Hebridean Housing Partnership

Business Plan

2024/25 to 2028/29

Making our house your home

HHP is a registered society under the Co-operative and Community Benefit Societies Act 2014, Registered Number: 2644R(S),Registered Office: Creed Court, Gleann Seileach Business Park, Willowglen Road, STORNOWAY, Isle of Lewis HS1 2QP. It is a charity registered in Scotland, Charity Number:SCO35767, registered as Registered Social Landlord with the Scottish Housing Regulator, Registration Number:359 and registered as a Property Factor, Registration Number PF000183

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Section 1 Executive Summary

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1. The Business Plan 2024/25 to 2028/29 outlines our vision, core value and our Strategic Goals to be delivered in the next five financial years. Future decision making will be guided by the goals and targets in this plan.

2. The Board, staff and partners were involved in developing this plan and the vision "*to provide good quality affordable homes and to secure consistently excellent housing services throughout the Outer Hebrides*" is summarised in our strapline "*Making our House your Home*". We plan to make it a reality by delivering on our four Strategic Goals over the next five years.

3. The plan is underpinned by detailed 5 year financial plans and 30 year long term financial projections which we submit to our Funder and the Scottish Housing Regulator.

STRATEGIC GOALS

GOALS

1.Tenants-Placing tenants at the heart of everything we do

2. Houses-Investing in a sustainable way in tenants' homes

3. Staff-Being an excellent employer that attracts and retains high quality staff

4. Communities-Working with partners to help our communities thrive

4. We have been operating as a Registered Social Landlord (RSL) since September 2006 following a whole stock transfer from Comhairle Nan Eilean Siar. In 2024/25 we will be entering our 20th financial year.

5. We have improved performance since Stock Transfer in the following areas

Area	Sept 2006	Dec 2023
Repairs within target	91.4%	98%
Arrears	7.4%	3.32%
Voids length of time to relet	61 days	19.5 days
Void loss	2.0%	0.78%
New build promised in first ten years	275	391

Who We Are

6. We are a charitable RSL with a Board of a maximum of 15 with 10 places currently filled. We have 54 members of staff, 48 FTE, who work out of two offices, Balivanich and Stornoway. Our full organisational structure is at Appendix 1.

7. In November the Board revised our 4 strategic goals providing a clear direction on Tenants, Houses, Staff and Communities.

8. We deliver services throughout the chain of islands that make up the Outer Hebrides and we have 2,389 houses on 12 of the 15 inhabited islands.

9. We are a key employer and with an annual turnover of £12million we are a significant contributor to the economy of the islands.

10. We have a non-charitable subsidiary, HHP Community Ltd which is currently dormant but we hope that will change over the lifetime of this plan.

Operating Environment

11. Every year it feels as though the world is becoming a bit smaller particularly as the key challenges facing the world are also on our doorstep. Three of those challenges are population, climate change and technological change.

12. The population continues to grow and age which brings its own problems particularly around the balance of food resources and health care. The shortages of skills and labour force are one result of an aging population with talk now of raising the retirement age to 71 in the UK within the next 15 to 20 years.

13. There is no getting away from accepting that the change in climate is affecting our islands particularly with rising sea levels and coastal erosion.

14. The goal of the UK Government to reach Net-Zero by 2050 is under threat with funding for necessary works being reduced. In the last 3 years we have benefited from £2.4million of Scottish Government funding which has allowed us to accelerate our air source heating programme to replace more storage heating and infrared heating systems.

15. Technological change is happening quicker than ever and it can be costly to keep up but may be equally costly to fall too far behind. Technology will give us the opportunity to review and reshape how we deliver our services.

16. Our biggest challenges in the Outer Hebrides going forward remain:

    - Aging and declining population
    - Climate change
    - Keeping rents affordable with the cost of living crisis
    - Delivery of our Development Plan with the substantial increase in the build cost
    - Delivery of the requirements of Rapid Re-housing

What We Want To Deliver

17. As a key business in the Outer Hebrides, we want to have a positive contribution to our communities and the neighbourhoods our tenants live in. We believe the best way to do

this is to look after our tenants, our properties and our staff within the resources available to us so that we are able to provide services for the long term.

18. We will strive to keep our rents affordable and balance that with meeting the standards set by the Scottish Government. It is a fine balance as the cost of bringing all our homes up to the new Net-Zero standard is likely to be substantial.
19. Our houses meet the Scottish Housing Quality Standard (SHQS) excluding a few exceptions and abeyances.
20. A new tenant portal providing online access to their accounts will be available in March 2024. Tenants will be able to manage their tenancy online with the ability to apply for a house, real time rent balance information, ability to raise repairs requests and other key aspects of their tenancy.
21. We hope to deliver 100 new homes throughout the islands and we plan to be involved in providing an accommodation solution for the renewables work.

Funding Our Plans

22. We have a funding facility of £25million in place with the Royal Bank of Scotland (RBS) which should enable the delivery of our Strategic Goals.
23. We will be investing £51million over the next five years in our existing stock and new build which supports our local economy.
24. Options will be explored for the use of our subsidiary, HHP Community Ltd to deliver efficiency savings in some costly service areas and support the accommodation of renewables work.
25. The Board remain committed to a strategy of growth but are fully aware of the significant challenges we face as a business and a community with the cost of living crisis and the worrying results of the 2022 census showing a 5% reduction in population.
26. Good governance is essential to our success both short and long term. Membership of the partnership is encouraged as part of our succession planning for our Board Members.

Risk

27. Risk Appetite is set annually. We are committed to being proactive in efforts to contain and miminise the risks faced by the business. Risk Management is a balance between our appetite for risk and our ability to manage risk. Overall responsibility for risk management lies with the Board supported by Audit & Risk Committee and the Executive Team.
28. We manage our Risk Register using an online system. The Register was fully reviewed and has 16 Risks with a total average risk score of 5.75 which is an improvement from previous year's score of 6.4 due to the number of controls put in place and actions completed during the year.

Section 2 Who We Are


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hhp
hebridean housing
partnership

Section 2 Who We Are

Brief History

1. We were set up as Hebridean Housing Partnership (HHP) in September 2006 as a Registered Social Landlord (RSL) to own and manage the housing stock being transferred from our local authority, Comhairle Nan Eilean Siar.
2. We prepared a 30 year Business Plan showing tenants how and where we would invest and what the average rents were likely to be for the 30 years. 2024/25 will be year 20 of the Plan which is quite amazing.
3. In April 2007 we took on the stock of the five locally based RSL's (305) which brought our stock figure to 2,086.
4. In the majority of areas we have out-performed our Business Plan demonstrating the value of the decision taken by the Comhairle in 2002 to explore the benefits of housing stock transfer. It is good to be able to look back with confidence that the decision has been good for tenants and for the islands as a whole.
5. As we move into our 20th year of operation we are no longer a new untested organisation, we are well established with a good track record on delivery and an important contributor to the local economy with an appetite to learn from our mistakes to become a top housing provider in Scotland.

Our Vision

6. Our 'vision' has remained fairly consistent over the years. It is to provide great homes and deliver excellent services throughout the Outer Hebrides and this is supported by our values and goals.
7. In the coming year we will be reviewing our approach to ensure it remains appropriate for our times, tenants, and communities.

VISION

VISION

to provide great homes and deliver excellent services throughout the Outer Hebrides

Our Structure

8. We exist to provide affordable social housing throughout the Outer Hebrides. To do this in the most effective and beneficial way to the islands we are set up as a charitable, not for profit housing association governed by a Board of volunteers.
9. We are registered under the Co-operative and Community Benefit Societies Act 2014.
10. Membership of HHP is open to all members of the community who are over 16 years of age and meet the membership criteria. Currently there are 79 members.
11. We are regulated by the Scottish Housing Regulator, Registration Number 359. As the main Registered Social Landlord (RSL) in the Outer Hebrides we are categorised as having 'systemic importance' and have medium engagement with the Regulator. We are registered with OSCR the Scottish Charity Regulator.

12. We were awarded Rural Housing Body status in September 2023 which allows us to apply a rural housing burden on any houses we sell ensuring they are kept within the affordable housing sector.

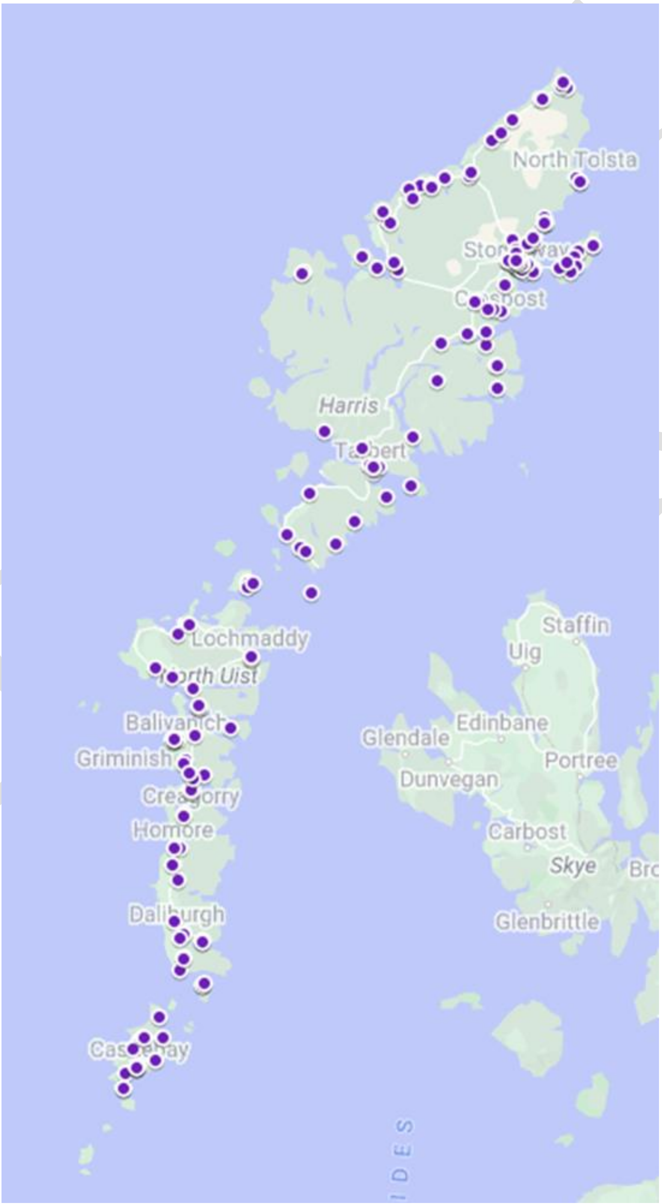
Our Service Area

13. We deliver services throughout the chain of islands that make up the Outer Hebrides. The island chain is over 130 miles long and has 15 inhabited islands. We have 2,389 homes on 12 of those islands. The islands, known for their wild beauty are connected by causeways and ferries which we are dependent on.

14. Our services are provided from two offices, one in Stornoway and the other in Balivanich. Currently the Stornoway office is responsible for 1,753 homes in Lewis and the Balivanich office is responsible for all the other 636 homes.

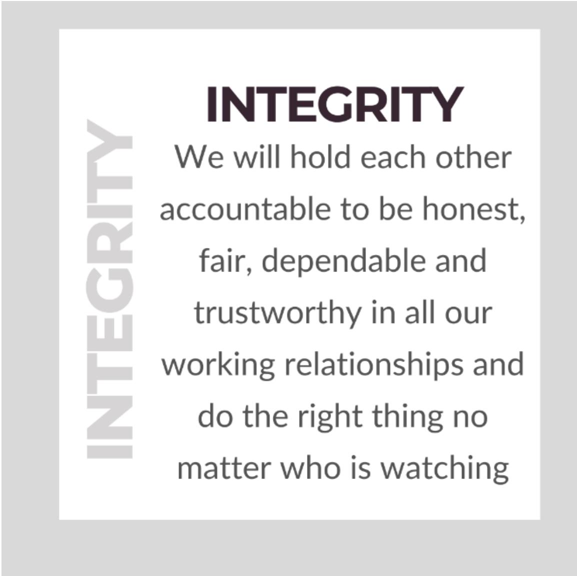
15. We are a key employer and economic contributor in the islands with an annual turnover for 2023/24 at over £12 million.

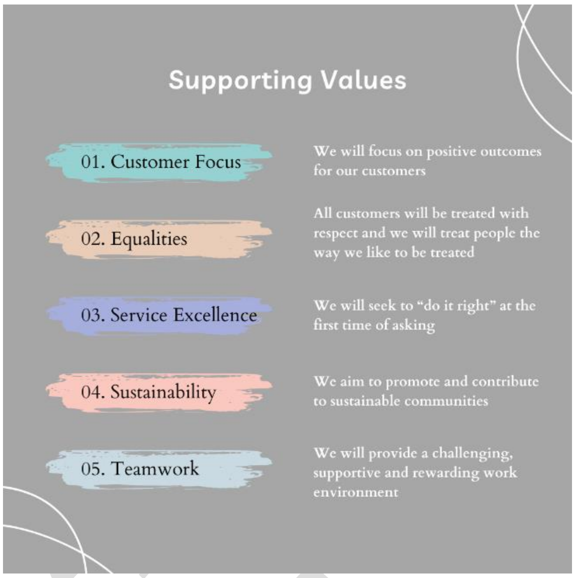
16. The map below shows where our houses are:



Our Values

17. Our core value is INTEGRITY. For us to be a business of integrity we must hold each other accountable to this value. Our actions must demonstrate what we say we believe.





Our Goals

18. We have four Strategic Goals:

Governance

19. We are governed by a Board which is made up of Community, Tenant and Comhairle representatives. Board Members (other than Board Appointed Members and the three nominations from the Comhairle) are elected at the Annual General Meeting.

20. The Board is made up of a maximum of 15 Members as shown below

21. The minimum number of Board Members required to continue operation is seven and our quorum is four.

22. Details of our current Board Members can be found at - https://www.hebrideanhousing.co.uk/about/

23. All Board Members must sign our Code of Conduct before they can take up their role on the Board. By signing the Code of Conduct the Board Members are confirming they will abide by the requirements. A copy of the Code of Conduct can be found on our website - https://www.hebrideanhousing.co.uk/wp-content/uploads/2022/01/Code-of-Conduct-for-Board-Members-August-2021.pdf

24. The Board's Standing Orders govern how the Board does business including the use of Committees and Working Groups. There are currently three Committees - Audit & Risk, Development & Finance and Joint Consultative. There are two Working Groups - Personnel and Operations.

25. The Board is supported by the Chief Executive, the Director of Operations and the Director of Finance & Corporate Services.

26. We have struggled to attract our full complement of Tenant Board Members over the past 6 years with only one of the places filled at present. Our Rules allow Community Members to take up any vacant Tenant places if we have no interest from Tenants. Currently 3 places are available.

27. Our Tenant Engagement Officer is working to encourage tenants to get involved at Board level but the preference appears to be to engage in a more informal setting, such as drop ins.

28. Our Board meetings are held in person in the summer months and online for the remainder of the year, this is to ensure maximum attendance.

29. The Board is responsible for the overall strategic direction of HHP, they want to be a Board that knows the times we live in and have the boldness to make decisions for the good of current and future tenants and our communities.

30. Our Board Members are assessed annually to ensure the Board has the relevant knowledge and experience required for effective governance and to identify any skills gaps.

31. We carried out our latest skills review in December 2023 and our Board Training Plan is prepared to ensure any gaps are addressed and that Board Members are able to contribute effectively to making the best decision for our tenants.

Subsidiary

32. HHP Community Ltd was set up in 2010 when there was the potential of taking over the ownership of some turbines sited near our estates. Following an in depth review the project did not go ahead. The Subsidiary has been dormant since 2015.

Tenant Organisations

33. In 2023 we employed a Tenant Engagement Officer (TEO). The TEO is working with existing tenants' and residents' groups such as Western Isles Housing Association Community Forum and the Cearns Community Association. Work is also underway to support tenants throughout the islands who wish to start up new groups, whether that be a formal resident group or a small project based group.

Staff

34. The Board delegates responsibilities to the Chief Executive and the two Directors to deliver our services.

35. We have a total of 54 employees (48 FTE) including two Modern Apprentices. 45 are based in Stornoway and 9 in Balivanich.

36. There are two main Departments, Operations and Resources and an Executive Office Team.

37. A copy of the full organisation structure is at Appendix 1.

Apprenticeships

38. We employed our first Modern Apprentice in 2019 and since then we have developed a Modern Apprentice programme. We work closely with the Training & Skills Team at the Comhairle and they have provided invaluable support to our Apprentices. We are also members of the Local Employability Partnership.

Terms & Conditions

39. Our Pay & Grading system was reviewed and updated in 2019 and benchmarking was commissioned in 2023 to ensure pay scales remain appropriate.

40. We signed a Collective Agreement with Unison in 2019 and cost of living awards are currently agreed annually.

41. We are a Living Wage Employer and this applies to all our posts including our Modern Apprentices.

42. A Fair Work Statement has been signed with Unison and is available on our website https://www.hebrideanhousing.co.uk/?s=Fair+Work+Statement

Training & Development

43. Our training needs are assessed each year following which a Training Plan is prepared. The Plan will cover regular refresher training for all staff, one-off training, compliance training and professional development.

44. We provide support for members of the team who want to undertake professional training and so far three members of staff have obtained a Chartered Institute of Housing qualification with others working towards a professional qualification.

RESOURCES

Teams

FINANCE

- Treasury Management
- Sundry Debts
- Financial reporting
- Accounts payable

CORPORATE RESOURCES

- ITC Support
- Insurance
- Facilities Management
- Health & Safety

DIGITAL TRANSFORMATION

- Delivery of Digital Transformation Strategy

EXECUTIVE OFFICE

EXECUTIVE OFFICE

- Company Secretarial support
- Training
- Performance reporting
- HR

OPERATIONS

Teams

CUSTOMER SERVICES

- Front line services
- Complaint handling
- Repairs diagnosis
- Rent queries and receiving rent payments

HOUSING SERVICES LEWIS

- Housing Mgt services in Lewis
- Tenant Welfare & Support
- Allocations & voids
- Estate Mgt & ASB
- Voids

HOUSING SERVICES UIST

- Housing Mgt service in Harris, Uist and Barra
- Tenant Welfare & Support
- Allocations & voids
- Estate Mgt & ASB
- Voids

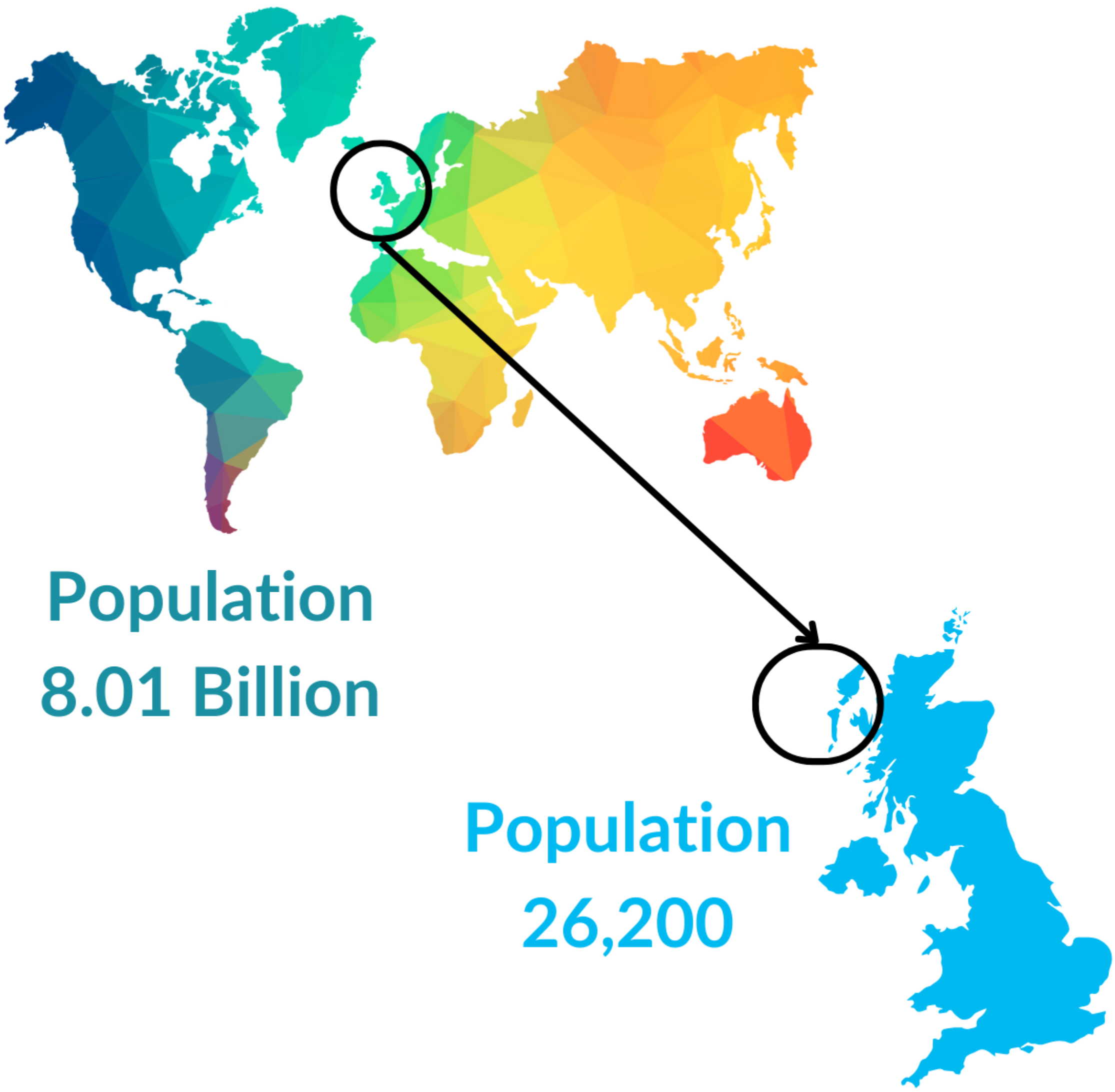
PROPERTY SERVICES

- Delivery of Investment Plan
- Repairs, voids and planned maintenance
- Compliance

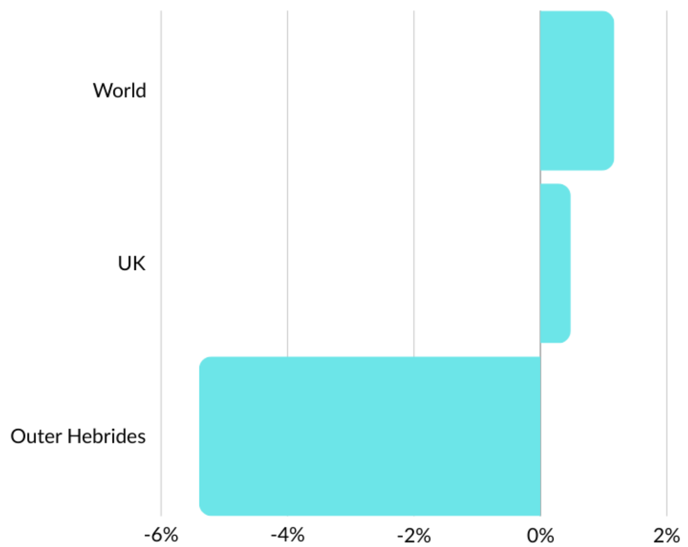
DEVELOPMENT

- Manage delivery of new build programme including grant claims
- Liaise with Scottish Government

Section 3 Operating Environment



Population Growth Rates



Section 3 Operating Environment

Global

1. We are part of something much bigger than our little islands in the northwest of Scotland. What happens in the world affects us and what we do impacts the world we live in. The world is facing enormous challenges affecting everyone. The United Nations Secretary General message for 2024 reminds us that when we work together to tackle these problems we are stronger and have a better chance of overcoming them.
2. The three significant world challenges that have the most impact on us are population, climate change and the pace of technological change.

Population

3. The current world population is just over 8 billion. The UN Report on World Population Prospects 2022 shows that the population will continue to grow to 10 billion until around 2050 to 2060 when it will begin to fall to 6 billion by around 2100. It also forecasts that life expectancy will continue to increase from 72 to 82 years.
4. A growing population requires more resources e.g. homes, jobs, energy and food. In an ideal world the demand for each of these things would balance out e.g. more homes should increase the number of jobs available, however this is not the case. Imbalance leads to injustice which expresses itself most clearly in poverty levels.
5. Nearly every country is struggling to provide the number of houses to support its population. The key points from the World Economic Forum 2022 Report estimates that the housing crisis could impact 1.6 billion people by 2025.
6. An aging population will require more health care and support but if there is insufficient working population this will become a major crisis. In some countries this is already the case.
7. Due to war the population is also being forced to move from their homes and seek refuge in other countries which brings serious challenges for them and the countries they are fleeing to.

Climate Change

8. We have always been at the mercy of the weather, but our Government's weather experts and scientists say that the extremes we are experiencing now will not only continue, but worsen IF we don't change how we use the resources entrusted to us.

9. The climate is changing, projections are we will have warmer temperatures, more heavy rain, rising sea level and drier summers. The Global Climate Change says

   "*While Earth's climate has changed throughout its history, the current warming is happening at a rate not seen in the past 10,000 years.*"

10. As the climate changes it affects the world's ability to grow sufficient food to support the population. Scarce resources will create major problems for every nation. 97% of scientists agree that humans are the cause of global warming and climate change. Justice means that we need to take responsibility for addressing the problem since we caused it.

Technology

11. Technology has enabled us to be part of the global community and provides the opportunity to remind us how our lifestyle choices affect people and environments who are thousands of miles away from us, which will hopefully encourage us to amend our behaviours. It does feel that our obsession with individualism and money is working against us reaching a collective solution. If real change is to happen in the world, then we need to take responsibility for doing what we can in our own communities whilst challenging our politicians to provide the resources and infrastructure.

12. There are many, many benefits of new technologies however there are some downsides

    a) Technology is changing at what feels like an unaffordable pace with consequences which are costly not just in cash terms, but quality of life. The pace needs to be managed. The cost efficiencies hoped for when you install a new system rarely materialise as you have to put most of those savings and more, into keeping the IT infrastructure up to date.

    b) AI promises that time spent on "routine, boring but necessary" tasks will be released to be invested in more productive areas but there needs to be a check that it doesn't deskill people. Care needs to be exercised to ensure we don't become more and more dependent on fewer people and end up handing over too much control.

    c) Security of information. Senseless and cruel cyber-attacks appear to be on the increase creating a sense of trepidation for people using any IT systems.

13. Technology does however give us the opportunity to reshape how we deliver our business or services while sharpening your management skills.

United Kingdom

Political

14. Ramifications of Brexit still haunt us with the cost of living increasing. Supply chains are being clogged up inflating the cost of many of the key components for house building.

15. There will be General, Scottish and local elections throughout the lifetime of this plan which will undoubtedly impact on some of what we plan to do.

? 2024 General	7 May 2026 Scottish	6 May 2027 Local

Climate Change

16. Climate change is being felt with increased storms, flooding and the erosion of coast lines, the cost of insurance rising as a consequence.

17. The UK Government is committed to reaching Net-Zero by 2050 - that's only 26 years away! Carbon budgets are set 10 years ahead for a five year period, the current carbon budget is 2023-27. Support has been provided to switch to renewable heating but the feeling is that more needs to be done to support the insulation of homes to reduce emissions and provide a reliable infrastructure for green active transport. It is important that laws and provision of support take account of the very different nature of providing services in the rural areas so they are not left behind.

18. We are on the way to reaching Net-Zero but not as far along the road as we need to be.

Population

19. The UK has an aging population with most of the growth coming from inward migration. The challenges that come with an expanding aging population are seen particularly in the health & care sector and now in the building industry where recruitment is proving to be a real struggle.

Economy

20. The cost of living crisis that followed Covid-19 is still with us and likely to be for the next three to five years. Whilst inflation has dropped from a high of 14.2% in October 2022 to 5.2% in December 2023 it is still above the target of 2%. Forecasts are inflation will be brought back within 2% target by 2026.

21. The Bank of England has warned that the UK is facing a 50-50 chance of a recession due to the gross domestic product (GDP) falling in October 2023.

22. Unemployment is expected to rise to around 1.6million and the average annual pay growth will reduce to 3.7% in 2024 and 2.2% in 2025.

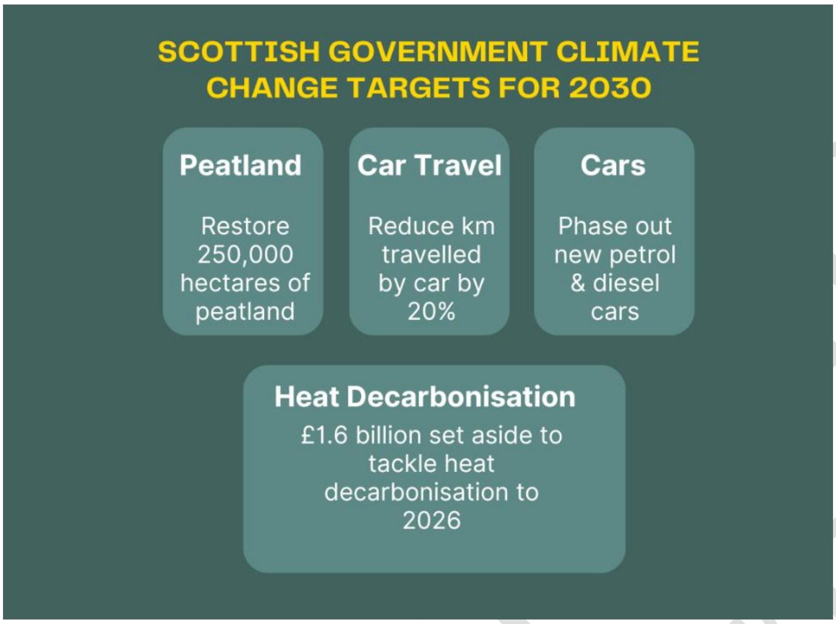
23. Increased borrowing costs and rent controls could see the private rental sector shrink or rents rise as owners are unable to afford the substantial increase in mortgage costs.

24. If the private rental sector shrinks this could place an even greater burden on social landlords to provide more homes.

Scotland

Climate Change in Scotland

25. The Scottish Government have a Climate Change Plan with a number of key targets for 2030 (6 years away)

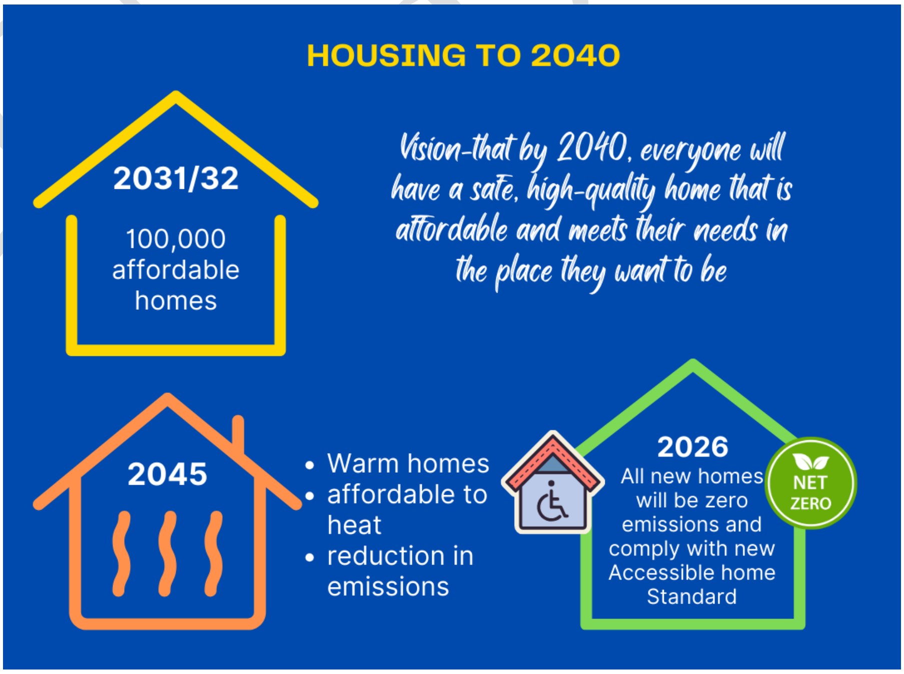


26. The Scottish Government are currently consulting on their "Climate Change - National Adaptation Plan 2024 to 2029" with five outcomes

   a) Nature connects
   b) Communities
   c) Public Services
   d) Economy, business and industry
   e) International Action

Housing to 2040

27. Housing to 2040 is the Scottish Government's vision for housing and was issued in 2021.



Population

28. Scotland has an aging population and similar to the rest of the UK is struggling to provide the skilled labour to support the Health & Care sector, Construction, Accommodation and Food Services.

29. The 2022 census shows that the overall population has grown by 3% from the 2011 census with the increase due to inward migrations rather than an increase in births.

30. The population demographics show that the percentage of the population that is over 65% has grown from 12.3% in 1971 to 20.1% in 2022.

Poverty

31. The Institute for Fiscal Studies reported in August 2023 that average monthly earnings grew by 1.5% in Scotland compared to 5% in the rest of the UK outside London. The employment rate in the Highlands, Islands and Northeast was at 75% for (2020-2022) which is above the Scottish average.

32. JRF produced a report in October 2023 "Poverty in Scotland 2023".

> **Poverty in Scotland 2023**
>
> With the Scottish Government still off-track in meeting the child poverty reduction targets, action to reverse the trend of increasing levels of in-work poverty is more vital than ever. Women, disabled people and minority ethnic people in particular are at the eye of a storm of persistent low pay, unreliable and insufficient hours and a struggle to make ends meet. Of course, there are actions government can, and should, take to respond, but employers must hold up their end of the bargain in ensuring work is the sustainable route out of poverty that it should be.
>
> JRF

33. The biggest cost that families usually face being housing and the report highlights the contribution the provision of affordable homes are making to reducing poverty. The number of people experiencing in-work poverty has reduced from one in three in 2014 to one in five in 2023.

34. There is a responsibility on HHP to keep rents affordable whilst making sure as an employer we are not contributing to the increased poverty levels in Scotland.

35. Rent arrears in Scotland are at their highest level since records began in 2012 rising by almost 7% in the year to 2022/23. [SHR]

Homelessness

36. In December 2023 Shelter reported that there was a growing 'systemic failure' in council services for homelessness with 14 out of the 32 Councils admitting they did not always fully comply with their statutory duties to the homeless.

37. A Housing Emergency has been declared by three local authorities in Scotland, Edinburgh, Glasgow and Argyll & Bute. Councils are attributing the core problem to the continued reduction in public sector funding. Another common thread with the three authorities is the reduction in private sector lets due to houses being used for holiday lets. In the rural areas this is exacerbated by second homes which are only occupied for a short time during the year.

38. There has been a 9% rise in homeless applications to 39,000 including a 9% rise in homeless households with children to a record 9,595. The length of time people are spending in temporary accommodation is increasing.

Outer Hebrides

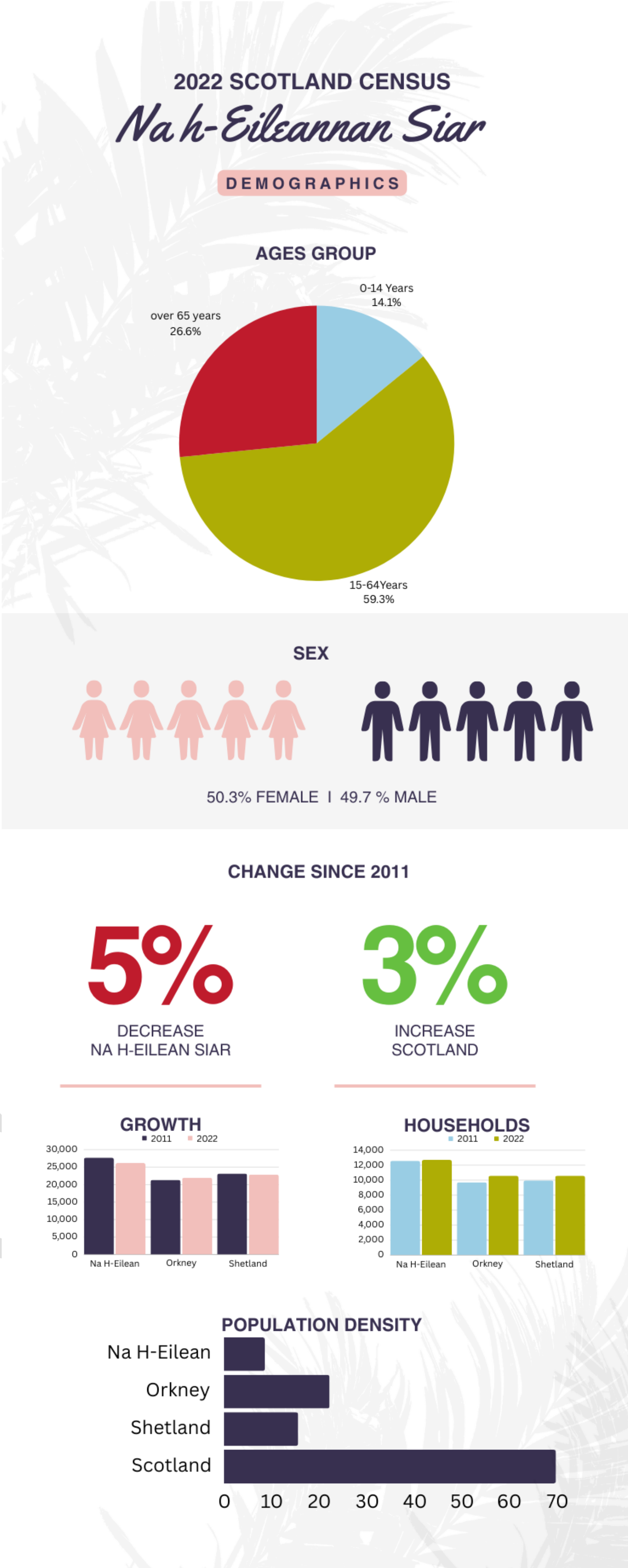
39. Visit Scotland describes the Outer Hebrides as
“*The Outer Hebrides is a group of islands that sit off the west coast of Scotland, each with its own unique way of life. The Hebridean islands offer powder-white beaches, wild Atlantic waves, diverse wildlife and vibrant Gaelic culture*”
A great place to visit and a great place to live but a place that faces the same challenges as the rest of the world and some unique to the islands.

40. The ONS report that out of the 14 measures available for the Outer Hebrides 7 were better than the median and 1 was worse.

Worse than the median	Better than the median
Gigabit capable broadband	Aged 16 to 64 years employment rate (Great Britain)
Sub-national indicators explorer	Female healthy life expectancy
	Male healthy life expectancy
	Life satisfaction
	Feeling life is worthwhile
	Happiness
	Anxiety

Population

41. Over the past 10 years “population decline” has been highlighted as one of the biggest challenges facing the Outer Hebrides and sadly it remains the case. What is happening in the islands is what will happen in the rest of Scotland in the future if no action is taken to change things. There is a clear connection between the action we take as islands to stem the impact of climate change and growing our population. If we don’t take action on climate change a good portion of the islands might well be under water by 2100 with little sustainable land for anyone to live on, more about that when we look at Climate Change.



42. Scotland's 2022 Census results provide the following contextual information about the Outer Hebrides (Na h-Eileannan Siar).

43. Our under 15 year age group is comparable with the rest of Scotland at 14.1% but our working population is nearly 5% less than the Scottish average meaning that our retired population is growing at nearly 27%. This change in demographics is due to the continuing decline in the birth rate.

44. The balance of male and females is broadly similar to the national average.

45. The most worrying result of the census is the decline in our overall population. While Scotland has seen an increase of 3% there has been a decrease of 5% in our population.

46. The forecasts for the population change in the next 10 years don't show any change in the pattern of decline.

47. Population may be declining but the number of households has gone up but only slightly in comparison with Orkney and Shetland.

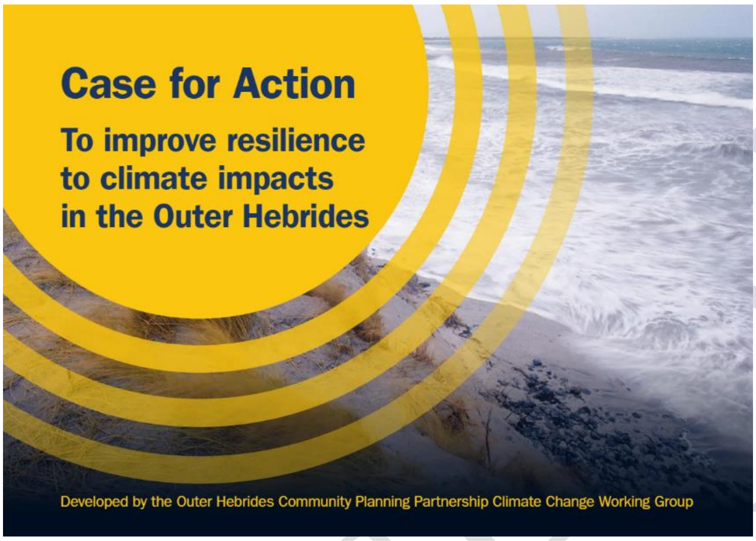
48. We have the lowest population density per square kilometre of any local authority in Scotland.

49. The one area that is bucking the trend of population decline is Barra.

Climate Change

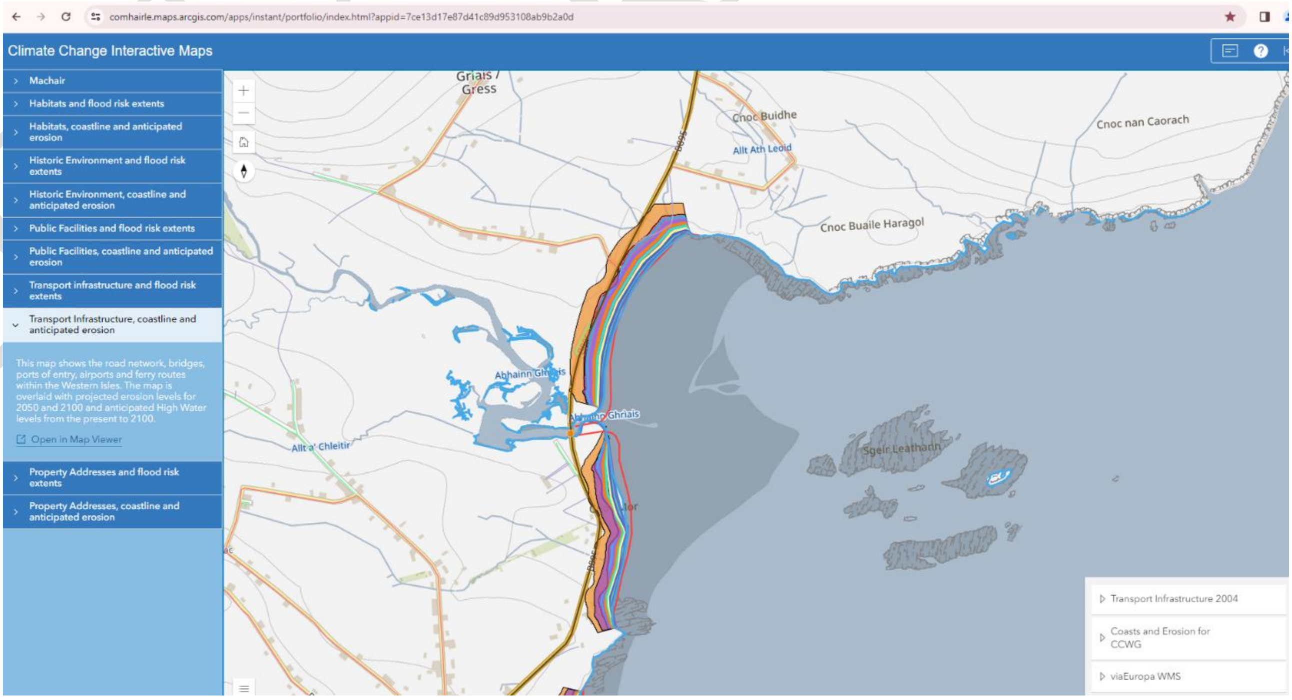
50. The impact of the change in climate in seen in our coastlines, our weather and the inability of our infrastructure to cope with continual heavy rain. Drainage is more important than ever.

51. The Outer Hebrides Community Planning Partnership (OHCPP)'s Climate Change Working Group in collaboration with Adaptation Scotland have produced a Climate Rationale and a Case for Action. We are members of the Climate Change Working Group.



52. Climate Hebrides CIC was formed in 2022 as part of the Case for Action. Climate Hebrides CIC have developed the Outer Hebrides Climate Hub and we have applied to become a member.

53. An extract from the Comhairle's mapping tool below shows the forecast for Gress where rising sea levels could take out the main road from Stornoway to Gress and Tolsta. The website can be found at https://storymaps.arcgis.com/stories/82f26e8ece054334a436d0c803841577



Homelessness

54. The number of homeless presentations to the Comhairle has remained relatively steady over the last several years. There were 136 presentations in 2022/23 which was down from 153 the previous year. The main reason for homelessness (53%) was disputes within households and 19% of these involved some form of abuse. 69% of applications were made by single person households.

Islands (Scotland) Act 2018

55. The Islands (Scotland) Act introduced four key provisions:

- National Islands Plan
- Island Proofing
- Representation of Island Communities
- Development in the Scottish Marine Areas

56. The Scottish Government created the Act to guarantee that legislation would not unfairly target the Scottish islands. While the initiative aims to promote fairness, integration, and inclusivity, it hasn't had the intended impact. An example of this was when PAS 2035 requirements were imposed without accepting the issues raised about delivering it in an island context, causing TIG a local partner to conclude that local service delivery was no longer feasible.

Islands Growth Deal

57. This is a Deal funded by the UK and Scottish Government and is a ten-year package of investment intended to increase economic growth and the number of sustainable jobs across Shetland, Orkney and the Outer Hebrides. The total value of the Islands Growth Deal is £100million. The UK and Scottish Governments will each invest £50million over 10 years, subject to approval of full business cases for each project. The Islands Growth Deal projects are supported by a wide range of partners from across the public, private and academic sectors who together will seek to invest up to a further £293million to deliver these projects. There is £33.3million being invested within each island group. There is nothing directly planned for housing but any expansion will undoubtedly have accommodation requirements.

Key Stakeholders & Partners

58. Working with partners is essential in an island community where there are added challenges of distance, population, and transportation fragility. We are committed to making our contribution to helping communities thrive as demonstrated by our strategic goals.

Tenants and Future Tenants

59. Our key stakeholders are our tenants and future tenants. The provision of landlord services which are of the highest quality and at affordable levels will provide security for our tenants and ensure our long-term future.

60. We welcome participation from our tenants through tenants' groups and through membership of HHP. Our Tenant Engagement Officer is working with tenants to ensure our opportunities to participate are relevant and accessible.

Outer Hebrides Community Planning Partnership

61. We recognise the value that interaction with other agencies brings particularly in delivering better value for our communities through the delivery of services which are joined up. Key to engagement with partners is the work of the Outer Hebrides Community Planning Partnership (OHCPP). There had been significant progress in joining up services across the Outer Hebrides which stalled during Covid-19 but has now recovered.

62. We are members of the OHCPP and we will seek to maximise our contribution to OHCPP and also get support from our partners.

63. In November 2018 the OHCPP approved the OHCPP Partnership Agreement 2018-2027 which takes into consideration the changes to community planning and obligations on partners arising from the Community Empowerment (Scotland) Act 2015. The structure was reviewed in 2021 and approved by the OHCPP in November 2022. There are now four new priority groups:
    - Climate Change
    - Poverty
    - Community Justice Partnership
    - Children and Young People's Planning Partnership
64. We also work closely with Police Scotland and the Scottish Fire & Rescue Service to develop preventative measures for the benefit of our tenants.

65. We are in the process of signing up to the Armed Forces Covenant which supports individuals involved in the Armed Forces, ensuring they are not disadvantaged in the provision of housing and employment.

66. There has been a rise in requests from employers, primarily public agencies for accommodation for employees. The demand is expected to increase due to difficulties in on-island recruitment. We have supported this by providing accommodation under our Allocations Policy provisions on key workers. We have also been approached by private sector employers to lease properties to them which they in turn will lease to their employees. We have received 50 applications since the Policy was introduced in 2021 and have been able to house 27 applicants. 6 are currently active. The remainder were withdrawn or resolved by other means.

Comhairle

67. The Comhairle as the Strategic Housing Authority is a key partner and we work with them to support the development and implementation of the Local Housing Strategy (LHS) which delivers key housing priorities for the Outer Hebrides.

68. We are members of the Homelessness Task Force and the Stornoway Vision Group which are led by the Comhairle.

69. In December 2023 we joined the Renewable Energy Major Development Forum Accommodation Group. This group has been convened to address the accommodation needs of the three major renewable projects planned in the islands over the next 10 years.

Highlands & Islands Enterprise

70. We are an RSL and a business that makes a significant contribution to our local economy whose contribution sustains jobs both directly, in the construction sector, and indirectly through the local supply chain. As a business we value the support of the Highlands & Islands Enterprise Area Team.

71. We have been working on a number of projects throughout the islands and enjoy a positive relationship with the local Team.

Highland & Islands Regional Economic Partnership

72. HIREP formed a housing sub-group in the summer of 2023 to address the issue that housing shortages are holding back the region's economic growth. HIE are providing support to the sub-group as they are seeking a more direct involvement in the housing sector. HIE recently engaged with the local RSL's to provide a two-way channel between the RSL's who operate in the region and HIREP's housing sub-group.

Poverty Partners

73. There are hidden pockets of poverty and deprivation in the Outer Hebrides. Problems include growing isolation of older people, addiction, alcoholism, lack of literacy skills and unemployment. We work with the following partners to try and alleviate poverty and deprivation.

74. The Outer Hebrides Anti Poverty Strategy 2019-2024 has been effective in sharing info and coordinating action particularly during Covid restrictions and in use of recovery funding. We will participate in the update of the new Strategy.

Western Isles Health Board

75. The Western Isles Health Board (WIHB) and the Integrated Joint Board (IJB) are key organisations locally. Our Chief Executive is a non-voting member of the IJB. In 2024 our Housing with Extra Care homes will be officially opened marking the completion of a very successful partnership with the IJB and the Comhairle. It is testament to what can be done when we have a shared vision.

Membership Forums

76. We actively participate in a number of membership forums: The Scottish Federation of Housings Associations, Rural & Islands Housing Association Forum, the Highlands & Islands Liaison Group, Welfare Reform (Highlands & Islands), SHN and the Chartered Institute of Housing (Scotland).

Scottish Government

77. Our main contact with the Scottish Government is with More Homes Division based in Inverness. We have worked closely with the Inverness team and they have an invaluable understanding of the challenges being faced in the rural and island areas. They have gone the extra mile to enable developments to proceed within the Government's guidance for Value for Money.

78. Scottish Government have committed to end rough sleeping and homelessness. We are working to assist and support the Comhairle in the delivery of their Rapid Re-housing Transition Plan. We let 49% of vacancies in Stornoway to homeless applicants in 2022/23 including 29 one bedroom properties. This met or exceeded targets we had agreed with the Comhairle. However only 14% of lets in areas outwith Stornoway were taken up by homeless applicants.

79. Our challenge in contributing to the Scottish Government's Housing to 2040 will be balancing the cost of meeting ever increasing building standards whilst keeping our rents affordable and not exacerbating fuel poverty for our tenants.

Scottish Housing Regulator

80. HHP is a systemically important landlord regulated by the Scottish Housing Regulator (SHR) and has a "Compliant" regulatory status for 2023/24. The Regulator reviews the risks and challenges faced by the business and progress against the Business Plan. We provide financial and other information as required, including 30 year and 5 year financial projections. A meeting takes place annually with our Regulation Manager, to discuss and review the financial projections and matters highlighted in the Regulation Plan for the financial year.

81. Every May, an Annual Return on the Charter (ARC) is submitted to the SHR that reports to tenants on the standards and outcomes set out in the Scottish Social Housing Charter. It covers seven sections that include equalities, tenant satisfaction, customer/landlord relationship, housing quality, neighbourhood, access to housing and support, getting good value from rents and service charges, and other customers.

82. We submit an Assurance Statement annually in October to confirm we comply with SHR's Regulatory Framework. The framework re-affirms the Regulator's position on statutory and advisory guidance. We aim to comply with both unless there is a practical reason not to do so.

83. Our 2023 Assurance Statement confirmed we are in the process of implementing an effective approach to the collection of equalities information and ensuring a human rights approach to our work. The Statement also included a clause on our position with Electrical Installation Conditions Report (EICR). Our 2023 Assurance Statement can be found on our website at the following link: https://www.hebrideanhousing.co.uk/wp-content/uploads/2023/08/Annual-Assurance-Statement-Unsigned.pdf

Contractors and Developers

84. We cannot deliver our Investment or Development Plans without contractors and developers. We aim to invest in ways that benefit the local economy. Contractors build new homes and maintain existing ones with a focus on quality as is demonstrated by the feedback from tenants and communities and the following formal recognitions:

- O'Mac Construction receiving a Premier Excellence Award: Quality Recognition Award in August 2021on the Sinclair Avenue development
- Lewis Builders was shortlisted as a finalist in the prestigious Royal Town Planning Institute's (RTPI) Planning in Excellence Awards in the Planning for Heritage and Culture category for the Lady Matheson Court development
- The Goathill development won the Scottish Regeneration Forum 'Housing and Regeneration' 2023. This project delivered 74 affordable homes, 50 housing with extra care flats and a 52 bed residential care home hub.

85. Our contractors are a key point of contact with our tenants both in reactive repairs and in our investment and maintenance works. We work closely with them to ensure that the customer experience is first class. Our tenants are also involved in this process and scrutiny work has been carried out by tenants on reactive repairs and re-letting standards and processes. We will refresh this work on a regular basis as part of our aspiration to continually improve on what we do. In addition to this, we continue to test customer experiences with all work through point of service surveys and through our major satisfaction surveys. These show high levels of satisfaction with 91% of tenants stating they were happy with the repair service provided in our 2021 survey.

Lender

86. To finance our New Build Programme and Investment Programme, we are dependent on external funding. Our Funder is RBS. We have a £25million borrowing facility of which £17million has been used so far.

87. Communicating with the Funder, RBS, is crucial in providing timely and significant information. RBS has been supportive in providing borrowing facilities to achieve the Board's Strategic Goals.

Section 4 Where We Are

Section 4 Where we are

Introduction

1. The last five years were turbulent, challenging and frightening as we grappled with BREXIT, a pandemic and wars resulting in a cost of living crisis. Every local business was tested to the hilt and it is important that we don't forget what we delivered in those days, the commitment shown by, our staff, our contractors and our partners to look after our communities was quite something.
2. Our ability to deliver what we promised in Business Plan in March 2019 was undoubtedly hampered but the resilience shown by the Board and the Team is demonstrated in what was actually achieved.
3. We have learned lessons particularly not to take thing for granted and the value of balancing risk with prudence meant that over the last 8 years we were able to keep our rent increases at below inflation.

How we delivered

4. We set Measures of success and a number of actions for each Strategic Goal over the five years of the Plan from 2019/20 to 2023/24. Some of our targets were ambitious and on reflection others could not be delivered directly by us but overall the performance was very good. The table below shows what we delivered to 31 December 2023.
5. In February 2023 the Board agreed to replace all infra-red heating systems, subject to consultations with individual tenants, by the end of 2024/25. The decision followed strong representations from tenants along with our own survey, that the systems were not delivering efficiencies.

GOAL ONE: Placing tenants at the centre of everything we do

6. We set ourselves 7 measures of success and 11 actions for this goal.

Detail	Promised	Delivered	Notes
% of satisfaction with our overall services >90%	>90%	86%	2021 survey during lockdown
All our homes meet or exceed SHQS	100%	86%	Excludes abeyances & exemptions
Respond to complaints within SPSO targets	100%	93%	
Current arrear as a % of gross rent debit	2%	2.2%	
Voids as % of gross rent debit	<1%	0.78%	
Provide options for rent guarantee and new rent structure	Yes	No	Postponed to 2024
Tenants satisfied with opportunities to participate in decision making	88%	85%	
Carry out affordability checks	Yes	Yes	
Deliver on Value for Money Strategy	Yes	Yes	Strategy approved in March 2022
Profile our customers' needs	Yes	%	
Support Western Isles Housing Association Forum	Yes	Yes	Funding provided for attendance at conferences
Develop tenant scrutiny	Yes	Yes	The tenant scrutiny panel operated for 4 years but is no longer in place. Alternative will be explored
Provide dedicated tenant participation support	Yes	Yes	Now provided directly by HHP
Ensure tenants maximise their opportunities to access digital services	Yes	Partial	Tenant Portal due for launch in March 2024 Tenants will be able to manage their tenancy online with the ability to apply for a house, real time rent balance information, ability to raise repairs requests and other key aspects of their tenancy
Develop a Digital Transformation Strategy	Yes	Yes	Digital champions in place Digital Transformation Manager in post
Develop an Anti-Poverty Strategy	Yes	Yes	Signature to Outer Hebrides Anti-Poverty Strategy 2019-2024
Benchmark our services with other Housing Associations	Yes	Partial	2023 SHN review showed improvement in performance overall Benchmarking process for 2024/25 agreed

GOAL TWO: Investing in an environmentally sustainable way in tenants homes

7. We set ourselves 5 measures of success and 3 actions and a further 2 actions were added in 2023.

Detail	Promised	Delivered	Notes
Deliver new homes	214	214	
Deliver 50 extra care units in Stornoway	50	50	
Reduce % of tenants in fuel poverty to	<25%	41%	No data available but anticipated that levels will have increased very significantly in view of the increases in fuel prices since 2019
Properties achieving EESSH	100%	96%	
Stock assesses in terms of long term viability	100%	100%	
Develop an Environmental Strategy	Yes	Yes	ESG Strategy approved in June 2022
Update Assets Management Strategy	Yes	Yes	
Annual Investment programmes completed by February each year	Yes	No	
Replace all Infra-Red heating systems by the end of 2024/25	104	77	34 programmed for 2023/24 95 programmed for 2024/25
Implement Recommendations on Ombudsman's report on Damp & Mould	Yes	Partial	Action Plan developed Damp & Mould Policy approved in March 2023

GOAL THREE: Being a good employer that attracts and retains high quality staff

8. We set ourselves 6 measures of success and 5 actions.

Detail	Promised	Delivered	Notes
Flexible Working Policy in place	2020	2020	
Staff survey showing positive feedback	Yes	Yes	Additional Wellbeing surveys carried out June to August 2023
Staff pursuing and obtaining qualifications	7%	15%	
Vacancies filled on first attempt	100%	83%	1 post had to be advertised twice
Sustain HHP staff with a length of service >3 years	60%	71%	
Staff turnover less than	10%	4%	
Annual Team Building events	Yes	Yes	Except during lockdown
Round table discussion with Manager	Yes	Partial	Held up until lockdown
Develop use of on-line system for appraisals	Yes	Yes	1-2-1 and annual appraisals recorded on system
Deliver annual training plan	Yes	Yes	60% of 2023/24 Plan complete or in progress

GOAL FOUR: Working with our partners

9. We set ourselves 5 measures of success and 4 actions

Detail	Promised	Delivered	Notes
Population forecast decline and demographics	Yes	No	Participated in workgroups Supporting employers with key worker accommodation
Increase demand for affordable housing	Yes	Yes	Demand broadly stable over the period but increase in 22/23. Overall change 416 to 459 (excluding suspensions and deferred)
Community Benefit measures delivered across our communities and on all our contracts	Yes	Yes	
% of tenants satisfied with management of the area they live in	95%	81.2%	
Carry out a Housing Needs Assessment	Yes	Yes	
Work with community groups to improve common areas	Yes	Yes	We were one of the funders that supported "Pals of Bayhead" to install new play equipment
Identify opportunities to generate Income	Yes	Yes	Applications for grant funding to support tenants successful with heating grants and warm home packs
Support OHCPP to deliver its aims	Yes	Yes	
Work with CNES to deliver LHS	Yes	Yes	

Operating Environment

10. In Section 3 we explored the big picture operating environment and here we will look at what is unique to HHP including what we think the future trends will be.

11. There have been two key moments where the harsh reality of climate change on our islands were brought home:

- At a Highland and Islands Liaison meeting where Officers from TIG presented the results of an arts project by Taigh Chearsabhagh Museum (A Climate Beacon). Lights were placed on building where the water mark could be in the future if no preventative action taken. The water was up to the half way mark on some buildings. https://www.taigh-chearsabhagh.org/environment/

- OHCPP's Climate Change working group presented maps showing what will happen in the Outer Hebrides if no preventative action is taken, roads are underwater and coast lines are eroded.

12. We want to make a lasting impact on our communities because we owe it to future generations. There is so much need screaming at us from all directions at present such as population decline, demographics showing an older non-working population but even if by some miracle we were able to address those issues within the next five years they could become irrelevant if we don't deal with the big overarching issue of what is happening to our climate.

13. We need to know our carbon footprint, we need to know that the actions we are taking are having a positive contribution, not just to satisfy the Governments requirements but so that there will be a legacy to leave those who want to make the Outer Hebrides their home.

14. The Comhairle's LHS is currently being developed and is expected to be finalised later in 2024. The key challenges emerging at present are population decline, fuel poverty and housing supply (including affordability, quality, connectivity and health & wellbeing).

15. Other consideration in the LHS include:

    - Health & Social Care agenda – mapping of home & social care requirements
    - House condition and fuel poverty – there has been a negative impact of grant withdrawal on the private sector house conditions
    - Climate change – requirements for decarbonising of buildings
    - Homelessness
    - Economic development – to support renewables related economic development and general business development

16. Assessing our operating environment from global to local it would be easy to feel overwhelmed and almost paralyzed by the size of the problems facing us but there is hope and encouragement from knowing that we are not alone in the challenges we face-this means there should be a greater number of minds working to address the problem which should mean a great chance of finding a solution.

17. We can't improve if we choose to keep doing things the way we have always done them so even changing a few things in the right direction will make a difference.

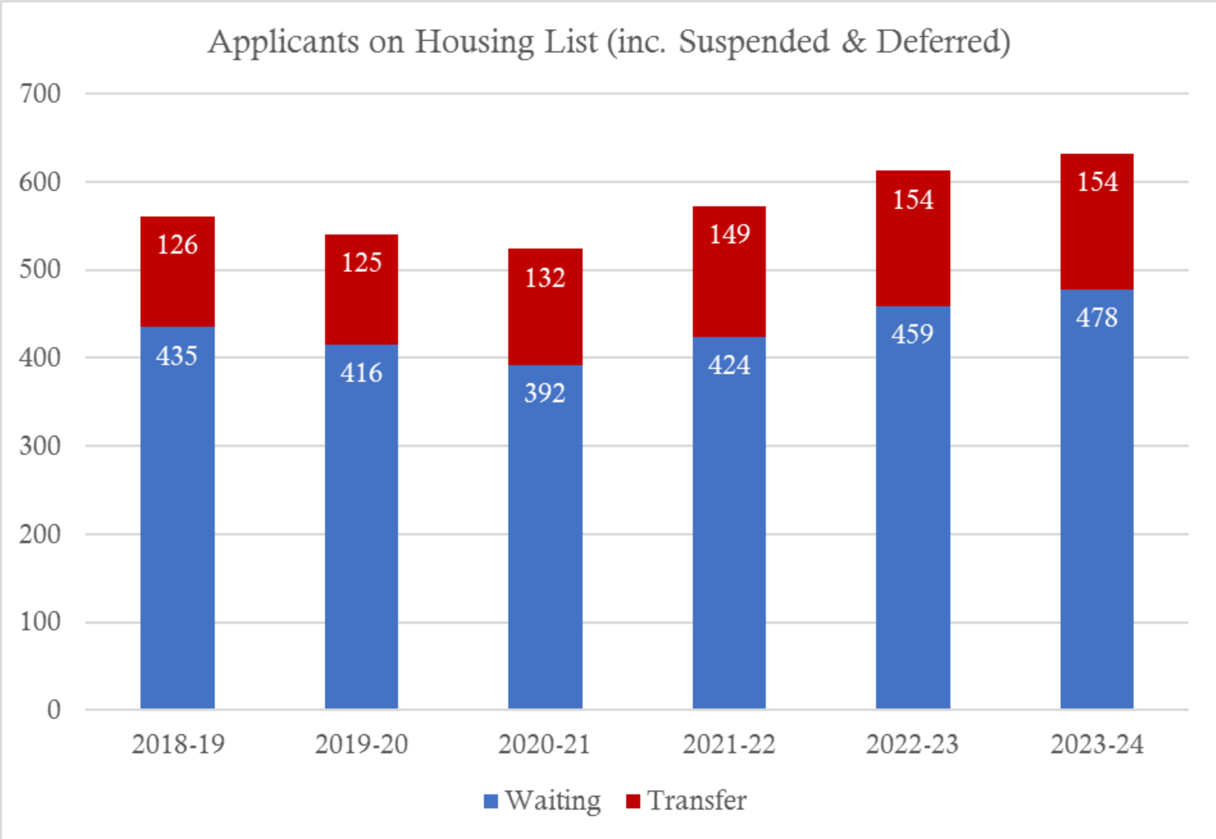
18. The Outer Hebrides is a great place to live with stunning nature on our doorstep and committed communities working to improve their area but there are challenges that threaten this.

Our Business

19. Our business is providing homes for those in need at an affordable rent and the key factors to remaining financially viable are
    a) a healthy demand for our homes
    b) keeping our homes at a high-quality standard
    c) being efficient in the way we deliver services
    d) reviewing opportunities to grow

Demand

20. The graph below shows our demand over the years:



Standard of Homes

21. Our Stock Condition Survey indicates that the stock is in good condition with minimal catch up repairs required. Our houses achieve the SHQS with the exception of refusals and those where work cannot be carried for technical reasons.

Efficiency in Service Delivery

22. We have a Value for Money Strategy which has delivered around £608k savings in the past 5 years which have been invested back into the organisation and helping to keep the rents affordable.

Reviewing Opportunities to Grow

23. As the world around us changes it is important that we review how we provide our services and explore ways in which we can grow and develop as a business to provide more resources to reinvest into our services.

Skills Base

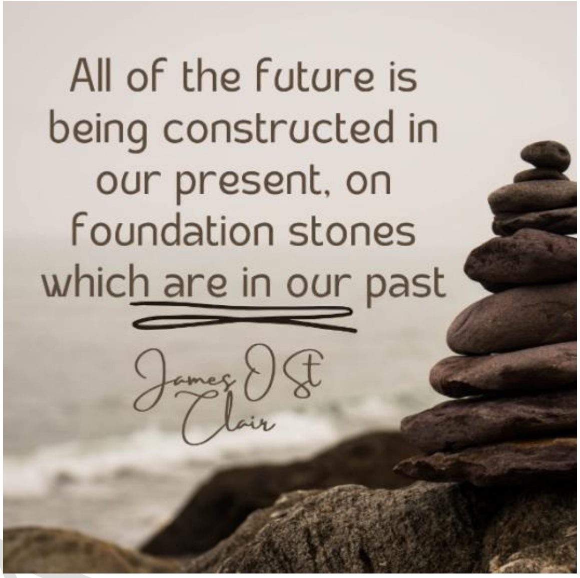
24. The recruitment market is becoming more challenging with the likelihood of being successful in the first recruitment attempt reducing.

25. The skills we need tomorrow will differ from those today and we need to continue to invest in staff training.

26. We are already seeing challenges in certain areas where we have struggled to procure services e.g., External Audit.,

Business Planning Day

27. We held our Business Planning day on 7 November 2023.We had two sessions; in the morning we invited our key partners to share with the Board what they would like the Board to take into consideration as they prepare the Business Plan for the next five years; in the afternoon we met with the staff and carried out a SWOT, PESTLE and Three Horizons exercise.

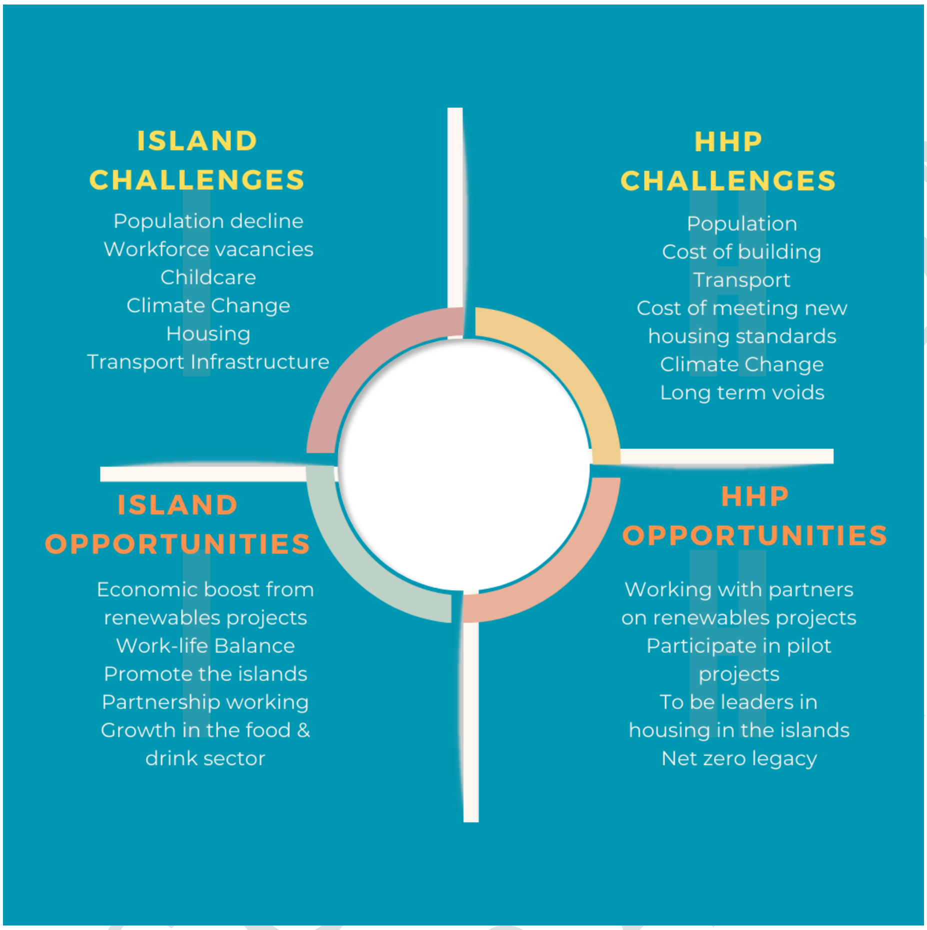


Partner Considerations

28. Our partners asked the Board to take the following into account

- Making more use of pilot projects
- Accommodation for the renewables projects
- Housing with Extra Care Barra
- Community landlords ambitions for housing and care provision
- Climate change projections for the islands
- Energy advice service provided by TIG
- The recruitment challenge for the care and construction sector
- Aging demographics
- Islands Growth Deal
- Encouraging apprenticeships
- Importance of robust demand data
- Homeless-additional support post tenancy

29. Following the presentations, we went into workshops and looked at the challenges facing the islands and HHP and also the opportunities available. The outcomes are below:



Strategic Analysis and Key Issues

30. Staff and Board used three different analysis tools, SWOT Analysis, PESTLE Analysis and Three Horizons.

SWOT Analysis

31. The SWOT Analysis identified knowledgeable staff and their relationships with our tenants as our main strength. Good relationships both within the organisation and with tenants were highlighted. Our stock is largely in good condition and our investment and new build programmes enhance this.

32. Our weaknesses include overly bureaucratic processes and structure, ineffective tenant/community engagement and attracting new Board Members.

33. Working with other agencies, including community groups, Penumbra and partnership working were recognised as opportunities. Other opportunities included grant funding, the Modern Apprentice Scheme and sharing of knowledge with other agencies.

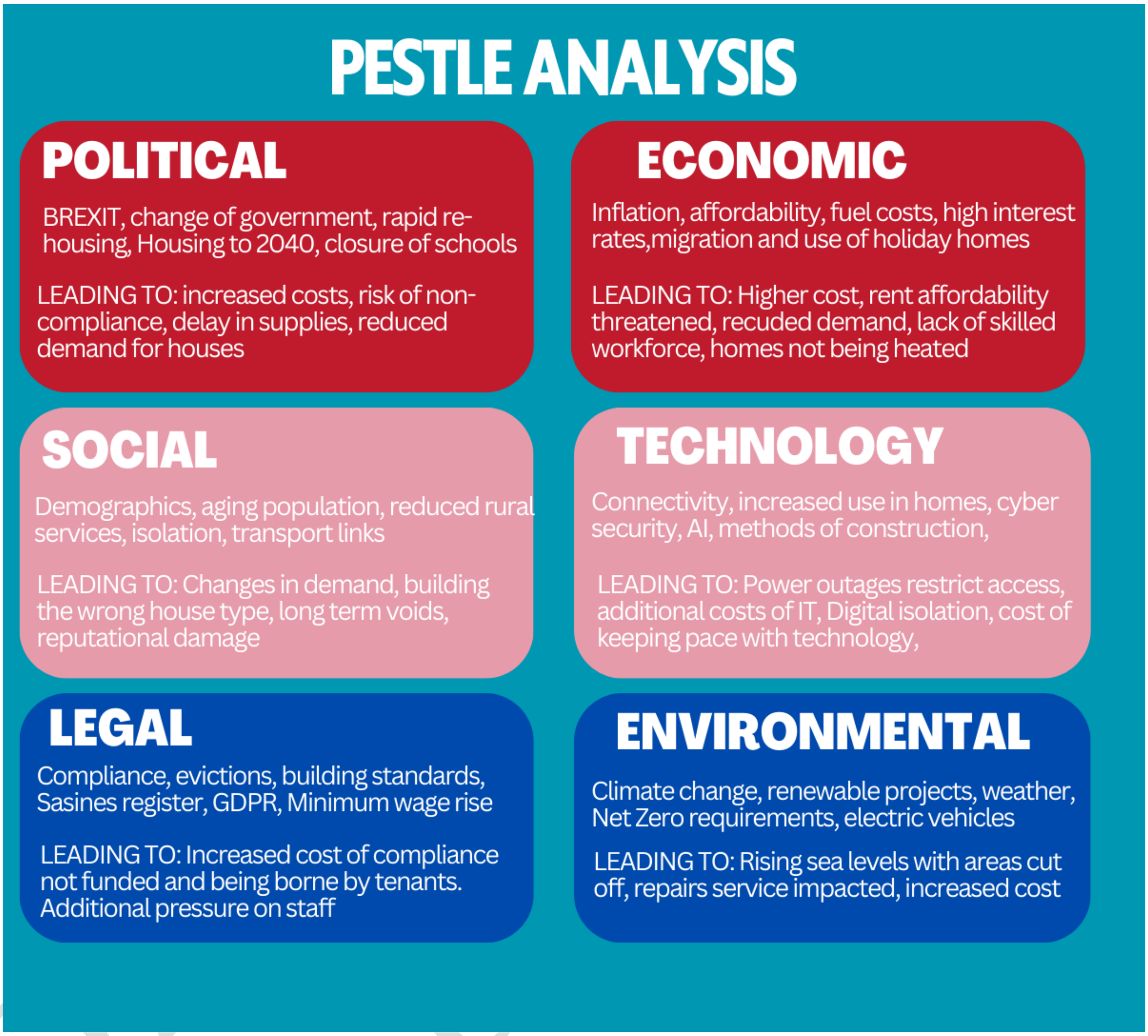
34. The aging population and decrease in population were the main threats. Other threats included the Single Islands Authority, cost of living crisis, cyber security, climate change,

increasingly having to deal with mental health issues and lack of skilled labour in the construction industry. Lack of connectivity and transport links in Uist and Barra also pose a threat to being able to provide our services effectively.

	Helpful to achieving OUR GOALS	**Harmful** to achieving OUR GOALS
Internal origin attributes of HHP	**Strengths** • Housing knowledge • Staff • Good employer • Good working relationships • Resourceful (grant funding) • Supporting tenants welfare • Stock in good condition • Listen to tenants (e.g. infra-red)	**Weaknesses** • Reliance on historic knowledge • Communication • Volume of policies • Management structure top heavy • Board Member recruitment • Spend on estate aesthetics
External origin attributes of the environment	**Opportunities** • Partnership working • Grant funding • Community Groups • Apprenticeship Scheme • Working with Penumbra • Funding for Net Zero • New Build for renewables • Barra campus	**Threats** • De-population • Aging population • Climate change • Cyber Attacks • Lack of skilled labour • Changes in legislation • Connectivity • Transport • Lack of mental health support • Rent controls

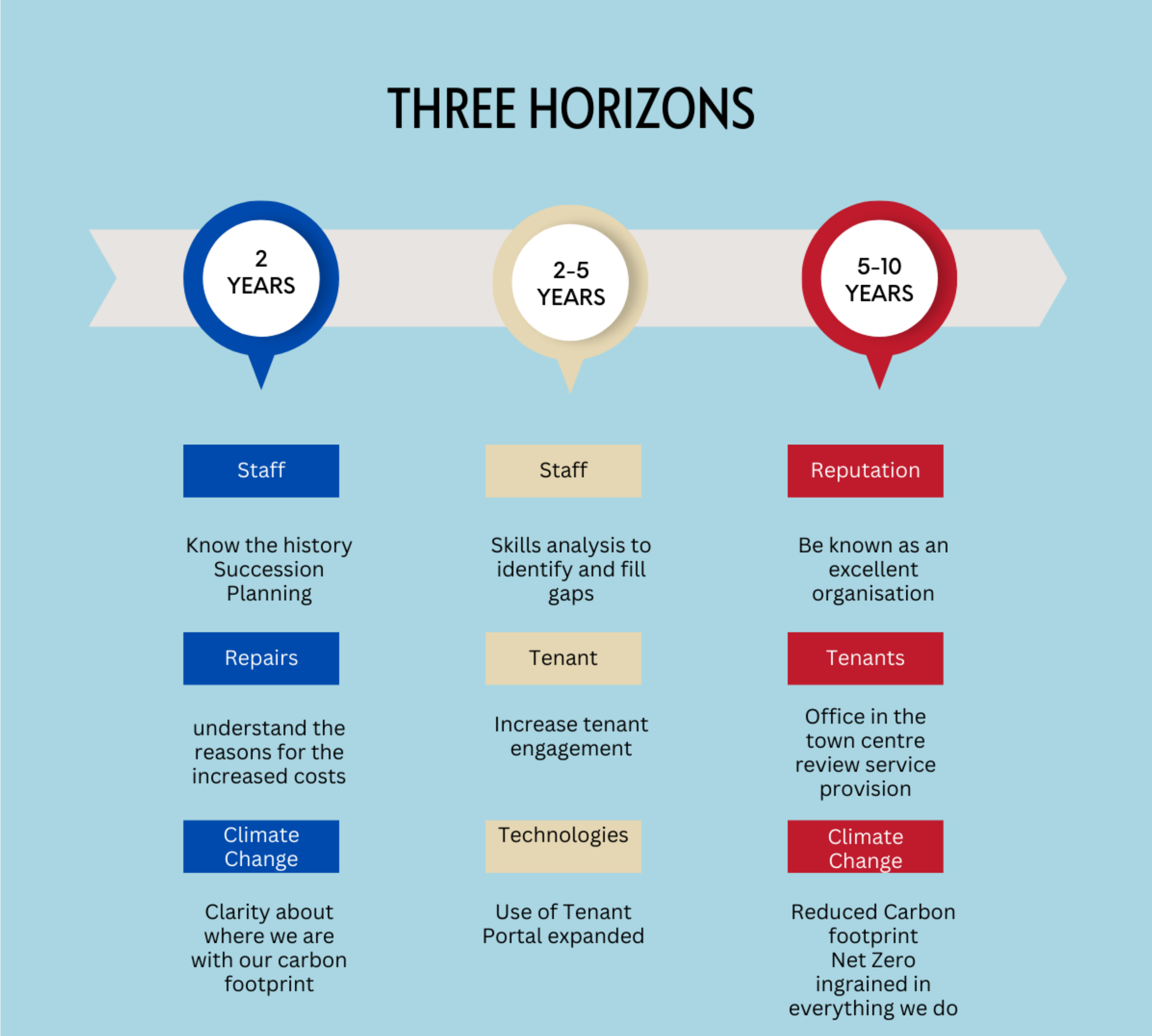
PESTLE Analysis

35. This was the first time we used PESTLE analysis as part of the Business Planning process it proved useful and a summary of the outcomes is below:



Three Horizon Analysis;

36. Three Horizons was another tool we used for the first time. Three time lines were set 1-2 years, 2-5 years and 5-10 years then the question was asked “what kind of organisation do we want to be in 10 years time and what do we need to be doing now to get there?” A summary of the findings are below



37. There is a constant thread running through all three analysis: population, climate change and technology which is what we identified as the key global challenges facing us.
38. Section 5 outlines what we want to deliver and this is supported by a Delivery Plan at Appendix 2 which has actions targeted at addressing the three main challenges.

Risk Appetite

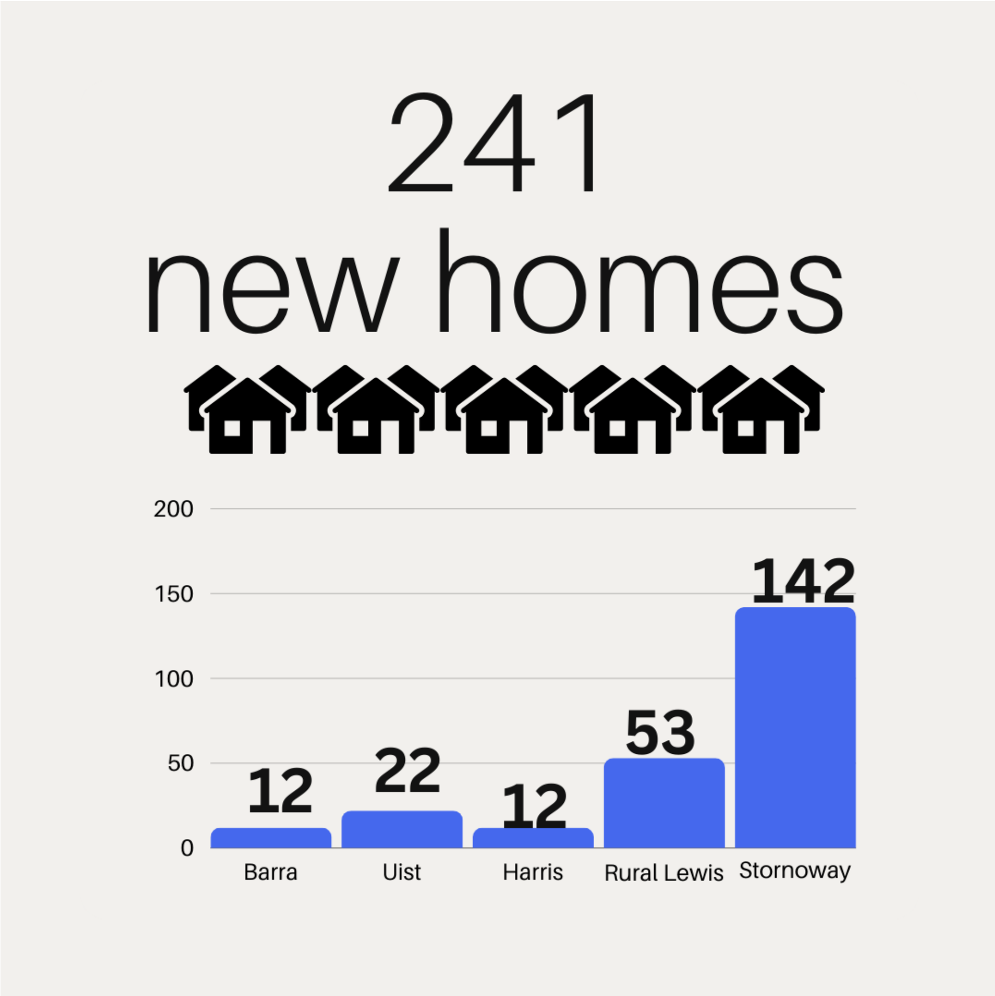
39. On the 10th January 2024 we met to review and agree our Risk Appetite for the year ahead and the outcome is in Section 7.

Culture

40. We took the opportunity on the 10th January 2024 to consider the value of a culture audit. There is always the danger that how an organisation functions is different in reality to how it wants to function, the culture expectation of management being adrift from the reality which chips away at our core value of integrity. Scarce resources all round make it even more important that we are clear about the impact we want to have as a business in the Outer Hebrides and this is picked up in our Delivery Plan.

Operational

41. Our previous Business Plan ambitions to build 214 affordable homes and 50 housing with extra care was achieved.



42. Our aim of providing 50 extra care units in Stornoway was also achieved.
43. Achieving this level of new build required a significant level of partnership working with the Comhairle's Housing Team and Planning Team and would not have been possible without the significant level of grant funding made available to us by Scottish Government.

Repairs

44. We have continued to deliver a high quality reactive repairs service but budgets are under pressure as material and labour costs increase. Our partnership with FES has continued to be positive and they responded admirably during Covid restrictions. Our Board have agreed to exercise a 2 year extension option on our contract with FES with effect from April 2025.

Damp & Mould

45. We are wherever possible, working with our tenants to ensure that they are not adversely affected by the causes of damp and mould so that they have warm, safe and healthy homes to live in.

46. We are be proactive in the prevention, treatment and remediation of these issues to the benefit of our tenants. Our procedures will provide an end-to-end customer service from reporting and identification through to advice, guidance and support and we will install preventative technology if required.

Arrears

47. Our focus continues to be on preventing arrears through early action and engagement with tenants. We work closely with other partners such as DWP, CNES, CAB and TIG to maximise income and to help people with issues such as assistance with energy costs. However, where tenants do not engage or co-operate we will reluctantly pursue legal action including eviction as a last resort.

Voids

48. Maximising rental income is critical to the business and we seek to relet properties as quickly as possible. There have been increasing challenges with the costs of bringing some properties back into use linked to the inability of the previous tenants to cope because of issues such as health and addictions.

Rechargeable Repairs

49. We have revised our approach to rechargeable repairs and will monitor this to assess the impact on prevention and collections rates. We will review our approach where we encounter individuals whose behaviour has been impacted by health and other factors.

Housing System

50. We went live with a new housing system in March 2023. This has brought some cost savings through reductions in the annual licencing cost and once fully operational will bring a number of operational efficiencies. Our Tenant Portal is due to go live in March 2024 and will allow tenants to manage all aspects of their tenancy from application through to tenancy termination. Tenants will be able to see their rent accounts online, make payments through our Allpay payments portal and diagnose and report repairs.

Rents

51. Our Board review our rents annually and we do our best to balance what we need to spend to provide an excellent service and meet our legal obligations with what is affordable for tenants. Over the last 8 years the average annual rent increase was 3.2% compared to an annual inflation increase of 4.7% over the same period.

Section 5 What We Want To Deliver

Section 5 What We Want To Deliver

Introduction

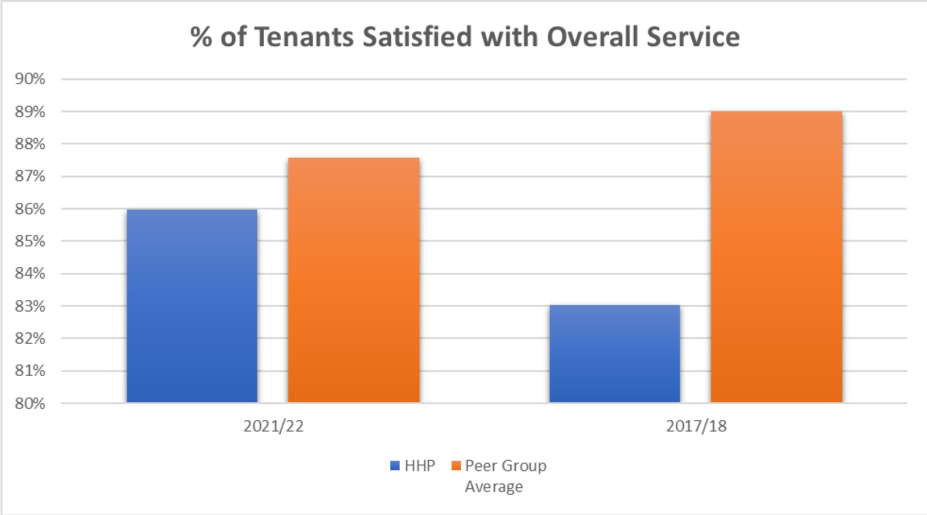
1. Our Vision will be delivered through four Strategic Goals.
2. We want to continue delivering a high standard of affordable housing throughout the islands, we want to get better at the areas where tenants feel we haven't done so well and we need to deliver it all within a very challenging economic environment. We want to ensure achieving Net-Zero is considered with everything we do, pushing ourselves out of our comfort zone to change the way we think and what we do.
3. We want to be an organisation that has a positive impact on the communities we live in, to work with others to do the right thing for the islands and for every member of staff to know they are contributing to something vital in our communities.
4. To make all these things a reality the Board have set four Strategic Goals. The detailed Delivery Plan is at Appendix 2 which shows targets and timescales. A report on performance will be presented to the Board on a quarterly basis. The Performance Report will be at a high level and an example of the report is at Appendix 3. Operational performance will be monitored by Managers on a monthly basis and these reports will be available to the Board on the online portal.

Goal one: TENANTS -Placing tenants at the heart of everything we do

5. To deliver on our promises we will place tenants at the heart of everything we do.

Tenant Engagement

6. In 2023 we appointed our first Tenant Engagement Officer shifting the responsibility from tenants to HHP for the engagement. We do not want to put pressure on tenants to participate in meetings or events that are of little or no value to them so our Tenant Engagement Officer will be reviewing our Tenant Particiaption Strategy to ensure we engage with tenants in a way that suits them.
7. In the summer of 2024, we will be conducting a tenant satisfaction survey and we are aiming for an improvement in our overall satisfaction by at least 2% since our last survey in 2021.
8. Graph with satisfaction levels from previous years and how we compare with our peers.



Affordability

9. We carry out affordability checks using the Scottish Federation of Housing Associations (SFHA)'s affordability tool and we benchmark our rents with our peer group in the Highlands and Islands. We don't see any evidence at present to suggest that tenants are struggling to pay rent because of rent levels. Where tenants are struggling other factors are considered to be the main drivers.

10. One of the key ways to keep rents affordable is to ensure monies are spent wisely and deliver value for money. This does not mean we will go for the lowest price because that can sometimes work out more expensive, but we will not spend money we cannot justify. Our Value for Money Strategy will be reviewed and an annual VFM report presented to the Board. Staff will also be given refresher training in VFM.

11. We will also complete the work on a revised Rent Structure in 2024/25.

12. Ensuring tenants homes are energy efficient is also an important contributor to affordability this will be picked up under Goal 2.

Supporting Tenants

13. Our local health board is struggling to recruit its full quota of staff for its mental health service and we are seeing the impact of the reduced support in the lives of some of our tenants. While we can signpost tenants to other agencies for help that help is not always available. Our Housing Officers do not walk away when someone in one of our homes needs support and have regularly gone the extra mile to get a tenant the help they need. Sadly the consequences can be that our property is seriously damaged and very costly to repair.

14. The instances of a tenant needing more support is becoming more frequent and it is not right to place the burden on staff who are untrained to provide mental health support so to that end we entered into discussion with Penumbra with a view to carrying out a pilot project over two years. This project would provide crisis intervention or a preventative approach to individuals with an intended outcome of improved self care and ability to maintain their home.

15. We will also do our best to assist the Health Board with their recruitment by providing accommodation where we can.

Equalities

16. In the summer of 2024, we will be working with Equal Adventure who provide training, equipment for activities that support disabled people, their communities and families. Equal Adventure will run activities that will benefit our tenants who have a disability.

Tenant Portal

17. In 2023 we installed a new housing system which will enable us to provide a portal for tenants to access their rent accounts. The portal will be similar to those provided by banks and energy providers and should be straightforward to use. It will allow tenants real time access to their rent accounts, self-service with respect to repairs, tenancy management, periodic surveys e.g. tenant satisfaction surveys.
18. The portal is due to go live in March 2024 and we will be writing to tenants soon with activation codes and instructions on how to use the portal.

Change of Tenancies

19. The standard practice by Housing Associations is to ask outgoing tenants to remove all their furnishings including their carpets, laminate flooring and curtains however this practice is being increasingly reviewed nationally due to concerns about:
    - Sustainability
    - Recycling
    - Affordability and cost pressures for new tenants
20. Other issues that have been highlighted are the standard of decoration, heating systems and other components.
21. A review of Change of Tenancy standard, practice and timescales will be undertaken in 2024/25.

Goal two: HOUSES-Investing in a sustainable way in tenants' homes

Net-Zero

22. The Scottish Government's consultation on the Net-Zero standard is currently underway and this will determine the standard all homes, not just social homes will have to meet to ensure we become a Net-Zero nation by 2045.
23. The Comhairle have submitted their Local Heat and Energy Efficiency Strategy and Delivery Plan showing how the islands will decarbonise its building. At present our housing stock is contributing very positively to the Comhairle's overall position as 78% of our off-gas properties have zero emissions heating systems already installed.
24. We will review our new house build standard to ensure it is meeting net zero targets, this may mean that we can build fewer houses because unless there is additional grant it will be more expensive to build to this standard.
25. We will review effectiveness and benefit of solar panels to inform future investment programmes.

26. We will work with the Comhairle and other partners to deliver the new homes that are needed but ensuring there are services within reasonable travelling distance. A copy of our Development Plan is at Appendix 4.

Older Stock

27. We have completed a Stock Condition Survey in 2023 and this has informed our 30 year Investment Plan. Our detailed Investment Plan is at Appendix 5.

Damp & Mould

28. All staff have undergone training in Damp & Mould and we have implemented the recommendations in the Ombudsman's Damp & Mould report. Ensuring our homes are free from damp and mould is very much a partnership work with our tenants.
29. Quarterly reports on repairs for damp and mould will be reviewed at Managers meetings.

Goal three: STAFF- Being an excellent employer that attracts and retains high quality staff

Culture Audit

30. As mentioned in Section 4 we will be carrying out a Culture Audit in 2024. Sometimes the language we use when it comes to our long term plans for the business can seem cold and distant and far away from what people do in their day to day job. We want to connect everyone in the organisation with the vision by framing things differently, so they are more relatable and therefore more effective.
31. The work will be undertaken in the early months of 2024/25 with the main results presented to staff at our annual Team Building Day in June 2024.

Workforce Strategy

32. In the analysis undertaken the risk of not having skilled people is increasing as the workforce gets older and retires. We have a Workforce Strategy that is reviewed annually which helps to identify areas where succession planning is required. We hope our first Housing Modern Apprentice will be qualified by 2025 and our plan is to maintain the Apprentice programme and to become known in the community and the sector for being excellent at training Apprentices.
33. Part of the succession planning will be to give our managers development opportunities by taking responsibility for a cross cutting role such as Well Being, Culture and ESG.
34. As the business grows, changes and adapts for the future the structure will need to be reviewed to ensure it remains appropriate. This will include reviewing how the service is provided and to identify where there are any skills gaps e.g. do we have all the skills we need to get to Net-Zero? The review will be completed by March 2025.
35. The use of Artificial Intelligence (AI) could help us be more efficient in some mundane tasks and we will be trialling the use of AI for meeting minutes, presentations and research.
36. We will keep our Flexible Working Policy under regular review to ensure it remains suitable for business continuity and staff.
37. We will conduct benchmarking on our salaries and structure on a 3 to 4 year cycle.

Training Plan

38. Our Training Plan is prepared on an annual basis taking into account training needs identified through the Appraisal process.

39. We will ensure there is sufficient budgetary provision each year to deliver our Training Plan.

Goal four: COMMUNITIES-Working with partners to help our communities thrive

40. We have worked effectively with partners to deliver Community Benefit. We will work with the Community landlords as they deliver their plans for their areas in particular with relation to housing but also with housing with Extra Care. Urras Oighread Ghabhsainn are looking at a Housing with Extra Care project.

41. We will consult with local communities either through the Community Council, Community Landlord or Development Companies when we have any surplus assets before we put them on the open market.

42. Our office in Balivanich is larger than we now require and we will work with HIE with a view to enabling Third Sector organisations to come together and buy our office building so they are in one space while we move to a new smaller office space being built by HIE.

43. We will support Partnership organisations by encouraging our staff to attend meetings and with the use of Key Worker accommodation.

44. We incorporate Community Benefit requirements in our contracts and agree the specific delivery actions on a contract by contract basis taking account of local community priorities.

45. We will support Community Groups through our grant scheme which will be promoted by our Tenant Engagement Officer.

46. We will develop and produce an annual social value impact report.

47. We will continue to improve our factoring services and will review our communication with owners and our supporting processes

Renewables

48. There is an incredible opportunity for the islands with the renewables work planned over the next 4 to 10 years. We will work with our colleagues in Orkney and Shetland to develop a mechanism that will enable houses to be built for the workers which will then become a legacy for the islands to use in the future.

Corporate Services

49. Every business has a team or teams that provide core services to enable other teams to deliver the main elements of the Strategic Goals and it is important that the work they do is identified and that there are performance actions and measures for them to work to.

50. Detail what was picked up by manager actions and make sure they are included in the delivery plan.

ESG Strategy

51. We will review the best way to gather data on our carbon footprint with a view to reporting on it annually.
52. Review options for staff to minimise their travel carbon footprint through the provision of electric vehicles and supporting, where we can the development of cycle and walkways.
53. An annual report on the progress of our ESG will be presented to the Board in June.

Finance

54. The Finance Team will ensure that payments to our tenants and our suppliers are made within 7 working days of receiving valid invoices.
55. We will research and reach out to debt collection agencies to support us make cost effective recoveries and take legal action where necessary.
56. We will process Grant Claims in an accurate and timely manner.

Governance

57. We will promote Membership of the Partnership and at least one member of the Executive Office will attend every event tenant event and where possible community events.
58. We will carry out a Self Assessment evaluation using SHN's assessment tool on an annual basis.

Accreditations

59. Over the next year we will research suitable accreditations for the business with a view to achieving them within the lifetime of the Plan.

ICT Services

60. We require to implement new ICT hosting and telephony solutions, that are: flexible, scalable, secure and manageable. We will also work on delivering tenant requirements to the portal and disaster resilience, whilst we also ensure we protect ourselves from cyberattack and ransomware. We will bring proposals for changes to our ICT infrastructure to the Board in March 2024 with a view to implementing them in during 2024/25.

Office Support Services

61. We will undertake the 'Continuous Improvement Program for Procurement' program as delivered by ScotlandExcel by December 2024.
62. We will ensure that appropriate investment is made in our offices.

Communications

63. We will prepare an annual Communications Plan, which will keep our stakeholders informed and enhance our reputation in the community. Communications will be clear and timely and distributed appropriately to ensure the widest possible coverage.
64. All information requests will be responded to within FOI/GDPR guidance/timelines, and in an open and accountable as possible, whilst maintaining confidentiality.

Health & Safety

65. Our Health & Safety Committee will deliver and manage the Staff and Landlord related H&S awareness, training, and deployment.

Section 6 How Our Plans Are Funded

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Introduction

1. Our plans and aspirations have been laid out in Sections 2 to 5 but like nearly all plans they require funding to make them happen. We prepare our plans at three levels, annual, five yearly and 30 years.

2. As a stock transfer organisation we were required to produce 30 year financials to ensure that any funds borrowed could be repaid within the 30 year time frame. Our Stock Condition survey information is generally provided for 30 year so we have continued the good practice of preparing 30 year projections using BRIXX software.

3. We are planning to use our subsidiary to enable us to be part of the provision of houses for the Renewables work taking place on the islands from 2026 onwards and a separate plan will be prepared for that.

Where the money comes from

4. Our income which funds our expenditure plans comes from three main sources as shown below (includes a provision for inflation):

Period: 01 April 2024 - 31 March 2054	2024/25	2025/26	2026/27	2027/28	2028/29	5 Year Total	30 year Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Rents	12,240	13,100	14,190	14,980	15,510	70,020	611,050
Other Income	590	500	400	120	120	1,730	4,600
New Build Grants	10,360	4,190	3,920	1,680	-	20,150	20,150
Borrowing	1,000	-	1,500	-	-	2,500	16,000
Total Income	24,190	17,790	20,010	16,780	15,630	94,400	651,800

5. The amount we can borrow is decided by the Board each year.

Where we will spend the money

6. We plan to spend a significant amount of money over the next 30 years to increase our stock and ensure our homes are maintained at the required standard. The table below which includes a provision for inflation provides an overview of our spending plans:

	Year 1	Year 2	Year 3	Year 4	Year 5		
Period: 01 April 2024 - 31 March 2054	2024/25	2025/26	2026/27	2027/28	2028/29	5 Year Total	30 year Total
	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Repairs	3,260	3,480	3,660	3,780	3,880	18,060	151,240
Investment	3,280	3,720	3,850	3,850	4,900	19,600	221,450
OT Adapts	120	120	120	120	120	600	3,480
New Build	13,600	7,900	7,570	2,630	0	31,700	38,510
Property Costs	20,260	15,220	15,200	10,380	8,900	69,960	414,680
Management Costs	3,010	3,210	3,360	3,480	3,590	16,650	137,930
Interest	1,140	1,180	1,390	1,440	1,440	6,590	23,360
Repayment of Loans	-	-	-	-	-	0	38,490
Finance Costs	1,140	1,180	1,390	1,440	1,440	6,590	61,850
Total costs	24,410	19,610	19,950	15,300	13,930	93,200	614,460

Assumptions

7. The key assumptions in our plan are:

Period: 01 April 2024 - 31 March 2054	2024/25	2025/26	2026/27	2027/28	2028/29	Notes
Housing Stock	2,428	2,482	2,507	2,551	2,565	
Base Rate of Interest	6.00%	6.00%	5.85%	5.85%	5.85%	5.85% from year 3-30
Inflation	6.10%	6.50%	3.50%	2.50%	2.50%	2.5% to Year 30
Rent Increase	5.10%	6.50%	4.50%	3.50%	3.50%	Inflation +1% to Year 10, RPI Only Year 11-30
Void Loss	2.00%	2.00%	2.00%	2.00%	2.00%	2% of Rental income over 30 years
Bad Debts	2.00%	2.00%	2.00%	2.00%	2.00%	2% of Rental income over 30 years
Management	0.50%	0.50%	0.50%	0.50%	0.50%	0.5% to year 5
Repairs	0.25%	0.25%	0.25%	0.25%	0.25%	0.25% to Year 30
Major repairs	0.50%	0.50%	0.50%	0.50%	0.50%	0.5% to Year 5

8. The assumptions may differ to the targets we set for our performance e.g. we will have a prudent assumption on voids and bad debts but we will set a challenging target to be achieved.

Housing Stock

9. As part of our Asset Management Strategy, we will be assessing whether some of our housing stock should be disposed of or re-provisioned and our assumptions below reflect this:

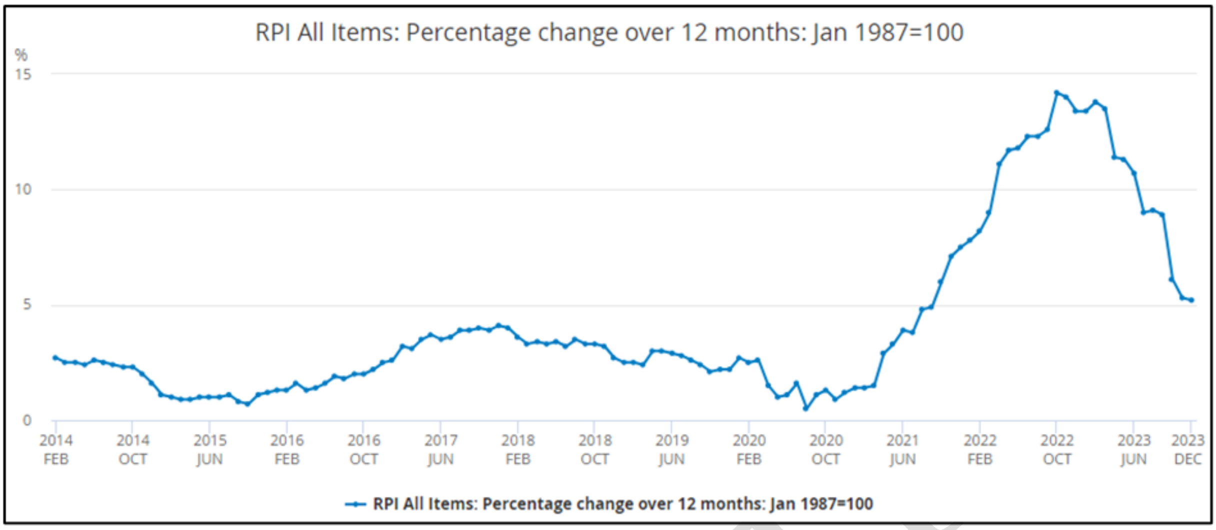
Period: 01 April 2024 - 31 March 2054	2024/25	2025/26	2026/27	2027/28	2028/29	5 Year Total	30 year Total
	Units	Units	Units	Units	Units	Units	Units
Opening Stock	2,389	2,428	2,482	2,507	2,551	2,389	2,389
Sales/RTB	(2)	-	-	-	-	(2)	(2)
New Build	41	54	25	44	14	178	178
Closing Stock	2,428	2,482	2,507	2,551	2,565	2,565	2,565

10. Our New Build provision is aligned with the first three years of Comhairle's Strategic Housing Investment Plan. Scottish Government have confirmed there will be a significant reduction in the overall housing budget for 2024/25 and this could result in a reduction in the grant available going forward.

11. The SHIP includes a further 88 units which if progressed would require a minimum £6 million pounds of additional private finance to progress. The Development and Finance Committee will meet in March 2024 to model these additional units and their associated impact on the 30 year Business Plan.

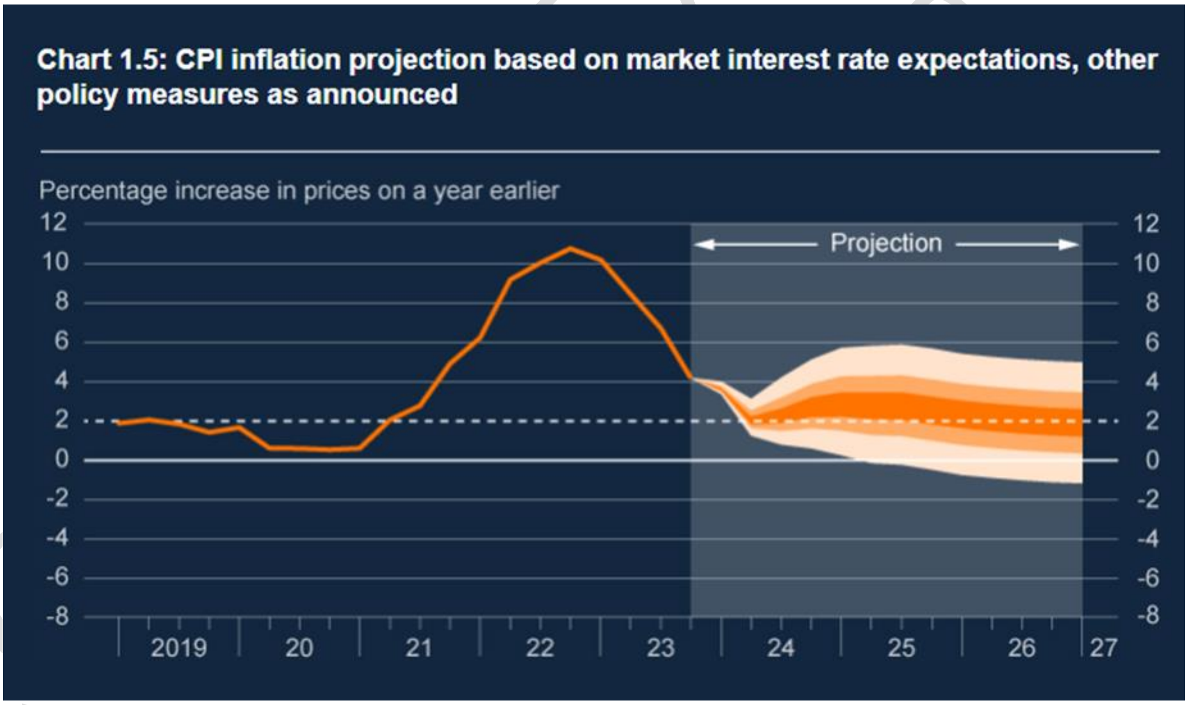
Inflation

12. Inflation is a key assumption in our plan affecting our costs and our income. Our assumptions are based on forecasts from Bank of England (BOE). Over the past 4 years there has been a period of rising inflation with RPI peaking at a 40 year high of 14.2% in October 2022.



Source: www.ons.gov.uk

13. The first 2 years of the plan has assumed that inflation remains high with a return towards the Bank of England (BOE) 2% target in year 4. The below table provides an overview of the BOE inflation (CPI) forecast:



*Source: Monetary Policy Report - February 2024 | Bank of England

Voids and Bad Debts

14. Minimising voids is essential to a strong cashflow which contributes to long term financial stability. As mentioned Section 3 the population of the Outer Hebrides fell by 5.5% since 2011 and is projected to fall even further over the next ten years due to our age demographic. Population has an impact on our waiting list and consequentially our voids.

15. Voids are provided for in our 30 year plan at 2% of rental income. Voids loss has fallen from 1.1% in 2021/22 to 0.6% in 2022/23. This improvement has been driven by a reduction in the time taken to re-let properties as COVID restrictions were lifted in 2022/23. A reducing and aging population will likely have a negative impact on demand and the risk of increasing voids.
16. Our rental income assumptions are the most critical element of our business plan. As a result, we annually model the potential impact of increasing voids on our rental income.

Management Costs

17. Management costs are made up as follows:

Mangement Costs 2024/25	£000's
Employee Costs	2,518
Supplies & Services	322
Corporate Expenses	515
Admin Costs	114
Total costs	3,469
Interal Fee Income	(460)
Total costs	3,009

18. We have assumed employee costs at £720 per unit for year 1 with overhead costs set at 10% of turnover.
19. Included within our management costs is the cost to insure our housing stock. The insurance market has become very volatile over the last few years with significant storm/flood/fire events leaving insurers increasing their premiums to cover their costs. Some insurers have left the market entirely as they unwilling to accept the increasing exposure to these risks.

Value for Money

20. We have a Value for Money Strategy and over the last five years we have delivered the following

a) Phone System -£13.7K annual savings on new phone system
b) IT Maintenance-£37K annual savings on hosted systems
c) Review of our owned technology
d) Taking the receipt of online/phone payments in house-£15.8K per annum
e) Since 2021/22 we have secured £2.5million of funding from the Scottish Government to install air source heat pumps in our homes
f) In 2021/22 we also secured £1million of income from the final year of the Renewable Heat Incentive Scheme

21. Securing value for money is the responsibility of the Board and everyone who works for HHP.

22. The VFM Strategy also outlined potential efficiencies through the following:
    a) CX-New Housing System;
    b) Consultancy – Reduce our dependency on third party consultants
    c) Travel – utilisation of technology to reduce business mileage and in turn our carbon footprint
    d) Repairs & Maintenance – seek to maximise planned maintenance work thus reducing the requirement to react to repairs which can be costly.
    e) Printing – reducing our use of paper through further digitisation of processes, in turn reducing our carbon footprint.
    f) Development – exploring alternative approaches to construction e.g., modular build

Funding

23. Our total borrowing is £17million which is £7,116 per house (2022/23 average RSL debt per unit £16,217).

24. Our long-term funding is with the Royal Bank of Scotland (RBS) and a loan from the Scottish Government as part of the Stock Transfer Agreement.

25. To assist with cashflow in the early years of HHP the Scottish Government agreed we could retain £5.53 million of Right to Buy (RTB) receipts (this was in lieu of receiving a grant to cover the deficit valuation). The RTB receipts can be used to assist with our development plan with the remainder due for repayment in 2036.

26. The RBS loan facility which was re-structured in June 2021, allows us to borrow up to £25million.

27. In broad terms, we assume that borrowing will increase each year until the maximum of £25million is reached in 2025 reflecting the significant investment in improving our current stock and building new homes. Debt is progressively paid off in subsequent years and is projected to be fully paid off by 2046.

28. The reason the housing stock had to be transferred from the Comhairle was the high debt per house leaving little funds to invest in the homes. We want to avoid being in the same position so the Board have set a threshold for our borrowing of £11,500 per house and a requirement that all borrowing can be repaid within 30 years.

29. Our borrowing at 31 December 2023 with RBS is as follows:

Borrowings		**Dec-23**
		£000's
Facilities arranged		25,000
Loans outstanding		17,000
Variable/Fixed analysis-amounts		
	Variable amount	1,500
	Fixed amount	15,500
	Other Hedging	-
		17,000
Variable/Fixed analysis-Percentages		
Variable		8.82%
Fixed		91.18%
		100%

Scenario Planning

30. As we have seen over the past five years, plans are subject to change, some changes we have an element of control over and others we have no control at all over. A key part of our business planning process is to look at how various scenarios will affect our finances and our obligations under our funding agreement.

31. The Plan is stress tested for changes in interest rates, inflation, rent increase, bad debts and voids by the Development & Finance Committee. The results are in the table below:

		Peak Debt £000's	Year	Repayment
	BASE POSITION	30,583.00	2031	2046 (£8M RCF Redrawn)
1	INTEREST RATES			
	1%	30,583.00	2031	2046 (£8M RCF Redrawn)
	0.50%	30,583.00	2031	2046 (£8M RCF Redrawn)
	-0.50%	30,583.00	2031	2046 (£8M RCF Redrawn)
2	INFLATION			
	1%	30,583.00	2031	2046 (£8M RCF Redrawn)
	1.50%	30,583.00	2031	2046 (£8M RCF Redrawn)
	2%	30,583.00	2031	2046 (£8M RCF Redrawn)
3	RENT INCREASES			
	RPI	30,583.00	2031	Doesn't Repay
	RPI+0.5%	30,583.00	2031	2046 (£8M RCF Redrawn)
	RPI – 0.5%	70,617.80	2053	Doesn't Repay
	RPI – 1%	126,494.70	2053	Doesn't Repay
4	BAD DEBTS			
	5% Year 3 onwards	42,002.20	2053	Doesn't Repay
	10% Year 3 onwards	142,249.70	2053	Doesn't repay

32. What the above table clearly shows is that if increases in costs are not covered by rental income then budgets will need to be revised to ensure that our covenants are met and that we can repay our borrowing.
33. In addition to the above stress testing, we undertake covenant compliance testing to ensure our Business Plan complies with our covenant requirements over the 30 year period. The minimum interest cover over 30 year is 151% which is well above the minimum 110% requirement with a minimum annual headroom of £627K.

Challenges

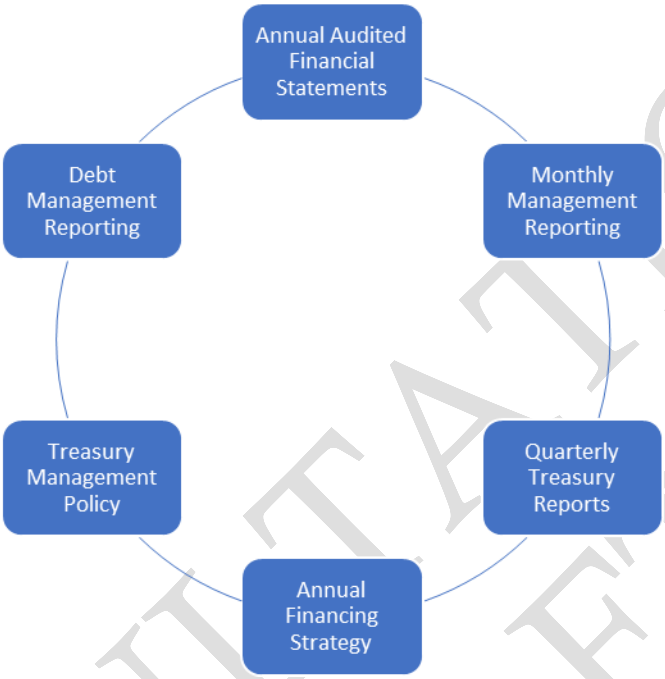
34. The following are known pressure points and have also be considered in our scenarios:

a) Affordability;
b) Economic uncertainty resulting in an upward pressure on inflation;
c) Climate Change;
d) Changes in Building Standards both on new build and current stock;
e) Weakening demand in some peripheral areas and the general changes in the population demographic;
f) End of HMRC development agreement where VAT will no longer be able to be claimed on investment works;
g) Challenging Insurance Markets
h) Cost of responsive repairs and increasing pressure on cyclical maintenance from Air Source Heat Pumps; and

i) Changes in technology

Financial Management

35. Arrangements in place for Financial Management and reporting back to Board and tenants.



36. 30 year financial projections are performed using a bespoke Financial Modelling System called HousingBRIXX. The following Reports have been generated from HousingBRIXX:
    a) Appendix 6 - Debt Outstanding including Stress Testing
    b) Appendix 7 - 30 Year Cashflow

Conclusion on Financial Position

37. We are in a good financial position due to continued efforts of officers and the Board to pursue the most cost-effective methods to deliver services.
38. With inflation hitting a 40 year peak in 2022/23 the Board approved a rent increase of 6% (8.2% below inflation). Despite this sub inflationary increase in rents, arrears, whilst still low, have started to increase over the last year.
39. Void are currently performing well at 0.6% against the 2% assumption in our plans.
40. We have just completed a Stock Condition Survey which has confirmed that the condition of our houses is good with minimal levels of catch-up repairs required. Provision is made within the 30 year plans to ensure we continue to reinvest in our homes.

41. Over the next 5 years we anticipate to spend £51.3 million on our housing capital programme as shown:

	Cost (£M)	Grant (£M)	Paid for by HHP (£M)
Investment	£ 19.60	£ 1.60	£ 18.00
Development	£ 31.70	£ 20.15	£ 11.55
TOTAL HOUSING CAPITAL PROGRAMME	**£ 51.30**	**£ 21.75**	**£ 29.55**

42. These programmes are vital to the economy of the Outer Hebrides, helping to sustain jobs in the local supply chain.

Section 7 How We Manage Risk

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1. Our Risk Management Strategy recognises there are risks with every plan and you could argue the whole of life is a risk that needs to be balanced otherwise we exist rather than live.
2. The Strategy confirms our commitment to being proactive in efforts to contain and minimise risks faced in the business. We will learn from the times we get it wrong and adapt our appetite for risk accordingly.
3. Overall responsibility for risk management lies with the Board supported by the Executive Team.
4. We identify and score potential risks annually that could prevent us from achieving our strategic goals. We then set a target risk and put mitigation measures in place, including insurance or controls, to bring the score within the target. If these measures don't reduce the risk enough, we agree on further actions for the year or adjust the target risk.
5. The finalised risks form our Corporate Risk Register which is managed using cloud based software and is available online to all Board Members. The Risk Register is reviewed monthly by managers and reported to each Audit & Risk Committee meeting.
6. There are subsidiary risk registers for ICT, Projects and Development which feed into the Corporate Risk Register.

Risk Appetite

7. Risk Appetite is reviewed annually and updated to reflect the Board's position on risk. The Board take into account the impact the Risk Appetite will have on our ability to deliver on our Strategic Goals.

8. The Board met on 10 January 2024 to review their Risk Appetite and the outcome is summarised below with the full statement at Appendix 7.

Strategic Goal		Risk level				
		No Appetite	Low	Cautious	Open	Hungry
1 – Placing tenants at the heart of everything we do	Rent Affordability				■	
	Supporting Vulnerable Tenants					■
	Reputation				■	
	Communication with tenants				■	
2 – Investing in a sustainable way in tenants's homes	All homes to Net Zero				■	
	Development Plan		■			
	Climate Change (ESG Strategy)				■	
3 – Being an excellent employer that attracts and retains high quality staff	Succession Planning				■	
	Training Plan				■	
4 – Working with our partners to help our communities thrive	Population Strategy				■	
	Poverty Action (including fuel poverty)					■
	Partnership working				■	

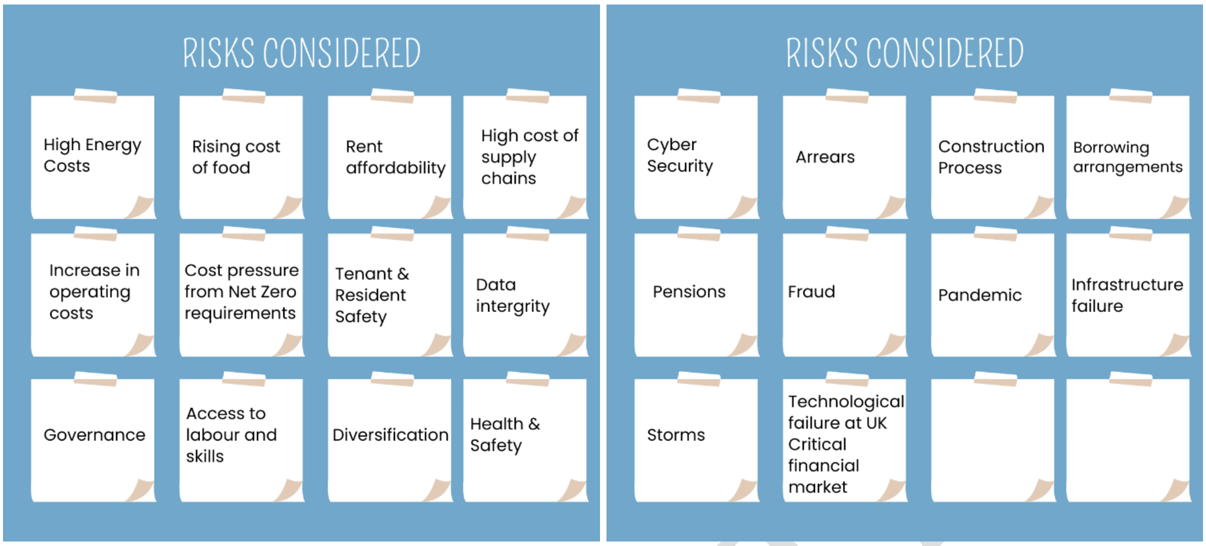
9. In our previous plan we quoted Peter Drucker who said "*Culture eats strategy for breakfast*" and recognising the truth in his statement we will be carrying out a Culture audit in 2024 to provide additional resilience to our risk management. We value having a culture which encourages staff to operate within the Risk Appetite set by the Board.

10. Risk Management is also about assessing opportunities to make sure we take them when they add value for our tenants.

Risk Register

11. A full review of the Risk Register was carried out. As part of the review we consulted the following documents and noted some of the key risk factors identified for consideration

- National Risk Register
- SHR-Risk Assessment of Social Landlords - March 2023
- Regulator of Social Housing-Sector risk profile - November 2023



12. We took the opportunity to combine some risks and overall our total risk score has moved from 141 to 92 since last year. The average risk score has reduced from 6.4 to 5.75. We now have 16 risks which have been categorised as either Strategic, Operational, Financial, Technology or Project. Out top five risks are

13. We recognise that population decline represents a risk to the islands but we amended our approach to reflect the risk of us not doing anything about population decline. The impacts of population decline are picked up in other risks.

14. Significant work has been done on controls and actions which has brought our overall risk score down to 92 from 141.

15. A summary of our Risk Register can be found at Appendix 8.

Appendices