



**West  
Granton**

Housing Co-op

Our tenants are paramount in everything we do

# West Granton Housing Co-op

## Business Plan

### 2023-2026

**“Our Tenants are paramount in everything we do”**



[www.westgrantonhousing.coop](http://www.westgrantonhousing.coop)

26 Granton Mill Crescent

Edinburgh

EH4 4UT

## Table of Contents

1) Introduction	2
2) About West Granton Housing Co-op	3
3) Legal Status	4
4) Organisational Structure	5
5) Agency Services, Consultants & Contractors	6
6) Memberships	7
7) Core Values	8
8) Corporate Objectives	9
9) Value for Money & Rent Affordability	10
10) Risk Management	12
11) Asset Management	13
12) Treasury Management	17
13) Financial Planning	18
14) Performance Management	21
15) Strategic Scenario Planning	22
16) Appendices	23

## 1. Introduction

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**This Business Plan covers the period 1<sup>st</sup> April 2023 to 31<sup>st</sup> March 2026 and was approved by the Committee of Management on 17<sup>th</sup> May 2023.**

**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 each year. Revisions will 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 Checking "Our Alignment"**

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



## 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.



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



**After: WGHC current stock**

Forthquarter (top left), Granton Mains Avenue (top right), Granton Mill Crescent (bottom left), West Pilton Park (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.

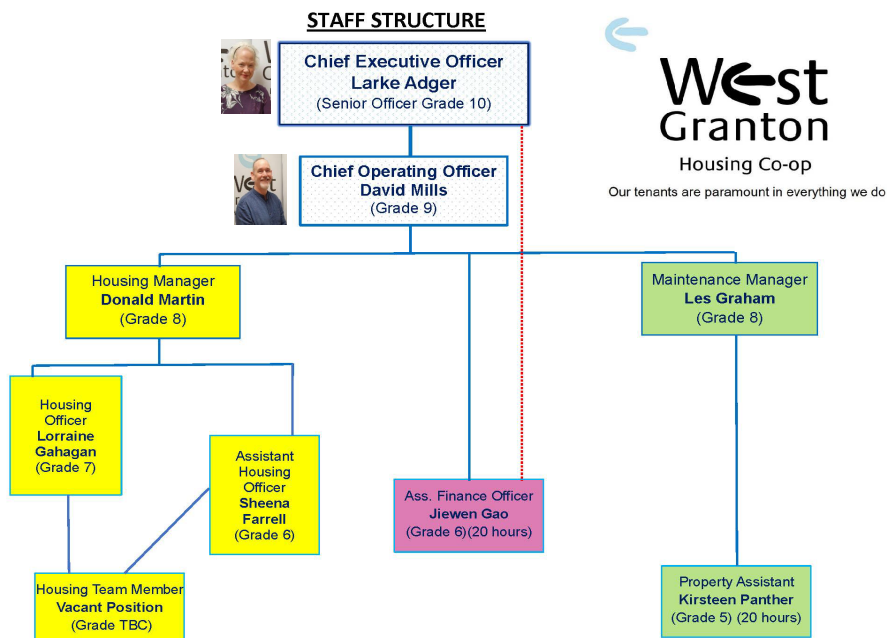


Above: WGHC Committee of Management at their Annual Strategy Day

## 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.

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





## 5. Agency Services, Consultants and Contractors

West Granton Housing Co-op (WGHC) uses a wide range of consultants to provide expert advice 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 Hosting Support:

- Form and Function Digital Co-op  
7 Rosefield Avenue  
Edinburgh EH15 1AT

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 and available on our website at [www.westgrantonhousing.coop](http://www.westgrantonhousing.coop)

## 6. Memberships

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- [the Scottish Federation of Housing Associations](#)

The SFHA is a body which campaigns and lobbies for housing associations and co-operatives. It is also a source of training and advice on good practice.



- [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.



*WGHC COO, David Mills, sits on the SHN Board of Directors.*

- [ARCHIE \(alliance of registered co-operatives and housing associations in Edinburgh\)](#)



ARCHIE has 6 RSL members. They provide support for each other, share good practice, services, joint activities and lobbying. *WGHC CEO, Larke Adger, is in her 3<sup>rd</sup> year as Chair of ARCHIE.*

- [Scottish Procurement Alliance](#)



- [Scotland Excel](#)





## 7. Our Core Values

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- **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.

## 8. Strategic Objectives

### ❖ Provide Excellent Customer Service

- Reduce customer effort by improving customer service
- Be consistent in our decision making
- Learn from complaints received to improve our service.
- Engage our people and maximise their potential to deliver great services.

### ❖ Provide safe, secure and affordable homes

- Develop a new Asset Management Strategy
- Restructure our existing Maintenance Team with a shift towards increased focus on Asset Compliance and Maintenance.
- Implement our new Damp, Mould & Condensation Procedure
- Reduce Void turnaround times
- Improve Estate Cleanliness by increased number of visits and inspections

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

- Create a culture which supports our mission statement and core values
- Identify suitable low carbon heating projects that can be planned with government funding (ESSH2).
- Maximise community benefits from the contracts we procure

## 9. Value for Money and Rent Affordability

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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 cost of living crisis increases and rent affordability is a real concern and will continue to test the financial resilience of registered social landlords across Scotland.

Prior to the cost of living crisis, the WGHC Committee of Management had decided that the level by which our rents increase should generally be no higher than the Consumer Price Index (CPI).

However, the steep rise in inflation in to double figures commencing in 2022, coupled with the rise in bank interest rates, has meant that Committee have had to review and update its financial assumptions and projections to ensure that we remain financially viable whilst continuing to offer value for money to tenants through affordable rents.

In December 2022, WGHC consulted its tenants on two rent increases for 2023-24: 6% and 7%. The rate of inflation at this point in time was 10.5%.

Prior to consulting with tenants on both a 6% and 7% 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 large scale Tenant Satisfaction Survey. 98% of WGHC tenants surveyed, stated they were satisfied that the rent for their property represented value for money.

The results of the rent consultation for 2023-24 delivered almost a 50/50 split for a 6% or 7% rent increase. In February 2023, when inflation was at 10.4%, the Committee of Management approved a rent increase of 6% for 2023-24. A survey carried out with members of the Scotland Housing Network revealed that the average rent increase being applied within the sector was 6.1%.

Moving forward, one of the key challenges over the next 3 years is keeping rents affordable as tenants face both a steep rise in energy and living costs. In addition, we need to continue to ensure that our properties remain in good condition and are compliant with all regulatory and statutory requirements. Through a cost effective planned maintenance programme, we need to manage the investment made in to our assets to ensure they remain in high demand with the overall objective of protecting our cash flow. Finally, we also need to ensure that we continue to meet our loan covenants with our lender, Nationwide Building Society, who require us to operate with a minimum interest ratio cover of 110%. As at 31<sup>st</sup> March 2023 our interest ratio cover was 560%.

In 2023-24, WGHC will engage with the Scotland Housing Network's Value for Money service to help us analyse our performance in this area which forms part of Outcome 13 of the Scottish Social Housing Charter.



## 10. Risk Management and Mitigation

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Committee of Management undertake an annual review of our risk register, in addition to regular reviews of any new risks which may arise over the financial year.

Ongoing self-assessment assists with the risk management process, which also involves the use of internal audits carried out independently.

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 2023-26 and identified them as:

- Volatility of economy putting pressure on 30 year plan
- Pressure on staff and committee members from increased regulation and statutory requirements
- Committee numbers falling below minimum of 7
- Asset Management and rising maintenance costs due to shortage of contractors/ skilled labour force and inflationary pressures
- 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
- Cost of living crisis effect on tenants impacting on WGHC

## 11. Asset Management

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As a registered social landlord, we are an organisation that owns properties to rent within the social housing sector. These properties are our assets and provide us with our only source of income.

We therefore need to ensure that these assets (our properties) are fit for purpose and should be at all times:

- Managed efficiently and generating demand
- In good condition with a costed, affordable maintenance programme
- Making a positive contribution to our business plan
- Delivering value and amenity

Planning investment in our housing stock is key.

As is adopting a more strategic approach to asset management and recognising the importance of integrating this across our business.

One of our new strategic objectives within this plan is to re-structure our existing Maintenance Team with a shift towards increased focus on Asset Compliance and Maintenance.

### **Scottish Housing Quality Standard (SHQS)**

Currently, 91% 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.

However, in keeping with our mission statement that our tenants are paramount in everything we do, we are committed to striking a balance between achieving SHQS and accommodating the needs and preferences of our tenants' who wish to install various white goods in their kitchens.

### **Energy Efficiency Standard of Scottish Social Housing (ESSH)**

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

In an attempt to further tackle a reduction in climate change and emissions, the Scottish Government has introduced ESSH2. The end target date for all new standards is 2042.

WGHC commissioned Changeworks to carry out a stock data analysis in late 2022 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 was estimated that an investment of £1.7 million would be required in order to ensure that we could do all we can within our existing stock to bring them up to the new standards. Our 30 year plan shows this investment being delayed until 2033. Most of WGHC's loans will have been repaid in full by this date.

The proposed investment plan for EESSH2 is as follows:

- From 2033 to 2037 inclusive (5 years) we will invest £40k per year (£200k)
- From 2038 to 2040 inclusive (3 years) we up this to £500k per year (£1.5m)

We will revise the start date of 2033 annually as we continue with zero year budgeting, and it may be we will bring this forward to 2030 or earlier.

## Development Plans

There are no plans over the next 3 years for WGHC to build more properties.

## 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		
	1						10	
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.		13				
	2		2	7				
	2		46					
	3		51					
	4		3					
	4		1					
Granton Mill Crescent & Drive	1					8		
	1					2		
	1	59 two storey terraced, semi detached or detached houses.		1				
	1			13				
	2	20 terraced or semi detached bungalows. 10 flats in two three storey blocks. (Ground floor of one block is WGHC office.) Completed 2000-2002.	23	12				
	2				3			
	2			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				24		
	2					14		
	3	two bedroom flats in two or three storey blocks. Completed	22					
	4		12					
West Pilton Bank	1					3		
	2	11 flats in one four storey block. Completed 2008.				1		
	2					6		
	2							1
Forthquarter	1					4		
	1					12		
Colonsay Close	1						1	
Waterfront Park	1	45 flats in three blocks. 2 x five storey; 1 x six storey. Completed 2009.					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).

## 12. 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 cash in bank 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) of 110%.

### 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 560% compared to the 110% interest cover covenant required by Nationwide Building Society. All figures are correct as at 31<sup>st</sup> March 2023.

### 13. Financial Planning

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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 5 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 our strong financial reputation
- Ensure compliance with loan covenant requirements
- Meet the costs of our corporate objectives

[Note regarding Pensions:](#)

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

Our financial assumptions over the life of our 30 year plan are as follows:

Year	Rent Inflation Assumption	Rent Increase
2024-25	CPI + 1%	5%
2025-26	CPI + 2%	5%
2026-27	CPI + 1.5%	4%
2027-28	CPI + 1%	3%
2028-29 to 2039-40	CPI + 0.5%	2.50%
2041 onwards	CPI only	2%

Note: These will be reviewed annually.

- Pension costs incorporate past service deficit costs as well as ongoing defined benefit and auto enrolment costs. From 1<sup>st</sup> April 2021, WGHC moved over to a defined contribution pension scheme.
- Financial Reporting Standard (FRS) 102 is assumed.



All 2023-24 Budgets were considered and approved by our Committee of Management in March 2023.

**Table 1: 2023-24 Summary Revenue Budget (detailed)**

**Revenue Budget**

	Apr 2023	May 2023	Jun 2023	Jul 2023	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023	Jan 2024	Feb 2024	Mar 2024	Total
	£	£	£	£	£	£	£	£	£	£	£	£	£
Rents Receivable	0	0	473,626	0	0	464,004	0	0	464,004	0	0	464,009	1,865,643
Voids	0	0	1,983	0	0	1,983	0	0	1,983	0	0	1,983	7,932
Net Rental Income	0	0	471,643	0	0	462,021	0	0	462,021	0	0	462,026	1,857,711
Other Income	0	0	98,000	0	0	100,205	0	0	98,000	0	0	100,205	396,410
<b>Turnover</b>	0	0	569,643	0	0	562,226	0	0	560,021	0	0	562,231	2,254,121
Administration Costs	0	0	239,740	0	0	194,680	0	0	179,110	0	0	203,415	816,943
Planned Maintenance	0	0	63,116	0	0	69,616	0	0	63,967	0	0	69,617	266,316
Reactive Maintenance	0	0	50,750	0	0	52,580	0	0	50,750	0	0	52,580	206,660
Void Maintenance	0	0	21,000	0	0	21,000	0	0	21,000	0	0	21,000	84,000
Bad Debts	0	0	300	0	0	300	0	0	300	0	0	4,700	5,600
Depreciation (Housing Stock)	0	0	177,640	0	0	177,640	0	0	177,640	0	0	177,638	710,558
<b>Operating Costs</b>	0	0	552,546	0	0	515,816	0	0	492,767	0	0	528,950	2,090,077
<b>Operating Surplus/ Deficit</b>	0	0	17,097	0	0	46,410	0	0	67,254	0	0	33,281	164,044
Profit/ Loss on Sale of Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest Receivable	0	0	900	0	0	900	0	0	900	0	0	900	3,600
Interest Payable	0	0	13,764	0	0	13,764	0	0	13,764	0	0	13,765	55,057
Pension Finance Costs													0
<b>Net Interest</b>	0	0	(12,864)	0	0	(12,864)	0	0	(12,864)	0	0	(12,865)	(51,457)
Surplus/ Deficit before Tax	0	0	4,233	0	0	33,546	0	0	54,390	0	0	20,416	112,587
Corporation Tax	0	0	375	0	0	375	0	0	375	0	0	375	1,500
<b>Surplus/ Deficit after Tax</b>	0	0	3,858	0	0	33,171	0	0	54,015	0	0	20,041	111,087

**Revenue Budget**

	2023/24
	£
Rents Receivable	1,865,643
Voids	7,932
Net Rental Income	1,857,711
Other Income	396,410
<b>Turnover</b>	2,254,121
Administration Costs	816,943
Planned Maintenance	266,316
Reactive Maintenance	206,660
Void Maintenance	84,000
Bad Debts	5,600
Depreciation (Housing Stock)	710,558
<b>Operating Costs</b>	2,090,077
<b>Operating Surplus/ Deficit</b>	164,044
Profit/ Loss on Sale of Fixed Assets	0
Interest Receivable	3,600
Interest Payable	55,057
Pension Finance Costs	0
<b>Net Interest</b>	(51,457)
Surplus/ Deficit before Tax	112,587
Corporation Tax	1,500
<b>Surplus/ Deficit after Tax</b>	111,087

**Table 2: 2023-24 Summary Revenue Budget (summary)**

## 14. 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.

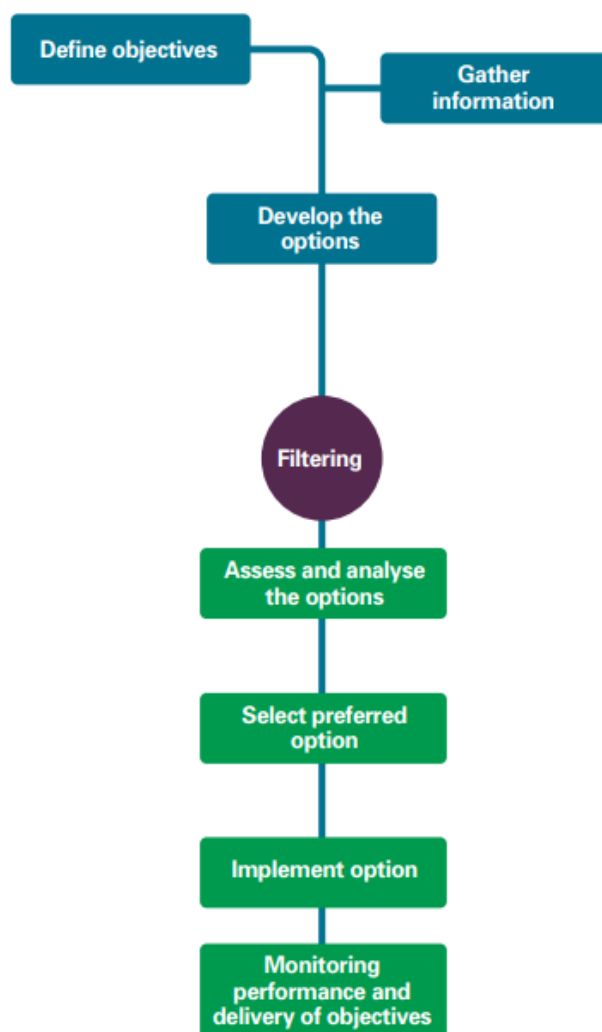
Our Benchmarks for 2023-24 are as follows:

KPIs	Proposed WGHC Benchmark 2023-24	WGHC Benchmark 2022-23	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 20 days.
Service Complaints finalised within SPSO requirements	95%	NEW BENCHMARK	Stage 1 complaints are required to be resolved within 5 working days, unless an extension is applied. Stage 2 complaints are required to be resolved within 20 working days, unless an extension is agreed with the complainant. Using SDM Complaint module correctly.
Tenant Support or Sustainment Visits	2 per week, 8 per month or 24 per quarter	NEW BENCHMARK	ALL identified vulnerable tenants to receive HO visits to ascertain needs, requirements and liaison with as many external agencies as is required, for as long as is needed to close down case management and increase / improve tenant sustainment.
Average days to relet	14	21	Time from when a tenancy ends to new tenancy beginning (excluding extreme exceptional circumstances.)
Stock turnover	24	28	All changes of tenancy including relets, exchanges, assignments and successions.
Void spend per unit	£3,500	£4,000	The cost of making a house lettable.
Stair Inspections	1 per month or 3 per quarter	NEW BENCHMARK	Inspection, recording and logging of stair inspections within ALL 13 common stairs across the WGHC estate, using the I-Auditor software
Estate Management Visits	1 per week, 4 per month or 16 per quarter	NEW BENCHMARK	Total WGHC estate (17 streets) to be visited with photos and items logged for further operational management using the I-Auditor software. i.e. vandalism, poorly kept gardens, damaged drains, roads, paths, abandoned vehicles etc.
Bi-Annual Asset Management Visit	4 per week, 16 per month or 48 per quarter	NEW BENCHMARK	ALL WGHC properties visited at least once, every 2 years) to assess condition, externally and internally. 372 properties over 104 weeks, less 12 weeks for holiday periods, equates to 92 weeks, divided over 2 years averages 46 weeks / 372 = 4
Average days for a non-emergency repair	5.0	5.0	Average time for a non emergency repair from report to completion.
Average hours to attend for an emergency repair	3.0	3.0	Average time taken to make safe or repair (if possible at first visit) from report until completion.
Repairs Inspections	10% of undertaken quarterly total	NEW BENCHMARK	Post-inspection visits following reactive repairs ascertain work quality and contractor performance
Contractor Management	1 per week, 4 per month or 16 per quarter	NEW BENCHMARK	Bi-Annual Contractor Management / KPI meetings for contractors on approved contractor list, in accordance with audit findings, best business practice and procurement regulation
Satisfaction with home when moving in	95%	95%	Based on ongoing surveys and/or Post Allocation Visit. Benchmark is based on WGHC past performance.
Void loss	0.5%	0.5%	Rent & service charges lost due to houses lying empty as percentage of total rents due.
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%.

## 15. 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.

Giving the current volatility of the financial environment and cost of living crisis impacting tenants and our commitment to keeping rents affordable, 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.



## • Appendix 1 Below

### Risk Register

Risk area	Risk Appetite (1)	Risks (notes below)	Likelihood	Impact	Score	Action (2)
Strategy	Cautious	Volatility of economy putting pressure on 30 year business plan (2)	4	3	12	mitigate
Governance	Cautious	i. Pressure on staff and committee from increased regulation (3)	3	2	6	mitigate
		ii. Committee turnover (4)	3	2	6	tolerate
		iii. Committee numbers falling below minimum (5)	2	4	8	mitigate
		iv. Notifiable events (6)	3	3	9	control / tolerate
Operations	Cautious	i. Fleet times increasing (7)	2	1	2	control
Legal	Cautious					
Property	Cautious	i. Stock maintenance issues (8)	3	3	9	control
		ii. Asset Management (15)	4	4	16	mitigate/control
Financial	Cautious	i. Scot. Gov rent freeze at time of increasing cost pressures (9)	5	1	5	tolerate
		ii. Cost of Living Crisis affect on tenants impacting on WGHC (10)	5	1	5	mitigate
		iii. Inflationary pressures on WGHC (11)	5	2	10	tolerate
Commercial	Cautious					
People	Cautious	Limited staffing number leading to operational issues (12)	3	3	9	mitigate
Technology	Cautious	Current Housing Systems Provider not aligned with WGHC (14)	5	3	15	mitigate
Information	Cautious					
Security	Cautious	Cyber Security (13)	3	3	9	mitigate
Project/Programme	Cautious	Financial Environment impacting on Component Replacement Programmes (15)	4	4	16	control
Reputational	Cautious					

#### Notes

- Whilst "cautious" is the default risk appetite, an "open" or "minimalist" approach will also be considered for specific issues.
- The recent rapid and unforeseen rises in inflation and interest rates, coupled with impact on tenants etc, will require further stress testing of the 30 year financial plan.
- This is continued from the previous register. Increased regulatory requirements will require additional staff and committee time commitment.
- Whilst the committee is stable and engaged, turnover during the year can never be ruled out.
- Committee numbers are healthy and additional efforts are being made to recruit additional members with the necessary skills and commitment.
- WGHC intends to control such events through training and adherence to Governance Standards. However given the wide range of possibilities such events cannot be completely controlled.
- This is continued from last year and whilst committee is satisfied with progress it is included again for monitoring purposes.
- Stock condition survey information is good. However, with additional demands in environmental standards and cost of living pressures, this is considered to be an area for ongoing focus.
- The level of reserves gives the committee comfort that a short term rent freeze can be tolerated. However, this needs to be monitored closely and modelled in the 5 and 30 year plans.
- WGHC is looking at various initiatives to support tenants. As (9) this needs closely monitored and potential impacts (e.g. rent arrears) needs to be modelled in business plan.
- As above, this needs closely monitored and modelled in financial plans. Further efficiencies may also be required.
- Staffing numbers are limited by the size of the organisation limiting resilience to absences. Additional training and multi-skilling should be investigated.
- Cyber Security has been identified as SHR and the National Cyber Security Centre as possible risks for social landlords- Cyber Essentials Accreditation and Cyber Insurance will help mitigate.
- Current Housing Systems Provider recently taken over by an openly declaring profit driven company which has resulted in the system no longer being aligned with the needs of the business.
- Asset Management & Maintenance Compliance needs to be integrated across the business of the Co-operative on both an operational and strategic level.

If you are having difficulty reading hard copies are available on request

- Appendix 2 Below

## 5 Year Planned Maintenance and Component Replacement Plan

Planned Maintenance	2023/24	2024/25	2025/26	2026/27	2027/28
	1	2	3	4	5
	£	£	£	£	£
Consultants Survey & Project Fees (PM Only)	15,000	15,000	15,000	15,000	15,000
Insurance (WIP - Contracts)	500	500	500	500	500
Central Heating	24,480	25,215	22,215	22,215	22,215
Water Tanks & Pumps (cleaning)	850	675	675	675	675
Electrical & Alarm Systems (Electrical Testing)	40,000	12,500	12,813	0	0
Landscaping (hard and soft) Grounds Maintenance Budget	66,000	66,000	66,000	66,000	66,000
Estate Cleaning	4,400	4,000	4,000	4,000	4,000
Painterwork	26,000	10,000	10,000	10,000	43,000
Common Maintenance (includes stair cleaning)	26,500	21,000	21,000	21,000	21,000
Forth Quarter	13,000	13,000	13,000	13,000	13,000
Other Major Repairs	24,000	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
Depreciation - White Goods		2,024	2,024	2,024	2,024
Stage 3 Adaptations	3,000	4,000	4,000	4,000	4,000
Stage 3 Adaptations - WGHC Funded	5,000	5,125	5,125	5,125	5,125
<b>Total Planned Maintenance</b>	<b>258,730</b>	<b>221,625</b>	<b>218,938</b>	<b>206,125</b>	<b>239,125</b>
<b>Component Replacement</b>					
	2023/24	2024/25	2025/26	2026/27	2027/28
	1	2	3	4	5
	£	£	£	£	£
Render (35 Years)	0	0	0	0	66,000
CH System (30 Years)	320,000	320,000	0	0	0
Windows (25 Years)	0	0	0	330,000	330,000
Doors - External (25 Years)	0	0	0	0	0
Bathrooms - full bathrooms only (20 Years) Ground floor toilets to be expensed under Planned Maintenance but form part of the tender	0	0	0	264,000	264,000
Kitchen (15 Years)	60,500	247,500	786,500	0	0
Boiler (15 Years)	0	0	0	0	0
Lifts (FQ 15 years)	0	0	0	0	0
Flooring (Common Stairs) (15 years)	0	0	0	59,800	0
<b>Total Component Replacement</b>	<b>380,500</b>	<b>567,500</b>	<b>786,500</b>	<b>653,800</b>	<b>660,000</b>

If you are having difficulty reading hard copies are available on request

- **Appendix 3 Below**

## 5 Year Cash Flow Statement 2023-2028

<b>Consolidated Statement of Cash Flow</b>		<b>WGHC 2023-24 V2</b>		<b>Plan</b>	
	2024	2025	2026	2027	2028
	£000's	£000's	£000's	£000's	£000's
Total Receipts	1,856.40	1,949.20	2,046.50	2,128.20	2,191.90
Total Payments					
General Needs					
Administration Costs	-784.2	-815.6	-840.1	-861.1	-878.3
Reactive Maintenance	-206.7	-214.9	-221.4	-226.9	-231.4
Planned Maintenance	-266.3	-230.5	-234.5	-226.3	-267.8
PSD Management Costs	-1.8	-1.9	-1.9	-2	
Void Maintenance	-84	-87.4	-90	-92.2	-94.1
EESSH2 (no inflation)					
General Needs Total	-1,343.00	-1,350.30	-1,387.90	-1,408.50	-1,471.60
Cash flow from Operating Activities	513.4	599	658.6	719.7	720.3
Provisions for tax	-1.5	-1.5	-1.5	-1.5	-1.5
Surplus for the year	511.9	597.5	657.1	718.2	718.8
Purchase of tangible fixed assets					
Component Accounting - Manual Inputs	-380.5	-567.5	-786.5	-653.8	-660
Other Fixed Assets - Additions	-21.5	-6.2	-6.4	-6.6	-6.7
Purchase of tangible fixed assets Total	-402	-573.7	-792.9	-660.4	-666.7
Interest Received (cash)	3.6	8.8	7.5	5.9	4.6
Total Cash flow from investing activities	-398.4	-564.9	-785.4	-654.5	-662.1
Interest paid	-54.9	-69.7	-65.5	-61.2	-56.9
New secured loans		1,500.00			
Capital Repayments	-260.9	-337.8	-310.1	-312.1	-314.1
Total Cash flow from financing activities	-315.7	1,092.50	-375.6	-373.3	-371
Cash & cash equivalents at the beginning of year	1,144.30	942.1	2,067.20	1,563.30	1,253.60
Net Change in Cash & cash equivalents	-202.2	1,125.10	-503.9	-309.6	-314.3
Cash & cash equivalents at the end of year	942.1	2,067.20	1,563.30	1,253.60	939.3

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