

West Granton Housing Co-op

Website: www.westgrantonhousing.coop



Revised by Larke Adger CEO

Approved by the

WGHC Committee of Management July 2022



**West
Granton**

Housing Co-op

Our tenants are paramount in everything we do

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1. Introduction

This Business Plan covers the period 1st April 2022 to 31st March 2025.

This Business Plan will be:

- **Comprehensively updated every 3 years**

- **Reviewed Annually**

This plan will be reviewed annually and presented to the Committee of Management for final approval by March of each year, for the following financial year.

Revisions may include changes as a result of outcomes from the Committee of Management's Annual Strategy Day.

- **A Working Document Reviewed Regularly**

For this plan to be of productive use, in addition to the above, it will also be reviewed periodically by the CEO and presented to the Governing Body (Committee of Management) for consideration and approval to ensure they are alerted to any changes (either internal or external) which could affect this plan's efficacy.

- **Used as a Tool for Benchmark Analysis**

Reports on both operational and financial performance will be presented to Committee on a quarterly basis.

Information concerning activities and projects aligning with and achieving strategic objectives will be routinely presented to the governing body at their monthly meetings.

Action Plans will be implemented, monitored, evaluated and reviewed with regular reporting on progress and achievement of key goals.

2. About West Granton Housing Co-op

West Granton Housing Co-operative Limited (WGHC) was formed in 1990 by residents of the West Granton area of north Edinburgh in order to provide new rented housing in an area dominated by low demand council housing. Initially deck access blocks in West Granton itself were demolished and a phased redevelopment of the area took place. We now own 372 properties and two play park areas. We are community based with all our stock based in North Edinburgh between the Forthquarter development at the Waterfront, Granton and Ferry Road Avenue.



Picture – *Before WGHC*: Deck access flats in West Granton prior to demolition in 1993.



Picture – *After*: our current stock: Granton Mill Drive (top left) Forthquarter (top right) Ferry Road Avenue (bottom left) and Granton Mains Avenue (bottom right)

3. Legal Status

West Granton Housing Co-operative Limited is a fully mutual co-operative housing association and a Registered Social Landlord (RSL) registered with The Scottish Housing Regulator. The registration number is HAC225.

West Granton Housing Co-op (WGHC) is registered as a Society under the Co-operative and Community Benefit Societies Act 2014. As such we must make an annual return to the Financial Conduct Authority.

Our registration number is 2357 RS.

The registered office is 26 Granton Mill Crescent, Edinburgh EH4 4UT. West Granton Housing Co-op has been designated as a Scottish Public Authority by an order made under section 5 of the Act, known as the Freedom of Information (Scotland) Act 2002 (Designation of Persons as Scottish Public Authorities) Order 2013.

WGHC is a not-for-profit organisation. Any surpluses are used for the objectives of the co-operative. No surpluses are distributed to members. Members cannot buy their homes. WGHC is an independent RSL. We are not a member of a group nor a subsidiary of another company. WGHC itself has no subsidiaries.

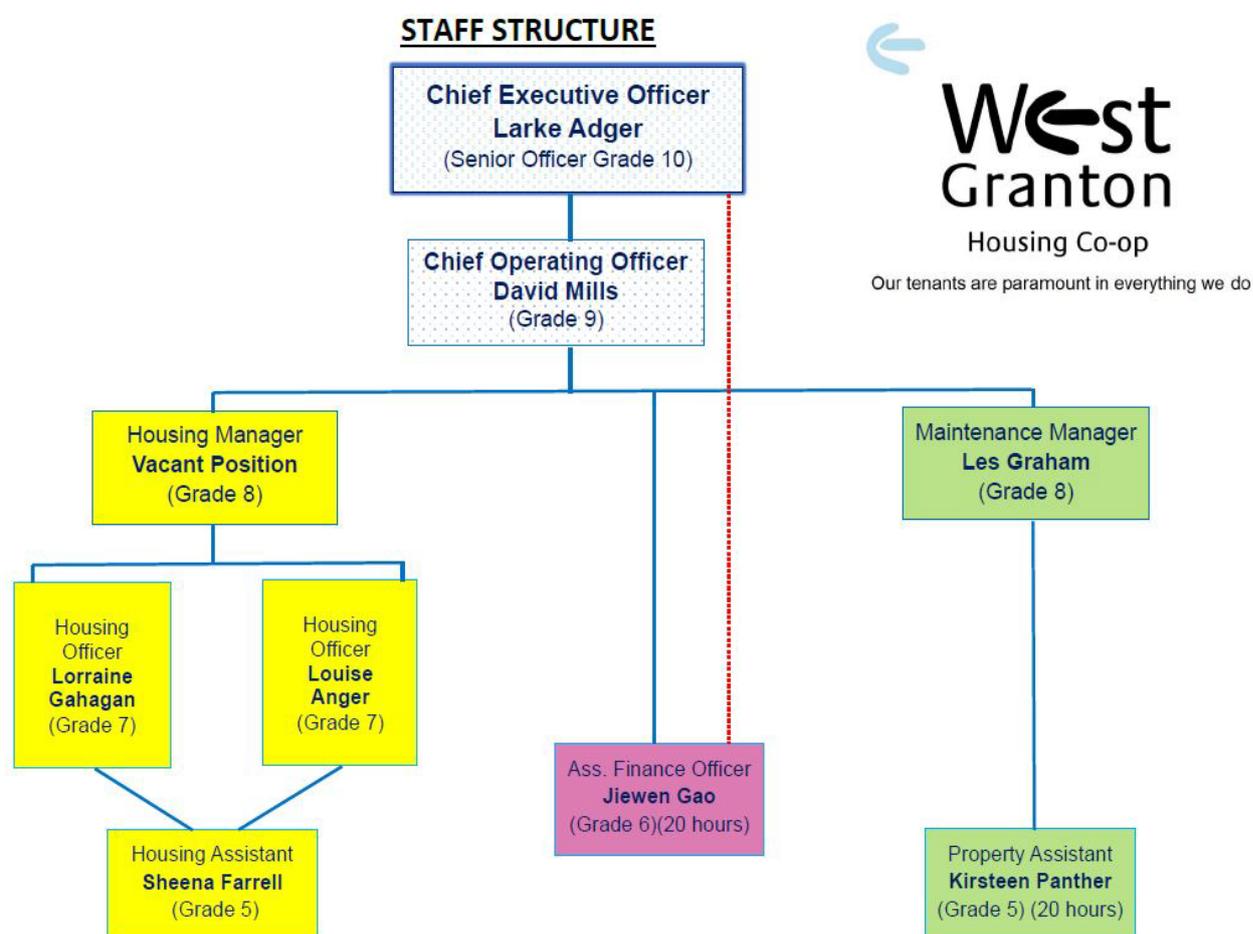
4. Organisational Structure

The Committee of Management have overall responsibility for the governance of the organisation and set the overall strategy for the business as well as monitor its activities. As at July 2022, WGHC's Committee of Management had 10 fully elected members

Our Chief Executive Officer (CEO) is Larke Adger, who reports directly to the Committee of Management. She oversees the long-term planning and strategic direction of the Co-op collaborating with community partners, consultants and external stakeholders. Larke is also the Company Secretary and has 20 years service at WGHC.

Larke is supported by the Chief Operating Office (COO) David Mills, who is second in command and reports to the CEO. David executes the Co-op's vision and is accountable for how well the Co-op functions.

West Granton Housing Co-op's Staff Structure is shown below:



5. Agency Services, Consultants and Contractors

West Granton Housing Co-op (WGHC) uses a wide range of consultants to provide expert advice and opinion or a specialist service as and when required.

WGHC's Financial Services Agent is:

- Prospect Housing Association
6 Westburn Avenue,
Edinburgh EH14 2TH

WGHC's Auditors are:

- External Auditor:
Chiene & Tait, 61 Dublin Street,
Edinburgh EH3 6NL
- Internal Auditor:
Wylie and Bisset, 168 Bath Street,
Glasgow G2 4TP

WGHC's Solicitors are:

- TC Young
69a George Street
Edinburgh EH2 2JG

WGHC's Chartered Surveyors are:

- F3
99 Giles Street
Edinburgh EH6 6BZ

WGHC's Website Maintenance and Hosting Support:

- Form and Function Digital Co-op
57 Queen Charlotte Street
Edinburgh EH6 7EY

WGHC also has a list of approved contractors who are used to carry out various maintenance and operational services such as repairs, stair cleaning, printing and landscaping works. WGHC does not employ any of these contractors directly. The list is monitored and reviewed regularly by the Committee of Management.

6. Affiliations and memberships

WGHC is affiliated to:

- [the Scottish Federation of Housing Associations \(SFHA\)](#)
The SFHA a body which campaigns and lobbies for housing associations and co-operatives.
It is also a source of training and advice on good practice.

WGHC is a member of:

- [Employers in Voluntary Housing](#)
This organisation provides support and advice to over 100 not for profit organisations in relation to their role as employers. This includes setting a common system of salaries, grades and terms and conditions.
- [Scotland's Housing Network](#) This is a consortium of local authority and housing association landlords working together to drive up performance, meet the demands of best value and deliver quality services by means of benchmarking, peer review, good practice exchange and information sharing.
- [ARCHIE \(alliance of registered co-operatives and housing associations in Edinburgh\)](#) This group has 6 members. The aim is to provide support for each other, share good practice, joint procurement activities and lobbying.
- [Scottish Procurement Alliance](#)
- [Scotland Excel](#)
- [Northern Housing Partnership Consortium](#)

7. Our Mission Statement

“Our Tenants are paramount in everything we do”



WGHC Core Values



Customer Service Consistency | Learning Organisation

- **Excellent Customer Service**
To provide outstanding customer service
- **Consistency**
Consistency removes uncertainty and leads to trust
- **Learning Organisation**
To empower staff to learn from their own experiences, solve problems autonomously and encourage flexibility and creativity.

“By introducing core values, we are setting the bar for what we believe is acceptable within our organisation.”

*Larke Adger
CEO*

9. Corporate Objectives

❖ **Tenants First**

- Provide excellent customer service
- Be consistent in our decision making
- Support financial inclusion with the impact of rising energy and general living costs

❖ **Provide safe, secure and affordable homes**

- Agreed quality over quantity as the current approach to development
- Develop an Asset Management Strategy
- Improve the local environment – landscaping, play areas etc

❖ **Support the local community**

- Increase local involvement and community leadership
- Support local community organisations
- More local involvement – local charities and schools, etc
- Become more well known in the wider community

❖ **Strive for sustainability and strength for the future**

- Create a culture which supports our mission statement and core values
- Devise a Governance Action Plan
- Quicker turnaround reducing relet times from 28 to 21 days
- Develop a capital programme of upgrades to work towards the statutory requirements of EESSH2.
- Identify suitable low carbon heating projects that can be planned with government funding

10. Value for Money and Rent Affordability

West Granton Housing Co-op's only source of income is rents. We use this income to achieve our objectives; fulfil our statutory and legislative requirements and be both efficient and cost effective in our business processes.

However, our rents still have to remain affordable whilst representing value for money.

The Committee of Management have decided that the level by which our rents increase should generally be no higher than the Consumer Price Index (CPI).

The Consumer Price Index figure for March 2022 was 7%.

WGHC consulted its tenants on two rent increases for 2022-23: 3.5% and 4%. The majority of tenants who responded were in favour of a 4% rent increase to ensure that WGHC can continue offering high levels of services to its tenants.

Prior to consulting with tenants on a 4% rent increase, WGHC checked its rents using the SFHA Affordability tool and the results showed our rents are considered affordable. WGHC also benchmarked its rents against social landlords in Edinburgh and it showed we still have one of the lowest rents in the city.

In February 2022, 200 of our tenants were interviewed as part of our 3 year large scale Tenant Satisfaction Survey. **98% of WGHC tenants surveyed, stated they were satisfied that the rent for their property represented value for money.**



This gives WGHC assurance that it is achieving Outcome 13 of the Scottish Social Housing Charter. Outcome 13 is about achieving Value for Money and states that: *Tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay.* [The Scottish Average was 87.7% \(ARC figure for 2020/21\).](#)

One of the key challenges over the next 5 years is keeping rents affordable as tenants face both a steep rise in energy and living costs. WGHC have commissioned Changeworks to carry out some data analysis work to allow us to understand our current levels of energy efficiency, so we plan and deliver a programme of works in regard to Energy Efficiency Scottish Social Housing Standards 2 (ESSH 2). In addition, this work will look at identifying suitable low carbon heating projects that can be planned with government funding, for example through the Social Housing Net Zero Heat Fund.

11. Risk Management and Mitigation

Committee of Management undertakes an annual review of our risk register.

Moving forward, this will now also involve our Internal Auditors.

Our updated Risk Register with mitigation actions is shown [Appendix 1](#).

Committee have considered the risks which could affect the well-being of the organisation in the period 2022-25 and identified them as:

- Financial impact of Covid 19 along with increasing fuel costs and cost of living
- Long term staff absences
- Cyber Security
- Pressure on staff and committee members from increased regulation and statutory requirements
- Relet times still taking longer than benchmark and increased void spend as the number of voids continues to rise each year and properties continue to age
- Scottish Government may decide to apply a ceiling on social rents putting more financial pressure on the Social Housing Rented Sector and landlords like WGHC

12. Asset Management

It is important to ensure that we continue to provide quality, affordable homes.

This is why one of our objectives is to improve our knowledge of our stock condition and produce an updated Asset Management Strategy.

A detailed stock condition survey was carried out in 2019/20. The results of which have helped to ensure we have accurate stock information to inform our 30 year plan.

Planning investment in our housing stock is key in helping us meet our objectives and will be based on key principles, including value for money.

Scottish Housing Quality Standard (SHQS)

Currently, 90% of our stock meets the SQHS standard.

With exception of the agreed exemptions and abeyances, the main reason for us not meeting the SQHS standard in all our properties relates to storage space in some kitchens. When some properties were built the Scottish Housing Quality Standard had not been introduced and kitchens were designed to meet tenants needs. For example, some tenants asked for a space for tumble dryer or dishwasher. This was done at the cost of cupboard space. Since last year, we have managed to fit some more cupboards into kitchens but not every tenant wants them. When a property becomes empty we try to include the extra cupboard space. We will wait until the next kitchen replacement programme within these properties to try and address this ongoing issue.

Energy Efficiency Standard of Scottish Social Housing

Currently, 100% of WGHC properties meet the EESSH standard.

In an attempt to further tackle a reduction in climate change and omissions, the Scottish Government has introduced EESSH2;

WGHC have commissioned Changeworks to carry out a stock data analysis to help inform us about any possible measures and actions we can take as well as providing some indicative figures to set aside a financial provision in future budgets. It is hoped this work will be completed by the end of 2022.

Stock Profile

We currently own and manage 372 properties in North Edinburgh.

Our stock type is varied.

The table below shows our stock profile:

AREA	No. of bedrooms	Notes	Family houses	amenity bungalows	wheelchair bungalows	Gen Need Flats	Amenity flats	wheelchair flats	
Miller 143	1					8			
	1					2			
Granton Mains	1	103 two storey terraced or semi detached houses; 20 terraced one storey bungalows; 20 one bedroom four-in-a-block flats. Completed 1993-96.					10		
	1			13					
	2				7				
	2			2					
	2			46					
	3			51					
Granton Mill Crescent & Drive	4		3						
	4		1						
	1	59 two storey terraced, semi detached or detached houses. 20 terraced or semi detached bungalows. 10 flats in two three storey blocks. (Ground floor of one block is WGHC office.) Completed 2000-2002.				8			
	1					2			
	1				1				
	1				13				
	2				12				
	2						3		
2			23						
3				2					
3		4							
3		21							
4		8							
5		3							
West Pilton Drive	2	Flats in mixed tenure blocks. Built 1935, bought & renovated 2002-05. To be sold when void.				1			
Craigmuir & Ferry Road Avenue	2	34 two and "2½" storey terraced or semi detached houses. 38 two bedroom flats in two or three storey blocks. Completed				24			
	2				14				
	3			22					
	4			12					
West Pilton Bank	1	11 flats in one four storey block. Completed 2008.				3			
	2				1				
	2				6				
	2							1	
Forthquarter	1				4				
Colonsay Close Waterfront Park	1	45 flats in three blocks. 2 x five storey; 1 x six storey. Completed 2009.				12			
	1						1		
	1						4		
	1							1	
	2					3			
	2					15			
2							2		
3					3				
			196	48	3	106	15	4	
			houses		247	flats		125	
									372

Housing Components and Useful Economic Lives

Some works to houses are treated as capital expenditure. For accounting purposes, the cost is added to the value of the housing stock and spread over the useful economic life of the component through depreciation.

The “useful economic life” or “UEL” is the time it is expected to last before needing replaced again. Cost divided by UEL is the annual depreciation charged to operating costs. It is up to each social landlord to identify components and assess UELs based on analysis of its own housing stock.

Estimates of UEL are also important in planning ahead. We use them to estimate when components will be replaced and to try to ensure resources (mainly cash and staff time) are in place to carry them out.

Land is not depreciated.

The components we use and their estimated economic lives are in the table below:

Component	Useful Economic Life	Component	Useful Economic Life
Land	n/a	External doors	25
Structure	50 years*	Bathroom	20
External render	35	Kitchen	15
Central heating system (excluding boiler)	30	Boiler	15
Windows	25	Lift	15

* The structure of our one remaining flat in West Pilton Drive has an estimated UEL of only 25 years from acquisition by WGHC in 2002 (i.e. until 2027).

13. Treasury Management

In compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice, WGHC defines its treasury management activities as:

- The management of WGHC's investments and cash flows and its banking transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks;
- WGHC regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured.
- WGHC acknowledges that effective treasury management will provide support towards the achievement of its business objectives.

In 2022 WGHC opened up an Instant Access Business Savings Account with Nationwide Building Society for the purposes of retaining a minimum cash balance of £600k to ensure the organisation maintains this minimum level at all times to comfortably meets its ongoing operational costs, liabilities, cash liquidity and interest loan cover ratio (loan covenants).

Private Finance

West Granton has 5 loans with our lender, Nationwide Building Society. 2 are on a variable rate and 3 are on a fixed rate until 2031.

The existing loan agreements carry with them covenants and we monitor these closely to ensure ongoing compliance. Interest cover remains very strong at 470% compared to the 110% interest cover covenant required by Nationwide Building Society. All figures are correct as at 31st March 2022.

14. Financial Planning

The maintenance of housing and the replacement of fixed assets, especially housing components, is expensive. Expenditure can be uneven with considerable spend in peak years.

Inability to fund future capital expenditure is a key financial risk. It is important that WGHC is able to afford these peak years and much of our financial planning is long term, looking 30 years ahead.

The most useful tools we use are detailed, costed works programmes and cash flow projections. We can look at when capital expenditure is needed to ensure that WGHC will have sufficient cash to fund it.

The following financial information can be found in the appendices:

[Appendix 2:](#)

The 5 Year Planned Maintenance and Component Replacement Plan.

[Appendix 3:](#)

WGHC's 30 year Consolidated Cash Flow Statement

The key financial objectives underpinning the 30 year financial projections are to:

- Secure the long term financial viability of WGHC
- Sustain or strong financial reputation
- Ensure compliance with loan covenant requirements
- Meet the costs of our corporate objectives

As participants in the Scottish Housing Association Pension Scheme (defined benefit scheme) we have once again have been assessed as "low risk".

Our financial assumptions are based on the following assumptions over the life of this plan:

- Inflation or Consumer Price Index runs at 2.5% per annum over longer term
- Variable bank interest rates of 3%
- An annual rent increase of 4% approved
- Pension costs incorporate past service deficit costs as well as ongoing defined benefit and auto enrolment costs. (From 1st April 2021, WGHC over to a defined contribution pension scheme).
- Financial Reporting Standard (FRS) 102 is assumed.

All 2022-23 Budgets were considered and approved by our Committee of Management in March 2022.

Table 1: 2021-22 Summary Revenue Budget

Revenue Budget	2022/23 €
Rents Receivable	1,756,556
Voids	7,478
Net Rental Income	1,749,078
Other Income	396,410
Turnover	2,145,488
Administration Costs	729,398
Planned Maintenance	307,726
Reactive Maintenance	185,852
Void Maintenance	62,400
Bad Debts	5,000
Depreciation (Housing Stock)	727,320
Operating Costs	2,017,696
Operating Surplus/ Deficit	127,792
Profit/ Loss on Sale of Fixed Assets	0
Interest Receivable	4,600
Interest Payable	28,938
Pension Finance Costs	0
Net Interest	(24,338)
Surplus/ Deficit before Tax	103,454
Corporation Tax	1,500
Surplus/ Deficit after Tax	101,954

15. Performance Management

WGHC makes use of Performance Indicators to help us analyse how well we are doing.

We measure aspects of our performance and compare them with benchmark figures.

These benchmarks are drawn either from past performance or from figures published by the Scottish Housing Regulator about the performance of Scottish RSLs.

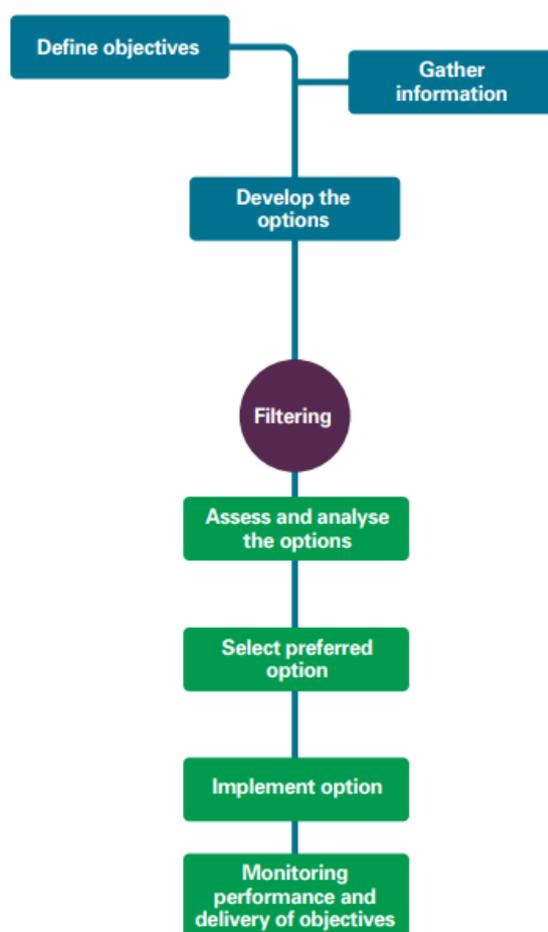
Our Benchmarks for 2022-23 are as follows:

KPIs	WGHC Benchmark 2022-23	Benchmark 2021-22	Explanation of KPI
Gross rent arrears	1.30%	1.30%	Rent owed by tenants and former tenants (before write offs) excluding payments (primarily Housing benefit) due to be received shortly after the end of the rent week.
ASB cases resolved within target times	90%	90%	WGHC aims to investigate and respond to reports of anti social behaviour within 15 working days (minor cases) or 20 days (serious/complex cases).
Average days for non emergency repair	5.0	5.0	Average time for a non emergency repair from report to completion.
Average hours for emergency repair	3.0	3.0	Average time taken to make safe or repair (if possible at first visit) from report until completion.
Average days to complete an approved medical adaptation	20	20	Time from when WGHC receives the approved application to completion of the adaptation in calendar days.
Stock turnover	28	25	All changes of tenancy including relets, exchanges, assignments and successions.
Void spend per unit	£4,000	£5,000	The cost of making a house lettable.
Satisfaction with home when moving in	95%	95%	Based on ongoing surveys. Benchmark is based on WGHC past performance.
Average days to relet	21	28	Time from when a tenancy ends to new tenancy beginning (excluding some exceptional circumstances.)
Void loss	0.5%	0.7%	Rent & service charges lost due to houses lying empty as percentage of total rents due.
Loan interest	3.25%	3.25%	Average interest on loan debt.
Inflation	5.0%	5.0%	UK Consumer Price Index ("CPI") measure of inflation. Not strictly a performance indicator but we need to pay close attention to it.
Interest Cover (DBS Covenant)	110%	110%	Ratio of operating surplus to interest payable. It is a condition of our loans that this is more than 110%.

16. Strategic Scenario Planning

In the event when WGHC considers any strategic changes, including the development of new housing stock or the departure of the CEO, WGHC will use an Options Appraisal tool to evaluate each option with the goal of ensuring that we maximise the chances of securing our organisational objectives by identifying the most appropriate set of actions.

The value of the option appraisal tool is that it takes the appraiser through the process stage by stage, helping to ensure that everything relevant is taken into account. The basic stages of an Options Appraisal process are set out below:



Source: *Capital Planning and Option Appraisal – A Best Practice Guide for Councils*, CIPFA Local Government Directors of Finance, October 2006, adapted by Audit Scotland

The financial scenario of not developing/acquiring any new units for the foreseeable future shows that the Co-operative is in a much stronger financial position when no development is undertaken. WGHC begins paying off the first of its current 5 loans from 2031 onwards. Looking at possible development opportunities and costs from 2028 onwards is clearly an option.

If rent increases are limited to inflation levels only, cost saving measures may need to be introduced, such as splitting up large scale component replacement programmes over 2 or 3 years (instead of completing within a single financial year) with a full cost benefit analysis required to inform decision making.

Any options appraisal should always evaluate the viability of the proposed option by assessing the value of net cash flow that results from its implementation.

As with any process, WGHC options appraisal need to be resourced properly to ensure that its works well and ensure that the process is proportionate to the significance of the decision being made.

Possible outcomes of an options appraisal include:

- Retain status quo.
- Transfer of services or stock to an external organisation (i.e. another RSL).
- Form a partnership and work in collaboration with other external agencies/other RSL.
- Cessation: stop delivering the service.

17. Appendices

- **Appendix 1**
Risk Register

If you are having difficulty reading an individual or hard copy is available on request

- **Appendix 2**
5 Year Planned Maintenance and Component Replacement Plan

If you are having difficulty reading an individual or hard copy is available on request

<u>Component Asset Replacement</u>	2022/23	2023/24	2024/25	2025/26	2026/27
Kitchens	0	60,500	247,500	786,500	0
Boilers	30,800	0	124,300	0	0
CH Systems	0	450,000	0	0	0
Bathrooms incl GF toilets	475,000	0	0	0	792,000
Lifts (FQ)	0	0	88,000	0	0
Flooring - Common Stairs	0	5,500	59,800	0	0
	505,800	516,000	519,600	786,500	792,000
<u>Planned Maintenance</u>					
Consultants Survey & Project Fees	15,000	15,000	15,000	15,000	15,000
Insurance (WIP - Contracts)	500	500	500	500	500
Central Heating	18,816	18,816	25,215	22,215	22,215
Water Tanks & Pumps	675	675	675	675	675
Electrical & Alarm Systems	55,000	72,250	37,500	12,813	13,133
Landscaping	66,000	66,000	66,000	66,000	66,000
Estate Cleaning	4,000	4,000	4,000	4,000	4,000
Painterwork	60,000	9,000	1,500	1,500	1,500
Common Maintenance	21,000	21,000	21,000	21,000	21,000
Forth Quarter	13,000	13,000	13,000	13,000	13,000
Other Major Repairs	27,000	27,000	27,000	27,000	27,000
Playgrounds	10,000	10,000	10,000	10,000	10,000
Depreciation - Playgrounds	5,586	5,586	5,586	5,586	5,586
Depreciation - White Goods	2,024	2,024	2,024	2,024	2,024
Stage 3 Adaptations	4,000	4,000	4,000	4,000	4,000
Stage 3 Adaptations - WGHC Funded	5,125	5,125	5,125	5,125	5,125
	307,726	273,976	238,125	210,438	210,758
Total of CA and Planned Works	813,526	789,976	757,725	996,938	1,002,758

- **Appendix 3**
30 Year Cash Flow Statement 2022-2052