- Tenants and factored owners express high levels of satisfaction with our services in all our main services areas.
- Tenants find our rents affordable and good value.
- Customers receive a consistently high level of service from MHA.
- MHA has good knowledge about customers expressed needs and priorities.
- MHA deals promptly and fairly with customer complaints and seeks to learn from complaints.
- MHA makes increasing use of technology in our customer services.

MHA's people and organisation

- Our staff work in an efficient and effective way and receive training and support to achieve this.
- We make increasing use of modern technology to help us to work smarter and more efficiently, using tools such as automation and workflows.
- We make changes to our organisational structures to improve outcomes.

MHA's Services

- We seek ways to improve and make changes to our services.
- MHA's services and use of resources are responsive to tenants' priorities.
- VFM Indicators show that MHA is a high-performing organisation in comparison with our peers.
- MHA applies asset management good practice when making decisions about investment and work to our housing.
- Our rents are competitive and affordable and raise sufficient income to deliver high quality services and investment in tenants' homes.

MHA's Resources

- MHA remains a financially viable and sustainable business.
- We set budgets and control expenditure to achieve VFM.
- Our business processes avoid waste and are designed to facilitate efficiency and simplification where possible.
- We get the best value when we are procuring works, goods, and services
- We work in partnership with like-minded organisations to achieve a better VFM.
- We seek to make efficiencies without compromising the overall quality of our services, to help keep rents affordable and support investment in tenants' homes.

How is MHA Performing on Value for Money?

MHA performs to a good standard in relation to several value for money outcomes:

- Tenant satisfaction levels with MHA’s overall performance as a landlord are 91.6%, as recorded in the Report from our most recent large-scale satisfaction survey carried out in 2023.
- Average rents are significantly lower than our peer group and the national averages.
- MHA rents generally pass the affordability tests we have set, based on working tenants earning the National Living Wage. MHA’s rents were regarded by 95% of respondents as representing good value in the recent satisfaction survey.
- MHA’s Charter performance results over the last three years generally compare favourably overall with our peer group and the national averages, but void management and rent arrears are important exceptions where significant improvements are needed.

MHA uses Scottish Housing Regulator datasets ³ to compare our performance and costs with other social landlords. The organisations we use as our peers for benchmarking in relation to the Scottish Social Housing Charter are as follows.

Benchmarking Peer Group	Govanhill HA	Partick HA
	Maryhill HA	Shettleston HA
	Milnbank HA	Southside HA
	Parkhead HA	Tollcross HA

Each of these organisations is a community-based housing association based in communities across Glasgow. The eight housing associations have a similar profile, based on their size, ownership of a mixed stock portfolio of pre-1919 tenements, GHA stock transfers (other than Partick HA) and new build development.

Later in this Chapter, we use an east end peer group when comparing rent levels, as shown below, since it is more meaningful to compare rents at a more local level, to understand how a housing association’s rents compare with its near neighbours.

East End Rents Peer Group	Milnbank HA	Thenue HA
	Parkhead HA	Tollcross HA
	Shettleston HA	West of Scotland HA

For each of the **VFM indicators shown** in the following table, we compare MHA’s performance with the average results for the peer group and with national average results. The chosen indicators each contribute to one (and sometimes more than one) of

³ Annual Return on the Charter (ARC) and Analysis of Annual Financial Statements (AFS)

the value for money principles of efficiency, positive financial impact and value to the customer.

Appendix 6 contains more detailed information, for reference.

TABLE 1

VFM Indicators

Average Results for the 3-year period 2020/21 to 2221/23 (source: Annual Return on the Charter)

↑ MHA result is **BETTER THAN** the compared average

↘ MHA result is **MARGINALLY POORER THAN** the compared average

↓ MHA result is **SIGNIFICANTLY POORER THAN** the compared average

	MHA compared with Scottish average (SNA)	MHA compared with peer group average (PGA)
EFFICIENCY		
Time to complete emergency repairs	↑	↑
Time to complete non-emergency repairs	↑	↘
Tenancy offers refused	↑	↑
Time taken to re-let empty properties	↑	↘
FINANCIAL		
Collection of rent that is due	↑	↑
Gross rent arrears due	↘	↘
Rent loss through empty properties	↑	↑
VALUE TO THE CUSTOMER		
Tenant satisfaction with overall service provided by landlord	↑	↑
Tenants who feel the rent paid is good value for money	↑	↑
Properties meeting the SHQS	↘	↘
Tenants satisfied with quality of their home	↑	↑
Tenants satisfied with repairs service	↑	↑
New tenancies sustained for more than a year	↑	↑

Compared with the Benchmarking Peer Group, MHA’s strongest and weakest areas over the three-year period were:

MHA Strong Performance	MHA: Poorer Performance
<ul style="list-style-type: none"> • Repairs completed promptly • Lower rate of housing offers refused • New tenancies sustained for more than one year (homeless applicants and all new tenants) • Gross rent arrears due • Rent loss because of empty properties • Tenant satisfaction <ul style="list-style-type: none"> ◦ Overall satisfaction with landlord performance ◦ Tenants who feel the rent paid is good value for money ◦ Tenants satisfied with repairs service ◦ Tenants satisfied with quality of their home 	<ul style="list-style-type: none"> • Stock to staff ratio • Properties meeting SHQS and EESSH

MHA's Costs

Table 2 compares various elements of MHA's costs with the average for the Benchmarking Peer Group. The data source is each organisation's audited Annual Financial Statements for 2021/22 as published by the Scottish Housing Regulator.

MHA's results are ranked at or near the bottom of the peer group for each of the seven measures shown. For staff costs as a percentage of turnover, the comparison is not like with like due to MHA's employment of direct labour staff.

TABLE 2: MHA's Costs Compared with Benchmarking Peer Group

	Milnbank HA	Peer Group Average	MHA Rank 1 to 8 8 = poorest result
Turnover per unit (£)	£4,210	£4,990	7
Staff costs / turnover (%)	39.8%	24%	8
Gross surplus / (deficit) (%)	- 4.3%	11%	7
Net surplus / (deficit) (%)	- 14.7%	5%	8
Debt per unit (£)	£12,717	£9,547	7
Management and Maintenance Administration cost per unit	£2,135	£1,544	8
Total management and maintenance cost per unit (MM Admin + MM Direct costs)	£3,634	£3,015	7

Partnership Working

Partnership working is key to our strategy for creating value for our customers and community and achieving efficiencies in challenging financial times.

MHA has a good track record in this area, for example by establishing a framework with Reidvale Housing Association for reactive repairs and working jointly with Reidvale and Molendinar Park to jointly procure gas servicing contracts for all three associations.

The financial pressures facing social landlords in the coming years are such that identifying further suitable opportunities for partnership working is very much on the table, as a possible route for achieving efficiencies that can be re-invested in achieving our core landlord objectives. This will be given full consideration in the course of reviewing MHA's Value for Money Strategy during 2024/25.

Rent Levels and Rent Affordability

Guiding Principles

The Association's approach to rent-setting is based on the following principles:

- Keeping rents affordable, particularly to those working for low wages and who pay some or all their rent themselves
- Keeping rent increases to the level needed to provide high quality services and homes, in line with tenants' expectations
- Keeping MHA's rents competitive in comparison with those of other housing associations

- Making sure MHA has sufficient income to meet our obligations to tenants and funders, invest in our housing and maintain headroom to manage future financial and economic risks.

The balance between these factors is changing. MHA has a long history of charging some of the lowest rents in Glasgow and Scotland as a whole, but as this was no longer financially sustainable, an above inflation increase has been applied to rent charges during 2023/24 and 2024/25. The rent levels will continue to remain a key priority for the Management Committee. Also, we will continue to seek efficiencies in our costs to reduce future pressure on future rent increases needed.

While MHA has a healthy cash position, this is the result of the borrowing strategy adopted during COVID. Funds were borrowed primarily to support future major repairs and investment works. Looking ahead, work is ongoing in strengthening MHA's future cashflows, particularly when rising costs and future net zero investment requirements are considered.

Chapter 13 (Financial Projections) sets out in detail MHA's assessment of future rental income required, and how these fits with the Association's wider financial strategy.

Rent Restructuring

MHA completed a rent restructuring exercise in 2022, to change future rent charges across all our housing stock. The rent restructuring did not alter global income, instead its purpose was to rationalise rent charges so that rent levels for individual properties of the same size and sharing the same characteristics were set in a fair and consistent way.

2024/25 is the second year of implementation. Tenants whose rents are due to increase because of the restructure will have the increase phased in over seven years. Therefore, some tenants will have rent increases that include the phasing-in element, in addition to the standard annual rent increase amount set by the Management Committee.

MHA Rent Levels and Rental Comparisons

MHA's average rents from 1 April 2024 are shown below, alongside the equivalent figures for 2023/24.

TABLE 3
Average MHA Rent Levels and Increases 2023/24 to 2024/25
(including Rent Restructuring Movements)

a) Monthly

	1 Apt	2 Apt	3 Apt	4 Apt	5 Apt
2023/24	£271.55	£304.81	£338.48	£382.92	£389.79
2024/25	£295.53	£327.43	£360.01	£404.04	£411.49
Increase (£)	£23.98	£22.62	£21.53	£21.12	£21.70
Increase (%)	8.1%	6.9%	6.0%	5.2%	5.3%

b) Weekly

	1 Apt	2 Apt	3 Apt	4 Apt	5 Apt
2023/24	£62.67	£70.34	£78.11	£88.37	£89.95
2024/25	£68.20	£75.56	£83.08	£93.24	£94.96
Increase (£)	£5.53	£5.22	£4.97	£4.87	£5.01
Increase (%)	8.1%	6.9%	6.0%	5.2%	5.3%

TABLE 4
Comparison with Peer Group and National Averages

The most recent available weekly rent comparisons with other landlords are for the year ending 31 March 2023. These demonstrate that MHA’s rents are not just lower than the peer group and national averages but substantially lower.

	1 Apartment	2 Apartment	3 Apartment	4 Apartment	5 Apartment
Milnbank HA	£57.56	£65.45	£72.92	£83.39	£85.07
Peer Group Average	£65.71	£75.91	£85.52	£100.18	£112.09
MHA vs Peer Average	£8.15	£10.46	£12.60	£16.79	£27.02
	LOWER	LOWER	LOWER	LOWER	LOWER

	1 Apartment	2 Apartment	3 Apartment	4 Apartment	5 Apartment
Milnbank HA	£57.56	£65.45	£72.92	£83.39	£85.07
Scottish Average	£78.26	£83.46	£86.28	£93.96	£103.72
MHA vs Scottish Average	£20.70	£18.01	£13.36	£10.57	£18.65
	LOWER	LOWER	LOWER	LOWER	LOWER

An expanded version of Table 4 is included at Appendix 7. This shows how MHA average rents compare with each of the various east end landlords included in the summary above.

MHA tests the affordability of our rents by calculating how much of a tenant’s income would be spent on rent, assuming one full-time wage per household and earnings at the National Living Wage. We judge rent to be affordable if 30% or less of net earnings is spent on rent. This is a mid-point benchmark, with SFHA guidance on affordability suggesting that 25%, 30% or 35% of net earnings can be used when testing rent affordability.

Applying these assumptions to 2024/25 rent levels for the rents charged for every individual MHA property produces the following results:

TABLE 5
Rent Affordability for MHA Rents 2024/25

Size	Median affordability %	Best affordability %	Highest affordability %	% of all MHA rents meeting the 30% test
1 apt (41 properties)	18.8%	18.0%	19.7%	100%
2 apt (566 properties)	20.8%	15.8%	24.8%	100%
3 apt (811 properties)	22.9%	17.3%	26.4%	100%
4 apt (238 properties)	25.7%	19.3%	28.5%	100%
5 apt (13 properties)	26.1%	24.1%	28.2%	100%

Key points

- Rents for all MHA properties) passed the 30% rent to income test.
- Only 3% of MHA rents had a rent to income score higher than 25%. The highest rent to income score was 28.5%
- The median (middle value) per house size ranges from 18.8% of earnings for 1 apartment to 26.1% for 5 apartments. There are small numbers of both these house sizes.
- MHA’s most common house sizes are 2 and 3 apartments, where the spend on rent is calculated to be 20.8% and 22.9% respectively.
- Over time, the rent restructuring will change the results shown for larger house sizes. Out of a total of 251 4 and 5 apartments, the target rent will be lower for 239 properties.

It should also be noted that some working households on low wages will be entitled to receive housing benefit or Universal Credit towards their housing costs, particularly if they have children. Benefits receivables are not included in the calculations shown above because all rents pass the 30% rent to income percentage, based on earnings alone. Including income from benefits would increase household income and there improve the rent to income results shown above. Similarly, pensioners on very low incomes may be eligible to receive pension credits and housing benefit.

Conclusions: VFM Areas to Consider and Develop

MHA is currently taking forward several pieces of work to address and improve value for money, as noted in the concluding section of this Chapter on priorities.

Our work will be informed by several factors:

- 1) We need to have conversations with our tenants in the coming year to understand what their needs and priorities are, to make decisions about where we can provide better value for money.
- 2) MHA's very low rents has started to be addressed during 2023/24 and again for 2024/25. These increased rents are important for us to assure tenants that we are taking action to limit increases in our costs where we can.
- 3) The recent rental increases help us to cover MHA's operating costs and to fund investment in the housing stock at the level needed. Sharp increases in maintenance costs are creating further pressures along with spending needed in the medium term to meet Scottish Government requirements on the decarbonisation of housing.
- 4) MHA has substantial cash reserves due to the early drawdown of private finance. The primary purpose is to enable continued investment in tenants' homes. We must avoid using cash reserves to offset MHA's running costs and alongside real terms increases in rents we must reduce non-essential expenditure.
- 5) Following on from our recent organisational review, we must continue to give careful attention to our resources for delivery, and how we can best align them with tenants' priorities and MHA's our Business Plan objectives. We need to consider why our costs are generally high in relation to our peers while our performance in generating surpluses has been poorer.
- 6) There is scope to make better use of our IT, to help staff to work smarter and deliver better results for tenants.
- 7) We have experience of joint procurement of maintenance works with neighbouring housing providers. We are well positioned to do more work of this type.
- 8) The current economic situation has resulted in sustained high increases in repairs and maintenance costs. These circumstances require us to consider whether to slow down certain types of major repairs, while pricing continues at levels that do not represent value for money and will reduce the scale of future programmes over time.
- 9) When we seek efficiency, we must do so with care. If we make the wrong judgements, we may struggle to maintain levels of service, performance, and tenant satisfaction.

In these circumstances, the pursuit of value for money must be consistent with our wider objectives.

Business Plan Priorities for 2024/25

Over the three years of this Plan, actions to address VFM issues will include continuous improvement work as well as new initiatives that have the potential to improve our business efficiency and to align our activities and spending closely to tenants' priorities. In 2024/25, our priorities for addressing VFM issues are as follows:

Value for Money and Discussions with Tenants

- 1) Develop an MHA-wide VFM Strategy, to set priorities for future initiatives and create a framework for ensuring VFM objectives are taken forward robustly in all parts of MHA's business. Annual reporting to the MC on the overall VFM Strategy.
- 2) Hold conversations with our tenants to understand what their needs and priorities are, to inform decisions about where we should provide better value for money

Improving Performance

- 3) Build on the recent positive ARC figures to continue to improve performance achieved on VFM indicators.

Costs and Efficiencies

- 4) Keep firm control over MHA's running costs and reduce non-essential expenditure, to maximise the resources available for investment in tenants' homes.
- 5) Consider current procurement costs in determining the scale and time of major repairs contracts, including judgements about whether some types of works may need to be deferred.
- 6) Seek opportunities for efficiencies in procurement costs through partnership working with other community-controlled housing associations.

Rents

- 7) Continue with the MHA rent structure as this seeks to make our rents fairer and more consistent.
- 8) Continue to review our Rental income so that it covers MHA's operating costs and funds investment in the housing stock at the level that is needed. Work will continue in reviewing future rent increases to increase MHA's current low rents to a level that will bring MHA's income and costs into a more sustainable balance and continue to offer tenants good value for money.
- 9) Test rent affordability against the MHA benchmark that a working household (one full-time earner on the National Living Wage) should not spend more than 30% of their net earnings on rent. In 2024/25, all MHA rents pass this test comfortably, which provides some headroom for the future increases that will be needed.

12. Strategic Risk Assessment

Context

Considering strategic risks is an essential part of the Business Plan. It helps to identify possible barriers to achieving MHA's objectives and what we may need to do to protect tenants' interests and the Association's resources.

There is an element of risk in most activities that social landlords undertake and risk can arise because of internal and/or external factors. The financial and political climate, changing attitudes in society, legislation and regulation, and new technologies can all affect the level of risk MHA is exposed to.

External economic risks and uncertainties are particularly challenging at present. While MHA cannot control these, we must monitor and assess their potential impact and apply appropriate risk mitigations where this is feasible. Regular stress testing of the financial business plan is critical in understanding how different strategic scenarios could affect us. While risk can be defined in both financial and non-financial terms, significant financial risks are particularly important because of the implications for organisational viability.

Risk Management System

MHA has a well-developed risk management system (RMS), the key elements being:

- An overarching **Risk Management Strategy**, reviewed annually by the MC. A copy of the Risk Management Strategy can be found by following this [link](#)
- A **Strategic Risk Register** reviewed monthly by the Leadership Team and the Audit and Risk sub-committee and then again as part of preparing the Business Plan.
- **Periodic reviews** of the RMS by internal audit. The most recent review took place in 2021 and concluded that there were no issues to report.

The Register follows HM Treasury guidance by quantifying risks based on **inherent risk** (the risk if no action is taken) and **residual risk** (the risk that remains after measures to control it are applied). The scoring method for doing this is shown in Appendix 8 and in MHA's Risk Management Strategy.

MHA's Top Ranked Risks

Table 1 shows the calculated residual risk scores for those strategic risks that MHA has ranked most highly.

The risks shown are analysed in detail in MHA's Strategic Risk Register which addresses:

- What each risk involves and its possible consequences
- MHA's existing controls and assurance for each risk
- Future action that is planned to manage each risk.

TABLE 1: MHA's TOP 9 RISKS**STRATEGIC RISK REGISTER: SUMMARY RESULTS (as at June 2024)**

	RISK	RESIDUAL RISK SCORE
1a)	Severe deterioration in external economic conditions (e.g., because of the pandemic recovery, cost of living crisis etc.). <i>Residual Risk Score Likelihood: 4 Impact: 5</i>	25
1b)	Loss of rental income & higher rent collection costs due to UC & other factors. <i>Residual Risk Score: Likelihood: 4 Impact: 5</i>	25
3)	MHA fails to comply with legal or regulatory requirements. <i>Residual Risk Score Likelihood: 4 Impact: 5</i>	24
4)	Asset Management – Insufficient resources for Asset Management to manage standards and residents' expectations. <i>Residual Risk Score Likelihood: 4 Impact: 5</i>	24
5)	Development – Development activity with low grant rates, limited access to funding & private finance. <i>Residual Risk Score Likelihood: 4 Impact: 4</i>	20
6)	Rent levels – Are not sufficient to provide services & investment at the level that is needed. <i>Residual risk score Likelihood: 4 Impact: 4</i>	20
7)	IMO Service – demand for this service increases sharply as more tenants move to UC. <i>Residual Risk Score Likelihood:4 Impact:4</i>	20
8)	IT Security and failure of IT system <i>Residual Risk Score Likelihood: 4 Impact:4</i>	20
9)	Factoring – costs for owners associated to common repairs & energy efficiency requirements. <i>Residual Risk Score Likelihood: 4 Impact:4</i>	20

The drivers for the various risk factors vary and this will influence our response:

Risks 1a, 4 and 7 are caused primarily by external factors

- MHA has limited control over the occurrence of these types of risks but must monitor them carefully and take steps to mitigate them where this is possible.
- Risk 4 (climate change response) is particularly difficult to judge at the present time. The Scottish Government has still to confirm what standards social landlords are required to meet and there are major uncertainties about costs, funding, and technology. It is likely the current assessment of risk may change as and when

these matters become clearer and MHA's own role in delivery grows.

- New external risks are emerging constantly at present, and this will require continued vigilance.

Risks 1b and 3 have both internal and external causes

- For example, Universal Credit is an external cause/pressure, while managing rent arrears is within our direct control albeit made more difficult by the nature of Universal Credit and the impact of the cost of living on household incomes.

Risks 3, 6, 8 and 9 may involve external pressures but MHA has a higher level of control over these types of risks

- For example, reviewing and revising future rent levels, achieving value for money, and meeting statutory stock safety requirements are all matters within MHA's control.
- The level of control can also be changeable. For example, a repetition of the 2022 government intervention in rent-setting by social landlords would add substantially to risks.

Risk Appetite

The Management Committee (MC) has ultimate responsibility for how MHA reviews and acts upon strategic risks. This requires the MC to have a clear view of its tolerance for different types of risks, and to make judgements about the balance between risks and the potential benefits that different types of activities might involve.

As described in Chapter 4, the strategic direction set by the MC involves:

- Consolidating, developing, and improving the performance of MHA's core business as a housing provider and property manager
- Sustainably addressing community support needs in Dennistoun and Haghill, through MHA's role as a community anchor organisation and in partnership with other service providers
- Pursuing new housebuilding opportunities at a relatively modest scale. Such opportunities should be financially viable, help to regenerate our area, and enable MHA to respond to a wider range of housing needs.
- Safeguarding the resilience of our business through challenging economic times.

Discussions during the development of the Business Plan have indicated that the MC has a **moderate and prudent appetite for risk, but it is not risk averse.**

The overall emphasis from a risk perspective is on protecting and improving what we do, while also being willing to pursue new opportunities where this contributes to our strategic objectives provided this is within acceptable levels of risk.

The MC recognises that MHA's plans to develop new homes in the next year will involve additional risks and require a specific risk management approach. This will be reflected in the information that the MC receives and in its scrutiny of proposals. An example of this was the MC recently carried out a financial appraisal on the proposed Haghill Primary School development. This appraisal included the SHR guidance development requirements.

Self-Assurance and Audit

MHA's approach to risk management is evident in our policies, procedures and working practices.

The Association prepares for the submission of its Annual Assurance Statement to SHR by carrying out ongoing work to provide self-assurance about compliance with the Regulatory Framework. This work is reported to the Governance Sub Committee. This includes seeking external assurance/validation on key aspects of MHA's activities including:

- Financial Business Planning – external validation
- Annual Return on the Charter (ARC) – external validation
- Employment and Health & Safety – external advisor
- External Audit of Financial Statements
- Internal Audits carried out as part of a three-year rolling programme confirming no material or significant issues
- Legislative, regulatory, and general legal advice
- Borrowing arrangements with GB Social Housing and Nationwide in place without onerous covenant compliance requirements
- Comprehensive Tenant Satisfaction Survey carried out by external contractor indicating high levels of tenant satisfaction (as confirmed in the 2023 Survey results)
- Comprehensive Stock Condition Survey to individual properties and common areas.

Our external auditors (Azets) internal auditor framework provides scrutiny and challenge in the course of their duties. In addition, the Leadership Team are charged with conducting compliance checks across the Association on an ongoing basis.

The internal audit three-year programme ended in March 2024. During the three-year period a range of MHA business areas and services were audited and reported to the Audit & Risk Sub-Committee. For the next three-year programme, it is planned to devise an Internal Audit Framework to allow for a range of consultants who can be approached depending on the internal audit.

The internal audit strategy will continue to be monitored monthly by the Leadership Team and reported to the Audit and Risk Sub-Committee. In addition, a separate session to review the Internal Audit Strategy was held in March 2024.

Business Plan Priorities for 2024/25

- 1) MHA will commence Year 1 of our internal audit programme which will cover the following business areas:

Housing Services	<ul style="list-style-type: none">• Rent setting and affordability, compliance with sector best practice• Arrears management and Welfare Reform/UC frameworks• Allocations management and tenancy sustainment processes• Tenant and customer engagement
Development	<ul style="list-style-type: none">• Procurement Framework
Wider Action	<ul style="list-style-type: none">• Management controls, planning and monitoring for all non-housing activities

- 2) The Leadership Team will hold a monthly risk review meeting and report to the Audit and Risk sub-committee, which will continue to oversee MHA's work on risk management, audit, and assurance.
- 3) As well as tracking MHA's highest risks, the sub-committee will also review any material changes to existing risks, any new risks that have emerged, and any areas where action is needed to safeguard the interest of MHA and its service users.
- 4) MHA will consider how best to assess and report on higher risk impact business areas. In 2024/25, these business areas will be:
- a. Rent levels and collection (including risks associated with Welfare Reform and economic factors impacting on our tenants)
 - b. The resources needed to fulfil our Asset Management requirements.
 - c. Development proposals for new housing
 - d. Ensuring MHA continues to comply with legal and regulatory requirements.

13. Financial Plans and Projections

Background

The attached financial projections have been prepared during what continues to be a challenging period for the organisation, its staff, and its tenants. Although the rate of inflation has dropped to the Bank of England target and interest rates have stabilised at a 16-year high, the effect of the cost-of-living crisis on our customers and business cannot be underestimated.

MHA appreciate that even as inflation does start to come down that does not mean prices will fall. It just means that they stop rising as quickly.

The ongoing conflicts in Eastern Europe and the Middle East may have further economic consequences in the year ahead and adjustments may have to be made if Committee and the Leadership Team decide that it is appropriate.

There is continued uncertainty over grant availability, with the recent budget announcement by the Scottish Government included a cut in the funds available for social housing. Funding has still to be agreed for the planned development at Haghill Primary School and our position remains unchanged that we will only proceed with this project if we receive the correct level of grant funding from the Council. Our Financial performance has improved significantly in 2023/24 which together with strong liquidity (£6.3m in Bank 31 March 2024), means that the association remains in a strong position to respond to the financial challenges ahead.

MHA will continue to deliver on building safety, decarbonisation (if feasible and financially acceptable), and stock quality commitments as well as continuing if affordable to invest in building new homes. the ongoing economic uncertainty will reduce our financial headroom and will reduce our capacity to manage any additional financial shocks. That only makes it more important for MHA to vigorously pursue cost efficiency and value for money. Which we intend to continue to do in 2024/25 and beyond.

Integrity of the MHA Financial Model

In carrying out their work HRC have tested the integrity and accuracy of the MHA business plan model. This involved recalculating the business plan cashflow outputs on a sample basis using the Brixx Financial model. HRC found the plan to be satisfactory in this regard.

HRC have again stressed the need for constant monitoring of the financial projections to enable the plan to be revised if circumstances change. Whilst it is useful to have a static benchmark against which to judge actual performance. It is equally to regularly review and reforecast financial projections to incorporate any changes in inflation, interest rates and maintenance costs which may impact on the plan.

New Build

The current projections include an opportunity for new build that exists in Haghill.

The Association acquired the site from City Property in March 2022. Proposals have been prepared, taking account of housing needs and demand, and pre-application discussions have taken place with the Planning Department. The proposals assume a 48-unit development. A cost plan and life cycle costing have been produced by the Project Surveyor, but this will require updating as the project progresses

Our current analysis is that this development opportunity can be supported from our existing cashflow. We are aware that cashflows can be put under pressure through building cost inflation, insufficient grant levels and building standards that require more costly building components. Sensitivity analysis has been undertaken to consider the effects on cashflow of increases in build costs, reducing grant levels and increases in major repair costs. In all cases the cashflows remain positive.

The current funding strategy is that MHA will fund their share of development costs from their cash reserves. However, discussions with Unity Bank have taken place and the bank has indicated that they would be willing to fund this project. We have 370 unencumbered houses that could be used to provide security for any future loans.

Financial Objectives

This chapter provides an overview of the Association's financial performance and future projections, as set out in full in **Appendix 9** of the Business Plan. Appendix 9 should be referred to for a comprehensive statement of the financial aspects of the Business Plan.

The 30-year budgets are based on the following objectives:

- To provide quality homes at affordable rents for tenants.
- To protect the health and safety of our tenants and staff.
- To provide a high quality and responsive management and repairs service which also provides value for money.
- To ensure that improvements and major repairs are provided for and carried out as required to protect existing investment in our stock.
- To consider new business opportunities which meet the objectives of the Association and contribute positively to its financial viability.

The budgets are also based on the following financial objectives

- To maintain a minimum cash balance of £2 million, but as a minimum to ensure that the Association always has sufficient cash reserves to meet its obligations as they arise,
- To always comply with all lending terms of GB Social Housing and the Nationwide Building Society.
- Work to budgets, protecting cashflow and make good use of resources.

Budget and Assumptions for 2024/25 and Beyond

The financial forecasts consider the potential effect of the current economic environment. A full list of the assumptions is attached at Appendix 9. The projections have been updated since the 5YP were submitted to SHR in May 2024. The changes in assumptions include: -

- Reprofitting of development spend and HAG drawdown to reflect 2025 site start

- Reduction in management and reactive per unit costs for the new build properties to reflect an incremental increase in management costs and the condition of the new properties that will not require the initial budgeted spend of £639 per unit.
- Uplift in total rental income for new build properties of £1,700 and
- A provision for major component replacement for the properties in Haghill which were not previously provided for.

Multipliers

The business plan model employs multipliers to provide 'real' increases in costs for reactive, cyclical, major repair, and reactive costs, as noted below.

Year	Cyclical	Major Repair	Reactive
2-30	0.50%	0.50%	0.50%

Inflation and Interest Rate assumptions

2% Inflation per the Bank of England target has been assumed from 2025/26. We have assumed that interest rates of 5% in 2024/25 and in the long term is assumed to be 4%. MJA loans are 100% fixed.

Starting Number of Houses

The financial projections assume that MHA own 1,676 properties at 31 March 2024 as detailed below:

	Number
General Needs	1,678
Shared Ownership	2
Total	1,680

Opening Rents

These are based on the average rent as at 1 April 2024 as detailed below.

House Type	Rent
General Needs	£4,254.00
Shared Ownership	£4,000.00

Rent Increase Assumptions

We are aware that rent affordability is a concern to our tenants and we will continue to address this issue going forward. The pandemic, Brexit and the cost-of-living crisis have had an adverse effect on our tenants' lives, many of whom are struggling financially. Our current rent policy is noted below.

The increases reflect the fact we have some of the lowest rents in Scotland. The unfortunate fact is that our rents must increase to ensure viability and the future investment in our homes.

	Rental Policy
All Houses	Inflation +1.5 % Yrs. 2 to 6
All Houses	Inflation + 1% Yrs. 7-30

Our business faces many challenges ahead many of which are out of our control. These challenges include the drive to decarbonise heating in our homes, problems in the supply of labour, materials, and the continuing spiral of maintenance costs. This combination makes rent increases inevitable.

The SHR comparison tool highlights that MHA's rents are materially lower than Wheatley Glasgow and the Scottish Average rent as highlighted in the tables below.

2022/23	MHA	WHG	Difference
1A	£57.56	£74.51	-29%
2A	£65.45	£85.22	-30%
3A	£72.92	£91.28	-25%
4A	£83.39	£105.90	-27%
5A	£85.07	£115.99	-36%

2022/23	MHA	Scot Ave	Difference
1A	£57.56	£78.26	-36%
2A	£65.45	£83.46	-28%
3A	£72.92	£86.28	-18%
4A	£83.39	£93.96	-13%
5A	£85.07	£103.72	-22%

Bad debts and voids

These take account of our current performance of (Voids 0.5% and bad debts 0.1%) but reflect the potential downside of the economy. Additional headroom has been built into these assumptions as shown below.

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30 +
Bad Debts	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Voids	0.84%	1.00%	1.00%	1.00%	1.00%	1.00%

Other Income

As noted below which is assumed to increase each year by inflation.

	2024/25	2025/26	2026/27	2027/28	2028/29
Stage 3 Revenue Grants	£55,000	£60,500	£60,500	£60,500	£60,500
Wider Role Grants	£50,000	£0	£0	£0	£0
Carbon Footprint Nursery Rent	£50,000	£50,000	£50,000	£50,000	£50,000
Service Level Agreement MPS	£356,850	£356,105	£356,105	£356,105	£356,105
Other Income	£30,000	£0	£0	£0	£0
Total Other Income	£541,850	£466,605	£466,605	£466,605	£466,605

Maintenance

The health and safety of our tenants is also of paramount importance and at present, we individually assess and consult with each tenant before we can deliver any of our future investment plans (including cyclical and reactive maintenance programme.)

The Business plan has been supported by an updated stock condition survey provided by Grant Murray Architects in 2022. Tenant safety is at the forefront of people’s minds, now more than ever. MHA confirm that sufficient provision has been made within the plan for heat/CO2, smoke detectors and all other obligations they must meet re the tenant’s health and safety. However, it is inevitable that new safety standards will be introduced in the future, particularly as a result of the learning from the Grenfell disaster that may impact expenditure required in the plan.

The projected level of investment spend (£47,900 per home over 30 years) does not appear to be unreasonable and is similar (but slightly higher) to rates assumed by other RSLs in their projections. However, the sector has seen unprecedented rises in all repair costs (well in excess of inflation) and MHA should continue to monitor repair costs and update their projections when appropriate.

There is no provision within the maintenance costs for delivering the required improvements in energy efficiency targets. MHA will not lose sight of the commitments we make to existing tenants and our obligations to deliver improvements in energy efficiency. Helping to reduce energy consumption, fuel poverty and the emission of greenhouse gases for their tenants will inevitably require grant support from the Scottish Government

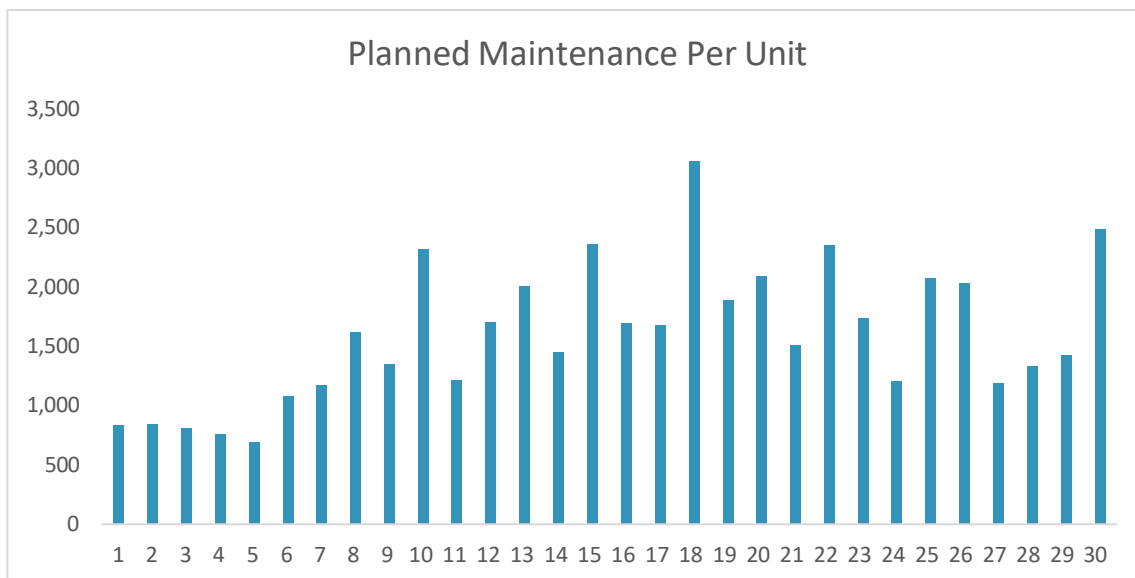
Planned Maintenance (Capitalised and Uncapitalised)

Planned Maintenance	2024/25	2025/26	2026/27
Capitalised	£550,000	£519,825	£915,744
Non-Capital	£850,000	£885,574	£434,560
Total	£1,400,000	£1,405,399	£1,350,304

Grant Murray Architects undertook an internal survey of approximately 80% of our homes and 100% external surveys. This has helped us to ensure that future investment decisions are based on reliable and current data.

The survey identified the current condition of the houses and made recommendations as to the estimated replacement dates for each of the main building components. A schedule of rates was agreed and these have been updated to reflect the increases in maintenance costs.

The Grant Murray report concluded that the housing stock can be considered to be in reasonable to good condition. The business plan now assumes an average investment of **£47,900** per property *including Fees & VAT*). over the next 30 years as profiled in the graph below.



We will continue to review our asset management strategy (e.g. assessing stock condition and performance), taking account of the recent SHR Recommended Practice on integrated asset management.

MHA is working to achieve a better and more comprehensive understanding of our homes. We aim to develop a financial model to gain an insight into the value of our assets which will be used as evidence to inform future investment decisions.

Establishing the NPV (Net Present Value) of our homes should be a key component of assessing the long-term viability of assets. Eliminating or reducing the impact of stock with a negative NPV on our cashflow could make a significant contribution to improving our long-term financial position and provide additional financial headroom to invest in our core stock.

Cyclical Maintenance

The cyclical budget (Gas safety, painter work, water management etc) is £1,063,792 per annum.

Cyclical Maintenance	2024/25	2025/26	2026/27
Uninflated costs	£1,063,792	£1,063,792	£1,063,792

Reactive and Void Maintenance

We have budgeted an annual spend of £1,060,653 per annum.

Reactive Maintenance	2024/25	2025/26	2026/27
Uninflated costs	£1,060,653	£1,060,653	£1,060,653

We have provided approximately £90,000 per house of repairs (cyclical, planned and reactive) for each home over the life of the plan, which equates to an average maintenance spend of £3,000 per house per year.

Estate Management Costs

We anticipate that we will spend £410,500 each year on estate management costs. From 2028/29 onwards the costs will reduce by £117,000 as the contract relating to CCTV terminates and will not be renewed.

Estate Management Costs	2024/25	2025/26	2026/27
Uninflated costs	£410,500	£410,500	£410,500

Salary and Overheads

Salary costs are noted below.

	2024/25	2025/26	2026/27
Staffing Uninflated	£1,375,408	£1,375,408	£1,375,408

The salary costs do not include any pension deficit payments which came to an end in 2022/23. Our sensitivities include a version of the plan with an additional £180,000 paid in 2026/27 for the next 4 years. All eligible staff members participate in SHAPS DC. There are no plans to make any changes to the Strathclyde Pension Scheme. This position will be kept under review. Total overhead costs are assumed to be £833,300 in 2024/25. Overhead costs are assumed to reduce by £45,000 once the new build in Haghill completes and the development consultant's role comes to an end. Cost also reduces as we assume reductions in the costs of office heat and light.

	2024/25	2025/26	2026/27
Overhead Costs uninflated	£833,250	£762,250	£716,500

Projections

Statement of Comprehensive Income

A copy of the Statement of Comprehensive Income for the period to 31 March 2054 is attached at Appendix 9. It is predicted that the Association will make operating surpluses every year.

MILNBANK HOUSING ASSOCIATION LTD	2024/25	2025/26	2026/27
Statement of Comprehensive Income	£	£	£
Gross rents, inc SO	7,146,238	7,434,767	7,697,215
Service charges	0	0	0
Gross rents and service charges	7,146,238	7,434,767	7,697,215
Rent loss from voids	(71,462)	(74,348)	(76,972)
Net rent and service charges	7,074,776	7,360,420	7,620,243
Amortised Grant	62,120	62,120	62,120
Other Revenue Grant	0	0	0
Service Level Agreements (MPS & MCE)	356,850	365,008	372,308
Other income	185,000	113,263	115,528
TOTAL TURNOVER	7,678,746	7,900,810	8,170,198

Less Operating Costs:

Management & Maintenance Administration Costs	2,208,658	2,202,055	2,209,015
Cyclical & Planned Maintenance - Direct Costs	1,613,792	1,628,660	2,080,755
Reactive/Voids Maintenance-Direct Costs	1,089,253	1,092,605	1,120,030
Bad debts	60,135	74,264	76,886
Service Costs	410,508	420,770	429,186

Depreciation on S H	727,510	745,631	857,071
Depreciation on Other Fixed Assets-in mgt/maint/admin	44,575	44,575	44,575
Other Costs	383,571	393,160	401,023
OPERATING COSTS	6,538,002	6,601,721	7,218,542
OPERATING SURPLUS	1,140,744	1,299,089	951,656
Gain / (Loss on Sale of Fixed Assets)	0	0	0
Interest receivable and other income	146,272	142,624	119,153
Interest payable and similar charges	828,890	819,711	810,201
Other Finance Charges	(51,164)	(71,294)	(78,971)
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES	509,289	693,296	339,579

Statement of Financial Position

The net assets of the Association at 31st March 2024 are projected at £15.4m. A copy of the updated Statement of Financial Position for the period to 31 March 2054 is attached at Appendix 9.

MILNBANK HOUSING ASSOCIATION LTD	2024/25	2025/26	2026/27
STATEMENT OF FINANCIAL POSITION	£	£	£
TANGIBLE FIXED ASSETS			
Land & Buildings Gross	40,945,702	46,653,415	53,107,747
Less:			
Housing Depreciation	5,799,326	6,544,957	7,402,028
Housing NBV	35,146,376	40,108,458	45,705,719
Other Fixed Assets	829,434	784,858	740,283
	35,975,810	40,893,316	46,446,002
INVESTMENTS	2	2	2
CURRENT ASSETS			
Rental receivables	178,656	185,869	192,430
Debtors	650,746	650,745	650,745
Cash at Bank & in Hand	7,147,625	7,257,392	4,777,083
	7,977,027	8,094,006	5,620,259
CURRENT LIABILITIES			
Loan payable in < 12 months	255,702	274,391	284,241
Deferred Government Grants	62,120	62,120	153,090
Other Creditors	2,891,473	2,891,473	2,891,473
	3,209,295	3,227,984	3,328,805
NET CURRENT ASSETS / (LIABILITIES)	4,767,732	4,866,022	2,291,454
TOTAL ASSETS LESS CURRENT LIABILITIES	40,743,543	45,759,340	48,737,458
LONGTERM LIABILITIES			
Loan payable in > 12 months	(22,025,268)	(21,617,568)	(21,209,197)
Pension Deficit Liability	(239,323)	(231,646)	(231,646)
Deferred Grant Income	(2,555,646)	(7,293,526)	(10,340,436)
NET ASSETS	15,923,306	16,616,602	16,956,180
EQUITY			
Share Capital	789	789	789
Revenue Reserves	15,922,517	16,615,813	16,955,391
	15,923,306	16,616,602	16,956,180

Cash at Bank

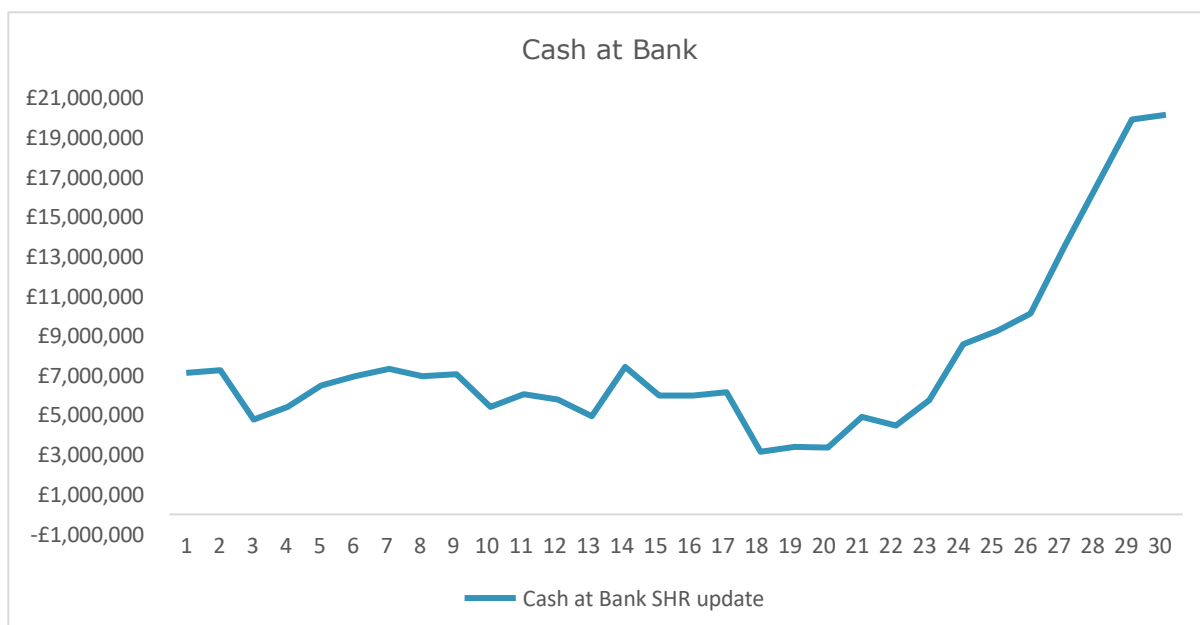
The cost-of-living crisis has rightly brought back into focus the importance of cash for all businesses. Cash at the bank will always remain vital for the financial health of any housing

association and determines what services can be provided for customers. Cash is estimated to start the year at £6.3m.

It is easy to become complacent about the sustainability of cash flowing through the business when cash at bank sits at healthy levels. However, the Association is experiencing considerable increases in maintenance, overheads, and staff costs. However, cost-saving initiatives have been undertaken across the business that are having a significant effect on our financial performance, which is evidenced in our 2023/24 statutory accounts that are reporting a surplus for the year of £71,000.

	2024/25	2025/26	2026/27
Cash at Bank	£7,147,625	£7,257,392	£4,777,083

A copy of the updated cashflow for the period to 31 March 2054 is attached at appendix 9. The lowest cash at Bank is recorded as £3.3m in 2043/44. Cash at bank averages £6.4m in first 3 years of the plan.



Whilst it is inevitable that increased investment in decarbonisation and any other legislative changes required by Government relating to tenant safety may require increases in rents, we will do everything possible to be efficient and drive down costs from the business before passing the burden on to our tenants. We believe that budgetary control and best value are the keys to our future.

The Management Committee will establish and develop a series of **"Golden Rules"** to protect viability and this will include a defined minimum of cash at bank. For example, cash levels will never fall below £1.5m.

In simple terms, Golden Rules is the term used to describe the key financial ratios that MHA will seek to maintain to ensure that its treasury management activity is effective, by providing adequate liquidity, appropriate management of risks and proper compliance with the terms within our loans.

Loans

Opening loans are Loans are £19m and are projected to end the year at 31 March 2025 at £18.78m as noted in the table below.

Nationwide	£6,181,936
GBSH	£12,600,000
Total	£18,781,936

- All loans are fixed
- The Nationwide BS is due to be repaid in 2041 and is fixed at 3.59%
- GBSH loans are bond finance and interest is paid throughout the term of the loans (£8.5m 2038 and £4m 2047)
- The loan to Milnbank is funded by an issue of GBSH Secured Loan Notes with an interest rate created by Trust Deed with BNP Bank Paribas on 13 November 2012. UK Treasury Gilt has decreased significantly since November 2012 thus the notes are issued at a premium.
- Included in loan creditors is a bond premium that is amortised over the life of the GBSH loan
- No corporate lending covenants apply
 - NBS have not set any covenants
 - Level of asset cover provided to GBSH allows for only an asset cover and a net income test on charged properties.
 - JLL have confirmed that both the asset cover and net income test are met for the GBSH loans.

Although we have no loan covenants establishing a set of Golden Rules around Interest cover and gearing will provide additional internal controls for the business. They will alert the management committee to any potential issues of underperformance or concerns over viability.

Sensitivity Analysis

It is important that we can respond to the evolving and significant challenges which we are experiencing as a result of the cost-of-living crisis and high inflationary pressures in maintenance costs. In this section we consider the impact on the business plan of a major change in one or more variables to see what impact this would have. The assumptions underlying have already been made to reflect increases in bank rates and maintenance costs.

Some of the scenarios below would cause significant stress to the Association in the medium to longer term, particularly those involving inflation only rent increases while allowing other costs to increase faster than inflation. No lender would accept continuing outflow of funds without remedial action being taken. Changes would be required and taken.

Combinations of the adverse scenarios present the greatest risk to viability.

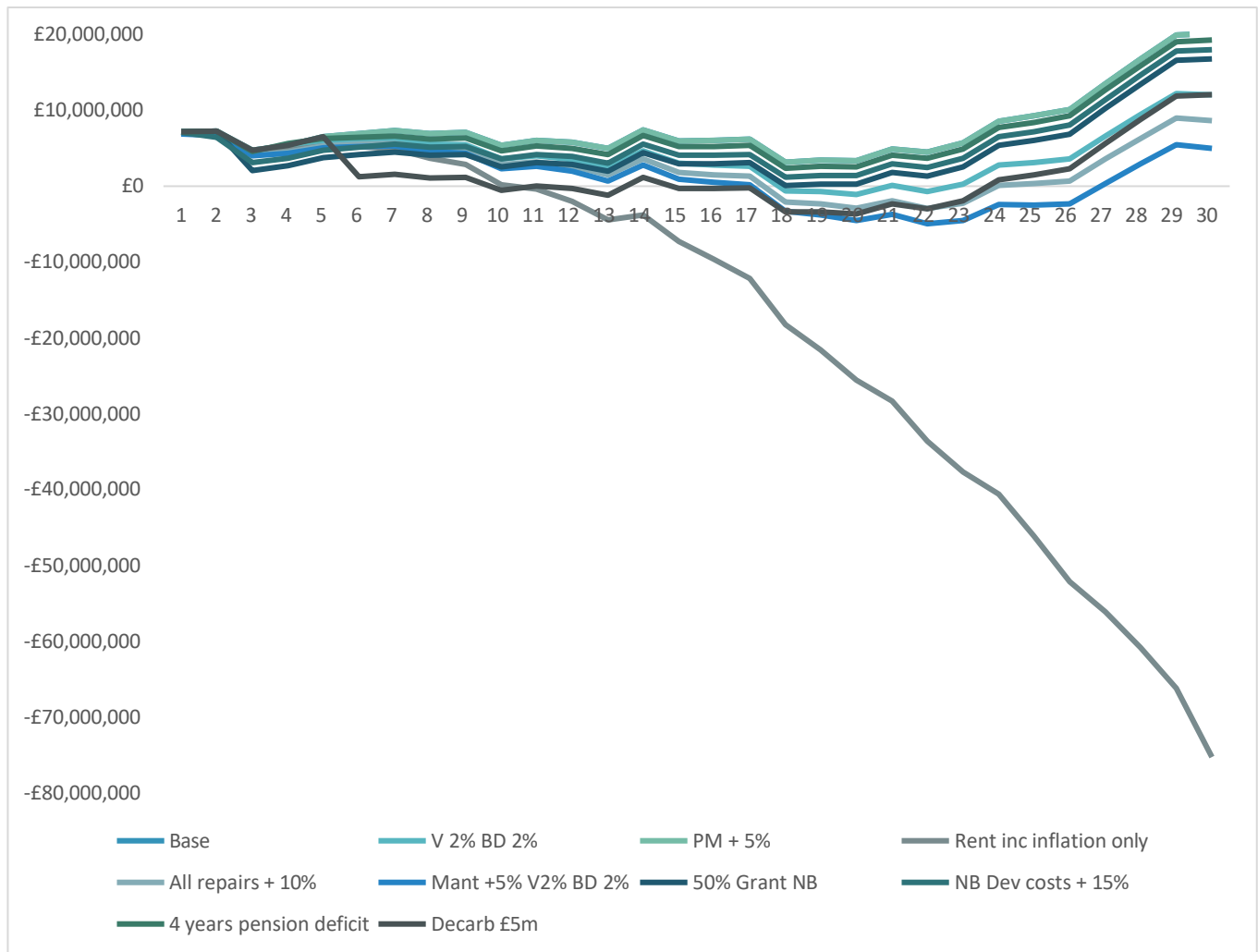
At the time of preparing the Business Plan, few of these scenarios are anticipated. However, the situation will be continually monitored closely and in the event of one or more changes in the assumptions made, appropriate action will be taken to ensure the Association remains viable and retains the confidence of their partners. It is the intention of the Association to remain in close contact with our lenders and the Scottish Housing Regulator throughout this period and if issues do arise, we expect common sense pragmatic solutions to be found.

ADVERSE SENSITIVITY ANALYSIS	2024/25	2025/26	2026/27
Cash at Bank			
Base	£7,147,625	£7,257,392	£4,777,083
Voids 2% and Bad Debts 2%	£6,991,768	£6,948,488	£4,306,778
Major Repair +5%	£6,967,752	£6,890,658	£4,218,431
Inflation Only Rent Increase	£7,147,625	£7,151,412	£4,448,390
All Repairs + 10%	£6,929,629	£6,814,003	£4,098,246
Repairs + 5% Voids 2% BD 2%	£6,882,770	£6,726,793	£3,967,360
50% Grant NB	£7,147,625	£7,257,392	£2,085,273
NB Dev Costs + 15%	£7,102,062	£6,483,718	£3,078,936
4 Years Additional Pension Deficit £180k pa	£7,147,625	£7,257,392	£4,595,283
Base £5m provision Decarbonisation 2030	£7,147,625	£7,257,392	£4,777,083

The Association currently faces several significant external risks and uncertainties, for example new build, the effects of the cost-of-living crisis, rent affordability, rising inflation, and increases in maintenance costs. The sensitivity analysis has therefore examined factors such as increases in voids and bad debts, rising repairs and major repairs costs, and reduced future rent increases.

We have also assumed additional spend in 2030 of £5m to cover the potential costs of meeting EESSH2. We have not assumed any additional grants or finance to support this investment. At this stage this amount is a simple provision, and we will be examining the energy efficiency of our properties in greater detail over the next few years and hopefully by then the support available from Government to deliver this target will be clearer.

The greatest long-term impact on the Association's future cash flows would result from increased bad debts, increases in repairs and reductions in rent increases. The sensitivity analysis graph shows that the assumptions made on increases to costs or reductions in income would in the long term threaten the viability of the Business Plan.



The Association understands that it is not just the identification of risks but how this will be managed. The planned response to any of the changes identified above could include:

- Increased rents
- New lending
- Significant costs savings (reducing investment and/or staff costs)
- Disposal of unencumbered, higher value void stock, possibly on the open market, subject to any required consents and repayment of HAG.

These could be a realistic means of generating significant additional resources to deal with long-term financial problems. However, at all times decisions must be taken that are in the best interests of tenants.

A further option could be exploring a partnership with another RSL (transfer of engagements or constitutional partnership). This was considered and rejected in MHA's 2022 Strategic Options Appraisal but is an option that all social landlords may need to bear in mind if economic circumstances seriously threaten their future financial viability.

Key Ratios

The Management Accounts now have a single page for reporting KPIs and a second page covering standard loan covenant definitions, although the Association does not have any corporate covenants that are checked from the audited accounts. The KPI page applies the same KPIs that are used by the Scottish Housing Regulator in monitoring the Association's performance and

these are also the same KPI's used for all other financial reporting within the Association. The table below highlights some of the key performance indicators from the financial projections with a comparison against the 2023 dataset information provided by the Scottish Housing Regulator.

	2025	2026	2027	2028	2029
Current assets to current Liabilities	2.5	2.5	1.7	1.9	2.2
Debt Per Unit	£11,193	£11,035	£10,872	£10,702	£10,527
Average Debt PU Sector 2023	£16,217	£16,217	£16,217	£16,217	£16,217
Interest paid as a % of Rent & Service Ch	12%	11%	11%	10%	9%
Net Debt PU	£6,933	£6,710	£8,025	£7,472	£6,655
Gearing	53%	46%	39%	38%	37%
Net Gearing %	45%	40%	36%	35%	33%
Interest cover	218%	242%	216%	301%	335%
Gross Surplus %	15%	16%	12%	19%	21%
Gross Surplus % National Average 2023	18%	25%	25%	25%	25%
Voids %	1.00%	1.00%	1.00%	1.00%	1.00%
Voids % National Average 2023	1.56%	1.56%	1.56%	1.56%	1.56%
Bad Debts %	0.84%	1%	1%	1%	1%
Bad Debts % National Average 2023	0.80%	0.80%	0.80%	0.80%	0.80%
Staff costs as a% of Turnover	19%	19%	19%	18%	18%
Staff Costs as a % of Turnover National Average 2023	27%	27%	27%	27%	27%
Reactive Costs PU	£649	£635	£638	£645	£651
Reactive Costs PU National Average 2023	£788	£788	£788	£788	£788

Some of the SHR data pertaining to the future effects of the cost-of-living crisis, increased inflation and interest rates have not been reflected in their data. This would explain some of the negative variances when compared to the current cost of MHA. In the main the KPIs indicators reveal the Association is viable and performs well in line with the Scottish Average.

Conclusion

As a property business with approximately 1,700 houses to maintain over the long term and long-term borrowing. We need a robust business plan underpinned by a 30-year financial model. This provides reassurance to the Management Committee, SHR and lenders that we can meet our long-term maintenance and debt repayment obligations.

Whilst we cannot expect to be precise over such a period, it is sensible to project forward based on realistic assumptions of likely trends building in, where possible, some contingency.

A key element to the foundations of such a model is a set of realistic cost assumptions, with our maintenance costs based on an up-to-date stock condition survey and with costs increases above inflation built into our projections over the next few years

Given the uncertain times we live in, there is a clear need for constant reviewing and updating of assumptions on a regular basis, and taking account of wider economic factors that are likely to impact on the Association. Going forward, we will carefully consider the development opportunity in Haghill, ensuring that it will not threaten our viability and have in place risk mitigation strategies to protect the Association from

These issues can potentially have a serious impact on the RSL, on the interests of its tenants and ultimately on the sector as a whole.

-
- The Committee has had sufficient time to consider this development opportunity and the associated risks. They will continue to assess this opportunity as development costs, grant levels and future repair costs are updated and become clearer
- Develop a strategy for the delivery of the decarbonisation agenda but our expectations are clear that the cost of meeting the standard should not fall on our tenants and
- Continue to review our asset management practice (e.g. assessing stock condition and performance), taking account of the recent SHR guide to asset management.

Developing a framework that focuses on efficiency and budgetary control are the keys to success for our Association. The mission going forward is to simply work to budgets, protect future cash flow and deliver for our community.

Milnbank Housing Association Business Plan 2023/24 to 2025/26

Appendices to the Plan

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APPENDIX 1: MHA Business Planning Cycle Year 2
Business Plan 2023/26

1	BP Year 2 Away Day: Priorities 2024/25, Mission Statement, strategic direction & objectives & risks	Management Committee & Leadership & MT	February 2024
2	Approval of 2024/25 Budget	Management Committee	February 2024
3	Review of Risk Management Strategy 2024/25	Management Committee	April 2024
4	Approve timetable for new business plan (Year 2)	Management Committee	April 2024
5	Review of Budget (& Management Accounts)	Management Committee	April 2024/March 2025
6	Review of Risk Register	Audit & Risk Sub-Committee	April/Aug. 2024 Feb. 25
7	Monitor of KPI's and Targets	Management Committee, Sub-Committee, Board	May 2024/March 2025
8	Report on the Rent Strategy from working group	Management Committee	June, Sept & Dec 2024
9	Approval Financial BP 2024/25	Management Committee	June 2024
10	Draft update for Year 2 priorities of the BP approval	Management Committee	June 2024
11	Approval of new BP priorities (Year 2)	Management Committee	June 2024
12	Update on Rent Setting Working Group	Management Committee Working Group	Sept & Dec. 2024
13	Review & Implement staff Succession Plan Strategy	Governance Sub-Committee	November 2024
14	Mid-year review of BP priorities performance	Management Committee	November 2024
15	Obtain input/feedback from tenants on Business Plan	CEO's	December 2024
16	Prepare Financial BP 2025/26 Workshop	Director of Finance/Consultant	December 2024
17	Validation/Approval of Financial BP 2025/26	Consultant/ Management Committee	February 2025
18	Update on Rent Strategy	Management Committee	January 2025
19	Approval of 2025/26 Budget	Management Committee	February 2025
20	Approval of rent review 2025/26	Management Committee	February 2025
21	Plan for Year 3 of the Business Plan 2023/2026	CEO's	February 2025
22	Review of BP priorities performance	Management Committee	March 2025

APPENDIX 2: MHA Key Actions and Outcomes Sought 2023/24 to 2025/26

Strategic Objective 1

To do what matters most for tenants, other customers, and the community

Priority	Outcomes/Measures of Success
1) Provide services that are affordable and good value for money	<ul style="list-style-type: none"> a) Tenant satisfaction with rent being value for money remains greater than 90%. MHA measures affordability based on the relationship between rent levels and low earnings for working households b) MHA rents increased in real terms in line with financial projections, to ensure financial sustainability and support required investment in tenants' homes. Tenants consulted and impact on affordability assessed through annual testing by MHA. c) MHA continues to offer added value services for residents, including wider role services. prioritised according to customer needs, potential impact, and overall value for money. d) Improved performance achieved for rent arrears, rent collection, and void losses. Also, improved control of MHA service costs. e) Value for money (VFM) strategy and initiatives across the Association result in efficiencies that contribute to service improvements and investment in tenants' homes.
2) Achieve high levels of resident engagement with MHA	<ul style="list-style-type: none"> a) Changes in service delivery or decisions made in response to customer feedback. b) Results from comprehensive tenant satisfaction survey to seek views on MHA services. c) Results from MHA's own programme of surveys (continuous). d) Evidence of changes in service delivery made in response to customer feedback. Improved knowledge of tenants' priorities for the future. e) Continued MHA support for local tenants and residents' groups, using feedback received to inform MHA's decisions.
3) Tenants receive a joined-up service from all relevant teams across MHA	<ul style="list-style-type: none"> a) Proposed Customer Services team delivers greater consistency in customer service/experience. b) Improved co-operation between all MHA teams, to achieve better results for customers. c) Use of the technology available to us to work smarter within teams and when working across teams.

Strategic Objective 2

Provide housing and property services that our customers regard as being of a high standard, affordable and good value for money

Priority/Outcome	Measures of Success
1) MHA customers receive quality, high performing services	<ol style="list-style-type: none">1) Customer satisfaction across all Scottish Social Charter Indicators is 90% or more.2) Customer Services Strategy results in greater consistency in customer experience and outcomes.3) MHA and our services are highly accessible to customers, with a continued emphasis on time spent in tenants' homes and communities and on providing a personalised service.4) Increased customer use of digital channels, with traditional channels also maintained.5) An increasing proportion of customer complaints achieve front line resolution (measured annually).
2) Promote access to MHA's housing and provide effective tenancy sustainment support	<ol style="list-style-type: none">1) Increased homeless referrals for MHA stock in Haghill.2) Tenants needing support to sustain their tenancies receive this from the Community Engagement team or external sources.
3) Protect MHA's rental income	<ol style="list-style-type: none">1) Level of financial gains achieved by residents using MHA's local income maximisation service.2) Income maximisation team is resourced to manage demand for its services.3) MHA tenants making the transition to Universal Credit receive advice and support on the implications for their tenancy, if they require this.4) Number of tenants whose housing support costs are paid direct to MHA.5) Number of tenancies ended as a result of rent arrears (abandonments and evictions).6) MHA deals robustly with rent arrears in accordance with our policy, where tenants do not engage with us about repaying their arrears.

Strategic Objective 3

Manage our assets and resources well, maximising investment in our housing and providing new housing while managing rising costs and other delivery challenges

Priorities relating to this Objective	Planned Outcomes/Measurement of Success
1) Base our delivery on MHA's asset management strategy (AMS)	a) We use the AMS as the strategic framework for all asset matters, from seeking to reduce void re-let times, investment in existing stock and future planning for retrofitting and net zero standards.
2) Meet all legal and duty of care obligations for the safety of our tenants and their homes	a) All relevant obligations met (e.g. in relation to gas safety, electrical installations, asbestos, water hygiene, fire safety) b) Procedures put in place for identifying and addressing damp/ness and mould
3) Plan to invest in major repairs and renewals to tenants' homes in the period 2024/25 to 2025/26	a) Works completed in accordance with programme approved by Committee (types of works, volumes, values), as set out in each year's Business Plan. b) Tenant satisfaction levels recorded for works to their homes and standards of information about works provided by MHA.
4) Prioritise investment in pre-1919 tenements	a) Meet the expectations of current and future tenants and improve standards of energy efficiency. b) Levels of investment provided for in MHA's budgets and financial projections. c) Number of properties where improved standards are achieved (e.g. because of new heating systems or reconfiguration of small properties). d) Grant Funding sought in relation to MHA properties and owners within pre-1919 tenements. e) Compliance failures reduced (SHQS and EESSH). f) Development of our plan/programmes for energy efficiency within the housing stock.

Priorities relating to this Objective	Planned Outcomes/Measurement of Success
5) Work with GCC and other housing associations to seek new investment in Glasgow's pre-1919 tenements	a) Secure external investment to tackle disrepair and poor housing conditions. b) Identify opportunities to work collaboratively with neighbouring associations.
6) We will: <ul style="list-style-type: none"> • Build more new homes in our area • Obtain GCC grants and private finance to fund the development programme 	a) New homes built on the site of the former Haghill Primary School and on vacant land at the bottom of Corsock Street. MHA will always carefully consider all potential new build proposals.

Strategic Objective 4

To be a strong community anchor organisation for Dennistoun and Haghill, supporting the community through MHA's own efforts and through partnerships with community organisations and other service providers.

Priority/Outcome	Measures of Success
1) Continued support for wider role activities, based on what is affordable and sustainable for MHA	a) Clear assessment of the needs of MHA's tenants and which wider role commitments can be sustained. b) Stronger strategic framework for making decisions about future capacity and priorities.
2) Consolidate MHA's role as a community anchor organisation for Dennistoun and Haghill	a) MHA's role as anchor organisation continues to be recognised by the community and key local organisations and partners, elected members, and statutory service providers. b) Community involvement in setting priorities for local needs and services. c) Act as an advocate for the community in Dennistoun and Haghill.
3) Targeted involvement by MHA in funding and/or service delivery	a) MHA works within clear objectives (and boundaries) set by the MC for our involvement in community support and development activities. b) Increased funding secured through external fundraising. c) Continued development of partnership working with community groups and organisations active in Dennistoun and Haghill, to address shared objectives and encourage service development by partners that will produce positive outcomes for the community. d) Services provided direct by MHA are prioritised in consultation with the community and strategic partners and take account of MHA's primary responsibilities as a social landlord and neighbourhood manager. e) Use a business case approach in appraising significant new initiatives or activities (e.g. value to the community, and MHA exposure to financial or other risks that exceed the MC's risk appetite). f) Impacts achieved by projects we support.

Strategic Objective 5

To ensure that MHA is financially viable, well-governed, and has the capacity to achieve its objectives for the benefit of customers and the community

Priorities relating to this Objective	Planned Outcomes/Measurement of Success
1) Ensure that our Management Committee (MC) has the breadth of skills and experience needed and that its membership becomes more diverse.	<ul style="list-style-type: none">a) Promotional activity results in new members, in particular “How We Work” initiativeb) Co-options and pre-joining information sessions are used effectivelyc) Diversity goals are addressed (e.g. ethnicity and age profile)d) All committee members take part in learning and development relevant to their role and the business plane) Committee Succession Strategy and Plan: regular consideration given to MC skills profile
2) Make sure our self-assurance approach and the recording of results is robust	<ul style="list-style-type: none">a) The Management Committee receives sufficient assurance about MHA’s compliance with regulatory standards and requirementsb) Any issues identified as requiring attention are addressed appropriately
3) Ensure MHA’s continued financial viability	<ul style="list-style-type: none">a) Annual budgets and 5-and 30-year projections are prepared to a high standard and are scrutinised effectively by committee.b) Planning assumptions are monitored and adapted in response to internal and external factors and risks. Where material financial events occur, consideration is given to in-year stress testing and identifying implications for MHA’s future finances.c) Cashflows are managed to meet liquidity requirementsd) Financial projections are aligned with organisational objectives and programmes for service delivery and investment in tenants’ homes

Priorities relating to this Objective	Planned Outcomes/Measurement of Success
	<ul style="list-style-type: none"> e) Annual stress testing of the business plan f) Effective treasury management
<p>4) Provide value for money across all the Association's service and business areas</p>	<ul style="list-style-type: none"> a) Maintain tenant satisfaction levels at more than 90% for each Charter Indicator for customer satisfaction. b) Maintain rent affordability to tenants (30% rent to income ratio) c) Improvements in value for money sought in MHA's major service and business strategies; in high value spending areas such as procurement; and in reduction of lost income in areas such as void rent loss and collection of current and former tenant arrears.
<p>5) We will be proactive in identifying and managing strategic risks</p>	<ul style="list-style-type: none"> a) Operating environment scanned regularly b) Strategic and operational risk registers maintained and reviewed c) Corrective action taken where needed d) Effective scrutiny by Audit and Risk sub committee
<p>6) We will maintain the confidence of our funders and regulators.</p>	<ul style="list-style-type: none"> a) Covenant compliance is always maintained b) Regular liaison with funders c) "Compliant" rating maintained with Scottish Housing Regulator

Strategic Objective 6

To enhance the growth and development of MHA staff, while maximising the deployment of available technology as an integral part of our commitment to providing value for money and the highest standard of customer service.

Priorities relating to this	Planned Outcomes/Measurement of Success
1) Support our staff through excellent communications and access to learning and development opportunities.	a) MHA retains and attracts knowledgeable and dedicated staff. b) PDRs, team meetings/briefings etc. are used well and used to develop staff in their roles as well as improve our service delivery. Develop the newly introduced 'skip meetings' where the CEO meets with individual teams without the line manager being present.
2) Promote a performance culture across all MHA teams and encourage high levels of collaboration between teams.	a) Our staff are highly engaged, with a high level of buy-in to MHA's objectives and priorities. b) Successful initiatives that promote a holistic approach across the Association in addressing shared priorities or problems
3) Promote more efficient working by maximising the potential of our ICT systems and software	a) Culture change achieved across the Association to develop and maximise use of smart working tools such as workflows and automation. b) Increased productivity and more rewarding work for staff. c) Increased customer use of digital means of requesting services
4) MHA has an effective framework for workforce and succession planning	d) Organisational effectiveness optimised e) HR advice is factored into any work to seek options for efficiencies in operating costs
5) Maintain and monitor the success of our policy and pattern of blended working.	a) Positive feedback from staff, managers, and tenants. b) Feedback from tenants on whether high customer service standards are being maintained, including reception services.

APPENDIX 3: MHA Key Performance Indicator Results 2023/24 and Targets 2024/25

STRATEGIC KEY OBJECTIVES 2023/24	
patch-based housing officers to carry out annual tenant visits	√
Promote use of the MHA digital communication methods , customer portal & other apps	√ (& on-going)
Take account of recent SHR guide to asset management	√
Maintain compliance with regulatory standards and guidance.	√
Retain & attract local people to serve on the MC & subsidiary Boards .	√
Provide range of community support services including community engagement & income maximisation & community halls.	√
Fully implement & monitor the organisational review. Continue to evaluate MHA's structure to help identify inefficiencies, gaps or overlaps.	√ √ (& on-going)
Test rent affordability against the MHA benchmark.	√
Implement the Digital Transformation Strategy	√ (& on-going)
Control running costs & reduce non-essential expenditure, maximise resources available for investment in tenants' homes	√ (& on-going)
Develop financial plan covering costs & funding required investment in housing stock. Include future rent increases, continue VFM.	√ (& on-going)
Continue to implement the new MHA rent structure .	√
Develop a Customer Services Strategy	On-going
Conduct research into tenants' future needs , expectations, & aspirations about homes and services.	On-going
Assist tenants move from HB to UC , manage threats to MHA's rental income.	√ On-going
Work with GHSCP in increase homeless referrals and the introduction of Housing First policy.	On-going
Develop an Asset Management Strategy to deliver business objectives, financial viability, compliance & safeguarding all stakeholders.	√
Monitor and effectively manage the performance of existing assets to assess whether the current or future homes are fit for purpose	On-going
Develop appraisal model to scrutinise the performance of MHA homes	On-going

Provide & enable a range of community support services	√ On-going
Review the affordability of existing wider role commitments & agree future priorities	On-going
Business review carried out to assess MCE's current role and performance.	On-going
Conduct an options appraisal to review the feasibility of expanding the factoring service.	√
Undertake a business review to assess MPS's current role & performance	√
Develop an MHA-wide VFM Strategy across the MHA business.	√
Tenant engagement to understand their needs & priorities for VFM through successful programme of meetings & providing information.	√ On-going
Improved performance on VFM indicators where MHA's results are significantly poorer than our peer group.	√ On-going
Seek opportunities for efficiencies in procurement	On-going

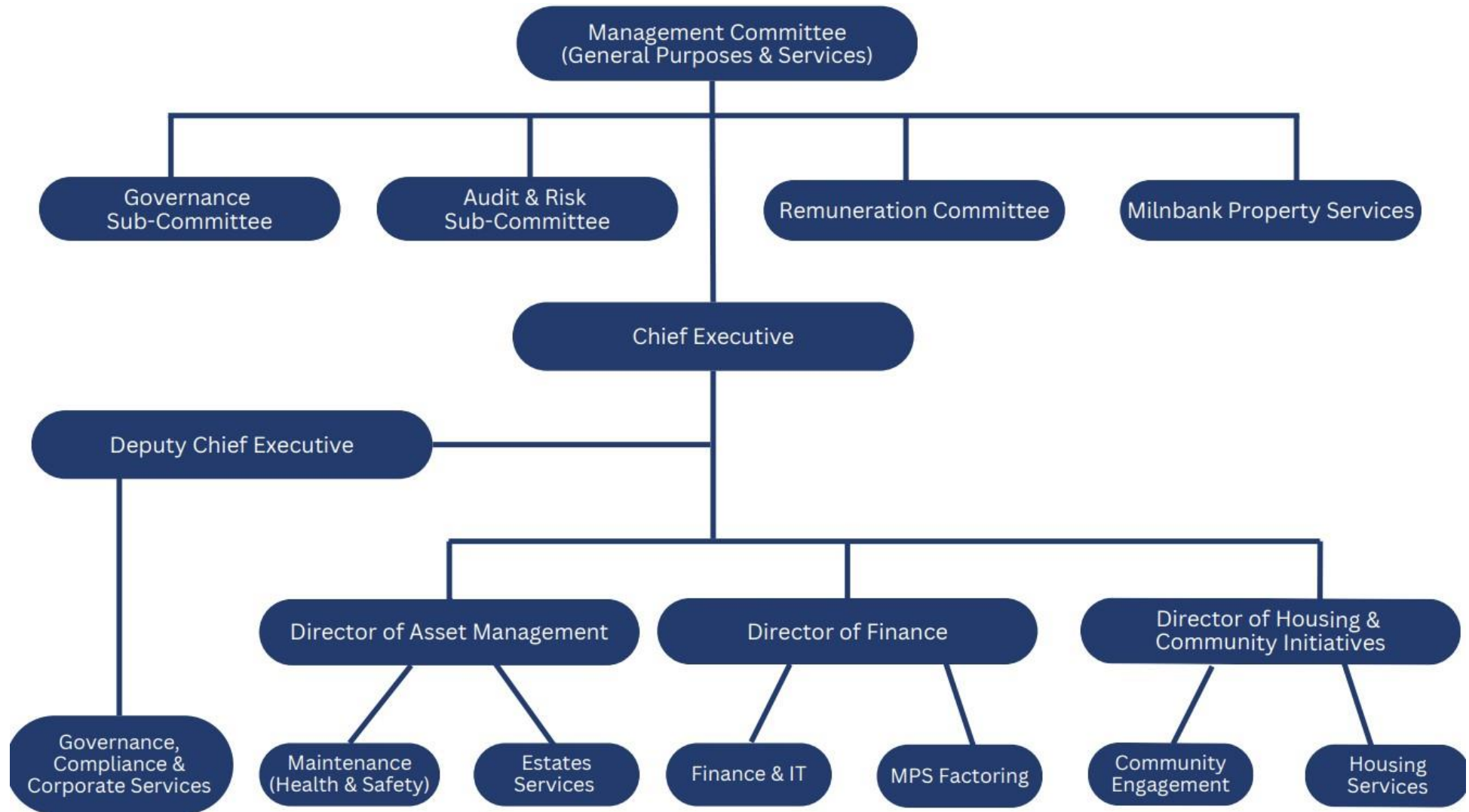
KEY PERFORMANCE INDICATORS (KPIs) 2023/24 – WORK PLANS

376 KPI's were set and 264 have been met = 70% achieved

KPI's per Work Plan	Set	Achieved	% Achieved
Compliance	19	18	95%
Finance & IT	72	56	78%
Maintenance	71	33	47%
Governance	66	54	82%
MCE	29	16	55%
HR	22	19	86%
Housing Services	42	31	74%
Development	34	17	50%
MPS	21	20	95%
TOTAL	293	188	

KPI's per Line Manager	Set	Achieved	% Achieved
Finance & IT Manager	77	59	76%
CEO's	114	94	82%
Corporate Services & Innov. Manager	26	21	81%
Asset Director/Mtc. Manager	61	36	61%
Director Housing & CI	59	40	68%
Development Consultant	39	14	36%
TOTAL	293	188	

APPENDIX 4: MHA's Organisational Structure and Management Team Members



Leadership Team

Paul Martin (Chief Executive Officer)

Paul has been the Chief Executive Officer of Milnbank Housing Association since October 2022. He has extensive senior management experience spanning over 25 years, with over six years of experience as the Chief Executive of the leading Scottish Charity, The Merchants House of Glasgow. Before that, he was a Member of the Scottish Parliament for 17 years, where he served as the Convenor of the Audit Committee and for over six years as the Shadow Business Manager and Chief of Staff.

As Chief Executive Director, Paul is responsible for providing strategic and operational leadership to the staff management team and managing and developing the Association in response to the wishes of the Management Committee.

Linda Sichi (Deputy Chief Executive Officer)

Linda has worked at Milnbank for 45 years. She has been in her current role for over 25 years. Her previous posts included Housing Manager and she has worked in Finance, Admin, Maintenance and Factoring and her current remit includes Head of HR and Governance, Compliance and Finance.

Linda has a master's degree in human resource management from Glasgow Caledonian University and a Post Graduate Diploma in Housing Studies from the University of Glasgow. She is currently a Board Member of the Glasgow & West of Scotland Housing Forum and Shettleston Housing Association. She has previously served on the Boards of SHARE and the local East End Advice Centre.

Chris Chalk (Director of Housing & Community Initiatives)

Chris has substantial experience working in social housing. Having started with Argyll & Bute Council as it transitioned to Argyll Community Housing Association in 2003. Chris then moved onto GHA/Wheatley in 2005 and worked in various roles, including Housing Management, Service Improvement, Repairs & Maintenance and Compliance, and across various areas of Glasgow and Edinburgh.

Before coming to MHA Chris was the Housing Manager with Trafalgar Housing Association. Chris is a board member with Dunbritton Housing Association and represent Dunbritton on the board of EVH. Chris has a bachelor's degree in business IT and a diploma in Housing studies.

Chris is passionate about delivering tenant and community focussed services and strongly believe that our customers should be the ones who shape our services.

Rona Anderson (Director of Asset Management)

Rona has worked for over 30 years in the Housing Association sector, focusing on housing development, physical regeneration and asset management. Prior to joining Milnbank HA in 2023, Rona has worked in leadership roles for Shettleston HA, Wellhouse HA, Loretto HA and Queens Cross HA.

As Director of Asset Management, Rona is responsible for the Association's housing and property assets, ensuring we deliver effective maintenance and investment services to tenants, and working to improve the quality of our stock. She also oversees the Association's programme of Development projects, to deliver new homes for rent.

Rona has a BSc. in Town Planning from the University of Glasgow.

Vacancy (Director of Finance)

APPENDIX 5: Data for Reference (Population, Deprivation, and Glasgow’s Draft Local Housing Strategy)

1) 2020 Scottish Index of Multiple Deprivation (SIMD 2020)

In addition to the high-level SIMD rankings reported in the main Business Plan, this appendix sets out:

- Detailed indicators of deprivation reported in SIMD 2020, showing comparisons between the four MHA stock area datazones and with Glasgow as a whole.
- How SIMD rankings for each of the four MHA stock area datazones changed between the 2016 and 2020 SIMD

a) SIMD 2020 DETAILED INDICATORS OF DEPRIVATION

	Off Alexandra Parade	Bluevale	Haghill (other)	Cardross Street	4 MHA Areas Average	Glasgow Average
INCOMES						
Percentage of people who are income deprived	25%	51%	31%	40%	37%	20%
EMPLOYMENT						
Percentage of people who are employment deprived	14%	42%	22%	26%	26%	14%
HEALTH						
Comparative Illness Factor: standardised ratio*	165	340	225	265	249	153
Hospital stays related to alcohol use: standardised ratio*	328	489	255	275	337	176
Hospital stays related to drug use: standardised ratio*	107	586	377	302	343	158
Standardised mortality ratio*	132	239	143	150	166	125
Proportion of population being prescribed drugs for anxiety, depression or psychosis	21%	36%	25%	27%	27%	21%
Proportion of live singleton births of low birth weight	8%	22%	7%	9%	11%	6%
Emergency stays in hospital: standardised ratio*	155	235	177	204	193	122

	Off Alexandra Parade	Bluevale	Haghill (other)	Cardross Street	4 MHA Areas Average	Glasgow Average
EDUCATION						
School pupil attendance rate	73%	56%	75%	65%	67%	76%
Attainment score of school leavers (based on highest level of qualifications obtained)	5.2	4.8	5.3	4.6	5.0	5.4
Working age people with no qualifications: standardised ratio*	200	318	250	192	240	150
Proportion of people aged 16-19 not participating in education, employment or training	2.7%	9.0%	3.7%	2.5%	4.5%	4.5%
Proportion of 17-21-year-olds entering university	5.6%	4.3%	3.5%	3.6%	4.2%	8.9%
CRIME						
Crime rate: Recorded crimes of violence, sexual offences, domestic housebreaking, vandalism, drugs offences, and common assault per 10,000 people	133	694	293	519	410	445
HOUSING**						
Percentage of people in households that are overcrowded	32%	23%	29%	23%	27%	21%
Percentage of people in households without central heating	3%	2%	5%	3%	3%	3%

*** Standardised ratios**

A value of 100 is the Scotland average for a population with the same age and sex profile. For example, if a MHA area has a standardised ratio of 200, this means the result is twice as high as the Scottish average.

**** Housing deprivation**

This is measured only with reference to Scottish Housing Condition Survey statistics on lack of central heating and overcrowding. Statistics unlikely to be fully reliable, especially as there has been no updating since the 2016 SIMD.

b) COMPARISON OF CHANGES IN SIMD RANKINGS BETWEEN 2016 AND 2020

MHA Stock Area (datazone-based)	Overall Rank	Income Rank	Employ't Rank	Health Rank	Education Rank	Housing Rank	Crime Rank
BLUEVALE	→	→	↓	→	↓	→	↑
2020	2	12	7	3	6	640	515
2016	2	11	15	4	27	640	113
HAGHILL OTHER	↑	↑	↓	↓	↑	→	↑
2020	453	589	493	244	656	246	2,315
2016	428	383	551	862	266	246	759
OFF ALEX PARADE	↑	↑	↑	↑	↑	→	↑
2020	1,284	991	1,608	929	1,070	213	4,510
2016	712	635	898	426	670	213	3,089
CARDROSS STREET	↓	↑	→	↓	↓	→	↑
2020	166	142	235	66	419	593	937
2016	174	125	234	77	558	593	892

Key to colour coding

BOTTOM 5%	BOTTOM 10%	BOTTOM 20%	NOT IN BOTTOM 30%
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2) POPULATION STATISTICS

(2011 Census, as reported in GCC Neighbourhood Profiles (2017) for Dennistoun and Haghill/Carntyne)

	Dennistoun	Haghill/ Carntyne	Glasgow	Key issues
Total Population	9,706	7,933	593,245	
Total Households	5,243	4,179	285,693	
Age Profile				
Children aged 15 or under	10%	15%	16%	% of children in Dennistoun is 6% below city average
People of working age (16 to 64)	79%	68%	70%	% of people of working age in Dennistoun is 9% higher than city average. Since child numbers are low, it seems likely that Dennistoun has more residents in the upper parts of the working age scale
All people aged 65 plus	11%	17%	14%	Haghill/Carntyne has an older population than city average and Dennistoun
People aged 75 plus	5%	8%	7%	This also applies to % of population aged 75 plus
Household Types				
Households with dependent children	9%	20%	23%	Proportion of households with children is below the city average in both MHA areas. The result for Dennistoun is 9%, which is 14% lower than the city average.
Lone parent households with dependent children	5%	10%	9%	The result for Haghill/Carntyne is slightly higher than the city average. The result for Dennistoun is well below the city average
Households where all members are aged 65 plus	12%	18%	17%	
Household Sizes				
Occupied by 1 person	44%	48%	43%	Very high proportion of single person households in Haghill/Carntyne
2 persons	38%	30%	30%	Very high proportion of two person households in Dennistoun
3 persons	11%	13%	14%	
4 persons	5%	6%	8%	Lower proportion of households with four or

	Dennistoun	Haghill/ Carntyne	Glasgow	Key issues
				more persons in both MHA areas
5 persons	1%	2%	3%	
6 or more persons	0.4%	0.4%	1%	
Health Problems and disabilities				Haghill/Carntyne has a higher share for all three health and disability measures than Glasgow as a whole. The reverse is true for Dennistoun, but the 2020 Scottish Index of Multiple deprivation findings at small area level suggest otherwise.
Long-term health condition in household disability	26%	36%	31%	
Household includes person(s) with physical disability	6%	11%	8%	
Household includes person(s) with a mental health condition	6%	9%	6%	
Ethnicity				
White-British or Irish as % of population	83%	90%	85%	Dennistoun has a slightly lower share of population who are White British or Irish than the city average. 11% of Dennistoun residents were of BAME ethnicities – the same as the city average 5% of Haghill/Carntyne residents were of BAME ethnicities – less than half of the city average African, Caribbean and Black and Chinese were the most common BAME ethnicities in both MHA areas Both MHA areas had a higher population share for “White Other ethnicity” – possibly EU migrants.
White-Other	6%	5%	4%	
African, Caribbean or Black	2.6%	1.7%	2.4%	

	Dennistoun	Haghill/ Carntyne	Glasgow	Key issues
Pakistani	1.7%	0.7%	4%	
Chinese	2.2%	1.2%	1.8%	
Indian	1.8%	0.6%	1.5%	
All other ethnicities	2.7%	0.8%	1.3%	
Language Skills				
People who do not speak English well or at all	2.2%	3%	2.6%	
Place of Birth				
People born outside the United Kingdom	15%	9%	12%	
Type of Housing				
Detached or semi-detached	1%	14%	17%	
Terraced	2%	9%	12%	
Tenement	95%	75%	69%	
Housing Tenure				
Owner-occupied	45%	37%	45%	
Social Rented	18%	43%	37%	
Private rented	35%	19%	17%	
Economic Activity				
People aged 16 to 74 who are economically active	72%	62%	64%	The rate of economic activity among people was 8% higher in Dennistoun than Glasgow as a whole, and 2% lower than the Glasgow average in Haghill/Carntyne. Comparison should be made with the SIMD 2020 results, which provide a more localised picture of employment deprivation.
Access to a Vehicle				
Households who do not have a car or van available	55%	60%	51%	Access to private transport was lower than the Glasgow average in both MHA areas

3) Extracts from Glasgow's Draft Local Housing Strategy (2023)

Vision

"Everyone in Glasgow will have access to an affordable, suitable, climate friendly home, which promotes good health and wellbeing and connects to communities and the opportunities the city offers"

Ambitions for the city

- Delivering more homes for Glasgow in sustainable places where connectivity to jobs and local services is easy
- Reducing carbon emissions and helping more people to find it easy and affordable to heat their home
- Improving the condition and management of homes
- Supporting people to live independently and well at home
- Improving housing access and affordability, preventing homelessness and reducing inequality.

Glasgow's draft LHS Priorities

To achieve the proposed LHS vision and realise the wider ambitions set out in the Glasgow City Council's Strategic Plan 2022-27, the following five LHS priorities and 14 missions are proposed:

LHS Priority 1: Delivering more homes and great places that reduce poverty and inequality and increase opportunity and prosperity for all

1. Build and provide new low and zero carbon affordable homes to meet Glasgow's housing needs
2. Support the delivery of new homes for sale and rent to meet Glasgow's growing housing demand
3. Undertake local housing-led regeneration and development, including Glasgow's transformational regeneration areas
4. Support wider place-based planning for infrastructure and services, including active travel, transport and heat in buildings

LHS Priority 2: Improving the energy efficiency of Glasgow's homes, reducing fuel poverty and supporting a Just Transition to Net Zero through decarbonising domestic heating and energy

1. Increase the overall average energy efficiency of housing in Glasgow
2. Reduce overall domestic carbon emissions in Glasgow
3. Reduce overall fuel poverty levels in Glasgow

LHS Priority 3: Improving the condition of Glasgow's existing homes and preserving Glasgow's tenements and built heritage

1. Increase investment to preserve Glasgow's tenements
2. Support owners to maintain and improve existing homes

LHS Priority 4: Supporting people to live independently and well at home in the community

1. Adapt more homes so they are suitable for people and households with particular needs
2. Increase the supply of affordable housing options to meet the needs of larger families and core social care groups

LHS Priority 5: Improving housing options, affordability and sustainability for tenants and owners, to prevent and reduce homelessness

1. Reduce homelessness in Glasgow
2. Support vulnerable tenants and families in the private rented sector to prevent homelessness wherever possible
3. Work with tenants to determine priorities and actions for improving affordability, standards and security within the rented sector

APPENDIX 6: Benchmarking of MHA's Performance (Charter Indicators)

3-year average to 31 March 2023 (source: ARC data 2023), with Indicators placed in 3 Value for Money Categories)

Key

- Best result** (out of MHA and the 2 compared averages)
- Middle result** (out of MHA and the 2 compared averages)
- Poorest result** (out of MHA and the 2 compared averages)

	MHA 3 yr avg	Peer Group 3 yr avg	Scottish 3 yr avg
VALUE INDICATORS			
Percentage tenants satisfied with landlord's overall service	93.1	88.9	86.7
Percentage tenants who feel that rent paid is good value for money	92.0	82.6	82.9
29 - Percentage factored owners satisfied with factoring service	94.2	72.3	65.8
Percentage tenants satisfied with repairs service	92.4	89.1	87.8
Percentage tenants satisfied with quality of home	94.0	89.1	86.6
6 - Percentage properties meeting SHQS year end	66.2	87.7	79.0
C10 - Percentage of properties meeting the EESSH	75.8	88.8	not avail
16 - Percentage new tenancies sustained more than a year - all	93.4	91.9	90.3
16 - Percentage new tenancies sustained more than a year (stat homeless applicants)	95.5	90.7	89.5
FINANCIAL INDICATORS			
26 - Percentage collected of rent due	99.2	99.6	99.0
27 - Percentage gross rent arrears of rent due	6.3	4.9	6.1
Percentage annual rental income met through direct HB/UC payments to landlord	51%	55%	not avail
18 - Percentage of rent due lost through empty properties	1.8	0.7	1.4
EFFICIENCY INDICATORS			
8 - Average hours to complete emergency repairs	3.4	2	4.2
9 - Average working days to complete non-emergency repairs	3.6	3.6	8.7

	MHA 3 yr avg	Peer Group 3 yr avg	Scottish 3 yr avg
10 - Percentage reactive repairs completed right first time	90.6	89.3	87.7
14 - Percentage tenancy offers refused	30.9	40.8	33
C2.5.1 Number of applicants assessed as statutorily homeless by LA - section 5 referrals <i>not ranked – shown for info</i>	18.3	58.1	n/avail
23 - Percentage of Section 5 and other referrals for homeless households by LA result in offer	77.3	80.1	51
30 - Average calendar days to re-let properties	82.87	34.4	44.6
C1.3.3 Percentage days lost through staff sickness absence	5.9	5.7	n/avail
Number of properties for each office-based staff member	57.2	49.0	n/avail

APPENDIX 7: Rent Comparisons
(see also Chapter 11 of the Business Plan) 31.03.23

	1 Apartment	2 Apartment	3 Apartment	4 Apartment	5 Apartment
Glasgow HA	£74.51	£85.22	£91.28	£105.90	£115.99
Milnbank HA	£57.56	£65.45	£72.92	£83.39	£85.07
Molendinar Park HA	n/a	£72.69	£77.57	£105.36	£117.96
Parkhead HA	£58.10	£72.51	£89.58	£98.98	£121.29
Reidvale HA	n/a	£70.30	£75.19	£83.10	£90.53
Shettleston HA	n/a	£78.02	£86.56	£97.04	£121.23
Thenue HA	£70.40	£83.95	£90.51	£103.44	£110.05
Tollcross HA	n/a	£70.06	£78.66	£95.24	£106.47
West of Scotland HA	£95.21	£89.00	£93.74	£100.25	105.95
Peer Group Average	£71.16	£76.36	£84.00	£96.97	£108.28
MHA vs Peer Average	£13.60 LOWER	£10.91 LOWER	£11.08 LOWER	£13.58 LOWER	£23.21 LOWER

APPENDIX 8: Strategic Risk Register Assessment Method

How Risks are Assessed in the Strategic Risk Register

The Risk Register sets out MHA’s assessment of strategic risks at a given point in time. The Register follows HM Treasury guidance by quantifying identified risks based on **inherent risk** (the risk if no action is taken) and **residual risk** (the risk after measures to control the risk are applied). The methodology for doing this is summarised below.

For both types of risks, calculations are used to assess the risk with reference to **likelihood and potential impact**, each scored from 1 (lowest risk) to 5 (highest risk), as shown in the Heat Map graphic below and the accompanying descriptors on each axis.

The Risk Register contains scores for both inherent and residual risk, with the residual score being the primary measure for reporting purposes.

MHA’s calculations are based on the product of the likelihood and impact scores, and then adding the impact score to arrive at the final risk scores, calculated as follows:

[(impact score multiplied by likelihood score) plus (impact score)]. 4

This extra focus on the impact of risk factors is particularly relevant at the present time, when MHA’s operating environment has multiple risks that could result in adverse outcomes.

MHA Risk Scoring Template and Heat Map

Impact	Extreme/catastrophic 5	10	15	20	25	30
	Major 4	8	12	16	20	24
	Moderate 3	6	9	12	15	18
	Minor 2	4	6	8	10	12
	Insignificant 1	2	3	4	5	6
		1 Remote	2 Unlikely	3 Possible	4 Probable	5 Highly Probable
Likelihood						

Risks are quantified using the descriptors shown in the Heat Map graphic.

Insignificant: score 2 or 3 (shaded green in the Heat Map)

Minor: score 4 to 6 (shaded blue)

Medium: score 8 to 12 (shaded yellow)

High: score 15 or higher (shaded red)

4 This scoring method is recommended in the Charity Commission’s guidance document, “Charities and Risk Management”, which is a key guidance source used in MHA’s Risk Management Strategy.

APPENDIX 9: Financial Projections

Printed separately