

# Building a Sustainable Future





# CONTENTS

01	Welcome and Introduction	p3
02	Looking Back	p4
03	Our World, Our Challenges, Our Opportunities	p6
04	What we will do and how we will do it	p9
05	Outline Plan 2022-25	p12
06	Supporting and enabling resources	p16
07	Monitoring our plan and reporting	p19
08	Risks to delivering the Plan	p22

## Appendices updated annually:

- |                              |                               |
|------------------------------|-------------------------------|
| 1. Operational Delivery Plan | 5. Stress Testing             |
| 2. Key Assumptions           | 6. Key Performance Indicators |
| 3. Annual Budget             | 7. Risk Register              |
| 4. 30-year Finance Plan      |                               |

# 01

## WELCOME AND INTRODUCTION



Fiona Lettice,  
Chair



Craig Spence,  
Chief Executive

It is with pleasure that we introduce our new Business Plan which will lead Orkney Housing Association (OHAL) and all that we do over the next 3 years and further into the future.

As we move positively forwards from the turmoil and upheaval that the COVID-19 pandemic caused for everyone in our community, we look to launch a Business Plan with a clear vision of the journey that the Association will embark on over the next 3 years.

Developing “*Building a sustainable future*” has been led by the Management Committee at OHAL and has involved a wide range of contributions, reflections, suggestions and ideas. Our whole staff team have been involved in the process and we have considered views from our tenants and other customers, along with wider community impacts and opportunities.

The way that the Association and the world operated during the last two years was unlike anything that could have been fully planned for and the impacts will continue to become fully known to us over the duration of this Plan, and beyond.

The title of our Plan encapsulates what we have learnt over the duration of the past Plan – the importance of our staff having a positive work environment, our customers experiencing a high level of service and the importance of being sustainable, considerate and efficient in all we do for our community and beyond. As much as ever before, we see ourselves as ambitious, caring, and here to do the best for our customers right across our islands. We have articulated this in our 3 key Corporate Outcomes:

- A Great Place to Work
- Great Customer Service
- Contributing to a Sustainable Community & Society

In this Plan, we set out some key actions that will help deliver these outcomes, including:

- Working with staff to build a forward workforce strategy.
- Ensuring that our technology, people and approach are right to digitally deliver services.
- We have the funds and other resources to deliver our Plans.
- Understanding our tenants wishes and challenges, and adapting all our services to meet those.
- Ensuring our properties are safe, modern, warm and affordable.

Thankfully, within living memory, there have been few times as uncertain as this current period we are in. We will face risks and challenges, including:

- How we ensure a positive working environment.
- Managing tenant expectations and communicating well.
- Supporting people through the cost of living crisis.
- Protect the continuity of all our operations.
- Positively coping with changing standards and regulations.

We continue to use our robust risk framework, and this will help us keep a focus on doing all we can to deliver the best outcomes we can as part of this Plan.

We believe that the ongoing exceptional efforts of our people will have a real positive impact in our community as we launch and embark on delivering “*Building a Sustainable Future*”

## 02 LOOKING BACK

**Orkney Housing Association was born in 1985, by a group of dedicated locally-based individuals who felt new solutions could be found to offer affordable housing to Orkney residents. Those bold innovators were correct – new solutions could be found, and they were. We have successfully overcome countless challenges over the past 36 years and delivered 1085 quality new, affordable properties right across Orkney since inception, completing our 1000<sup>th</sup> build in March 2017.**



Our current rental stock of 824 is all within the Orkney Islands and is complemented by 249 affordable home ownership units which we have either sold outright or retain a shared interest in, and 12 properties leased to local partners to provide housing.

The development of these homes represents a capital investment in Orkney of just under £115 million. Our rented stock generates income for us, with which we continue further investment in maintaining, upgrading and developing new housing.

Our tenants have always been our highest priority, and also providing homes to meet the housing need of others in our community. As well as high quality new builds, we have continued our programme of refurbishing and refreshing existing homes. This has been disrupted by material and contractor availability over the pandemic, but we are now progressing with work to make sure that all of our housing stock always meets the Scottish Housing Quality Standard (SHQS).

We have always had pride in how our staff have done all they can to best support our tenants. The approaches taken during the last 2 years have helped us further strengthen relationships and trust with our tenants. We have engaged, supported and helped them through challenges and they have worked well with us. That helps us all ensure people are good neighbours and living comfortably in sustainable tenancies.

During the pandemic we also embraced alternative ways of working. All our staff are now even more flexible, mobile and digitally-enabled. This is a journey we will continue. We also invested exceptional time in training and development, to ensure that our staff are equipped with the skills and knowledge to provide great customer service within a well-run Association with strong governance.

We remain the only Registered Social Landlord (RSL) in Orkney, and became a registered Charity in 2001.

Our founding members set up the Association to be forward-looking, ambitious and resilient. These strong foundations, along with our exceptional staff team, have enabled the Association to come out of a very challenging pandemic even stronger and focused on our path of “Building a Sustainable Future”.



## 02 LOOKING BACK



Kirk Park, Orphir showing the newest scheme nearest the front and the oldest furthest away



The world as a whole has experienced huge turmoil, disruption and change over the past two years. We have lived through significant constitutional change, a global viral pandemic and now enter a phase of war on the edge of Europe and a cost of living crisis. Our population and economy is strong and resilient in our islands. However, since the Association was founded, we perhaps have never had such a challenging set of circumstances to work within, as we strive in “Building a Sustainable Future”.

### Global Issues affecting us

As the country emerges from the impact of the COVID-19 pandemic and looks forward to rebuilding a vibrant economy, we began our business planning work with hope for stability and certainty ahead.

As an organisation, community and a country, we have been shocked by the devastating and unjust war in Ukraine and are conscious of the significant risks and impacts this could have on a global, regional and local scale.

Our community has always sought to help people and local efforts are already underway to plan for extending that support and welcome to those who are suffering.

### Orkney in 2022 and beyond

To many, our islands are picturesque, self-sustaining and place of choice to live. That in itself causes challenges, and we have seen a significant rise in demand for housing in Orkney over the past two years. This is particularly acute in Kirkwall and we anticipate high housing demand to continue into the future.

The construction industry here has a reputation for good build quality, and attention to detail, and work well with us to build homes to high standards. We are, however, operating in a tight labour market and availability of contractors can be challenging when other major capital projects are being undertaken. We have also experienced materials supply issues and expect this to continue for the next year or two. We have begun a new partnership programme with OIC and Scottish Government to seek to deliver more affordable homes for ownership over the course of this Plan, to tackle some of the demand. Together, we will seek to ensure that Orkney has the accommodation needed for the years ahead.

As well as housing those already in Orkney in housing need, future demographics are a real consideration for the community. Without skilled and young in-migration, our population will age faster than most other areas, and the economically active population will decrease. We already see high levels of employment, low unemployment and unfilled vacancies regularly.

### Rural housing challenges

The cost of developing housing in rural areas is significantly more than in urban Scotland. The market comprises of a large number of small contractors and a few medium-sized firms who can deliver medium-sized developments. This means we need to keep close to the local construction sector in order to obtain value from delivering the right projects at the right time.

Simply getting materials to site, and the extra costs and logistics involved in multiple journeys involving sea crossings, can be significant. Cost of materials and transport costs can be very challenging when developing and refurbishing properties, particularly in our most remote communities.

Rural fuel poverty is a real issue in Orkney, with the highest rate of fuel poverty in the country. We work closely with local, regional and national partner organisations to do all we can to reduce fuel poverty and its impacts in our community. The broader cost of living challenges will likely only exacerbate this issue in the coming years.

The incomes required to live in Orkney to the same standard as central Scotland are between 20%-40% higher. This places daily challenges on people in our communities, but particularly so in the winter when heating demands and energy costs are higher. We will continue our work to ensure that rural housing challenges are considered and “island-proofed” in Scottish Government legislation.





## National Matters

The changing legislation is a constant consideration for our organisation. We have highly skilled people and teams who ensure compliance and more – to make sure we do the best we can for our customers.

Governance and compliance requirements focus our resources also. With anticipated high inflation ahead of us, we will face a difficult challenge of finding the correct balance between all priorities of governments and regulators. There is no one simple solution to addressing affordable rents, zero-emission heating, fuel poverty, and ever-changing building standards.

We plan to continue as members of the Scottish Federation of Housing Associations (SFHA), the Rural and Island Housing Associations Forum (RIHAF) and other relevant networks, using our collective voice as a sector to deliver positively for those in housing need in Orkney.

We will continue to innovate and plan ahead to do our very best for those in our community and our properties.

UK & BEYOND	SCOTLAND + SCOTTISH GOVERNMENT	ORKNEY COMMUNITY	OHAL
<ul style="list-style-type: none"> <li>• War in Ukraine/Europe</li> <li>• Global Energy Markets/ prices</li> <li>• Scottish Constitution/ INDYREF2</li> <li>• Innovative ways of providing housing</li> <li>• Paying for COVID</li> <li>• Economic turmoil – inflation, interest rates</li> <li>• Cost of money</li> <li>• Availability of money</li> <li>• Public expectations</li> <li>• Private sector changes/ employment</li> <li>• Taxation</li> <li>• Another pandemic?</li> <li>• Full impact of BREXIT</li> </ul>	<ul style="list-style-type: none"> <li>• Conflicts between affordability and EESSH 2</li> <li>• Need for subsidy benchmarks to keep pace with construction inflation.</li> <li>• Tackling Fuel Poverty</li> <li>• EESSH 2</li> <li>• Ongoing work for tenant safety</li> <li>• Rent controls?</li> <li>• Homelessness '5-year plan'</li> <li>• SHR regulation changes</li> </ul>	<ul style="list-style-type: none"> <li>• Delivering NSSE housing in partnership with OIC</li> <li>• Huge demand for housing</li> <li>• Incoming workers unable to find housing, so refusing jobs.</li> <li>• Demographics – less people of working age</li> <li>• High employment</li> <li>• Private sector for market rent</li> <li>• Rise of drug &amp; substance use/ misuse</li> <li>• Increasing community engagement and involvement</li> </ul>	<ul style="list-style-type: none"> <li>• Maintaining our high performance</li> <li>• Cyber Security</li> <li>• IT provision</li> <li>• Succession planning Staff and Committee</li> <li>• Continued demand exceeding supply</li> <li>• Keeping rents affordable</li> <li>• Cost of living pressure on tenants</li> <li>• Tenant / customer expectations</li> <li>• Increasing build standards</li> <li>• Delivering efficiencies</li> <li>• Retirements</li> <li>• Post-COVID working, including face-to-face</li> </ul>

Strategy Session Outputs, Dec 2021

**STRENGTHS**

- ◇ Ability to adapt and continue to deliver high quality services
- ◇ Supportive, knowledgeable & experienced committee and staff
- ◇ Finances in a strong position
- ◇ Good relations with sectoral partners
- ◇ Good terms and conditions – an attractive employer
- ◇ Good housing stock
- ◇ High tenant satisfaction
- ◇ Committed Residents Panel
- ◇ Established repairs service with high satisfaction
- ◇ Good links and relationships with local contractors
- ◇ Reputation within community
- ◇ Good communication with staff and tenants

**OPPORTUNITIES**

- ◇ Continue to modernise workforce – learn from Modern Apprentices/younger staff
- ◇ Opportunity to review design brief – can we reduce costs and maintain quality
- ◇ Opportunity to integrate Care & Repair more, including having Tradesmen Teams working closer
- ◇ Maximising our use of existing IT systems and homeworking
- ◇ Explore possibility of expanding the Direct Labour Team, including other trades or semi-skilled support
- ◇ Continue as part of community renew work to strengthen post-covid
- ◇ Digitalisation of services for tenants
- ◇ Consider different types of housing and housing services
- ◇ Easier to digitally participate in national events and discussions
- ◇ Tenant engagement
- ◇ Transition to sustainable energy by 2030
- ◇ Revolving credit facility with OIC

**THREATS**

- ◇ Energy costs – threat to our income and costs
- ◇ Climate Change
- ◇ Fire safety and EESSH energy efficiency legislation requires large spend for limited benefit to tenants
- ◇ Constitutional crisis/change in Scotland/UK/Europe
- ◇ Brexit impact – labour & supply shortages
- ◇ Inflation – especially building materials
- ◇ Cyber-attack or major IT failure
- ◇ Ability to borrow affordably
- ◇ Cost of development and grant subsidy levels
- ◇ Scottish Government considering rent controls
- ◇ Capacity of local contractors
- ◇ Care & Repair re-tendering
- ◇ Further changes to building standards/ new build requirements

**WEAKNESSES**

- ◇ Land availability
- ◇ Lack of clarity on future development programme and support from key Public Sector partners
- ◇ Sustainability of IT support arrangements
- ◇ Traditional systems in need of modernisation
- ◇ Costs of travelling out of Orkney
- ◇ Digital meetings (for MC) could hamper recruitment
- ◇ Customers may still prefer a traditional approach and need significant support to be more digital
- ◇ Limited in how much we can do to address the cost of living pressures.



# 04

## WHAT WE WILL DO AND HOW WE WILL DO IT

Across the Association there is a real shared understanding of, and commitment to what we are here to do – our Mission:

**“We will provide good quality affordable homes and services for the benefit of the people and community of Orkney”**

In carrying out our Mission, we will focus on our three Corporate Outcomes. These are the three areas which we believe that if we achieve, then we will know we are delivering in line with our Mission. Our three Corporate Outcomes, which we explain further in Section 5, are:

- ♦ **Great Place to Work**
- ♦ **Great Customer Service**
- ♦ **Contributing to a Sustainable Community and Society**



### Values

We are very much embedded within the Orkney community, and much of our approach to how we do business reflects our historic approach within the community. Our values - our “5 I’s” - are the principles we live by:

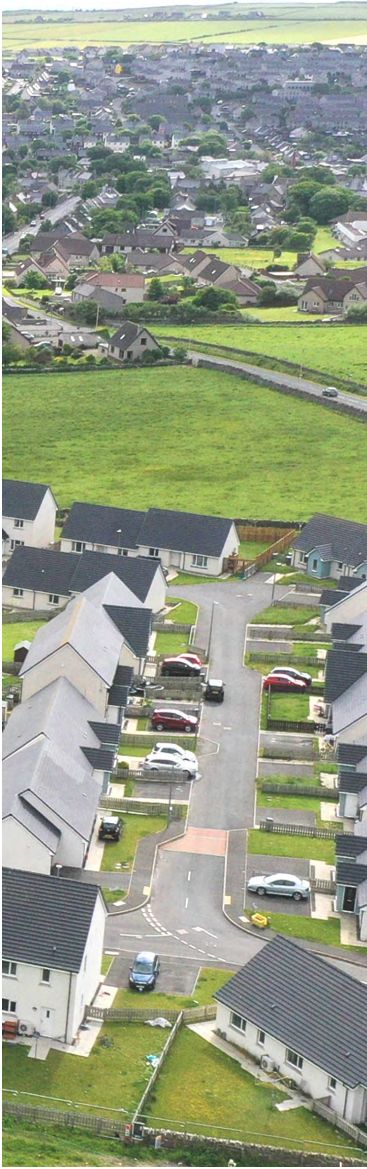
- Impact:** We deliver homes and services which meet the needs of, and have a positive impact on, our customers and the community.
- Involve:** We involve staff, tenants and stakeholders, listening to them and ensure their input is valued and considered.
- Intent:** We are clear what we are doing, and communicate effectively with our customers and our community, so that we each understand expectations.
- Integrity:** We act with the highest standards of integrity and respect, working within the Regulatory Standards.
- Improve:** We seek out and take opportunities to improve, through training, efficiencies, benchmarking, sharing and learning.

By doing all of this, we believe that we will deliver our long-term Vision that we will be:

**“Recognised across the country as a leading housing association that provides quality affordable housing”**

# 04

## WHAT WE WILL DO AND HOW WE WILL DO IT

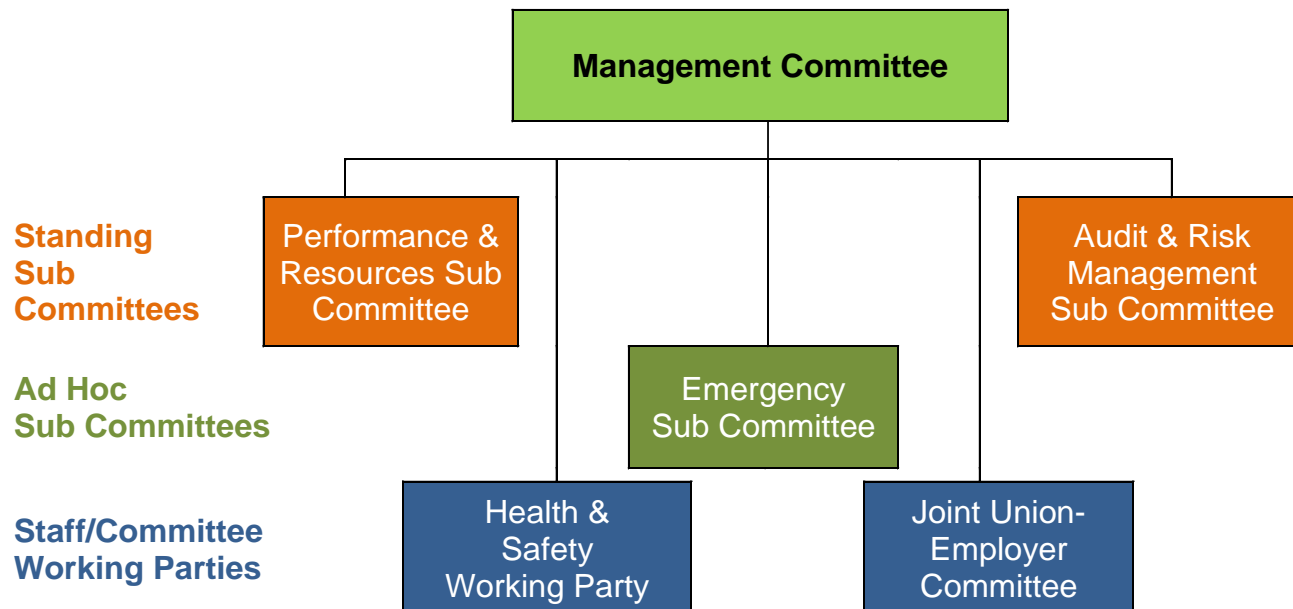


### Leading and overseeing delivery

Our Management Committee (MC) are the strategic governing body of the Association. They approve this Plan and monitor its progress and delivery.

The Management Committee are an experienced and talented group of individuals, committed to our values and overseeing delivery of our Corporate Outcomes. As at 01 April 2022, we have 8 Management Committee members as follows:

- ◆ Philip Cook
- ◆ Dave Dawson
- ◆ Linda Forbes
- ◆ Fiona Lettice
- ◆ John Rodwell
- ◆ Bill Wallace
- ◆ John White
- ◆ Roella Wilson

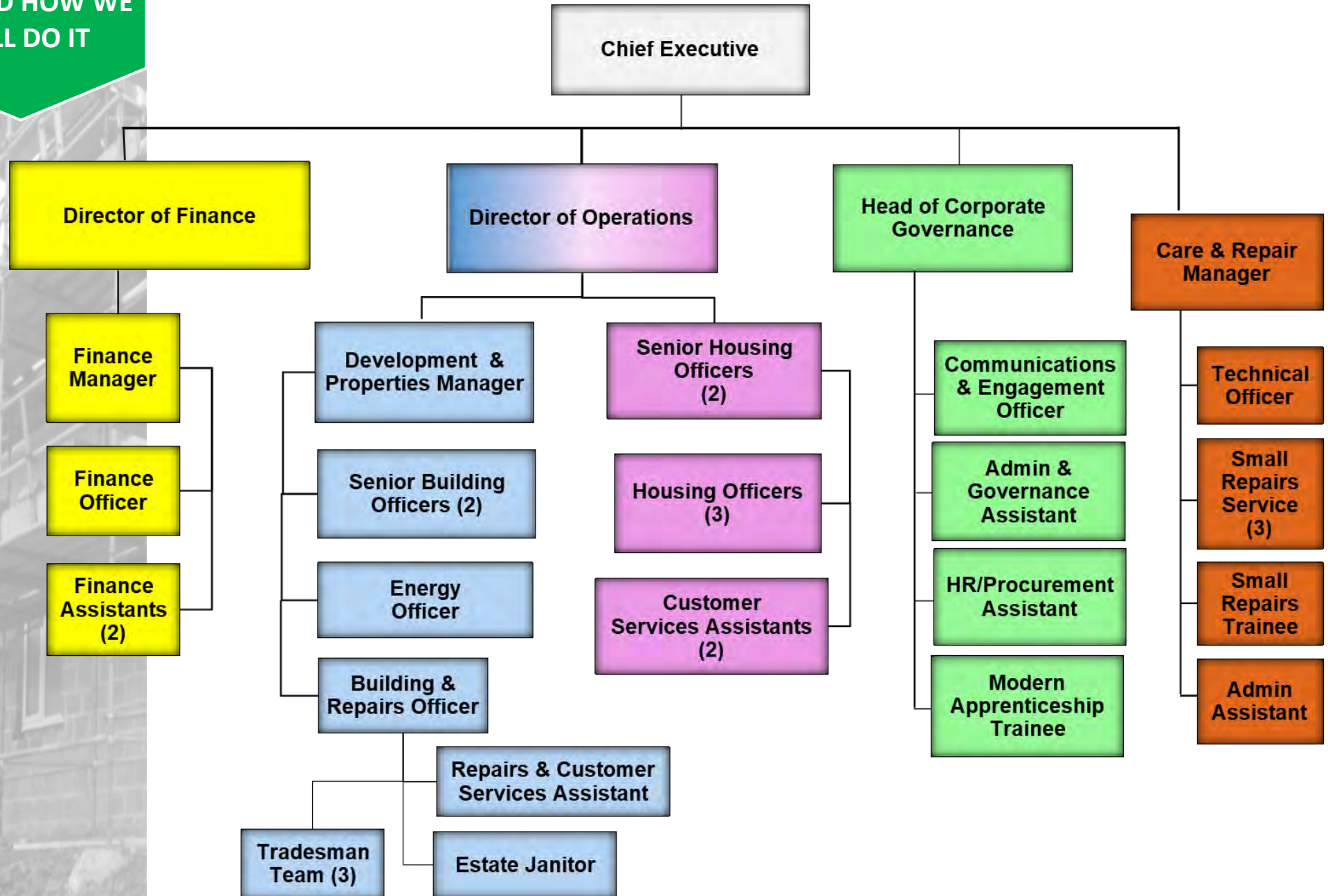




# 04

## WHAT WE WILL DO AND HOW WE WILL DO IT

On a day-to-day basis, our Leadership Team co-ordinate delivery within the Association and are supported by a highly skilled and capable staff team.



# 05

## OUTLINE PLAN

### 2022-25

As we outlined in the previous section, all our activity will be planned in order to support us working towards our long-term vision:

**“We will be recognised across the country as a leading housing association that provides quality affordable housing”**

We believe that this will be achieved by working to our 3 guiding Corporate Outcomes:

### A Great Place to Work

Only with exceptional, motivated and committed people, can we deliver exceptional services.

Our staff are a significant asset and a vital part of enabling us to deliver this Plan and to deliver our Vision. We value our staff, support and develop them to achieve their potential, and enable them to carry out the full extent of their roles to the best of their ability.

During the pandemic, we embraced opportunities to invest in training, learning and developing. This has prepared us well for the years ahead, and we will continue to invest so that our people have all the skills and knowledge they need to deliver positively in the workplace.

We will relaunch our Modern Apprentice programme, ensuring that we continue to welcome ambitious, intelligent young local people into the Association.

Over the course of this Plan, we will have changes to our workforce and new people will join our team. We will welcome new colleagues and support them to be part of a positive working environment.

There will be a review of our Tradesman Team, and also the wider Association, to ensure that we have the correct roles in place to deliver what is needed of us.

We aspire to be recognised as a **Great Place to Work**.





# 05

## OUTLINE PLAN

### 2022-25

## Great Customer Service

Our mission, and why we exist is all about delivering quality homes and services for our customers. Our customers should have high expectations for what we do, and we should deliver to a high quality. That is why this is an important commitment to have a headline Corporate Outcome of “Great Customer Service”.

To be able to successfully deliver this, we need to work closely with our customers and have them well-informed and engaged. We will continue to build on the great relationships we have with our customers, broaden our engagement and develop a new tenant handbook/guide.

Through our high levels of engagement over the duration of our previous Plan, we know that tenants have struggled at times. However, we also know that they are aware that by turning to us and having early discussions we can support them to sustain and thrive in their homes and to be good neighbours in positive communities.

We know that the coming years will bring pressures on the cost of living and we will continue our great customer service to support people whenever we can.

We aspire to be recognised as an organisation which provides **Great Customer Service**.

Key handover, new amenity-standard homes at The Crafty, Kirkwall



## Contributing to a Sustainable Community and Society

Our core functions are about delivering new affordable housing in Orkney and quality services to those living in our homes. We also deliver the Care and Repair service to private home owners, and to do all of this, we need to have staff engaged and motivated – a great place to work.

However, beyond this, we have a responsibility to the wider community and beyond. We are committed to going beyond our core functions, and taking a holistic view as to how we might be a leader in ensuring a sustainable community and society that will be a positive place for future generations.



Wider role is the term given to the many different ways in which housing associations help to tackle the challenges affecting their communities that go beyond immediate housing need. We will continue to fulfil our wider role within the community over and beyond the duration of this Plan.

The cost of living generally – and especially fuel and energy costs – is going to be a significant issue over the Plan. We will support other agencies and organisations who are doing good work to address these challenges.

There are significant environmental challenges and work to ensure carbon emissions are minimised and the impact on climate change and the planet restricted. We will play our part in this wherever we can.

We aspire to be recognised as **Contributing to a Sustainable Community and Society**.

By doing all of this, we believe that we will deliver our long-term Vision that

**“We will be recognised as a leading provider of quality affordable housing”**

---

Over the 3-year duration of this plan, we will produce a detailed annual Delivery Plan which will set out key actions to be delivered in-year. The Delivery Plan will be appended to the Business Plan on an annual basis. This will be initially based on the outline 3-year framework set by our Management Committee, as follows:



	<u>YEAR 1</u>	<u>YEAR 2</u>	<u>YEAR 3</u>
GREAT PLACE TO WORK	<ul style="list-style-type: none"> <li>• Develop forward plan for hybrid working</li> <li>• Restart Modern Apprentice programme</li> <li>• Expand use of BreatheHR</li> <li>• Tradesmen Team review</li> <li>• Workforce Strategy</li> <li>• Staff Survey</li> <li>• Establish staff wellbeing group</li> </ul>	<ul style="list-style-type: none"> <li>• Review Terms and Conditions</li> <li>• Management Committee succession plan</li> <li>• Promote our successes</li> <li>• Explore joint working with partners</li> <li>• Explore staff benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Full and forward review of our IT hardware and software</li> <li>• Telephone system review</li> <li>• Staff Survey</li> </ul>
GREAT CUSTOMER SERVICE	<ul style="list-style-type: none"> <li>• Develop Digital Strategy and training</li> <li>• Tenant and Resident survey</li> <li>• Develop Customer Charter</li> <li>• Focus on cost-of-living support</li> <li>• In-house energy support</li> <li>• Support community recovery work</li> <li>• Prioritise tenant safety, including Landlord Safety Manual and accompanying policies and procedures</li> </ul>	<ul style="list-style-type: none"> <li>• Launch Customer Charter, clarifying our commitments to our customers</li> <li>• “Digital by Default” services, making it easy for customers to self-serve</li> <li>• New website / portal developed and delivered</li> <li>• New Tenant Handbook launched</li> </ul>	<ul style="list-style-type: none"> <li>• Review and update Tenancy Sustainment Fund</li> <li>• Explore options of offering services to wider community</li> </ul>
CONTRIBUTING TO A SUSTAINABLE COMMUNITY & SOCIETY	<ul style="list-style-type: none"> <li>• Renew sustainability plans</li> <li>• Explore and cost options for electric vehicles - vans and pool vehicles</li> <li>• Environmental, Social &amp; Governance statement</li> <li>• Discuss future development commitments with contractors</li> </ul>	<ul style="list-style-type: none"> <li>• EESSH 2 strategy</li> <li>• Environmental, Social &amp; Governance strategy</li> <li>• Consult on garden and grounds strategy</li> <li>• Promote local sustainability initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• Energy Audit</li> <li>• Explore brownfield / retrofit options for new housing</li> <li>• Update New Build Design brief, embracing sustainability</li> <li>• Consider staff participation on external Boards supporting OHAL objectives</li> </ul>

Orkney Housing Association has always approached our financial and resource management with good planning, robust management and sound governance. With this experience, we are in a position where we know the detailed costs of running the Association and can forecast confidently for the future.

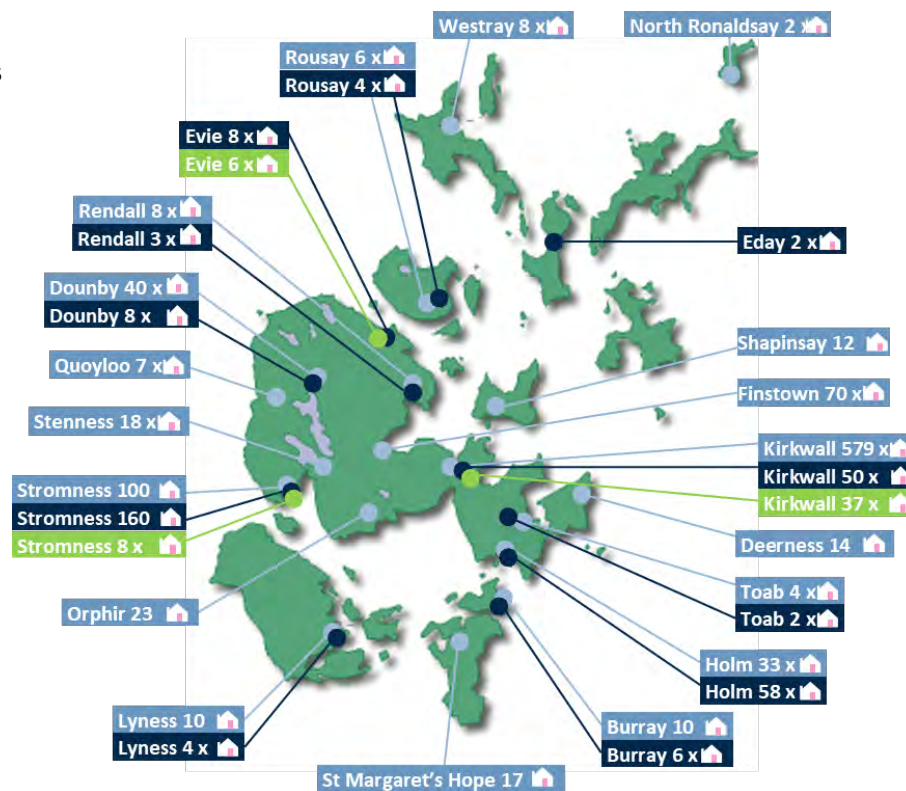
Our financial planning consists of a detailed budget for year 1 of this 3-year Plan. Our business model is based on a 30-year business and financial plan, in which we can forecast development and refurbishment of properties, and have confidence in our ability to repay loans and run the Association well. At the outset of this Plan, we have loans totalling over £19m.

We expect the need and demand for housing in Orkney to continue. We have planned an ongoing, sustainable development programme of 20 units/year for the foreseeable future. To facilitate this, we foresee a need to borrow a further £20m over the next 20 years, which also includes the refinancing of a £2.6m Royal Bank of Scotland facility and a maturing £2.8m Scottish Government Charitable Bond – which are due in years 3 and 4 respectively.

Over this period, we plan to continually seek efficiencies in how we operate. To this extent, we foresee no growth in staff numbers. We will do things differently, roles will change and evolve and we might stop doing some things in order to provide services differently and better.

Historically, we have increased rents by inflation plus an added percentage, but our Management Committee took a view in 2019 that we will no longer plan to increase rents by any more than RPI inflation.

In April 2021, recognising the impacts of COVID-19 on household budgets, we had our lowest rental increase this decade. We also created a “Tenancy Sustainment Fund” to support our most vulnerable tenants when they most need it, and in April 2022 had our first real-terms rent cut, with a rent increase of RPI -1%.



#### KEY



Existing housing stock

- Total rented properties (incl 16 leased) = 824
- Total Shared Ownership properties = 137



Land available for housing development

- Total potential units = 305



Planned development 2022-25

- Total potential units = 51



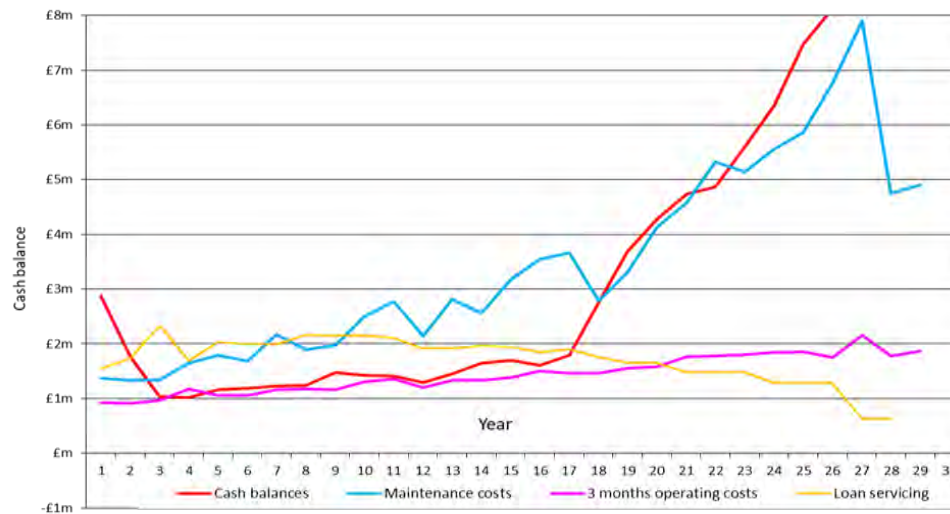
# 06

## SUPPORTING AND ENABLING RESOURCES

Each year, we will consider current economic data, and produce our “Key Assumptions”. We then use these to reforecast our annual and longer term budgets each year of this plan – based on known current position and refreshed projections.

Our Key Assumptions and detailed 1-year budget are in Appendix 2 and Appendix 3, and our 30-year financial plans showing revenue, balance sheet and cashflow projections can be found in Appendix 4.

The graph below demonstrates that, based on what we know and assume at the outset of this Plan, the Association will have sufficient cash for its day-to-day operations, to service its loans and to fund its planned maintenance programme over the next 30 years.



## Key Assumptions

<b>Inflation (RPI)</b>	Year 1	4.9%
	Year 2	5.9%
	Year 3	4.75%
	Year 4	3.75%
	Years 5 - 30	3.0%
<b>Inflation (CPI)</b>	Year 1	3.9%
	Year 2	4.9%
	Year 3	3.75%
	Year 4	2.75%
	Years 5 - 30	2.0%
<b>Rent increases</b>	Year 1	RPI-1%
	Years 2 - 30	RPI+0%
<b>Repairs inflation</b>	Year 1	4.9%
	Year 2	5.9%
	Year 3	4.75%
	Year 4	3.75%
	Years 5 - 30	3.0%
<b>House price index</b>	Years 1 - 30	1.0%
<b>3 month borrowing rate</b>	Year 1	1.3%
	Year 2	2.56%
	Year 3	3.25%
	Years 4 - 30	2.62%
<b>Staffing (FTE)</b>	Years 1 - 30	35
<b>Development completions</b>	Year 1	6
	Year 2	30
	Year 3	35
	Year 4	24
	Years 5 - 30*	20

\* rented only

## Stress-Testing

We consider “what if” our assumptions and projections may not be accurate. The world is an uncertain place at present, with constitutional and economic factors difficult to predict. However, we must make sure that the Association continues to be financially sound and that we protect the interests of everyone involved or affected. We conduct rigorous testing of our Business Plan and our financial assumptions – what we refer to as “stress-testing”.

We incorporate stress testing that reflects the pressures, changes and risks that we may reasonably face. We consider the financial impact, particularly what our loan agreements say, and what view our lenders may take. As part of stress-testing, we consider how we would rectify the impact of any scenario.

On an annual basis, we will consider the impact of different scenarios and external factors on the financial viability of our Plan. We will set these out in detail in Appendix 5 on an annual basis, but they will contain at least:

- Higher interest rates
- Lower Inflation
- Higher repairs costs
- Higher construction costs with reduced grant levels
- Projected effects of Welfare Reform
- A combination of the above
- Rent increases linked to CPI
- High inflation with capped rent increase





# 07

## MONITORING OUR PLAN AND REPORTING

In the previous sections we have set out key aims, objectives and performance standards, identified the main obstacles and how we intend to deal with them, set out the actions we will take and arrange the finance necessary to deliver our plans.

Monitoring will consist of on-going observation and measurement which will demonstrate the extent to which outcomes match our plans.

### Key Performance Indicators

We have identified a number of important and measurable areas of performance which are set out as Key Performance Indicators (KPIs). The headline KPIs on page 21, and detailed targets will be updated annually in Appendix 6. These will enable us to report on how we are delivering day to day services. We will issue an Annual Report each September detailing how we have achieved these.

Our Performance and Resources Sub-committee will be the regular first point of monitoring and scrutiny of how we are achieving these targets. Audit and Risk Management Sub-committee will review the effectiveness of our Risk Management arrangements. Sub-Committee Chairs will report regularly with a written report at the subsequent full meeting of the Management Committee.

The following suite of regular reporting arrangements has been put in place to enable our Management Committee to oversee the success or otherwise of the plans contained in our Business Plan.

<u>Quarterly</u>	<u>6-monthly</u>
Outcomes v KPIs Outcomes v budgets Management of identified risks Progress with Implementation Plan	Risk Report to Committee Business Plan Progress update
<u>Annually</u>	<u>Ad hoc</u>
Risk Management framework Achievement of Objectives Long term financial projections	New business and emerging risks

# 07

## MONITORING OUR PLAN AND REPORTING

### Scottish Housing Regulator

In May of each year we will report to the Scottish Housing Regulator (SHR) on our performance against the Scottish Social Housing Charter in an Annual Return on the Charter (ARC).

In October of each year, we will submit an Annual Assurance Statement which will set out the extent to which we comply with the Regulatory Requirements set out in Chapter 3 of the SHR Regulatory Framework.

We will report any other relevant matters such as notifiable events to the SHR promptly, as appropriate, during the year.



### Our Members

We will report in full to the members of Orkney Housing Association at our Annual General Meeting which we will hold before the end of September each year.



### Our Tenants

We will engage with our tenants and owners throughout the year. Our Residents Panel will receive updates and be involved in considering key issues. We will also involve the Residents Panel in conducting scrutiny exercises, with findings being reported back to Management Committee and to tenants.

By the end of October each year we will report in full to our tenants and other service users how we have performed in achieving or progressing towards the Charter.





## Key Performance Indicators 2022-25

Governance

G1	Staff absenteeism %
G2	Staff training and development plan - % complete
G3	Complaints response times within target

Housing

H1	Rent arrears
H2	Re-let times - days to re-let a property
H3	Tenants satisfied with re-let standards
H4	Anti-social behaviour resolved within target

Finance

F1	Management and maintenance administration costs per unit
F2	Reactive maintenance costs per unit
F3	Interest cover
F4	Debt to net worth

Properties

P1	Emergency repair response times
P2	Non-emergency repair response times
P3	Satisfaction with new homes
P4	Satisfaction with repairs services
P5	Compliance with EESSH
P6	Compliance with SHQS

Community/Care & Repair

C1	Hospital discharges completed by target
C2	Client satisfaction

# 08

## RISKS TO DELIVERING THE PLAN

After we have set our plan and outcomes, we explore the risks to which the Association is exposed, consider how these might hinder the delivery of our plans and how we will minimise their impact.

We have a robust risk management process which involves a five stage cycle of identification, analysis, prioritisation, mitigation and monitoring.

Our Risk Appetite has been discussed and set. It states that “We have a low-medium risk profile, recognising that sometimes we will take calculated risks in order to achieve our goals”.

We will:

- Ensure that the Association generally adopts a prudent attitude to risk.
- Be fully aware of the key risks affecting us.
- Ensure adequate responses.
- Be kept fully informed.

Key risks are identified, sorted and prioritised according to the extent of their impact on the achievement of our Vision, Mission and Corporate Outcomes and the likelihood of the risk occurring. Risks are scored in line with the table opposite.

Category	Definition	Description
Impact	Negligible (1)	Minimal effect on achievement of objectives
	Minor (2)	Minor effect on achievement of objectives
	Moderate (3)	Moderate effect on achievement of objectives
	Major (4)	Major effect on achievement of objectives
	Extreme (5)	Catastrophic effect on achievement of objectives
Likelihood	Rare (1)	Will only happen in exceptional circumstances
	Unlikely (2)	Not expected to happen, but potential does exist
	Possible (3)	May occur, has happened before – reasonable chance of occurring/ reoccurring
	Likely (4)	Strong possibility this could occur – may occur several times
	Almost Certain (5)	This is expected to happen – more likely to occur than not
<b><u>Risk Categories</u></b>		
<b>Score</b>		
15-25	Red	Significant attention required in monitoring or controlling risk
8-14	Amber	Medium intensity attention required in monitoring or controlling risk
1-7	Green	Routine attention required in monitoring or controlling risk



# 08

## RISKS TO DELIVERING THE PLAN



We have identified the following headline risks at the outset of this Plan.

<b>1.1</b>	Embrace Hybrid Working	<b>2.3</b>	Cyber Attack
<b>1.2</b>	Internal Communications	<b>2.4</b>	Major outbreak of an infection illness
<b>1.3</b>	Recruit, select, motivate and train	<b>3.1</b>	Adequately measure and report on sustainability
<b>2.1</b>	Cost of Living Crisis	<b>3.2</b>	Continued changes to standards and requirements
<b>2.2</b>	Manage Expectations from tenants and applicants	<b>3.3</b>	A funded and sustainable Care & Repair Service

Appendix 7 contains summarised information about how these risks are to be mitigated. The details of each risk are recorded in a Risk Form by the identified Risk Owner.

An updated Risk Register will be appended on an annual basis in Appendix 7.

All risks will be monitored by the risk owners. The Leadership Team review these in detail at the start of each month and report to the Audit & Risk Management (ARM) Sub-Committee:

<b>3 per annum:</b>	The management by Leadership Team of identified risks to ARM
<b>6-monthly:</b>	Mid and full-year reports on Risk Management to Management Committee
<b>Annually:</b>	The adequacy of, and compliance with, the Risk Management Framework
<b>Ad hoc:</b>	New Business Risk New emerging risk with a high risk status



Daisybank, Quoyloo, Orkney