Corporate Plan

2019 - 2022

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1.0 Executive Summary

This Corporate Plan is the key strategic document, which articulates the Association's vision and key objectives for the next three years. More importantly, it sets out how the Association will achieve these objectives. This plan is key to the organisations strategic and operational decision making process and reflects the long term ambitions and governance obligations of the Association.

Throughout the corporate planning process, Manor Estate Housing Association has taken account of relevant guidance, including:

- *Business Planning – Recommended Practice – December 2015 (Scottish Housing Regulator)*
- *Strategic Asset Management (August 2012)*
- *Regulatory and Financial Framework – February 2012 (Scottish Housing Regulator) to be updated April 2019.*
- *Strategic Asset Management - Recommended Practice – August 2012 (Scottish Housing Regulator)*

The Scottish Housing Regulator recommends that RSLs should consider key features in the development of their corporate plans, including:

- The organisations Vision and Mission
- Informed Consent
- Value for Money
- Rent Affordability
- Risk Management and Mitigation
- Asset Management
- Treasury Management
- Stakeholder Engagement
- Financial Planning
- Compliance with Regulatory Standards

The overall strategic direction of the Association as detailed in this plan, will be subject to annual updates and will be comprehensively reviewed every 3 years. This Corporate Plan is complimented by an Internal Management Plan which translates the strategic vision and business priorities into operational objectives, with associated corporate and departmental targets.

A comprehensive suite of performance monitoring reports, benchmarking information workplan reviews and staff engagement mechanisms ensure that the key targets and defined objectives of the Association and its subsidiary are met. Outcomes are reported to the Board(s) and any revisions required will be identified and incorporated into each subsequent review.

This Corporate Plan sets a clear direction for the Group's operational activity by establishing its priorities and setting key business goals. The plan articulates how the group uses its resources and develops available opportunities. It is part of our integrated approach to business planning and links to other key planning documents, including:

- 25 year Business Plan;
- Treasury Management Policy;
- Asset Management Strategy;
- Risk Management Strategy;
- Business Development Strategy;
- Energy Efficiency Strategy
- Sustainability Strategy
- Development Strategy; and
- ICT Strategy.

In setting the context for the Group's operational activities, the plan reviews and takes account of the wider environment within which Manor Estates operate both currently and in the future. By developing this Corporate Plan the organisation aims to reduce uncertainty and plan effectively, for the benefit of:

- The long term and sustainable future of the organisation;
- MEHA and MEAL tenants;
- Owners who receive services
- Key stakeholders, and
- Any other current or future customers.

This Corporate Plan identifies and considers the organisation's strengths and weaknesses, as well as the opportunities and threats which the Association will need to exploit and confront. This analysis is important in identifying our priorities for action which are reflected in internal work plans.

The Group's long term financial plan demonstrates by means of both the sensitivity and scenario indicators, that the Group has the capacity to carry out its key activities, meet its commitments and achieve its objectives within the resources available, including staff and ICT resources. It takes account of both current and future requirements.

Following a Board member strategic seminar held in September 2018 a number of key themes and objective were identified and are incorporated in this plan. These were:

- That Manor Estates HA remains viable as an independent RSL and that there is no obvious or immediate benefit to be gained from entering into a group structure or limiting the nature of the Association's independence.

- That the Association takes the opportunity (in partnership with others) to develop new build housing in order to address unmet and identified housing needs.

- That the organisation should focus its efforts and resources on enhancing social value in all it does and focus on the delivery of quality services to tenants, customers and the neighbourhoods within which it operates.

- That the Group should strive to attain value for money in our activities and seek to ensure that rents remain affordable for our traditional client groups.

- That the Manor Estates Group promotes and develops its experience of commercial activity, namely the provision of factoring services and mid – market (private sector) rented housing, expanding such service provision where appropriate.

- That efforts should be made to engage and develop effective working partnerships with other organisations, which in turn enhance the provision of services or support available to the Group's customers.

An independently completed tenant satisfaction survey (February 2017) provided the Association with an assessment of our customer's needs and expectations and will continue to influence service delivery and resource prioritisation. Staff recognise the importance of internal customers and effective corporate engagement, and the Association will ensure the operational teams work closely together to deliver good quality services.

A further tenant satisfaction survey will be commissioned and undertaken during 2019/20. The results of this survey will be reviewed and operational service adjustments incorporated into subsequent strategic and operational plans.

Other key stakeholders important to the Manor Estates Group are:

- The City of Edinburgh Council;
- The Scottish Housing Regulator;
- The Financial Conduct Authority;
- OSCR;
- The Scottish Government;
- The Edinburgh Integrated Joint Board;
- Our Lenders;
- Other Housing Associations;
- Tenant support and advice organisations,
- Contractors; and
- Consultants

2.0 Background and History

Manor Estates Housing Association is a registered social landlord which was established in 1995 following a large scale stock transfer of housing from Scottish Homes. The Association has charitable status. Of the 956 houses acquired in 1995, around 200 have been sold under the provisions of the Right to Buy. In the last 15 years the Association has acquired more than 230 additional properties as a direct consequence of either new build development activity, a transfer of engagements and properties being acquired via the Mortgage to Rent scheme.

As at January 2019 the Association and its subsidiary own and manage a combination of 1015 Social and 80 Mid - Market rent homes as well as 7 garages (it being intended that these remaining garages will be disposed of imminently).

As well as managing the housing stock, the Group provides factoring services to 1,700 home owners, most having acquired their homes through Right to Buy or subsequent resales. Providing factoring services for these home owners is an integral part of our business and estate management function, as these properties are largely located within the same estates and flatted blocks as the majority of the tenanted stock.

Maintenance of high standards within common area and of estate management is integral to ensuring neighbourhoods are attractive and safe for all our customers.

The Association provides agency services to other organisations in Edinburgh as well as commercial factoring and mid - market rent housing services. In 2008 a subsidiary company, Manor Estates Associates Limited (MEAL) was established, to provide these services. A separate business plan has been developed for MEAL setting out its areas of activity, scope for business development and financial projections. Any financial surpluses generated by MEAL are gift aided to the Association to assist in meeting its charitable purposes.

The Association is governed by a Board of volunteers drawn from its membership, although co – option of individuals with specialist expertise or knowledge is considered from time to time.

The organisation employs 29 staff (25.45 full time equivalents) who work in 3 operational teams: Neighbourhood Services, Asset Management and Repairs and the Corporate Services Departments.

Considerable resources are committed each year to managing staff performance including regular “Check – In’s” which identify training, support and development needs. Continuing recognition as an “Investor in People” and the award of a silver accreditation (2018), demonstrates the Association’s commitment to supporting and developing its staff.

3.0 Aims and Values

Manor Estates Housing Association and its subsidiary is committed to maintaining a focus on delivering high quality and appropriate services to all its customers while maintaining its social purpose and values

The renewed Vision, Key Strategic Objectives and Values underpinning the work of the Manor Estates Group are:

The Vision of the Manor Estates Group is:

"To provide good quality housing and services which help improve people's lives and the well-being of local communities."

Our Key Strategic Objectives are to:

- ***"Invest in and develop the assets of the organisation, using our resources effectively to build and maintain good quality homes and neighbouring environments"***
- ***"Improve the energy efficiency of the housing stock while providing advice and services to householders which mitigate fuel poverty"***
- ***"Develop and apply supportive services which aid current and future householders to sustain their tenancies"***
- ***"Support all of Manor Estates activities by ensuring the application of good governance, sound financial control risk mitigation, effective and efficient administration"***

To address and deliver the objectives of the association, both board members and staff adhere to common values, these being.

Our Values are:

Being Professional:	***"We will demonstrate knowledge and confidence in our work. We will be open and honest and communicate clearly".***
Customer Focused:	***"We will provide high quality and reliable services. We will engage, listen and respond to our customers, delivering what we say we will"***
Embracing Teamwork:	***"We will respect our colleagues and partners, treating them fairly, and contribute to a mutually supportive and***

	inclusive working environment which benefits our customers"
Maintaining Quality:	***"We will provide consistently high quality services and seek to improve what we do by adapting positively to change"***

4.0 Operating Context

The strategic objectives and ambitions of the Manor Estates Group are rightly shaped by the environment and the needs of the localities within which it primarily operates.

The Associations principle operating area is City of Edinburgh, the most rapidly growing urban area in Scotland and amongst the fastest growing in the UK. Key features influencing the work of the Association, which remains committed to working in partnership with the local authority to address needs, are that;

- *The population of the city is predicted to increase by 80,000, or 16% over 2017 – 37, growth being most prominent at each end of the age spectrum.*

- *The number of residents aged 12 – 17 is projected to increase by 23% over the next 10 years, while during the same period the proportion of over 75 year olds will increase by 3,000 (25%)*

- *CEC estimate that to meet the demands of this growing population, between 3,800 and 4,600 additional new homes will require to be made available in each of the next 10 years and that 60% of these homes need to be "affordable".*

- *The average monthly private rent of a PRS property in Edinburgh (Oct 2018) is currently £1087. It is projected that rent will consume 45% of an average households disposable income by 2020.*

- *The percentage of households living in the private rented sector doubled from 13% in 2001 to 27% in 2015.*

- *The poorest city households have experienced a reduction in their incomes of between £4,000 and £6,000 per annum since 2008. 16% of Edinburgh citizens are currently living in poverty, rising to 30% in some of the most deprived wards.*

- *The average house price in Edinburgh (June 2018) is presently £230,129 (38% higher than the Scottish average). The average price of a home in Edinburgh is six times the average gross annual earnings, making it the least affordable city in Scotland in which to buy a home.*

- *Homelessness presentations have reduced from 4,448 to 3,567 per annum over the last five years, but the number of households staying in temporary accommodation has increased by 36.4%. The average occupancy time spent in temporary accommodation is now 390 days.*

- *As at 31st March 2018, there were 21,130 applicants registered on EdIndex (the City – Wide Common Housing Register), on average 167 bids being generated for every home advertised.*

In order to play a meaningful role in helping CEC address these needs, the Association will seek to align its key delivery objectives with those identified and promoted by the city council, including those highlighted in the Strategic Housing Investment Plan (SHIP) 2018 - 2023. These are outlined below:

City of Edinburgh Council Business Plan 2017 – 22

Following the 2017 local government elections, the SNP / Labour administration produced a detailed business plan which set out key objectives they have identified and wish to apply in ensuring that Edinburgh remains, ***Vibrant, Forward Looking, Resilient, Meets all Citizens' Needs and Empowers Communities.***

There key objectives are incorporated into the 52 objectives set out in that Business Plan, key features of note being that the city:

- **Deliver an economy for all** – local jobs, growth and affordable housing.
- **Deliver a sustainable future** – a better environment and transport system that works for everyone.
- **Deliver for children and families** – improving lives and the future.
- **Deliver a heathier city for all ages** – strong and vibrant communities.
- **Deliver a Council that works for all** – more local empowerment, transparency and improved public services.

Key operational objectives established by the City Council and which are of specific interest to the work and future plans of the Manor Estates Group include:

- *A commitment to build at least 10,000 social or affordable homes over the first 5 years of the plan, with a plan to build 20,000 by 2027.*
- *Addressing acute homelessness*
- *Using brownfield sites to develop affordable homes*
- *The promotion of mixed communities.*
- *Improving Waste and Cleansing services and reintroduce free bulk item collection in order to address the issue of fly tipping.*
- *Increasing opportunities for recycling*

- *Increasing the provisions available for stage three adaptation funding and speed up this process – increasing the opportunities available for older and disabled people to remain in their own homes.*

- *Improving community safety and address hate crime.*

- *Working with the Integration Joint Boards (NHS & Council Social Care) to prioritise early intervention and the prevention of hospital admissions or lengthy stays.*

- *Address inequalities faced by children in poverty*

- *Increase allotment provision, community gardens and food growing initiatives*

- *Promote digital inclusion.*

The development and delivery of an integrated Health and Social Care agenda is one specific area which the Manor Estates Group can and will play a role in helping deliver.

The Association's housing stock, ability to adapt or reconfigure existing properties and willingness to engage in productive and flexible partnerships with key stakeholders means that Manor Estates is well placed to address the needs of vulnerable client groups, while utilising such experience to benefit existing tenants.

In order to address the undernoted needs, the City Council, requires to redesign services, work closely with partners (i.e. housing associations, third sector agencies and the NHS) and more effectively utilise Technology Enabled Care (TEC) allowing citizens in need to receive bespoke support and, wherever possible, remain in their own home environment longer.

Current and Future Health and Social Care Issues in Edinburgh

The Edinburgh Health and Social Care Partnership has identified key pressure areas resulting from demographic change, longevity and changes to social policy, these include:

- There are presently 8,584 people with learning disabilities, of which 1,335 receive direct services. The population of adults with learning disabilities is predicated to increase by 2% per annum.

- Hospital reprovisioning / closure and discharge will require the provision of specialist supported and affordable accommodation.

- There are 25,510 people in Edinburgh with physical disabilities, a population likely to increase by 1.4% per annum. 1,494 are in receipt of specialist services.

- There is a large and growing demand for appropriately designed accessible accommodation.

- There is need to redesign and increase the provision of specialist mental health services to address growing need. High proportions of homeless applicants have mental health diagnosis.

- Over the next 20 years the number of people aged 65 – 74, 75 – 84 and over 85 will increase significantly. The number of over 85 year olds is predicted to double by 2032.

- The number of older people requiring intensive levels of support is expected to increase by 61% over the next 20 years, the number living with dementia rising significantly.

- There are estimated to be 65,084 carers of older people in Edinburgh, 13.7% of the population.

5.0 Strategic Ambitions

Following detailed consideration by board members and staff and taking account of the views of tenants and key stakeholders, the strategic ambitions of the Manor Estates Group during 2019/22 period are defined below.

These key business objectives and related operational activities, aim to:

- Add social value to the work and activities of the organisation;
- Compliment the activities and ambitions of the local authority and other key partners;
- Build on past success;
- Attain Value for Money in all activities;
- Meet the aspirations and needs of customers, improving the wellbeing of tenants and communities within which we operate.

During the 2019/22 period, The Manor Estates Group will focus its resources and energy on four key strategic themes, these are:

- ***<u>Objective 1</u>: "Invest in and develop the assets of the organisation, using our resources effectively to build and maintain good quality homes and neighbouring environments"***

  - Review the Association's property and resources, minimising our exposure to non - productive assets.
  - Work with others to pursue the develop of new – build housing opportunities.
  - Attain SHQS and EESSH compliance
  - Have in place effective and costs efficient reactive, cyclical and planned works arrangements underpinned by comprehensive procurement and asset management systems.
  - Improve the quality of common area maintenance and environmental standards irrespective of tenure.
  - Invest resources in tenant and community safety initiatives, particularly in respect of fire risk management.
  - Review and enhance factoring arrangements, administration and engagement with owners and as appropriate develop commercially viable provisions to expand these services.

- Make the most effective use of adaptation funding and other resources to assist vulnerable tenants establish and sustain their tenancies.
- Assess and develop alternative uses for the common ground owned by the Association.

<u>Objective 2</u>: "Improve the energy efficiency of the housing stock while providing advice and services to householders which mitigate fuel poverty".

- Continue to improve and develop high quality, energy efficient homes.
- Utilising both internal and external resources, attain EESSH compliance.
- Inform, educate and provide advice to tenants as to how to minimise fuel poverty.

<u>Objective 3</u>: "Develop and apply supportive services which aid current and future householders to sustain their tenancies.

- Taking account of customer aspirations, develop, refine and operate appropriate communication, information sharing and engagement mechanisms.
- Establish either directly, in partnership, or by signposting to other agencies, a range of advice and information services which will aid tenants sustain their tenancies and reduce financial exclusion.
- Focus association resources on tenancy sustainment and neighbourhood cohesion activities.
- Increase levels of customer digital engagement.

<u>Objective 4</u>: "Support all of Manor Estates activities by ensuring the application of good governance, sound financial control, and risk mitigation complimented by effective and efficient administration".

- Appraise and ensure compliance with all necessary regulatory requirements.
- Ensure the Association is compliant with GDPR and FOI obligations.
- Effectively manage the financial resources of the organisation and ensure it's on – going and long term viability.
- Ensure staff are equipped, supported, motivated and trained to deliver the ambitions of the organisation.
- Facilitate training, communications and engagement with Board members, to ensure they are equipped and briefed to perform their role as governing body members.
- Invest appropriately to attain Value for Money in the delivery of administrative, ICT and service delivery practices.

These strategic ambitions and the subsequent operational objectives will be subject to monitoring, evaluation and annual review. Their delivery will be the responsibility of the CEO and Departmental Directors designated specific responsibility.

These ambitions and key priorities will be delivered by the Association and its subsidiary:

- Utilising the combined resources, assets and experience of the Association to best effect and to ensuring that capabilities and opportunities are maximised
- Developing effective partnerships which promote the potential of the Association developing new build housing to meet identified needs, assessing the viability and risk associated with such ventures.
- Developing purposeful and mutually beneficial partnerships with key stakeholders who in turn will aid the Association deliver its ambitions and enhance the provision of services to tenants, customers and the communities within which we operate.

- Maximise the use of ICT provisions reducing administrative burdens and utilising freely available resources to deliver enhanced front line services or property enhancements.

- Ensuring the governance, financial management and resource allocations are robustly managed and that risk to the ambitions of the organisation are minimised or reduced.

- Benchmarking, learning from and sharing experience / good practice with others to the betterment of services provided by the Association.

- Refine and enhance communication methods with tenants, customers and key stakeholders, listening to the views of those to whom we provide services now or in future and to ensure that these services meet customer needs.

- Ensure the Associations staff and governing body members are trained, supported and equipped to maximise their potential and to assist in the delivery of the organisations ambitions.

6.0 Value for Money

Introduction:

As part of its business planning process the Board of the Association, in consultation with staff and tenants has developed a strategy, for making the best use of the organisations assets. This includes a commitment and plan for improving and attaining Value for Money in all activities.

It is the intention of the Association to develop a suite of measures and to establish agreed and acceptable standard of practice and service delivery, which although at times requiring difficult choices, ultimately strive towards the attainment of Value for Money in all we do.

What does Value for Money Mean?

Value for Money means that in all its actions the Association will seek to use its capital, assets, revenue and resources effectively and in a commercial, business – like manner for the benefit of its customers.

The Association will continually:

- *Do things right, in the pursuit of its social and charitable objectives.*
- *Identify where improvements can be made which will have maximum impact on overall satisfaction levels*
- *Understand what is important to customers and focus on delivering such services.*
- *Deliver services efficiently and as cost effectively as possible.*
- *Make the best possible use of available resources.*
- *Ensure transparency between costs and the quality and level of service provided*

Scottish Housing Charter Standard 13, Value for Money, states:

"Social landlords manage all aspects of their businesses so that: tenants, owners and other customers receive services that provide continually improving value for the rent and other charges they pay. This standard covers the efficient and effective management of services. It includes minimising the time houses are empty; managing arrears and all resources effectively; controlling costs; getting value out of contracts; and giving better value for money by increasing the quality of services with minimum extra cost to tenants, owners and other customers."

In essence Value for Money means – ***“Doing the right things, in the right way and at the right price”***. It does not mean doing things cheaply, but rather making decisions which are based on effectiveness, efficiency and economy criteria.

There is invariably a consequence of cost reduction on service quality and care will always be taken by the Association to ensure that appropriate and necessary consideration is given to the trade-off between quality and price.

Continuous Improvement:

By empowering staff and working smarter, the Association will ensure that all staff understand the implications of Value for Money in the delivery of their activities and that it’s attainment is embedded throughout the organisation and in all activities. The Association will actively encourage staff to identify opportunities:

- *Where duplication can be removed.*
- *Where workflows and service delivery practices can be cost effectively simplified.*
- *Where business refinements and savings can be introduced, which have the least negative impact on customer services or satisfaction.*
- *To share information on costs, process and benchmarking data and learn from the experience of others.*
- *Incorporate Value for Money in to personal work objectives, plans and reviews*

Everyone within the organisation will have a part to play and should be able to positively contribute towards attaining greater Value for Money.

Procurement:

In the procurement of either goods or services, Manor Estates will subscribe to and apply all necessary regulatory requirement, balancing price and quality determinations in the achievement of costs effective and sustainable procurement.

The Association will in procuring goods or services, seek to attain and take advantage of the **M**ost **E**conomically **A**dvantageous **T**enders and award contracts which establish and foster effective partnership working with suppliers, benefitting both parties and ultimately customers.

Resources:

In effectively managing the Associations assets (properties, staff, ICT, income and finances), Manor Estates will consistently review and maximise the use and application of these resources in order to attain the maximum long term benefit to the organisation, its tenants and customers.

Assets or resources which do not enhance service delivery or the long term viability of the organisation will be revised, refined or excluded, the emphasis being on the retention of assets which aid the Association in attaining its social and charitable objectives.

Social Value:

There may well be occasions where the investment of capital or resources provide intangible benefits to our tenants or the communities within which we operate (i.e. Welfare Rights, Energy Advice and Tenancy Sustainment provisions).

In some instances it is recognised that the social value and non – quantifiable benefits of key activities outweigh the financial cost, but in such instances the Association will assess and monitor such initiatives and expenditure carefully, engaging with service users to determine the benefit and value attained.

7.0 Rent Affordability

Rent remains the Association's main source of income.

In establishing a rent policy and structure, the Association requires to set rents which:

- enable the organisation to function as a viable business;
- meet tenants' expectations on quality of service provided; and
- Offer affordable homes.

In fulfilling these objectives Manor Estates Housing Association has adopted the good practice and advice promoted in the SFHA *"Guide to Rent Setting and Affordability (June 2017)"*, assessing rent affordability by applying the SFHA affordability definitions, specifically:

- rents that are less than 25% of moderate household income are considered affordable;

- rents between 25% and 30% are considered to be on the margins of affordability; whereas

- rents that account for more than 30% of moderate household incomes are deemed to be unaffordable

The Association's recent review of the Rent and Service Charge Policy has resulted in a set of easily understood attributes that form the basis for the rent calculation. The Association carried out an assessment of affordability of its rents using an approach based on the SFHA's 'Affordability Tool'. The result enables comparison between the rent and one affordability measure (the average household income per property).

Once the revised rent and service charge policy has been fully applied (i.e. after the rent harmonisation) Association rents will be generally affordable (i.e. the rent will be equal to or less than 25% of the average household income). This is a greatly improved position from the original policy where 21% of the Association's rents were on the margins of affordability.

The Association offers a number of services to help tenants maximise their incomes and sustain their tenancy. This includes:

- Early intervention and advice to prevent escalation of rent arrears;
- Direct provision of welfare benefit advice;
- Effective liaison with local authority benefit departments and the Department of Work & Pensions;
- Sign-posting to independent and specialist advice agencies;
- Tenancy sustainment budget and provisions.

In establishing the rent increase for 2019/20, rent affordability was considered by both the Audit Committee and the Board using an updated version of the modified SFHA's 'Affordability Tool'. Applying the first year of the new rent setting policy and a proposed 2.5% increase has resulted in the following affordability figures:

Affordability (19/20 actual rents)				
	Actual Rent Charge only		**Actual Rent + Service Charge**	
	Number	**%**	**Number**	**%**
Affordable (less than 25% of income)	927	91.24%	840	82.68%
Margins of Affordable (25-30% of income)	89	8.76%	37	3.64%
High Rent Ratio (greater than 30% of income)	0	0.00%	139	13.68%
Total:	**1016**	**100%**	**1016**	**100%**

This is a major improvement on the rents applied in 2018/19 where 212 tenancies fell into the 'margins of affordable' in the 'actual rent charge only' section of the table.

8.0 Asset Management

The Association has continued to develop over the last 3 years, seeing the stock grow by 13.22% with the completion of 128 new build property development, 48 social rentals and 80 Mid Market rental properties. The Association's first Mid Market rentals.

Current stock as at 1 November 2018:

	Social Stock	Mid- Market Stock	Total Stock	%
House	379	0	379	34.61%
Tenement	410	80	490	44.75%
4 in a Block	150	0	150	13.70%
Other flat / maisonette	76	0	76	6.94%
Total	**1015**	**80**	**1095**	100.00%

	Social Stock	Mid- Market Stock	Total Stock	%
Pre 1919	4	0	4	0.37%
1919-1944	17	0	17	1.55%
1945-1964	427	0	427	39.00%
1965-1982	188	0	188	17.17%
1983-2002	310	0	310	28.31%
Post 2002	69	80	149	13.60%
Total	**1015**	**80**	**1095**	100.00%

Asset Management Strategy:

The Association's Asset Management Strategy is currently under review however it will follow and develop from the Asset Management Objectives listed in 2013:

Asset Management Strategy 2013 - 2018	Asset Management Strategy 2018 and beyond
Establishing a framework to ensure that investment is directed to meeting our legal obligations and the SHQS by 2015	Now includes legal obligations, SHQS and both EESSH and EESSH2, within timeframes
Providing an efficient and effective maintenance service to our customers which involves planned and cyclical	Efficient and effective maintenance service to be maintained

maintenance as well as day to day repairs	
Ensuring that any properties we build or acquire are properly integrated into our stock maintenance processes	Property records and database fit for purpose
Considering the disposal of properties which are not contributing positively to our Business Plan or cannot be economically brought up to the SHQS or new social housing standard	Exercise to be undertaken 2019
Considering remodelling properties which are no longer required for their original purpose	Consider the gaps to achieving EESSH2 and the investment required

Stock Nature and Issues:

The Association's properties are a mix of construction types varying from traditional brick/block to no fines concrete and more modern timber framed properties.

The majority of our properties are mainstream family housing but we have now reconfigured 143 purpose built sheltered housing properties to retirement housing. The Association owns 3 community buildings on the retirement housing estates, containing kitchen, meeting room and laundry facilities. Consideration will be given to finding additional uses for the building whilst maintaining the social and laundry amenity for the retirement households.

	Social Stock	Mid- market Stock	Total Stock
Retirement	137	0	137
Retirement wheelchair	6	0	6
Wheelchair	2	0	2
Amenity	63	0	63
Regular / not classified	807	80	887
Total	**1015**	**80**	**1095**

The Association has not currently experienced any difficult to let stock. The Association has 17 social rentals in Fife region, properties acquired through the Scottish Governments Mortgage to Rent Scheme. The review of the Asset Management Strategy will give consideration to the viability and effective management of the Fife stock in the longer term, together with the value of the built assets.

Through planned maintenance programmes, SHQS and EESSH the stock has been brought up to a reasonable standard of energy efficiency given the mixed ages of the properties.

Current SHQS Compliance:

SHQS (social rented)	At 31.03.2018
Meeting SHQS	850
Exempt from SHQS	33
In Abeyance from SHQS	132
Stock Failing SHQS	1
Total Stock	1016

The Association is actively managing the achievement of the SHQS target. The 33 exemptions relate to situations where there are low energy ratings or the kitchen facilities lack the defined storage facilities. These will be addressed at the next component replacement programme as there is no immediate remedy and the cost to replace would be disproportionate for the benefit at this time.

The stock recorded in Abeyance mainly relates to door entry systems for blocks in mixed tenure states. The Association will actively manage an advertisement programme highlighting the cost and benefit to the owner occupiers.

Energy Performance:

Current Energy Performance Certificates (EPC) profiles for the social rented properties:

A 92+	14	1.4%
B 81 – 91	92	9.1%
C 69 – 80	441	43.4%
D 55 – 68	231	22.8%
E 39 – 54	36	3.5%
F 21 – 38	9	0.9%
G 1 – 20	1	0.1%
None	191	18.8%
Total Social Stock at 1 November 2018	**1015**	**100.0%**

The Association has an ongoing programme of EPC profiling to establish accurate ratings for the 191 properties where we do not hold an EPC. And is investigating methods to increase energy efficiency of the 4.5% lowest performing stock.

Current EESSH & EESSH #2 Compliance:

Number social rented properties that meet the EESSH standard 31.03.2018

	Gas	Electric	Total
Flats	289	4	293
Four-in-a block	107	1	108
Houses	152	3	155
Detached houses	1	0	1
Total	549	8	557

Percentage meeting the EESSH 54.8%

Projections meeting energy efficiency targets:

Projection at 2018	**EESSH 2020 Target**	**EESSH #2 2032 Target**
Pass	564	107
Projecting Pass	216	0
Projecting Fail	235	908
Total Social Stock at 1 November 2018	1015	1015

Projecting Fails	**EESSH 2020 Target**	**EESSH #2 2032 Target**
Less than 3 points to target	45	37
4 or more points to target	190	871
Total Projecting Fails	235	908

In the last 3 years the Association has undertaken a substantial energy efficiency programme. In total the Association invested £1.96 million on External Wall Insulation (EWI) for 347 tenants, and worked alongside the City of Edinburgh Council and Changeworks to carryout £3.78 million works to 548 owner occupied properties, in 6 estates across the city. The Association has 5 properties programmed for EWI in 2019 and a further 2 Fife properties to be completed in future.

The Association will continue to seek out resources and provide in the 30 year Maintenance Plan for measures to reduce the number of properties failing the EESSH 2020 target.

Maintenance Priorities:

The Associations Maintenance and Improvement priorities are costed and included in the Business Plan Update. Our Technical Inspectors undertake Stock Condition Surveys, utilising their detailed knowledge of the stock, component life-cycles and incidence of component repairs, to establish next component renewal dates. The Asset Management and Repairs team are currently working towards surveying 10% stock per year.

The Association's current target component life cycles:

COMPONENT	Years
Kitchens	18
Bathrooms	30
Gas Central Heating	20
Electric Storage Heating	20
Windows	30
External Doors	30
Flat Entrance Doors	35

The 30 year Maintenance Plan is refined annually. Refinements in budget programmes will be made to accommodate unexpected legislative changes, to balance work flow for the small Asset Management and Repairs Team and to ensure we do not breach banking covenants.

Component Replacement timescales achieved:

COMPONENT	Life cycle	Renewed within life cycle	Number beyond life cycle
Kitchens	18	1062	33
Bathrooms	30	1080	15
Gas Central Heating	20	1010	43
Electric Storage Heating	20	31	5
Windows	30	1091	4
External Doors	30	563	13
Flat Entrance Doors	35	444	75

The Asset Management and Repairs team manage the on-going negotiation of hard to access and tenant refusals to ensure tenants are given any necessary support to accommodate the programmed works.

Future Priorities:

Currently anticipating the launch of fire detection legislation, likely increasing the specified requirement to LD2 Standard, interlinked smoked detection on each level of a property with heat detection in kitchen and carbon monoxide detection if gas heated and a 2 year compliance cycle. The Associations new build scheme at Sandilands (128) are the only properties that currently comply with this enhanced standard, 967 properties will require enhancement. Survey work has been undertaken and specifications are being worked on to include in 30 year Maintenance Plan.

As a consequence of the Grenfell Tower disaster the Government has instructed all fire door manufacturers to submit their fire doors for re-testing. These doors are utilised as entrances from common stairs to the individual flatted properties. The Association has 519 flats of this type. Any remedial measures required when the Government release their findings will be built into the 30 year Maintenance Plan.

Maintenance inflation is projected to increase over next few years as the nation faces potential labour shortages with the possibility of European nationals leaving the market place. At the present time Industry Indices are not showing this to have significant detriment, and the projected effect will be built into the 30 year Maintenance Plan.

Day to Day Repairs:

With a well maintained stock base the association achieves a relatively predictable Reactive Maintenance spend. Reactive Maintenance is delivered by a Main Contractor with appointments service, and smaller specialists for specific repairs.

Over the last year the Reactive Maintenance spend of Association at £372 per property has been in line with Peer Group £349 averages. The Association undertook some higher specification upgrades to some void properties which increased the average void spend to £285 per property compared to Peer Group average £160. The Association is no longer undertaking these higher specification upgrades. The Association’s tenants are largely satisfied with the Reactive Maintenance service, 96.94%. The average number of repairs per property 2.38, is lower number than Peer Group average and the average days to complete non-emergency repairs 5.22 equals Peer Group average.

Factoring service:

The Association is a Registered Property factor and provides a full property Factoring service to 439 households, in flats in common stairs, and a reduced service covering landscape maintenance to a further 1066 households. In line with the Property Factors Code of Practice the Association provided all Factoring customers with a Written Statement of Services showing how often accounts are issued and mechanisms for debt collection.

9.0 Financial Planning

9.1 The Association's forecast Income & Expenditure account and Cash Flow as developed in our 25 year Business Plan (Appendix a) demonstrate our continuing financial viability over the medium term and projects annual surpluses throughout. The forecasts also establish our capacity to meet all loan repayments as these fall due. At the same time our projections show that we will continue to meet the financial covenants agreed with our lender, Santander. This can be seen in the scenario charts displayed below (i.e. the base year information all meet or surpass the minimum requirements).

9.2 In drawing up our financial projections for the next five years (and for our longer term Business Plan) the Association has taken account of the full range of commitments and obligations, including:

- The costs of meeting EESSH
- The cost of other planned and reactive maintenance works, including repairs to void houses
- Past service deficit contributions to the staff pension scheme (SHAPS)
- Business improvement initiatives (including ICT developments)
- The potential costs of office relocation

9.3 To assist us in setting the rent increase necessary to ensure business continuity, a range of scenarios (varying key factors) have been applied. We have compared the results of the scenarios with those of our base year information (Appendix b). The graphs below illustrate the effect of the various scenarios and provide reassurance that the Association is generally resilient to fundamental changes in economic conditions during the early years.

9.4 These scenarios can be described as:

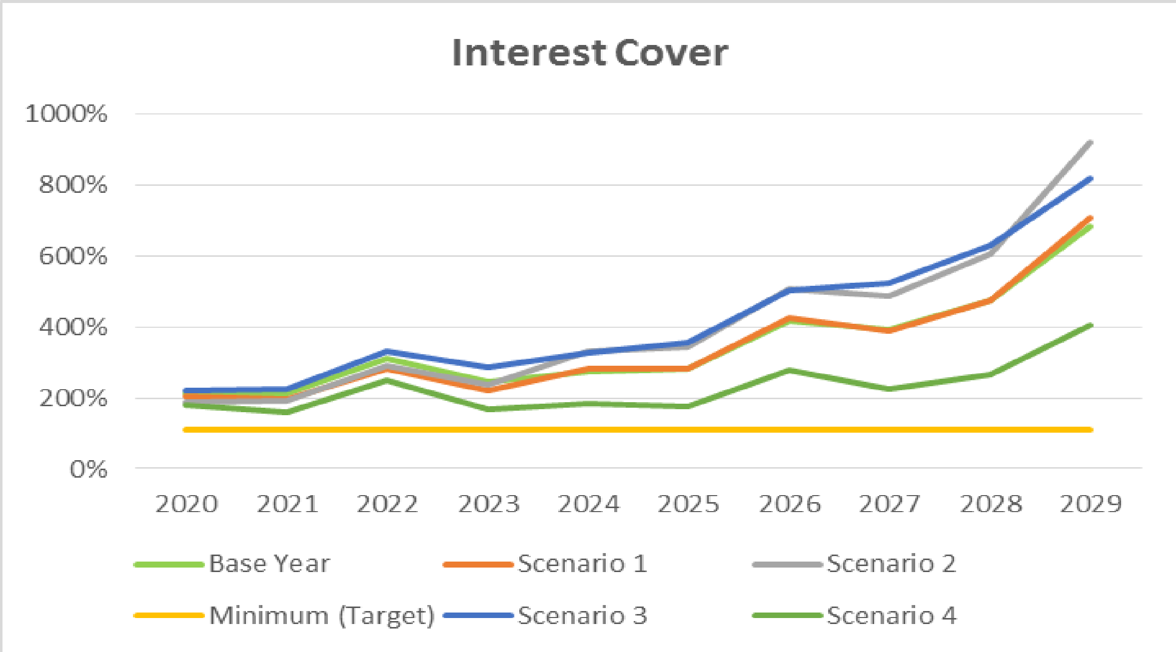
- **Scenario 1:** There occurs a general uplift in both inflation and interest rates from 2019 onwards.

- **Scenario 2:** There occurs a significant uplift in both inflation and interest rates

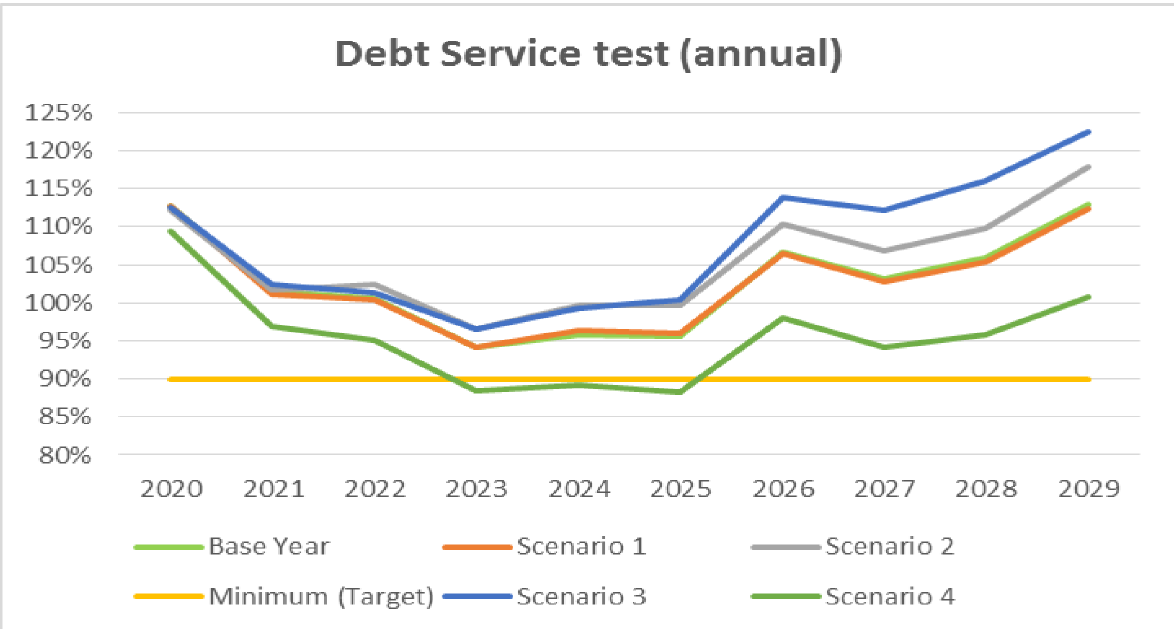
- **Scenario 3:** The UK economy enters a period of deflation

- **Scenario 4:** Arbitrary controls are applied and rents are reduced

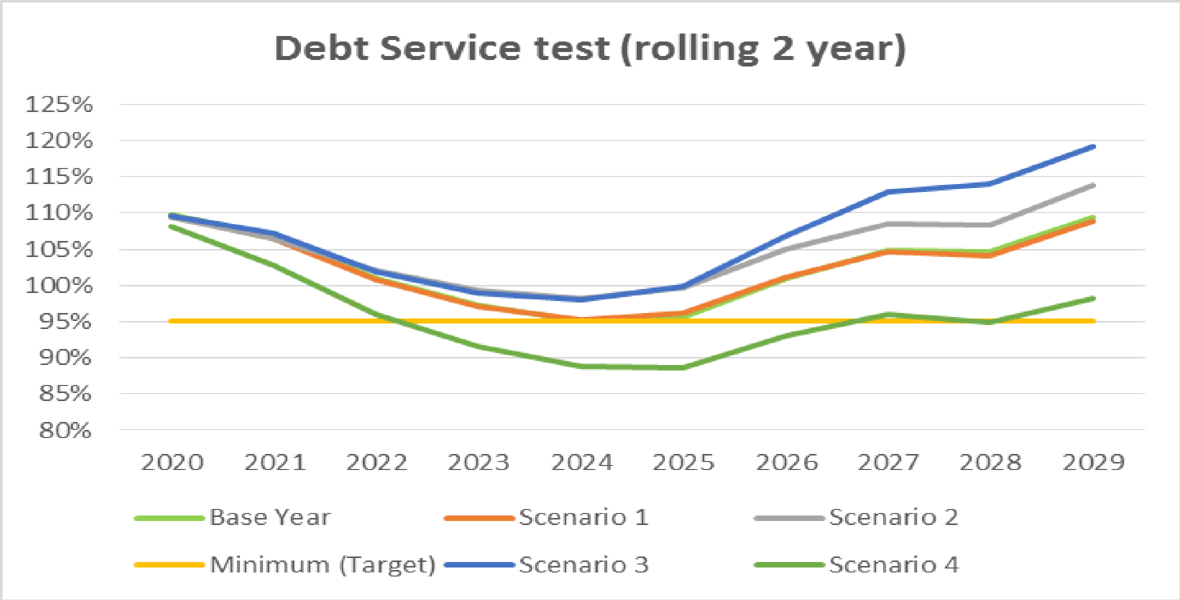
The net effect these different scenarios have on our financial covenants and cash balances for the first 10 years of the 25 year financial plan are as follows:



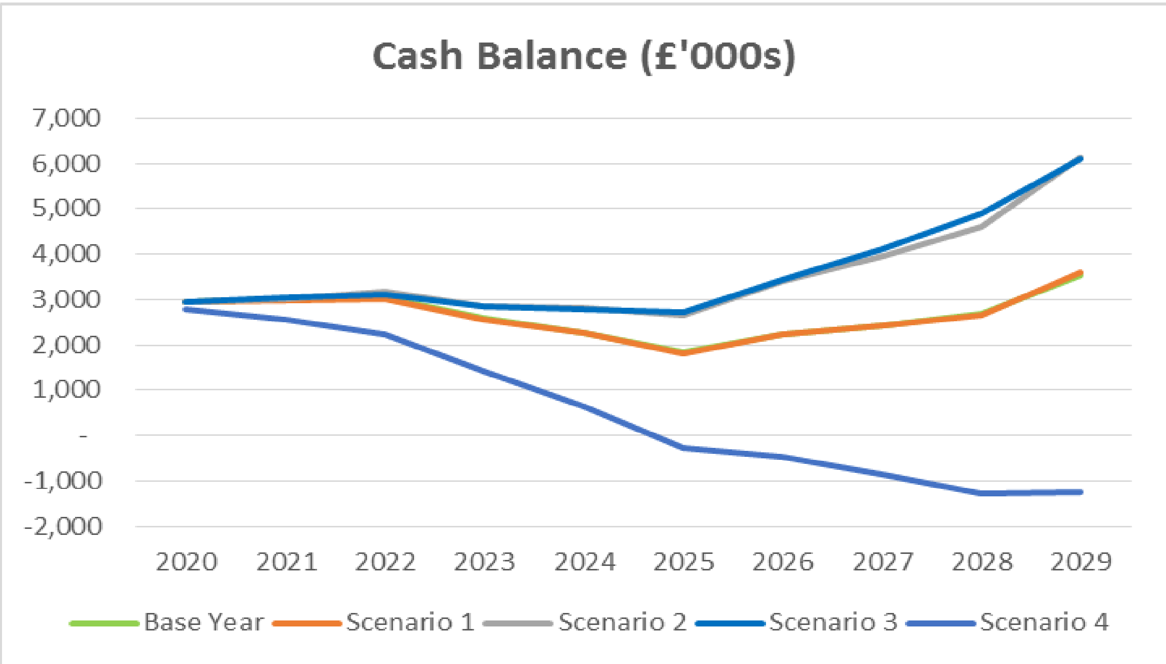
Interest Cover: MEHA's lender, Santander require MEHA to ensure that it can cover the cost of MEHA's interest by 110% for each of the 25 years of its financial plan. As illustrated above, each scenario would result in this covenant being met for the first 10 years of the 25 year plan.



Debt Servicing (annual): In this covenant, Santander want to ensure that MEHA's total expenditure doesn't exceed 90% of its income. Each scenario, except scenario 4, would result in the covenant being met for the first 10 years of the plan.



Debt Servicing (over 2 years): In this covenant, Santander want to ensure that MEHA's total expenditure doesn't exceed 95% of its income over two years. As can be seen here, scenario 4 breaches this covenant in 2023 to 2026.



Cash Balance: In this comparison of cash balances, all scenarios except scenario 4, return a positive cash balance.

Treasury Management

The final phase of the Group's new build development at Sandilands was completed in October 2017. The Association borrowed £9m to finance the development of 80 new social housing units and 48 mid - market rent units. Due to years of better than expected results and a reduction in the estimated length of time to fund the pension deficit, the Association finds itself with £1.8m more than it needs for its day to day business operations. It plans to prepay this to Santander prior to 31 March 2019. This £1.8m be used to prepay £1.8m of variable monies (old loan) and will result in less interest being paid by the Association.

This prepayment will mean that the Association will not make further loan repayments prior to March 2021. The Association is currently in the process of negotiating a fix for the remainder of the old loan (in this case, £3.015m) for a further 5 years.

The following table illustrates the decreasing debt level under the present loan arrangement until 31st March 2025, by which time the Association's original loan will have been fully paid off, the remaining debt having been accrued as a direct result of more recent new build development.

Year ended	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Balance	£13.4m	£13.4m	£13.8m	£12.6m	£11.4m	£10.2m	£9m

10.0 Community / Stakeholder Engagement

The Association will inform, engage and seek the views of key stakeholders in developing and delivering services.

By various means (newsletters, web – site, social media, regular face – to face contact and pre – arranged meetings) the Association engage and contribute to debates and initiatives which benefit our tenants and customers, the communities within which we operate as well as city wide partnerships.

The Association recognises that it has neither the resources nor the critical mass within certain communities to independently address individual or community issues. It has therefore developed and will continue to forge a network of relationships and partnerships which aid community sustainability and provide positive outcomes to our customers.

Our stakeholder engagement approach includes liaison with

- Tenants
- Factored Owners
- City Council Locality Officers
- A variety of departments of the City of Edinburgh Council and key officials;
- Elected officials (city councillors, MSP's and MP's)
- Police, and the Fire and Rescue Services
- OSCR;
- The Financial Conduct Authority;
- The Scottish Housing Regulator;
- The Scottish Government;
- Edinburgh Integrated Joint Board;
- Our Lenders;
- Other Housing Associations;
- Tenant support and advice organisations; and
- Contractors

The Association regularly circulates information about its activities to a wide variety of partner organisations and encourages feedback.

11.0 SWOT & PEST Analysis

In the development of this plan, the Association has taken account of the issues and risks identified in our SWOT analysis. This analysis has helped us identify, focus and reinforce the strengths of the organisation while helping identify and address weaknesses. Equally, by identifying opportunities and threats we are attuned to those issues which may be key to the organisations long term development and success.

SWOT Analysis

Strengths	Weaknesses
▪ ***Experienced and committed staff team***	▪ ***Capacity: Resources / Staff & Finance***
▪ ***Generally high levels of Customer Satisfaction***	▪ ***Mixed tenure and dispersed nature of housing stock***
▪ ***A positive reputation***	▪ ***The absence of Customer Engagement / Participation and Scrutiny Arrangements***
▪ ***Strong Financial Base***	▪ ***Our ability to attain SHQS and EESSH compliance***
▪ ***Comparatively good KPI performance and levels of tenant satisfaction***	▪ ***Potential adverse impact of significant staff turnover or departure of key staff.***
▪ ***A reputation for developing effective partnerships and positive working relationships with other organisations and key agencies.***	▪ ***Membership engagement***
▪ ***Governance Structure Assurance***	▪ ***Current demographic and ethnic mix does not reflect city's diversity***
▪ ***Capacity and willingness to be innovative in the delivery of services***	▪ ***Digital Agenda: Current absence of self-service portal***
▪ ***Operation of Good Practice***	▪ ***Board member composition and membership of MEAL (subsidiary) Board***
▪ **Good mix of social and commercial (MMR) properties and subsequent experience**	
• **Strong Customer Focus**	
▪ **Commitment to maintain our social purpose in a business-like manner**	
▪ **Positive culture and purposeful staff attitude**	
▪ **Maintenance of HR accreditations (IIP, HWL)**	
▪ **Commended personal safety procedures**	

Opportunities	Threats
▪ ***The potential, in partnership with others, to develop new housing for affordable rent.*** ▪ ***ICT development & business process improvement.*** ▪ ***Raising profile of the organisation and being more proactive in partnership with key stakeholders.*** ▪ ***Identifying and addressing the needs of vulnerable tenants*** ▪ ***The development of mutually beneficial Agency and Partnering Agreements with other RSLs*** ▪ ***Shared Service Developments aiding the attainment of greater Value for Money*** ▪ ***New Funding and Development Opportunities*** ▪ ***Staff Development – training and skills enhancement*** ▪ **Growth in MMR provisions** ▪ **Rationalisation of existing factored provision and development of services where appropriate** ▪ **Exploration of using common areas for alternate purposes (i.e. allotments, community gardens)**	▪ ***The impact of Welfare Reform changes and implications for our tenants.*** ▪ ***Pension deficit liabilities.*** ▪ ***Increased vulnerability and heightened support needs of current and future tenants*** ▪ ***Demographic change and the service delivery challenges presented by older / infirm tenants.*** ▪ ***Impact on our tenants and communities of general austerity.*** ▪ ***EESSH Compliance Failure*** ▪ ***City of Edinburgh Council Service cuts and restrictions to traditional service provision.*** ▪ ***The potential impacts of Brexit*** ▪ **Scottish Indyref #2**

The combined strengths, weaknesses, opportunities and threats identified above will influence Association activities and our attitude to risk.

The single biggest threat confronting the Association at the beginning of 2019 remains the negative impacts of welfare reform, austerity and low wages and the profound effects these factors have on the well - being of our tenants and the communities we serve.

The uncertain economic future (i.e. interest rates, inflation and lending margins) brought about by Brexit and the political uncertainties underpinning it, at a time of growing demand for social / affordable housing and its attendant services will require careful management of Association resources.

Nevertheless, Manor Estates remains ambitious to work with others in addressing housing needs and the above assessment demonstrates areas of potential benefit which could be exploited.

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In addition to the SWOT analysis, a review of the Political, Economic, Social and Technological (PEST) environment within which the Association operates helps aid and prepare the organisation to address challenges we may confront.

PEST Analysis

Political / Legal	Economic
▪ *The economic , social and political impacts of Brexit* ▪ *The Scottish Government's devolved Welfare Powers* ▪ *Business indecision created by a potential Indyref #2* ▪ *The introduction of regulations in respect of 2014 Housing Act* ▪ *Introduction and application of regulatory requirements in respect of GDPR and Freedom of Information legislation.* ▪ *Regulatory adjustments (ONS reclassification of the SHR and the, revision of Regulatory Standards of Governance - 2019)* ▪ *Adjustment to and the consequent costs associated with the introduction of new fire safety regulations.*	▪ *Continued restraint on public finance, the reorganisation of statutory services and constraints on local authority funding* ▪ *Increasing Inflation (including construction inflation)* ▪ *Increasing Interest Rates* ▪ *The various impacts of Welfare Reform and the consequence of austerity on our tenants and the neighbourhoods within which the Association operate* ▪ *Reduced Tenure Choice and options for householders*

Social	Technological
▪ *Ageing Population / Demographic change and pressures on care and support provisions.* ▪ *Increasing levels of homelessness and housing need brought about by limited provision of affordable homes.* ▪ *Heightened customer service expectations* ▪ *Fuel Poverty* ▪ *Health and Social Care Integration* ▪ *Increased vulnerability of current and future tenants* ▪ *Smaller household and mismatch with current housing stock* ▪ *Having available communication methods suited to the needs of customers* ▪ *Digital exclusion amongst tenants, customers and applicants.*	▪ *IT and digital communication / engagement methods become increasingly common.* ▪ *Increased provision and expectation of self-service mechanisms to deliver services to customers* ▪ *Communication methods with customers needing to be constantly refreshed* ▪ *Renewable Energy Generation and Supply* ▪ *Greater use and dependence on technology enabled care to support tenants at home i.e. – emergency call, falls monitoring etc.*

Like all housing providers, the Manor Estates Group is presently and within the foreseeable future, likely to be confronted by and require to navigate within an increasingly complex and challenging operating environment. Political, economic, demographic and financial challenges will create uncertainty.

However it will remain the fundamental aim of the organisation to focus on its core business priorities, maintaining and enhancing services to current and future tenants, service users and those who engage with the organisation, while ensuring that the organisation has a sustainable and effective future.

12.0 Risk Management and Mitigation

The Association has in place a detailed Risk Management Strategy. Reports on potential risks of threats likely to impact on the work and well – being of the organisation are developed by the senior management team and submitted quarterly along with mitigating actions to the Audit Committee as a risk map. Major risks are identified and referred to the Board at six monthly intervals for their review, consideration and reassurance.

The high level risks identified and considered most critical to the future well – being of the organisation and its delivery of services as at January 2019 are:

1. The impact of welfare benefit cuts compounded by general austerity and its impact on tenants and customers
2. Cyber security breaches, impacting on ICT systems
3. Increased rent arrears and indebtedness amongst tenants and customers
4. Estate / neighbourhood degradation and the unwillingness of owners to participate in schemes of common repair or improvement

Inherent Corporate Risks – those risks ranked, based on the assumption there are no control mechanisms in place to moderate the impact on the Association

Inherent Risks

Impact ..					
5 Catastrophic					**1.**
4 Major				**2. 3. 4.**	
3 Moderate					
2 Minor					
1 Insignificant					
Likelihood …	**1 Rare**	**2 Unlikely**	**3 Possible**	**4 Likely**	**5 Almost Certain**

Risk Description	Likelihood	Impact	Exposure
1. The impact of welfare benefit cuts compounded by general austerity and its impact on tenants and customers	**5**	**5**	**Severe**
2. Cyber security breaches, impacting on our ICT systems	**4**	**5**	**Major**
3. Increased rent arrears and indebtedness amongst tenants and customers	**5**	**4**	**Major**
4. Estate / neighbourhood degradation and the unwillingness of owners to participate in schemes of common repair or improvement	**5**	**4**	**Major**

Establishing actions to either Tolerate, Treat, Transfer or Terminate the risk has resulted in the undernoted actions being adopted:

As a result Inherent Risks are reclassified on a Residual Risk matrix which identifies and records risks posed after mitigating actions have been taken. The residual corporate risk map is set out below

Risk Description	Control Measures	Revised Likelihood	Revised Impact	Residual Exposure
The impact of welfare benefit cuts compounded by general austerity and its impact on tenants and customers	• Include in financial scenario planning – potential negative impacts of welfare benefit adjustments. • Revise regularly our Welfare Reform Strategy • Develop improved benefits advice and training for staff	**5**	**3**	**Major**
Cyber security breaches, impacting on our ICT systems	• Ensure effective partnership working with contractors and agents. • Implement recently agreed ICT strategy.	**3**	**3**	**Moderate**
Increased recant arrears and	• Regular performance review • Heightened engagement with tenants in arrears			

indebtedness amongst tenants and customers	• Prompt action to identify and address small debt balances	**3**	**4**	**Major**
Estate / neighbourhood degradation and the unwillingness of owners to participate in schemes of common repair or improvement.	• Develop revised strategy for common area Maintenance • Engage with owners in mixed tenure estates and encourage active participation. • Ensure factoring operational business systems are efficient	**2**	**3**	**Major**

Residual Risks

Impact ..					
5 Catastrophic				**1.**	
4 Major			**2.**		
3 Moderate					**3. 4.**
2 Minor					
1 Insignificant					
Likelihood ….	**1 Rare**	**2 Unlikely**	**3 Possible**	**4 Likely**	**5 Almost Certain**

Appendix (a): Budgets (5 year forecast)

DRAFT SUMMARY INCOME & EXPENDITURE BUDGET

	2019/20	2021	2022	2023	2024
INCOME					
NET RENTS	5,027,796	5,153,491	5,282,328	5,414,386	5,549,746
OWNER OCCUPIERS	309,866	316,857	323,813	330,924	338,194
OTHER INCOME	175,143	83,644	68,726	69,432	72,227
SERVICE CHARGES	195,079	199,836	204,680	209,642	216,010
LEASE CHARGE	386,250	394,361	402,248	410,293	418,499
HAG	320,000	320,000	320,000	320,000	320,000
	6,414,133	6,468,189	6,601,796	6,754,678	6,914,675
EXPENDITURE					
LOAN INTEREST	572,772	584,292	573,810	531,326	488,842
MAINTENANCE COSTS	1,610,771	1,897,028	1,641,075	1,772,000	2,025,031
SERVICE CHARGES	166,461	171,395	239,502	203,001	201,018
STAFF COSTS	1,108,236	1,129,846	1,150,748	1,172,037	1,193,720
ADMINISTRATION COSTS	140,082	167,426	170,942	174,532	178,197
OFFICE OVERHEADS	448,547	399,727	414,913	425,590	432,196
DEPRECIATION	839,511	840,346	835,706	834,604	827,619
OTHER EXPENSES	121,700	71,105	72,378	82,682	75,004
TOTAL EXPENDITURE	5,008,079	5,261,164	5,099,075	5,195,772	5,421,626
SURPLUS / DEFICIT	1,406,054	1,207,024	1,502,721	1,558,907	1,493,049
INTEREST COVER MIN 110%	214%	210%	312%	243%	275%
(as adjusted for CA investment)					
DEBT SERVICE TEST (Annual) 90%	113%	101%	101%	94%	96%
DEBT SERVICE TEST (2 yr b/w) 95%	110%	107%	101%	97%	95%

5 YEAR BUDGET BALANCE SHEET

	2019/20	2021	2022	2023	2024
HOUSING STOCK	41,188,783	41,279,611	41,116,606	41,437,562	41,749,637
OFFICE PROPERTY	80,758	60,000	40,000	20,000	0
OFFICE EQUIPMENT	138,978	142,730	114,465	107,512	100,029
MMR FURNISHINGS	151,924	138,799	112,213	116,105	90,858
	371,660	341,529	266,678	243,617	190,887
INVESTMENTS	100	100	100	100	100
	41,560,543	**41,621,240**	**41,383,383**	**41,681,280**	**41,940,624**
RENTAL DEBTORS	98,209	116,247	134,735	153,685	173,109
OTHER DEBTORS & PREPAYMENTS	566,262	546,713	527,154	517,639	518,181
BANK & CASH BALANCES	2,950,943	2,997,548	3,037,406	2,587,638	2,266,754
	3,615,415	**3,660,508**	**3,699,294**	**3,258,962**	**2,958,044**
CREDITORS & ACCRUALS	(1,168,873)	(1,178,347)	(1,187,233)	(1,196,535)	(1,206,725)
TAX & SOCIAL SECURITY	(24,553)	(26,248)	(27,974)	(29,732)	(31,523)
LOANS UNDER 1 YEAR	(626,603)	(1,226,603)	(1,226,603)	(1,226,603)	(1,226,603)
DEFERRED HAG	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
	(2,020,030)	**(2,631,198)**	**(2,641,810)**	**(2,652,870)**	**(2,664,851)**
NET CURRENT ASSETS	1,595,385	1,029,310	1,057,484	606,091	293,193
CREDITORS OVER 1 YEAR					
LOAN	(13,800,000)	(12,600,000)	(11,400,000)	(10,200,000)	(9,000,000)
EET	(159,815)	(133,212)	(106,609)	(80,006)	(53,403)
HAG	(12,701,471)	(12,381,471)	(12,061,471)	(11,741,471)	(11,421,471)
PENSION	(497,400)	(331,600)	(165,800)	0	0
	(27,158,686)	**(25,446,283)**	**(23,733,880)**	**(22,021,477)**	**(20,474,874)**
NET ASSETS	15,997,242	17,204,267	18,706,987	20,265,894	21,758,943
REPRESENTED BY RESERVES					
SHARES	(63)	(63)	(63)	(63)	(63)
ORDINARY RESERVES	(15,997,179)	(17,204,204)	(18,706,924)	(20,265,831)	(21,758,880)
	(15,997,242)	**(17,204,267)**	**(18,706,987)**	**(20,265,894)**	**(21,758,943)**

5 YEAR CASH FLOW SUMMARY TO MARCH 2024

	2019/20	2021	2022	2023	2024
EST BALANCE B/F 01.04.19	2,691,848	2,950,943	2,997,548	3,037,406	2,587,638
INCOME	6,074,156	6,128,051	6,261,217	6,413,593	6,573,059
OPERATIONAL EXPENDITURE	(4,136,549)	(4,388,000)	(4,231,107)	(4,338,457)	(4,580,377)
MORTGAGE TO RENT					
CAPITALISED COMPONENTS	(1,043,593)	(848,293)	(593,304)	(1,075,047)	(1,066,258)
CAPITAL EXPENDITURE	(215,274)	(52,749)	(4,545)	(57,453)	(20,705)
REPAYMENTS TO SANTANDER		(600,000)	(1,200,000)	(1,200,000)	(1,200,000)
PENSION DEFICIT PAYMENTS	(165,800)	(165,800)	(165,800)	(165,800)	
ENVIRO GRANT REPAYMENTS	(26,603)	(26,603)	(26,603)	(26,603)	(26,603)
DEVELOPMENT HAG					
DEVELOPMENT COSTS	(227,241)				
FORECAST BALANCE C/F	**2,950,943**	**2,997,548**	**3,037,406**	**2,587,638**	**2,266,754**

Appendix (b): Scenario Sensitivity Analysis Data

Base information	**Scenario 1**	**Scenario 2**	**Scenario 3**	**Scenario 4**
Rent increase: **Year 1: 2.5%** **Year 2: 2.5%** **Year 3: 2.5%**	Rent increase: Year 1: **3.5%** Year 2: **3.75%** Year 3: **3.75%**	Rent increase: Year 1: **5%** Year 2: **5.75%** Year 3: **5.75%**	Rent increase: Year 1: **1%** Year 2: **1.5%** Year 3: 1**.5%**	Rent increase: Year 1: **-1%** Year 2: **0%** Year 3: **1%**
Inflation: **Year 1: 2.5%** **Year 2: 2.1%** **Year 3: 2.0%**	Inflation: Year 1: **3.5%** Year 2: **4%** Year 3: **4%**	Inflation: Year 1: **5%** Year 2: **5.5%** Year 3: **6%**	Inflation: Year 1: **-1%** Year 2: **0%** Year 3: **0%**	Inflation: Year 1: **2.5%** Year 2: **2.1%** Year 3: **2%**
Salary increases: **Year 1: 2.6%** **Year 2: 1.95%** **Year 3: 1.85%**	Salary increases: Year 1: **3.0%** Year 2: **3.5%** Year 3: **3.5%**	Salary increases: Year 1: **4%** Year 2: **4.5%** Year 3: **4.5%**	Salary increases: Year 1: **0%** Year 2: **0%** Year 3: **1%**	Salary increases: Year 1: **1%** Year 2: 1**%** Year 3: 1**%**
Construction inflation: **Year 1: 6%** **Year 2: 5.6%** **Year 3: 5.5%**	Construction inflation: Year 1: **7.5%** Year 2: **8%** Year 3: **8%**	Construction inflation: Year 1: **10%** Year 2: **10.5%** Year 3: **11%**	Construction inflation: Year 1: **-2%** Year 2: **-1%** Year 3: **0%**	Construction inflation: Year 1: **5%** Year 2: **4.6%** Year 3: **4.5%**
Interest: **Year 1: 0.7%** **Year 2: 0.9%** **Year 3: 1%**	Interest: Year 1: **1.5%** Year 2: **2%** Year 3: **2.5%**	Interest: Year 1: **3%** Year 2: **3.5%** Year 3: **3.5%**	Interest: Year 1: **0%** Year 2: **0.5%** Year 3: **0.5%**	Interest: Year 1: **1%** Year 2: 1**%** Year 3: **1%**

Appendix (c): Governance and Board Membership

Manor Estates Housing Association Ltd is a registered social landlord with charitable status. The Board of the Association is elected from the share membership, and is responsible for ensuring that the organisation:

- Complies with its charitable objectives:-
    - *to provide for the relief of those in need by reason of age, ill health, disability, financial hardship, or other disadvantages through the provision, construction, improvement and management of land and accommodation and the provision of care, and*
    - *any other purpose or object permitted under section 24 of the Housing (Scotland) Act 2010 which is charitable both for the purpose of Section 7 of the Charities and Trustee Investment (Scotland) act 2005 and also in relation to the application of the Taxes Act.*
    - *The permitted activities and powers of the Association will include anything which is necessary or expedient to help the Association achieve these objects*
    - *The Association shall not trade for profit*
- Ensures that it complies with the Regulatory Standards of Governance and Financial Management as prescribed by the Scottish Housing Regulator.

  Core to the business planning processes applied by the Association and its future success, is the adherence and compliance with the Regulatory Standards of Governance and Financial Management Framework as published and updated by the Scottish Housing Regulator. These guiding principles will form the basis of all Manor Estates Housing Association's activities:

    - The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users.
    - The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities.
    - The RSL manages its resources to ensure its financial well – being, while maintaining rents at a level that tenants can afford to pay.

- The governing body bases its decisions on good quality information and advice and identifies and mitigates risk to the organisation's purpose.

- The RSL conducts its affairs with honesty and integrity.

- The governing body and senior officers have the skills and knowledge they need to be effective.

- The RSL ensures that any organisational changes or disposals it makes safeguarding the interests of, and benefit, current and future tenants

➢ Our Model Rules are based on the 2013 Model Rules (Scotland) for Charitable Housing Associations.

- *The Board may comprise of up to fifteen elected individuals, the opportunity existing when specialist advice is required, to co – opt individuals on to the Board for a period up to the occasion of the next Annual General Meeting.*

- *The Board of the Association meets at least on eight occasions each year (there being no meetings in either December or July), the Audit Committee meeting quarterly. Details of board membership as at 31st March is appended to this document.*

➢ Standing Orders, Schemes of Delegated Authority and our Treasury Management Strategy determine and delegate appropriate operational control to the Chief Executive and Senior Management Team.

➢ The Association regularly assesses the skills, knowledge and experience of board members via an appraisal system, supplementary training being provided where skills gaps exist. A succession planning review mechanism has been established and the Association is mindful of the need to ensure that it maintains an appropriate level of skills and knowledge on its Board in order to ensure continuity of purpose and compliance with its statutory and regulatory obligations.

➢ Open and transparent governing body recruitment exercises are undertaken when required in order to ensure that the Board of the Association has in place the requisite skills, knowledge and experience to aid it fulfil its strategic objectives.

Above all, the Board(s) of the Manor Estates Group are committed to ensuring by means of self - assessment, regular review and on – going training, that it maintains a robust governance structure, remains accountable to its key stakeholders for its actions and maintains strong financial controls over the assets and resources of the organisation.

Manor Estates Housing Group: Board Memberships and Senior Management Team as at 1st April 2019

Manor Estates HA Ltd: Board Membership

Mr Nigel Hicks (Chair)
Ms Rachel Hutton (vice – chair)
Mr Doug McEwan
Mrs Carole Tait
Ms Tracey Kelly
Ms Kerry McLeod
Ms Sandra Brydon
Mr Mike Trant
Mr Filip Roslewski
Mr Andrew Clark (Chair of Audit Committee)
Ms Sam Mills (co – opted)
Mr Andrew Scott (co – opted)
Mr Shaun McPhee (co – opted)

Manor Estates Associates Ltd: Board Membership

Mr Brian McMurray
Ms Tracey Kelly
Mr Doug McEwan
Ms Rachel Hutton
Mr Andrew Moodie

Senior Management Team:

Mr Graeme Russell	**Chief Executive** **grussell@manorestates.org.uk**
Mrs Carolyn Hughes	**Neighbourhood Services Director / Depute CEO** **chughes@manorestates.org.uk**
Ms Kathryn Miller	**Corporate Services Director** **kmiller@manorestates.org.uk**
Mrs Amanda Hay	**Asset Management and Repairs Director** **ahay@manorestates.org.uk**