



**LARKFIELD HOUSING
ASSOCIATION**

**INTERNAL MANAGEMENT PLAN
2019 - 2024**

LARKFIELD HOUSING ASSOCIATION LIMITED INTERNAL MANAGEMENT PLAN 2019-2024

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SECTION 1

1. INTRODUCTION

- 1.1 Within our current operating environment, this Strategic Plan sets out our overall vision, aims and priority actions including our key performance indicators for the coming year. It also demonstrates the financial and other resources required to support our strategic objectives over the next 5 years.
- 1.2 The purpose of the Internal Management Plan is therefore to demonstrate how we will achieve our vision and priorities over the next five years. It confirms how we are responding to the environment in which we operate and the approach to managing our key financial and business risks.
- 1.3 The Plan outlines the strategy for the next five years although the Financial Plan will cover the next 30-year cycle, in accordance with the requirements of our Funders. A full stock condition survey was last carried out in 2018 to ensure that more meaningful costings are included within the financial predictions of the revised Plan. Desk Top Surveys and reviews of ongoing Electrical safety inspections, Energy Performance Surveys & Improvement works are also carried out annually to update the information on our component replacement cycle and property databases.
- 1.4 The Management Committee held a strategic planning day on 13th January 2018, to review the Association's current and future plans and also to review Larkfield's vision and key risks facing the sector and the Association. A further strategy day is planned to take place in the autumn of 2019.
- 1.5 Larkfield Housing Association is an independent and asset owning RSL and subsidiary company within the Link group. This Internal Management Plan takes account of the Partnership arrangements that exist and aims to contribute effectively to the strategic objectives of the Link Group. Link is a group currently serves over 13,000 customers across 32 Scottish local authorities.
- 1.6 The relationship between Link Group and Larkfield is set out in an Independence and Responsibilities Agreement. Link has recently appointed a new Chief Executive and a key priority for the Link Group Board going forward is to carry out group service review across the group and develop its new Group strategy.
- 1.7 External drivers continue to dominate our operating environment, including reduction in public finance, increasing population of older people, Scottish Government's 50,000 homes 2021 target and Welfare Reform, including the roll out of Universal Credit.

SECTION 2

Link's aims values and strategic objectives

Larkfield Housing Association will contribute to the success of the Link Group by reflecting the Group's corporate vision and values in this Internal Management Plan. The Associations' vision, strategic framework, standards and resource allocation are set to support the overarching Group objectives.

Link's vision and mission statement is listed together with Larkfield's own business plan aims and objectives.

Link's vision is to be a provider of choice in the delivery of a wide range of excellent socially inclusive regeneration, housing and support services.

Link improves the lives of people by providing homes they want to live in and by delivering high-quality services that are affordable, especially to those on low incomes.

Link's vision is underpinned by its mission statement, which provides the guiding principles for the activities set out within this plan.

Mission Statement -

- Providing Homes
- Building Communities
- Valuing People
- Working Together

Links' strategic objectives are grouped under Link's Mission Statement themes. These "Themes" act as the guiding principles for all activities across the group.

The nine strategic objectives agreed by the Link Group Board are:

Providing Homes

- Build at least 1,800 new rented homes over the next five years that meet people's needs including expansion into the private rented sector
- Seek opportunities to build high-quality and affordable homes in a variety of tenure options
- Ensure our homes are well maintained, efficient to heat and are adaptable as people's needs change

Building Communities

- Work with people to improve their communities
- Support social enterprises through our purchasing choices and provide help to organisations that share our social enterprise principles

Valuing People

- Find out from customers what they want from us and use these insights to drive service improvements
- Support and encourage our employees, volunteers and board members to reach their potential

Working Together

- Help more people to fulfil their potential through employment, training or volunteering opportunities
- Take care of our resources and use them to benefit our customers by benchmarking, reviewing value for money and conducting social impact analyses
- Use our networks to learn from and influence others, and use our knowledge and experience to help others to maximise our impact – particularly in the area of health and social care integration

Values

- **Responsibility** – we all take responsibility for our actions.
- **Empathy** – we work hard to understand how people feel as individuals and treat them with dignity.
- **Social Impact** – we strive to ensure there is a positive social impact from our activities and work with others who share our aims.
- **Participation** – we are proactive in providing opportunities for people to engage with us and help us improve our services.
- **Equality** – we are all equal and different and we aim to provide inclusive environments for work and for living.
- **Challenge** – we challenge ourselves and others towards excellence and innovation in all we do.
- **Transparency** – we wish to be open and honest about what we do and how we do it.

Larkfield's aim is to provide quality affordable homes and services that meet local needs and support the regeneration of our communities.

Strategic Objectives

Larkfield Housing Association's strategic objectives are to:

1. Provide well maintained and valued homes that are adaptable as people's needs change.
2. Improve the range of housing within our communities.
3. Seek continuous improvement in our service delivery and customer satisfaction.
4. Support our customers to sustain their homes and be active participants in their communities

5. Consult and work with our tenants and others to regenerate our communities.
6. Support and encourage more people to reach their potential.

SECTION 3

3. ENVIRONMENTAL ASSESSMENT

3.1 Internal Environment

Governance

Larkfield HA was established as a registered housing association in 1996 following a stock transfer from Scottish Homes. Registered with the Financial Conduct Authority (FCA), Larkfield HA is a “registered society” under the Co-operative and Community Benefits Societies Act 2014 and is registered with the Scottish Housing Regulator (SHR) under the Housing (Scotland) Act 2010 and the Scottish Charity Regulator (OSCR).

The Association is governed by a voluntary Committee of Management who are appointed by the shareholders to oversee the strategic direction of the organisation. The Management Committee is committed to the delivery of high quality services to its customers and to robust decision-making processes. Larkfield understands the importance of good governance and is committed to providing training and support for members to undertake their responsibilities effectively, and to assess their own effectiveness.

In 2019 the Larkfield Management Committee will carry out full member appraisals and an internal self-assessment, against the SHR Governance & Financial Standards. For 2020 the Association will plan to carry out an independent self-assessment against the standards.

The Regulator continues to rate Larkfield as “low risk”.

Larkfield is a subsidiary RSL within the Link group, and is governed by its own Management Committee. Overall control rests with the Link Group Board. The relationship between Link Group and Larkfield is set out in an Independence and Responsibilities Agreement. The Link Group annually sets objectives for subsidiaries which are incorporated within this Internal management Plan and Action Plan for 2019-20 as set out in Section 5 of the plan.

Operations

At the start of the business plan period Larkfield Housing Association owns and manages 382 tenanted properties and provides management services to an additional 578 owner occupiers in the Larkfield area.

Through its partnership arrangements with Link, Larkfield HA also provides management services to over 270 Link Housing tenants and 900 owners in Inverclyde.

Larkfield HA joined the Link group in 2006, a move which aimed to achieve its continued growth, delivery of quality services and efficiencies.

Revised Committee and Staffing structures were implemented which has allowed Larkfield HA to move forward within the group since 2006 and partnership arrangements have been developed across a range of its operations including ICT&D, Human Resources, Financial Services and Reactive Repairs and Maintenance.

During 2018/19 Link commenced with 3 ICT&D projects which will look to deliver improved access to services, infrastructure and efficiencies in working across the group. In the meantime, these projects require to be resourced for Larkfield to effectively engage with and invest in the process.

The Committee of Management comprises up to 15 places, one of which is reserved for the Link Group. It normally meets bi-monthly and is supported by the following sub committees: -

- Housing Management and Maintenance Sub Committee
- Health and Safety Sub Committee
- Disciplinary and Grievances Sub Committee

Performance and Benchmarking

We have in place a robust system of governance and internal controls which are reviewed regularly by an appointed internal auditor, currently Scott Moncrieff. The internal controls are also subject to a further review as part of the annual external audit process.

To assist us in the monitoring of our own performance and ensure that we are keeping up with good and best practice we participate in Scotland's Housing benchmarking group Scottish Housing Network (SHN).

We are committed to improving our services and adapting them to meet the needs of our customers. During 2019/20 we plan to further develop our approach to performance benchmarking with our peers and within the Link group.

3.2 External Environment

Economic Climate

Larkfield continues to operate within a climate where Welfare Reform, (including the continuing roll-out of Universal Credit system) reductions in public finance and services will continue to present challenges both in operational and financial terms over the period of the plan.

The Westminster Government announced at the start of 2019 that the planned migration of people receiving legacy benefits to Universal Credit has been delayed until 2020.

Increased costs of living and changes to benefit entitlement for many continues to increase pressure on tenant income and financial capacity. Larkfield remains committed to working with tenants to manage the impact of Welfare Reform as well as providing access to high quality services and rents that are affordable to people on low incomes.

3.22 Government and Legislation

The Scotland Act 2016 (section 24) and Social Security (Scotland) Bill

The Act received Royal Assent in March 2016. The Act devolves new powers to the Scottish Parliament over certain aspects of welfare and housing-related benefit, disability and carers' benefits. These new powers transferred on 5 September 2016. Several flexibilities to Universal Credit were introduced on 4 October 2017 with claimants having a choice to have the Housing Element paid directly to their landlord and receive their Universal Credit payment fortnightly.

The Social Security (Scotland) Bill makes provision about social security and was introduced on 20 June 2017. The Bill received Royal Assent in 2018. The Scottish Government has committed to setting up a new Social Security Agency by 2021 to administer the new benefits, employing 1900 staff across two sites in Glasgow and Dundee.

The Public Bodies (Joint Working) (Scotland) Act 2014

The Act established the legal framework for integrating health and social care in Scotland. Integrated arrangements have been in place from April 2015. The Act requires each health board and local authority to delegate some of its functions to an integrated partnership. These partnerships had a statutory requirement to produce a strategic plan by April 2016.

The legal framework seeks new ways to bring health and social care services together supporting more preventative work, including the involvement of housing associations and supporting independent living in the community. The strategic planning process is expected to take account of the information contained within local housing strategies; and is required to include a Housing Contribution Statement. Larkfield contributes to discussions with partners within Inverclyde to ensure that the importance of appropriate housing and related services, as a major contributor to wellbeing, is fully recognised.

Community Empowerment (Scotland) Act 2015

The Act aims to empower community bodies through the ownership of land and buildings, and by strengthening their voices in decisions about public services. Larkfield will continue to work collaboratively with its community

partners to ensure that our efforts take full and proper account of local needs and aspirations.

Welfare Reform

Continuing welfare reforms are likely to impact on levels of poverty and financial hardship, adding pressure on Larkfield HA to provide support, advice and assistance. Direct payment of the new Universal Credit regime introduces additional risks of non-payment of rent. A full-Digital Universal Credit service is being introduced in stages across the country by postcode area and was rolled out to Greenock and Port Glasgow Job Centres in November 2016.

It requires almost exclusive use of online facilities by claimants and it is essential therefore that the organisation continues to plan effectively to manage and mitigate the impact of welfare reform and the implementation of Universal Credit on customers and on our financial position. These plans include the need for more active management of income collection and a review of resources to work closely with affected customers.

The potential increase in rent arrears and impact on evictions, void levels and bad debt will require more intensive and personal contact with increasingly vulnerable people. It is vital to maintain up-to-date information on tenants and to develop clear and consistent communication with tenants to keep them informed about the changes, how they will be affected and how they can access appropriate support and advice.

3.23 Housing Demand and Supply

Larkfield's housing continues to be in high demand and we have no "difficult-to-let" properties. Void levels are low with an annual turnover of around 5% of the total stock. We recognise, however, that we have an ageing stock profile and we need to plan and invest appropriately to cover maintenance costs effectively. We also live in a society with an aging population so the needs of our tenants will change as the age profile changes.

3.24 Social and Demographic Changes

Over the next 10 years in Scotland, household numbers are projected to increase, with households getting smaller and one-adult households becoming increasingly common. There is a projected significant increase in households headed by persons aged 65 and over in the next twenty years. People living longer means greater demands on social and medical services and homes that are suitable for their needs. One in three households in Scotland is estimated to include someone with a disability or long-term health condition and the housing needs of Scotland's ageing population will become increasingly challenging to meet.

3.25 Community Regeneration and Wider Role

The Scottish Government's strategy which "gives the framework for local action to tackle area inequality, create opportunities and improve communities informs Larkfield HA's future strategy. Larkfield HA has invested resources into community regeneration activities, both individually and through IHAF (Inverclyde Housing Association Forum) and has been successful in bringing investment into Inverclyde for projects which can improve peoples' lives.

SECTION 4.

4. Key Assumptions

A number of key assumptions have been used in the preparation of this plan. These assumptions are based on sensitivity analysis of a range of variable financial considerations which have the potential to impact on Larkfield's operations.

Rent Increases and Inflation

CPI is based on forecasts from Link Group. Inflation is assumed at 2.2% for year 1, 2.2% for years 2-5 and 2.5% for year 6 onwards.

Actual rent levels required to ensure viability will be reviewed annually and comparability and affordability levels will continue to be monitored on an annual basis.

VAT

VAT duty of 20% has been provided for when establishing costs associated with delivery of the plan.

Interest Rates

Economic forecasters expect a gradual rise in base interest rates over the next few years. However, in the first nine months of the plan Larkfield has 100% of its borrowing in fixed term rates. Thereafter, loan interest has been assumed at a rate of 3.37% for year 1 and from year 2 onwards at 4%.

Key Financial Covenants

Under the terms of its borrowing facilities, Larkfield is required to maintain two key financial covenants, Interest Cover and Gearing. The former measures the extent to which our net income can cover interest costs and the latter measures the proportion of debt against net assets and reserves.

The current Loan Covenants are projected to be met throughout the 30 year financial plan period.

Rents

A new Rental Policy was agreed in January 2017, following a tenant consultation on our proposed annual rent increase, affordability and value for money issues. Within its ARC peer group for 2017/18, Larkfield rents for its larger properties remain above the Scottish average. However, its percentage annual rent increase has been below the Scottish average for the last four years. Larkfield HA is committed to maintaining affordable rents to those on low incomes and Larkfield's actual rent levels will be kept under review to monitor comparability and affordability levels.

Asset Management

Larkfield carried out a Stock Condition Survey in 2018 and has incorporated the findings of this report into its thirty-year financial projections and planned maintenance programme. Desk top surveys are carried out annually to update our component life cycle costings and replacement dates.

We will continue to refine and review our responsive repairs and planned maintenance programme to achieve greater cost efficiencies and to address areas where levels of customer satisfaction can be improved.

94.5% of our property is Scottish Housing Quality Standard (SHQS) compliant 5.5% will be reported to the SHR through our 2018/19 ARC return as currently “in abeyance”. The 5.5% “in abeyance” relates to seventeen unimproved “Atholl” Steel” flats in mixed tenure properties which require external improvement works and two additional properties with electric heating systems, where tenants have refused the Association’s request to replace these with gas central heating systems.

Larkfield has an up to date Asset management plan to guide its future investment decisions. We are committed to following best practice of sustainability in all our activities and aim to incorporate the best energy efficient solutions for tenants. We will continue to develop our asset management plan, in line with the Link Group strategy, over the plan period, in line with our Stock Condition survey results and required investment levels and programme.

Larkfield HA will continue to evaluate its compliance with the Energy Efficiency Standard in Social Housing (ESSH) which will require energy efficiency in certain dwellings to meet higher standards than the SHQS. We will take all reasonable steps to ensure all properties so far as practical are compliant by 2020.

Investment Review of Planned and Cyclical Maintenance

The 30-year investment programme has also been reviewed and established that the investment and maintenance requirements can be achieved with current income.

We are working on ensuring that our stock database contains sufficient information to inform our investment strategy for achievement of the Energy Efficiency Standard in Social Housing (ESSH) by 2020.

Resources

Larkfield will continue to review and make best use of its staffing and other resources in order to deliver the organisation’s strategic objectives and priorities and to ensure that these are supported by the appropriate resources. In particular, the Association will continue to review its resources in order to effectively mitigate the worst impact of continuing Welfare Reform and the

implementation of Universal Credit.

Efficiency

Larkfield has reduced its operating costs as a result of revised staffing structures and joined up procurement within the Link Group in a number of its operation areas. Larkfield has also adopted Link's procurement strategy. The Association will continue to develop and review its sustainability and procurement strategies with a view to achieving further economies of scale and internal efficiencies.

Sensitivity Analysis

A sensitivity analysis has been conducted for Larkfield's budgeted 30 year Financial plan. The purpose of sensitivity analysis is to carry out a risk assessment and for the organisation to be aware of the impact of certain events possibly occurring e.g. increases in interest rates and to consider the strategies required to mitigate these risks. This has been tested on 3 scenarios:

- Interest rates increased to 10%
- Rent increases to 3.5%
- Inflation increased to 8%

Interest Rates increased to 10%

The testing demonstrated that if interest rates were to increase from 8%, this would result in a negative cash balance on the cashflow statement. Any interest rate below 8% will not have a negative impact on the cashflow.

Rent Increases to 3.5%

The scenario testing illustrated the effect of rent increases to 3.5% on the cash flow in comparison to the 2% rental increase implemented for 2019/20. This had a greater effect on the cashflow in the later period of the 30-year plan.

Inflation Increased to 8%

The scenario testing showed the effect of inflation rising to 8% on the interest cover financial loan covenant required by the lender. The interest cover determines the association's cash position to determine if the association has enough cash to cover the loan interest payments. If inflation was to rise to 8% Larkfield would continue to meet the interest cover loan covenant to year 5, after, which the association would be breaching the requirements. The effect of inflation rising to 8% on the 30-year cashflows showed very little impact on the cashflow from year 1 to 9. There is negative impact on the cashflow from year 9 onwards.

If inflation was to rise above 5% this would result in a negative cash balance on the cash flow statement. Any inflation rate below 5% will not have a negative impact on the cashflow.

Larkfield's loan covenant targets should comfortably meet any future loan interest rate charges.

Key Performance Indicators

Key Performance Indicators are reported to the Larkfield and Link Group Boards on a quarterly basis.

We include targets relating to the Annual Return on the Charter indicators and key risk areas to the business. Additional operational KPIs are reported, supporting staff teams to monitor and improve performance.

SECTION 5

5. STRATEGIC FRAMEWORK / ACTIVITY PLAN

Links' agreed set of strategic aims have been used across the group to develop detailed action plans which incorporate higher level objectives and more operational objectives pertinent to each subsidiary.

To ensure Larkfield has a cohesive approach to formulating, prioritising and delivering its plan objectives, the Internal Management Plan is cascaded down to the team and staff work plans and performance indicators to create ownership of the plan through the organisation's activities.

This sets out a list of the suggested activities to be undertaken during the period of the plan (in pursuit of both the group's strategic objectives and Larkfield's aims and objectives); why it is to be undertaken and by whom; and the anticipated end result. The plan will involve action by both staff and Committee Members either working separately or together and considers the resource implications.

SECTION 6

FINANCIAL PLAN

6.1 30 Year Business Plan

See Appendix 4.

6.2 Five year Financial Viability Plan

See Appendix 5.

SECTION 7

RISK MANAGEMENT STRATEGY

Introduction

Management and understanding of risks enable the Association to focus resources on those which are important to the business and which could adversely affect day to day operations and longer-term stability. The Association recognises that every risk cannot be eliminated but accepts a minimum level suitable to its industry, size, stakeholders, accountability and sensitivity.

Analysis

The Strategic Risk Matrix set out overleaf, endeavours to set out in a fairly detailed manner the widest range of possible risks confronting the Association. The frequency of occurrence and severity of impact are graded H = high; M =medium; L =low and from this can be seen the areas which most require our attention as well as the control action in place to minimise the impact of the occurrence.

The overall responsibility for internal control and the management of risk within Larkfield Housing Association lies with the Committee of Management.

Aims

- The aims of the Strategy are to:
- Identify risks to Larkfield's business and service provision
- Manage identified risks in a way which will protect Larkfield's customers, staff, stakeholders and the public as appropriate.
- Control risk exposure without stifling opportunity

Key Roles in the Management of Risk

- Committee of Management
- Housing Management & Maintenance Sub Committee
- Health & Safety Sub Committee
- Senior Staff

Risk Assessment

Risk Register

The main strategic and operational risks to which Larkfield operations are exposed are documented in the attached Risk Register. The Risk Register identifies, categorises and assesses each risk and summarises the controls in place.

Risk Assessment Process

The process for Assessing Risk is given at Appendix 2

The Risk Management Strategy will be considered annually as part of Larkfield's business planning process to ensure that the Strategy supports business plan objectives.

RISK REGISTER							
Risk	Cause	Initial Rating (I x P)	Control Action	Risk Owner	Residual Risk	Relevant KPI	Strategic (S) or Operational (O) risk
Financial loss due to unfavourable changes to the benefits system and Welfare Reform, including the implementation of the new Universal Credit regime; Rents become unaffordable to tenants	Increasing rent arrears, voids, evictions, rising repair and maintenance costs and negative effect on cash flow and loan covenants Negative impact on tenant household income	4x4=16	Monitor arrears regularly. Legal action taken when required; continued dialogue with HB and DWP, staff training; publicise changes and increased personal contact with tenants; invest in tenancy support and financial maximisation services for tenants and training/IT for staff; annual review and progress on Welfare Reform Action Plan & Risk Register.	AM	3x3=9	Arrears KPIs reported and quarterly financial reports include net rental income	S
Unable to secure requisite Committee members and implement effective governance	Shrinking membership due to ill health, age profile and lack of skill to implement effective governance	4x2=8	Market the benefits to the membership; carry out recruitment drive; annual review of governance and of collective and individual training needs; implement ongoing training programme	COM	2x2=4	No KPI	S
Not meeting housing demand and replenishing stock	Limited funding or housing development opportunities; changing needs of tenants	2x3=6	Review Buy Back policy for owners; continued dialogue with local authority & HSCP through Link & IC SHIP process/consultation.	AM	2x2=4	No KPI	S

Gas Servicing / Asbestos Management Failure	Inadequate administration and reporting procedures in place. Poor monitoring.	4x4=16	Strict monitoring and appropriate policies, procedures and monitoring systems in place	AM	1x4=4	Gas safety KPI	O
Risk	Cause	Initial Rating (IxP)	Control Action	Risk Owner	Residual Risk	Relevant KPI	Strategic (S) or Operational (O) risk
Failure to meet existing loan covenant ratios	Poor financial management monitoring and reporting	4x3=12	Regular budgetary processes, controls and reporting cycle/systems in place	AM	2x2=4	Loan covenant ratio targets incorporated into quarterly accounting reports	S
Failure to comply with Energy Efficiency Standards in Social Housing (EESH) by 2020	Lack of energy performance data and management of data; cuts in external funding for energy efficiency improvement programmes; lack of participation by owners in mixed tenure blocks	4x4=16	Management of stock and energy data. Investment and implementation of agreed programme of works. Ongoing dialogue with the local authority to discuss next steps and options available to pursue additional works with owners in mixed tenure blocks that require improvement works.	AM	2x2=4	No KPI	S

Rising repair and maintenance costs	Adverse effect on spend and delays in letting contracts; potential failure to maintain SHQS and meet EESH obligations; uncertain financial environment; Brexit outcome; failure to maximise value from group.	4x3=12	Continue to review joint procurement arrangements and further opportunities for joint procurement; regular review of service cost centres	AM	3x3=9	No KPI Quarterly financial reports - planned/cyclical maintenance and major repairs	S
Risk	Cause	Initial Rating (IxP)	Control Action	Risk Owner	Residual Risk	Relevant KPI	Strategic (S) or Operational (O) risk
Increased costs – including Pension costs due to external environment and increasing levels of uncertainty.	Increased overheads; potential negative impact on ability to meet loan covenant ratios	3x3=9	Continue to review impact on business plan / review cost centres and sensitivity analysis. Final salary scheme closed and moved to SHAPS Defined Contribution Scheme for all staff. Monitor impact of deficit being added to balance sheet.	AM	3x2=6	No KPI	S

Ageing population and changing needs of tenants resulting in lack of suitable stock to meet tenant needs	Grant funding cut/lower than need; inability to meet demand; additional pressure on repair budgets.	3x3=9	Annual submission for Scot Govt Stage 3 Adaptations funding; continue dialogue with IC and Scot Govt; Adaptations Policy; Allocations Policy; and continued dialogue with local authority and Health & Social care Partnership (HSCP)	AM	3x2=6	No KPI	S
Loss of key staff members	No strategy in place to plan for any key staff departures; poor package or staff benefits; poor human resource management & training and development opportunities	2x2=4	Operational succession areas have been reviewed, Good employer relations; competitive benefits and terms and conditions	AM	1x2=2	No KPI	S
Risk	Cause	Initial Rating (IxP)	Control Action	Risk Owner	Residual Risk	Relevant KPI	Strategic (S) or Operational (O) risk
Disruption to delivery of services to tenants due to major disaster (e.g. fire, flood, storm) disruption to electricity supply or severe weather or security/cyber attack	Temporary or permanent loss of records/office workplace and communications (e.g. tenant records, IT databases/IT equipment)	3x4=12	IT policy and virus checks; firewall installed & backup systems in place. Business Continuity Plan & Office Security/Fire alarm procedures in place.	AM	2x1=2	No KPI	O

<p>Digital and Financial Exclusion</p> <p>Customers do not have access to the services they require to sustain tenancies</p>	<p>Tenants unable to make on-line UC applications</p> <p>Tenants unable to maintain UC claims</p> <p>Increasing number of tenants failing to sustain tenancies</p>	<p>3x4=12</p>	<p>Arrangements and budget provision; tenancy support services, money and benefits advice services and digital services</p> <p>Improved functionality of website and development of "Services First" project and customer application and mobile working</p>	<p>AM</p>	<p>3x2=6</p>	<p>No KPI</p>	<p>S</p>
		<p>Initial Rating (IxP)</p>	<p>Control Action</p>	<p>Risk Owner</p>			
<p>Extension of the Freedom of Information Act to housing associations</p>	<p>Excessive admin burden on resources</p> <p>Requirement of additional staff resource/legal advice</p>	<p>3x4=12</p>	<p>Maintain awareness of legislative programme. Ensure adequate preparation and staff awareness through Link Group Information Management Board & SMG and engagement of all managers and staff.</p>	<p>AM</p>	<p>2x3=6</p>	<p>No KPI</p>	<p>S</p>

Failure to comply with the General Data Protection Rules (GDPR) effective from May 2018 Potential for non compliance to lead to reputational damage or data breach fine	Absence of effective policy and procedures on data protection; staff not aware of their responsibilities, leading to data loss or improper use of personal and/or sensitive data Data processed without proper consent	2x3=6	Staff training/information/proper processes and procedures in place to support revised data protection Policy Engagement of managers and staff – Link group working arrangements /groups. Development and implementation of GDPR Action Plan.	AM	2x2=4	No KPI	S
Low perceptions of value for money from tenants	Inadequate investment in properties; poor service quality and satisfaction from tenants; tenants perceive rents to be unaffordable due to annual rent increase levels.	3x3=9	Implement Action Plan following full survey carried out in 2018; ongoing stock condition surveys and investment priorities set out in 30 year financial projections; review communications plan for rent increase and other consultations. Review/develop LHA/Link “offering”	AM	3x2=6	New KPI	S
Low demand issues across some of our stock	Depopulation trend within Inverclyde and additional trend of rise in single person households; 1000+ units for social rent planned in SHIP over next 2 years.	3x4=12	Needs demand assessment across Inverclyde; working with partner RSLs and LA to develop a strategic approach to future development and SHIP	AM	2x3=6	No KPI	S

Appendix 1

Committee Structure

Committee of Management

Health and Safety Sub Committee

Housing Management and Maintenance Sub Committee

Grievance and Disciplinary Appeals Sub Committee

Staffing Structure

Area Manager

Technical Manager

Housing Manager

Maintenance Officer

Housing Officer

Housing Officer (Part-time)

Administrative Officer

Maintenance Assistant

Housing Assistant x 2

Trainee Admin Assistant (Temporary post)

Office Cleaner (Part-time)

Appendix 2

Key Performance Indicators

Performance Areas	Our Target	Our target
	2019/20	2018/19
VOID MANAGEMENT		
Average re-let time (calendar days)	20	20
% rent due lost through properties being empty	0.4%	0.4
ALLOCATIONS		
Percentage of tenants satisfied with the standard of their home when moving in	85%	85%
Lettings to homeless households (numbers and % of lets	20%	20%
Of the properties available (and there was demand from homeless people) to let how many went to homeless applicants.	25%	NA
Percentage of new tenancies sustained for more than one year, by source of let	90%	NA
% of tenants that feel the rent for their property represents good value for money	80%	NA
Evictions and abandonments	Evictions<2 Abandonments<3	NA
%Tenancy offers refused	<40%	<40%
% ASB cases reported and resolved within locally agreed targets	95%	95%
RENTAL INCOME & ARREARS CONTROL		
Gross rent arrears (all tenants) as a percentage of rent due	4.5%	4.5%
Former tenant arrears (as a percentage of rent due)	1.0%	1.0%
Current tenant arrears (as a percentage of rent due)	3.5%	3.5%
Provision for bad debt (rent)	1.5%	1.5%
Provision for bad debt (recharges)	0.7%	0.7%
REACTIVE AND CYCLICAL MAINTENANCE		
Repairs completed on time:		
Average length of time taken to complete emergency repairs	4 hours	4 hours
Average length of time to complete non emergency repairs	6 days	6 hours
Percentage of reactive repairs carried out in the last year completed right first time	93%	93%
Percentage of repair appointments kept	95%	95%
Customer Satisfaction with repairs	97%	97%
Properties with valid gas safety certificate	100%	100%
ADAPTATIONS		

Percentage of approved applications for medical adaptations completed during the year	100%	100%
The average time to complete medical adaptation applications	6 weeks	6 weeks
COMPLAINTS		
Percentage of 1 st & 2 nd stage complaints responded to in full, within the Scottish Public Services Ombudsman (SPOS) timescales	95%	95%
<HUMAN RESOURCES		
Short-term absence (% days absent v available days)	<3%	<3%
Long-term absence (No. of cases in period)	<2	<2%
H&S No. of accidents	NA	NA
H&S No. of near misses	NA	NA

APPENDIX 5 - RISK ASSESSMENT PROCESS

1. PRINCIPLES

- In carrying out risk assessments, the assessor must identify the sole owner of the risk and have regard for what is an acceptable level of risk for the organisation, taking into account the requirements of relevant rules, legislation and guidance, together with such matters as adequate financial and human resources.
- Risk assessments should indicate the impact/consequences and likelihood of the occurrence of a situation or event, as detailed below.
- Once the risks have been identified, management should evaluate the current internal control systems, if any, of managing the risks.
- If current controls are considered inadequate, an analysis of implementing appropriate controls should be completed. The priority of establishing, altering or increasing controls should be in accordance with the impact and likelihood of the risk event occurring after factoring current controls which is also known as the residual risk.

2. EVALUATION OF RISK

When evaluating risk, the following criteria need to be considered:

- Financial and value for money issues;
- Human resources issues – capacity, relations and others;
- Service delivery and quality of service issues;
- Public concern, trust or confidence issues;
- Degree and nature of risks to the public;
- Reversibility or otherwise of realisation of risks;
- The impact of the risk on the Group (including its reputation), stakeholders and the public; and
- Defensibility of realisation of the risk.

To evaluate risks, all risks are scored in terms of their likelihood and potential impact using the following scale (the score for the likelihood and impact are then multiplied to give an overall risk assessment):

IMPACT	DESCRIPTOR
Catastrophic (4)	Financial impact on the organisation is likely to exceed £1,000,000 Significant impact on core activities Significant concerns from all stakeholders and litigation expected

High (3)	Financial impact on the organisation is likely to be between £1000,000 and £1,000,000. Significant impact on the organisation's strategy or operational activities Significant stakeholder concern
Medium (2)	Financial impact on the organisation is likely to be between £20,000 and £100,000 Moderate impact on the organisation's strategy or operational activities Moderate stakeholder concern
Low (1)	Financial impact on the organisation is likely to be less than £20,000 Low impact on the organisation's strategy or operational activities Low stakeholder concern

Likelihood of Occurrence	Description	Indicators
Highly Certain (4)	Frequently occurs each year or greater than 50% change of occurrence	Regulator or continuous occurrence in the short term and more likely to occur than not
High/Probable (3)	Likely to occur each year or more than 25% chance of occurrence	Potential to occur several times in the medium term; Has occurred recently.
Medium/Possible (2)	Likely to occur in the medium term or less than 25% chance of occurrence	Could occur more than once in the medium term; Could be difficult to control due to some external influence; possible history of occurrence.
Low/Remote (1)	Not likely to occur in the medium term or less than 2% chance of occurrence	Has not occurred; Unlikely to occur.

To calculate the Risk Rating, multiply the scores for impact and probability together, to give a figure between 1 & 16 as shown below:

	1	2	3	4
1	1	2	3	4
2	2	4	6	8
3	3	6	9	12
4	4	8	12	16

Key



Low Risk
Moderate Risk
High risk

Appendix 6

Combined SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Community based • Low turnover of staff • Local office • Positive working relationships/partnerships • Part of the Link Group • Knowledgeable and committed staff and Committee members • Growing stock • Customer driven • Track record of providing quality housing and maintenance services • Local • Financially stable • Strong reputation – local identity/brand 	<ul style="list-style-type: none"> • Above average rent levels for larger properties • Small team/competing priorities • Limited opportunities to secure land for new build properties • Working in area of high deprivation and fuel poverty • Stock – age/construction type requiring high levels of planned investment works • Limited customer profiling information • Structural defects – unimproved Atholl steel flats • Tenant apathy • Tenant expectations
Opportunities	Threats
<ul style="list-style-type: none"> • Expansion of services – older persons and provision of accessible housing and owners • Develop estates handyperson of garden tidy service for tenants and owners • Take the lead on customer led scrutiny helping to improve services • Increase effectiveness of communications and access to services • VFM through joint procurement and shared services • Collaborative working with partners within the Link group • Develop new methods of tenant engagement and self service options • External funding opportunities to invest in current stock 	<ul style="list-style-type: none"> • Changing political landscape and uncertainties e.g. post Brexit, second Scottish referendum • Local council elections – lose allies • Welfare reform changes & implementation of Universal Credit • Rising interest rates/inflation and borrowing costs • Ageing population and increase in single person households and long term viability of current stock • Increase in development activity by other RSLs within Inverclyde • Failure to achieve compliance EESH 1& 2 • Lack of owner occupier buy in to planned investment works resulting in small

<ul style="list-style-type: none"> • Integration of Health and Social Care • Developing wider role and community activities • Increasing interest from private landlords – provision of management services • Inverclyde Refugee Resettlement programme 	<p>percentage of stock failing the SHQS</p> <ul style="list-style-type: none"> • Reduced income due to the impact of welfare reform on rent collection levels • Stock profile does not meet the needs of our customer base • Potential reduction in tenant base due to de-population within Inverclyde • Increasing void loss due to poor levels of tenancy sustainment
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Link group structure

