



BUSINESS PLAN 2015-2020

YEAR FIVE UPDATE 2019-20



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Introduction

Welcome to the year five update of our current five year Business Plan, 2015 – 2020.

The Plan sets out the priorities for action of the Association for the next year and how the whole staff team across ANCHO will be focussed on delivering great services to our customers and the wide range of communities in which we work. A new three year business plan will be prepared next year.

Despite the economic challenges, ANCHO remains in a strong financial position and our performance in key areas including income management and re-letting empty properties is amongst the best in the sector.

Our business performance, good governance, investment in tenants' homes and high levels of customer service satisfaction will remain key priorities.

In July 2018 ANCHO's tenants voted overwhelmingly in favour of a new partnership with Cairn Housing Association. 61% of tenants cast their vote in the ballot run by the Electoral Reform Service, with 94% of them voting YES! This meant that the new Cairn Group could start delivering on the partnership promises.

We are making real progress in delivering our mission of providing homes and helping to create communities where people want to live.



Sonya Campbell-Perry,
ANCHO Chairperson



Simon Guest,
Group Chairperson



Jason MacGilp
Group Chief Executive

Mission, Values and Strategic Objectives

Our Mission

ANCHO exists to provide homes and help create communities where people want to live.

Our Core Values

Friendliness

We are always willing to help others to the best of our resources. We are caring, welcoming and available to our customers. We are there when our customers need us when possible.

Integrity

We do what we say we're going to do. We treat customers as we would want to be treated ourselves. We try to be the best we can be.

Respect

We try to understand how people feel as individuals and treat them with dignity. We strive to build trust in all we do. We respect people's differences, feelings and needs.

Excellence

We try to be better than most. We rise to challenges and find a way to deliver. We go the extra mile. We are never happy with just 'OK' and will always strive to do better.

Strategic Objectives

Excellent Services

To provide **excellent** services which meet the needs and expectations of our tenants and other customers.

Excellent Standards

To invest in and maintain ANCHO's properties and services towards achieving **excellent standards** for current and future customers

Excellent Neighbourhoods

To ensure that our activities and our relationships with others lead towards **excellent neighbourhoods** within the communities we serve

Excellent Communication, Leadership and Direction

To promote the development of our Board and staff towards **excellent communication, leadership and direction.**

Our Vision

- Excellent Services
- Excellent Standards
- Excellent Neighbourhoods
- Excellent Communication, Leadership and Direction

Our Mission

- To provide homes and help create communities where people want to live

Our Objectives

- To provide excellent services which meet the needs and expectations of our tenants and other customers
- To invest in and maintain ANCHO's properties and services towards achieving excellent standards for current and future customers.
- To invest in and maintain ANCHO's properties and services towards achieving excellent standards for current and future customers.
- To promote the development of our Board and staff towards excellent communication, leadership and direction.

Our Values

- Underpinning everything we do, we will achieve our vision by focusing our activity around the three corporate objectives during the life of this plan

Excellent Services

2015 to 2020 strategic objective -

To provide excellent services which meet the needs and expectations of our tenants and other customers.

As an organisation we are always striving to provide the best service to our customers and the communities in which they live. We are committed to the pursuit of service excellence and will develop our approach to this over the life of this plan. Our aim is that customers will be able to access our services with minimum effort. They will deal with staff that take ownership of the customer enquiry and respond courteously, effectively and efficiently. We will always put our customers first and place a high emphasis on working together with our customers, and communities, to ensure their views are heard and acted upon.

We will continue to positively embrace the Scottish Housing Regulator's Social Housing Charter requirements and provide annual updates to our customers on how we are performing against these National Charter Standards.

During the life of this plan we will:

- Collect customer profile data that can be used to tailor services and to identify any groups that may be facing barriers in accessing our services.
 - Continue to embrace modern technology and innovative processes and service delivery models to transform the way we deliver our services.
 - Support the work of our Customer Panel to enable them to identify and conduct a series of scrutiny projects that will drive performance improvement and positive outcomes for our customers.
 - Improve overall customer satisfaction with our services to at least 91% and homeowners' satisfaction with our factoring services to at least 75%.
- Ensure effective communication with and reduce customer effort for customers in delivering services.
 - Provide accessible services based on a good knowledge of our customers to ensure their needs are met.
 - Ensure we have well trained customer focussed staff who display a customer focussed attitude at all times.

Excellent Standards

2015 to 2020 strategic objective -

To invest in and maintain ANCHO's properties and services towards achieving excellent standards for current and future customers.

We recognise that having a safe, secure, well equipped and well maintained home is very important to our customers. To enable this we are making significant investment in our homes.

As well as bringing our homes up to a modern standard, we have also improved our approach to strategic asset management, by collecting good quality stock condition, demand and customer profile data. This has allowed us to implement an integrated stock condition and asset management solution that will provide us with comprehensive information on which to base effective decisions on future investment.

We are also committed to continuing to meet the requirements of the Scottish Housing Quality Standard (post-2015) and to improve the energy efficiency of all of our homes in line with the requirements of the 2020 Energy Efficiency Standard for Social Housing (ESSH).

During the life of this plan we will:

- Review and develop a value for money plan to maximise the amount we can invest in our homes and services whilst keeping rents affordable.
- Deliver targeted investment in planned improvements to our homes.
- Deliver a cyclical maintenance programme to maintain our homes to a high standard.

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- Collect and analyse detailed stock condition and energy efficiency information for at least 20% of our homes each year.
- Develop and embed an integrated stock condition and asset management solution that ensures our future investment plans are targeted and value for money.
- Develop high quality energy information and modelling tools that will help us plan towards ESSH 2020 and future standards.
- Develop and implement an updated Asset Management Strategy.
- Improve customer satisfaction with the quality of our existing homes to at least 90%.

Excellent Neighbourhoods

2015 to 2020 strategic objective -

To ensure that our activities and our relationships with others lead towards excellent neighbourhoods within the communities we serve.

We recognise that clean, attractive and safe neighbourhoods, and can have a marked impact on the quality of life of our customers and other residents.

As well as providing services directly we will work with partners to ensure our activities lead towards excellent neighbourhoods.

During the life of this plan we will:

- Improve neighbourhoods through regular estate inspections.
- Involve customers in service development.
- Continue to increase our Wider Role work and explore opportunities to establish a new projects which benefit the community.
- Develop opportunities to widen access to our services, in partnership with local authorities and other organisations, particularly with regard to the requirement for online access.
- Review our benefits advice service and improve the financial capability and awareness of our customers and increase access to welfare benefits and debt advice.
- Increase support provided to our more vulnerable tenants to successfully maintain their tenancy.

Excellent Communication, Leadership and Direction

2015 to 2020 strategic objective -

To promote the development of our Board and staff towards excellent communication, leadership and direction.

A knowledgeable, engaged and well trained staff team underpins high performance and the provision of excellent services to our customers.

We recognise that in order to achieve our corporate objectives we need to retain, attract and develop high performing staff who share our ambitions and values. We also recognise the value of all of our staff and are committed to achieving a culture of staff engagement, innovation and empowerment.

During the life of this plan we will:

- Promote wellbeing and actively involve our staff in shaping the future of ANCHO and creating a culture of shared values, accountability and trust.
- Embed a culture of high performance and continuous improvement through defined expectations, support and positive challenge.
- Recruit, develop and retain staff/board members who are skilled, flexible, motivated and committed to achieving our goals.
- Promote a culture where the dedication, skills and talents of staff/board members are nurtured, valued and recognised.

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- Actively embrace diversity in our staff team/ board and strive to create a working environment that is free from prejudice, discrimination and harassment by supporting the diverse and cultural needs of our people.
- Ensure we have the right skills and competencies in place to enable us to achieve our goals, now and in the future.
- Develop our staff to enable them to fulfil their potential and deliver excellent services to our customers.
- Develop our leaders and managers to be strategic thinkers and role models, inspiring confidence, mutual trust and respect.
- Validate our progress by becoming an Investors in People accredited organisation.
- Explore partnership opportunities, in all forms, with strong partner Registered Social Landlords which can help provide the resources to meet local commitments.

Organisational Structure



Governance/Executive Team Structure

Past, Present & Future

Our Association came into existence on 28 August 2000, as a result of a stock transfer from Scottish Homes. The organisation moved into premises in Sovereign House, Irvine, and once the stock had duly transferred, began to provide services to tenants. This included delivery of a 30-year Investment Programme, initially based on the valuation used for the stock transfer.

We formally changed our name from Ayrshire North Community Housing Organisation to ANCHO Limited in 2007. We currently have 672 rented homes and provide factoring services to nearly 200 home owners. We employ around 19 people and have an annual rental income of £2.8m with total income of £3.0m.

We are a registered housing association with charitable status. Our rules are based on the Scottish Federation of Housing Associations (SFHA) Model Rules (Scotland) 2013 (as amended 2015). We are Registered Society under the Co-operative and Community Benefit Societies Act 2014. In November 2018 we became a subsidiary of Cairn Housing Association Ltd following a successful tenant ballot earlier that year.

As a not-for-profit organisation, we are registered with and regulated by the Scottish Housing Regulator and are also registered property factor. We manage our housing through our principal office in Irvine.

Our mission is simple: "To provide homes and help create communities where people want to live". Delivering on our mission is not quite so simple, but our dedicated staff team strive to ensure we deliver a quality and professional service which provides excellence and value for money to our customers.

Over the course of the 18 years since the organisation was established our major achievements have including delivering on all of our original Stock Transfer Promises and becoming one of the major participants in the Scottish Governments Mortgage to Rent Scheme. In 2006, we launched our successful Community Link Project (CLP), which brought major benefits for our more deprived communities and having delivered our Financial Inclusion Service, Adult Service and Youth Arts Service. Other Wider Action Projects, have included our Estate Caretaking Service and our Community Garden and Allotments. We achieved Investors in People Gold and Investors in Young People status in 2014 and were awarded a Business Excellence Ayrshire Award in March 2015 in the under 25 employee category.

Recent years has seen a focus on investment to improve existing housing stock with 98% of our stock meeting the Scottish Housing Quality Standard and over 80% meeting the Energy Efficiency Standard for Social Housing. Through partnership with Cairn we also plan to deliver a programme of new build development.

The bulk of our current operational activity is focussed on landlord services and delivering our wider role services, Better Off North Ayrshire and Small Steps Project.

We sustain excellent levels of performance and levels of tenant satisfaction in relation to the delivery of core services to our tenants and customers. We continuing investment in the development of our staff and have sound governance structures in place, with a strong, resilient and skilled Management Board. We believe the future holds a number of challenges, as well as opportunities. Continuous improvement and innovation are vital to our future success.

Stakeholders

Customers

Our customers include tenants, residents and service users. Our focus is on delivering the best possible services and developing meaningful relationships between ourselves and our customers.

This is the group of stakeholders for whom we exist. These are the people that we deliver services to. Our customers are the basis of ANCHO and as such are the most important stakeholder group.

Staff

Our staff team are vital to all that we do as an organisation. We are only as good as those who deliver services on our behalf. It is vital that we provide appropriate incentives, support and direction to our staff in return for performance and high levels of professional behaviour. We will focus on engaging our people and maximising their potential to deliver great services to our customers.

Local Authorities

We operate predominantly in North Ayrshire, but also have minor interest in another 7 local authority areas. The customers we serve are also customers of the local authority, therefore local authorities have significant interest and influence on our work. We will continue to develop our existing good partnership relationships with local authorities to contribute to their strategic objectives in the interests of local communities.

Regulation

We welcome the rigour and scrutiny that audit and regulation brings to ensure high standards of probity, risk management, governance and financial health. We will continue our positive and professional working relationship with our Regulators, responding to queries and information requests accurately and in a timely fashion to meet regulatory standards.

Lenders/Funders

As a charitable, not-for-profit organisation, and social business, we borrow money from lenders to support the refurbishment of existing stock. We also receive money from funders to provide our Wider Role services. Communicating with this group of stakeholders and providing them with relevant, accurate and timely information is vital and we will manage our finances to ensure compliance with our financial covenants.

Partners

We work with local and national partner organisations on a variety of initiatives. These relationships are valued by us and allow us to deliver a range of projects. We will also seek to learn from others and actively engage in the sector, including the CIH and SFHA, to contribute our voice and influence where appropriate.

Scottish Government

We will continue to seek to make a range of contributions to align our services and investment to meet the national policy priorities of the Scottish Government. We seek, with others, to influence the Government on housing policy, community, and health and social care where appropriate for the benefit of all our customers.

Suppliers

We work with a number of suppliers and contractors and have developed a great relationship with all our suppliers. We will ensure positive, professional partnerships following best practice in partnering, procurement

Products & Services

We provide a wide range of housing and other services.

General needs housing

General needs housing is provided for single people, couples and families to rent in a wide range of developments throughout North Ayrshire and other local authority areas.

Repairs Service

We provide a responsive repairs and maintenance service via our contractor Rodgers & Johnstons. They provide a very customer focussed service and ensure that the quality of our properties is maintained to a great standard.

Estate Caretaking team and Helping Hand Service

The Estate Caretaking team is responsible for helping to improve the environment. Our Helping Hands is free to vulnerable and elderly tenants and aims to help them with basic maintenance tasks and repairs to their home.

Better Off North Ayrshire

This project is led by North Ayrshire Council and funded by the European Social Fund and Big Lottery Fund. It provides a range of support services for people who live in North Ayrshire. Our Better Off Workers help lone parents, people out of work or on low incomes to improve their financial circumstances.

Small Steps Project

Our Small Steps Project is funded by the Scottish Government's People and Communities Fund. This aims to increase confidence and self-esteem by delivering holistic and bespoke assistance to customers such as one-to-one and group counselling sessions to reduce levels of loneliness, depression and isolation.

Operating Environment

Customer profile

We are committed to getting to know our customers better so that we can tailor our services to the needs of the people who rent homes from us.

This process of getting to know our customers better involves improved data collection and production of reports that show patterns of characteristics based on age, household compositions, income levels, employment and disability status. We already know a great deal about our customers but we aim to build on this knowledge as a means of improving our services.

Customer engagement

Our strategic objectives include providing excellent services and standards for current and future customers. In 2001 the Housing (Scotland) Act placed a statutory duty on all housing associations to develop a tenant participation strategy. The importance of customer engagement in the housing sector was strengthened further by the introduction of the Scottish Social Housing Charter which placed a significant emphasis on tenant participation, evidence of customer satisfaction and scrutiny of services.

Customer engagement is given a high priority and we are committed to delivering best practice and positively embracing the requirements. Supported by our dedicated Communications & Engagement team, we employ a variety of means to increase and enhance our customer participation. At the centre of our approach is our innovative Customer Panel that provides an important level of customer scrutiny. Satisfaction surveys,, customers forums, working groups and our annual events are all ways in which we seek our customers views so we can continue to improve our services. We also encourage tenants to apply for election to the Board of Management.

Community Fund

Our Community Fund was established to help sustain vibrant, thriving and safe places to live. We want to support community groups to create places that people are proud of and want to live in. We recognize that each of our communities is different and our Community Fund is available to support big and small ideas that make a difference.

Demand

In the vast majority of cases, there is significant demand for our homes and services, particularly in the wake of the economic recession and reductions in public expenditure.

In light of the UK Government welfare reform and changes to social security payments, demand profiles will be kept under regular review

Welfare reform

We recognise that many of our customers receive a range of benefits and tax credits and are being affected by the UK Government welfare reform changes. Of particular concern to us are the:

- Changes to the number of bedrooms a household is entitled to claim for through Housing Benefit
- Direct payment of Housing Benefit to customers
- The move from Disability Living Allowance (DLA) to Personal Independence Payments (PIP)

We recognise that these changes have the potential to impact on our income through preparation for these changes we:

- Undertook work to assess the number of customers who may be affected by the various changes
- Communicated the changes to staff and customers
- Set aside money in our training budget to ensure staff are able to advise customers
- Identified a range of policies and procedures which required review
- Assessed the potential impact of the changes on our business
- Promoted the services of the Better Off North Ayrshire Team and the assistance they can provide
- Restructured our income management team to increase our focus in this area

Our work continues in this area so we are able to support our customers through the changes and minimise the impact the changes will have on our business.

Benchmarking

We benchmark our performance with other social landlords focusing on housing management performance and value for money. Use is also made of the Scottish Housing Regulator's published statistics to compare ourselves with the sector. A report is presented annually to the Board so that trends can be identified and adverse material variances addressed. Particular attention is paid to this data at the time of considering future rental policy to ensure that we are within reasonable sector parameters.

Keeping our rents affordable was a key focus in our search for a suitable partner. One of the partnership promises with Cairn was the Rent Guarantee which caps rent increases at the Consumer Price Index for the next five years. Our affordability mitigates some of the risks associated with current welfare reform issues, whilst ensuring value for money.

Analysis of our Operating Environment

In preparing this Plan, we looked at the following:

- current or future issues in our external operating environment and what implications they might have for the organisation and consider how these can, as appropriate, be built upon and/or improved;
- our internal capabilities;
- set against these and the knowledge of our business capabilities and appetite, what we want to do going forward;
- the risk considerations that present from our plans and how best to address these in terms of being able to avoid, mitigate or manage each key risk.

The aim was to align the organisation to the changing environment, so that we manage the threats and take advantage of opportunities that further our Strategic Objectives.

STEP Analysis (Sociological, Technological, Economic/ Environmental/Ethical, Political/Legal)

Sociological	Technological	Economic/ Environmental/ Ethical	Political/Legal
<ul style="list-style-type: none"> • Demographic change (smaller households/ageing population) • Equality and Diversity • Rise of consumer aspirations/choice • Crime and antisocial behaviour • Digital inclusion 	<ul style="list-style-type: none"> • IT access and channel shift • Building standards and regulations • Data security • Shared services • E-government • Accessibility of information • Connectivity • Internet of things • New building tech (modular etc) 	<ul style="list-style-type: none"> • Interest rate fluctuations • Inflation/deflation • Unemployment levels and low wage issues • Availability of funding • Fuel and Food poverty • Flexibility of labour market • Corporate Social Responsibility • EESSH • Sustainability • Scottish Living Wage • Brexit implications • Reductions in funding/ services from other organisations • Impact of new build on demand for existing stock 	<ul style="list-style-type: none"> • Change in administrations • Change to housing legislation • Change to welfare benefit system • Change to Govt investment strategy • Employment legislation • SHQS/EESSH • Equality and Diversity agenda • Value for money and Affordability • Changes to the Regulatory Framework • New/changed powers for Scottish Govt • Brexit • Consumer Credit Agreements • Reclassification of RSLs • Freedom of Info extension • Change to Fire Safety Legislation

SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats)

Strengths	Weaknesses	Opportunities	Threats
<ul style="list-style-type: none"> • Partnership with Cairn • Intra-group borrowing • Strong governance • Experienced staff team • Clear vision and values • Financial capacity • Rent Guarantee • High level of stock investment • Stock condition information (up to date and validated) • Performance levels • Customer Satisfaction levels • Partnerships and relationships with stakeholders • Positive relationship with the regulator • Robust business planning process • Commitment to leadership and management development • Self-awareness • Competitive remuneration package • Very good staff engagement • Location of stock and demand 	<ul style="list-style-type: none"> • Underdeveloped approach to digital inclusion • Ageing stock components • Estate and environment condition info • Affordability/ admin of service charges • Benefit dependence • Customer engagement • Capacity limitations of smaller staff team 	<ul style="list-style-type: none"> • Improving approach to performance management • Development of digital inclusion • Developing approach to Community Development/ • Access to grant funding • Exploitation/ utilisation of technology • Development and capacity of our people • Customer profiling • Scottish Government new build housing pledge • Channel shift • Digital working • Increased value for money • Procurement savings • Working environment • Group services capacity • Contact centre • Customer Panel/ Involvement • Utilisation of subsidiary 	<ul style="list-style-type: none"> • Failure to manage adverse impacts of further welfare reforms • Failure to actively manage costs in relation to income and stock levels • Lack of succession planning around key roles • Failure of key contractor • Lack of awareness of demand and customer aspirations • Stock rationalisation (AMS) • IT hacking / system failure • Reductions in available grant funding • Impact of legislative changes (fire safety/ EESSH 2 on investment)

Strategic Key Performance Indicators

Area	Measures	2019/20 Target
Financial	• Overhead costs as a % of rental income	21%
	• Interest cover	125%
	• Financial gearing	38%
Customer Service	• Overall customer satisfaction (all services)	91.10%
	• Satisfaction with value for money	85.92%
	• % of tenants who have had repairs carried out in the last 12 months who were satisfied with the repairs and maintenance service	85.23%
	• % of appointments kept	95.00%
	• % of repairs completed right first time	98.00%
	• % of stage 1 frontline complaints responded to within timescale	100.00%
	• % of stage 2 investigation complaints responded to within timescale	100.00%
Homes	• Satisfaction with quality of home	90.75%
	• SHQS compliance	100.00%
	• EESSH compliance	84.00%
People	• Staff absence	4.50%
Other Results	• Rent loss due to voids as % of debit	0.19%
	• % of income collected	100.00%
	• New let average turnaround times	8.5 days
	• % of new tenancies sustained for more than a year	95.00%

Strategic Risk Management

We are proactive in working to contain and limit the risks to which our organisation is exposed.

As we work towards achieving our strategic objectives for the life of this plan, each activity we undertake will bring its own particular area of risk. We will regularly identify and appraise risks, taking a prudent approach to managing them.

In our management of risk we:

- Recognise that ultimate responsibility rests with the Board, with high quality advice and support from the management team and auditors
- Comply with all statutory, regulatory and good practice requirements
- Adopt structures which delegates authority to the appropriate level for risk management of various activities
- Adopt, implement and regularly review key policies

- Support Board members and staff with risk and business continuity training
- Employ a programme of internal audit to assist in risk identification
- Obtain verification from external auditors of the statements of internal control

To enable risk management reporting, identified risks need to be assessed and evaluated in terms of the likelihood or probability of the risk occurring and the impact that such an occurrence would have.

We have developed a Strategic Risk Register which identifies the risks to our business plan and the achievement of our strategic goals. This includes the actions that we are and will take to mitigate these risks. The Strategic Risk Register is reviewed on a regular basis by our Audit and Performance Committee and Board.

Asset Management Strategy

One of our main objectives for 2019/20 is to ensure that updated stock condition information is embedded in our new PIMSS database to help to accurately project future investment needs. We currently own and manage 672 properties.

Our stock also varies in age and condition and with changing needs and aspirations of customers, it is important to ensure that we continue to provide quality affordable homes and services, with our communities and partners, throughout Scotland.

In order to meet our objectives, our Asset Management Strategy has evolved from a framework for making investment decisions into a more comprehensive document providing a clearer understanding of our stock characteristics including:

- Condition
- Popularity with existing and future client groups
- Popularity of particular geographic locations
- Net present value
- Return on investment

The Asset Management Strategy is continually evolving, helping to influence our strategic and corporate objectives.

Analysis of stock surveys previously undertaken and information provided by customers and staff, have provided an understanding of the works and finances required for us to bring existing properties up to our own standards, which will exceed the requirements of the Scottish Housing Quality Standard. Almost 600 stock surveys have been undertaken, which has given us a more detailed understanding of our properties. This has led to us setting our own ambitious Property Standard, which will see certain

major components all being within their expected life cycle by 2025.

Context

A considerable amount of work has been done to help improve our stock data and management systems. During 2018, we used the data to help inform a 30 year investment model. Planning investment in our housing stock, based on sound investment principles, including:

- Value for money
- Property option appraisals where the investment needed is uneconomic, future demand is causing concern or there are other issues with current stock
- Engagement with key stakeholders to inform investment decisions

Scottish Housing Quality Standard (SHQS)

Through targeted investment in the last few years, ANCHO has complied with the Scottish Government target of achieving SHQS in almost all of our stock, by 2015 (excluding agreed exemptions and abeyances). The abeyances mainly relate to door entry systems where homeowners within the common blocks are unwilling/unable to fund their share of the works. We will continue to monitor stock condition to ensure that SHQS continues to be met.

Energy Efficiency Standard for Social Housing (ESSH)

Having established a minimum housing quality standard, the Scottish Government turned its attention to ensuring that housing stock meets more stringent energy standards, to reduce fuel poverty to tenants and to help meet its ambitious carbon reduction targets. It has established the ESSH standard for landlords to achieve by 2020 and intends to increase that standard to a higher level by 2025.

With a significant number of non-traditional house types, we have some significant challenges ahead but will ensure this is addressed through actions identified in our new Asset Management Strategy.

Managing Finance

Financial Strategy

We have a 30 year financial plan covering the period from 2019/20 to 2048/49 to ensure the long term financial health of ANCHO. The underlying financial forecasts are broken into a detailed annual budget and thirty year financial projections. Each set of projections includes an income and expenditure account, balance sheet and cash flows.

Financial planning within ANCHO is a dynamic process, with sensitivity analyses undertaken during the plan preparation and reviewed regularly. This financial plan shows how we will meet the costs of achieving our key objectives and it details the associated income and expenditure assumptions over the next 30 years. The financial projections are consistent with the requirements of the Scottish Housing Regulator and our lenders, the Nationwide and Cairn.

Objectives

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

- Secure the long term financial viability of ANCHO
- Ensure funding is available to secure the investment required to maintain and enhance our existing stock
- Seek overhead efficiencies to ensure value for money for customers
- Ensure that all individual activities we undertake at least break even, and that any short term deficits are explicit and transparent to both the Senior Management Team and Board
- Sustain our strong financial reputation
- Ensure compliance with loan covenant requirements from all lenders.

Financial Assumptions

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

- Inflation or Consumer Prices Index (CPI) runs at 2%pa
- Annual rent increases are based on CPI only for 2019/20.
- Variable bank interest rates increase from 1.0% in 2017/18 to 4.5% by 2024/25
- The impact of Welfare Reform has been incorporated within the financial model

We believe these assumptions are prudent and will maintain the financial viability of ANCHO. The assumptions will also allow us to invest heavily in our existing stock

Financing

The business plan is funded on a combination of existing private finance from our lenders, the Nationwide, together with a new intra-group lending.

The existing loan agreements carry with them financial covenants, and we closely monitor these to ensure compliance.

Our financial projections show full compliance with all existing loan agreements and anticipated new covenants, including the repayment of capital within the time period of the borrowings.

Impact on Rents

The rent guarantee agreed as part of the Business Case for partnership with Cairn bases increases on the Consumer Price Index (CPI) only for five years. Thereafter, Cairn Group rent policy based on local housing allowance will be used. This maintains our average rents in line with the anticipated sector average for the duration of this plan.

Scenario Planning

It is important that we are in a position to respond to any changes in the assumptions detailed in this plan. Sensitivity analyses and stress tests have shown how the financial position would handle material changes to the income and expenditure assumptions. The following sensitivities were considered.

Scenario 1

Annual rent increases are based on CPI only for the lifetime of this plan.

Scenario 2

Variable bank interest rates increase more rapidly than currently forecast.

Scenario 3

Inflation or Consumer Prices Index (CPI) runs at 3%pa.

Scenario 4

The impact of Welfare reform is more severe than anticipated, resulting in increases in arrears increasing by 25% per annum.

The results of these sensitivities are measured against the base projections as well as the covenants set by lenders. The results from the sensitivity analysis and stress testing indicate that we would be able to meet all our financial obligations whilst accommodating these challenges.

A full set of financial forecasts has been produced for each of these scenarios, and is available on request.

If more challenging scenarios arose we would review our spend profile to ensure that banking covenant compliance was maintained. The process of covenant review and cash flow monitoring is undertaken on a monthly basis and reported to our Board quarterly

Financial Accounts

Statement of Comprehensive Income

	2018/19 £
Income	
Rental Income	2,835,114
Service Charge Income	0
Other Income	340,138
	3,175,252
Expenditure	
Overhead staff costs	864,286
Overheads	161,871
Service Charge costs	0
Other income costs	281,133
Repairs and renewals	444,343
Planned maintenance	2,025,358
Depreciation	664,441
Capitalised planned maintenance	-1,991,456
Loan interest and fees	153,889
Revaluation Gain on Investment Properties	-139,620
	2,464,245
Surplus / (Deficit) excl gain on sale	711,007

Cash Flow

	2018/19 £
Opening Bank	739,371
Net cash inflow from operating activities	1,532,032
Grants	0
Asset sales	0
New borrowings	700,000
	2,971,403
Capital repayments	460,344
Asset purchases	1,995,056
Past Service Pension Deficit Payments	0
Interest Paid	149,022
Interest Received	-5,138
	2,599,284
Closing Bank	372,119

Statement of Financial Position

	2018/19
	£
Tangible fixed assets	
Housing properties - depreciated	20,020,365
Investment Properties	587,120
Other fixed assets - depreciated	77,955
	20,685,440
Current assets	
Debtors	335,073
Cash at bank and in hand	372,119
	707,192
Current liabilities	
Creditors due within one year	(836,785)
Net current assets / (Liabilities)	(129,593)
Total assets less current liabilities	20,555,847
Creditors: amounts falling due after more than one year	(7,684,563)
Net assets	12,871,284
Capital and reserves	
Share capital	52
Revenue reserves	12,871,232
	12,871,284

Key Achievements during the life of this plan

2018/19

- ANCHO tenants have voted overwhelmingly in favour of a new partnership with Cairn Housing Association, 94.2% of votes were in favour of the partnership on a turnout of 60.8% in June 2018.
- We restructured our staff team to provide excellent services which meet the needs and expectations of our tenants and other customers
- Secured funding in the Strategic Housing Investment Plan for a development site in Irvine
- Commenced our partnership with Cairn Housing Association in November 2018
- Ended the appointment of our Interim Director following commencement of the partnership
- Started delivery of Integration plan incorporating our Governance and Financial Control Improvement Plan
- Started delivery of tenant promises including planned investment works to tenant's homes.
- Continued to provide Financial Inclusion services through Better Off North Ayrshire team

2017/18

- Appointed an Interim Director to provide interim leadership to the organisation following the departure of our former Director and Assistant Director
- Developed our partnership discussions with Cairn Housing Association, culminating in approval of our Business Case by the Scottish Housing Regulator and approval to commence formal consultation stages
- Developed and implemented a Governance and Financial Control Improvement Plan
- Reviewed and changed our service delivery model
- Expanded our Wider Role Services – in particular, financial inclusion services through Better Off North Ayrshire
- Continued, with the help of substantial amounts of Home Energy Efficiency Programmes for Scotland (HEEPS) funding, to deliver our Energy Efficiency Standard for Social Housing (ESSH), making a huge difference to the homes and environment in our Redburn estate

2016/17

- Developed our partnership discussions with Cairn Housing Association, culminating in a decision to progress to the Due Diligence stage of partnership.
- Delivered excellent KPI outcomes.
- Were awarded the Business Excellence Ayrshire Award and were shortlisted for the Ayrshire Chamber of Commerce Best Performing Business Award.
- Continued to secure funding for our Wider Role activities – in particular, secured, via the Better Off North Ayrshire, three year funding for financial inclusion services.
- Continued to focus on reducing our management costs.
- Monitored the impact on our tenants of Universal Credit, and began to develop plans to assist those worst affected.
- Reviewed, via our Scrutiny Sub-Committee, our approach to debt recovery and routine maintenance, and made some improvements.
- Developed our ICT Action Plan.
- Developed and implemented a new approach to Estate Management.
- Rolled out across ANCHO the use of our Support Needs Evaluation Matrix.

- Continued, with the help of substantial amounts of Home Energy Efficiency Programmes for Scotland (HEEPS) funding, to deliver our Energy Efficiency Standard for Social Housing (ESSH), making a huge difference to the homes and environment in our Redburn estate.
- Tendered, jointly with Cairn Housing Association, a new Reactive Maintenance Contract, which will deliver savings from 1 April 2017.
- Reviewed our Asset Management Database to ensure that our investment plans are based on the true needs of our housing stock.
- Reviewed our approach to delivering our Estate Caretaking Service.

2015/16

- Reduced our rent arrears - in June 2015 our rent arrears were the lowest they have ever been, at 1.7%. By the year-end, our arrears were 2.4%, still well below our target of 2.8%.
- Continued to satisfy our tenants, with 91% happy with the service they receive overall, and 89% happy that their rent represents value for money;
- Continued working with North Ayrshire Council towards Community Asset Transfer of Redburn Community Centre.
- Established our Scrutiny Sub-Committee
- Delivered our Youth services (Youth in Film and Futureproof) in line with our funders requirements, benefiting 430 young people.
- Delivered our Adult services (Small Steps and Allotment) in line with our funders' requirements, helping 545 people.
- Assisted 1980 people in need via our Financial Inclusion service, achieving increases in income for 211 of them, and helping 32 people into employment.
- Provided training to meet all the identified needs of our Board and staff.
- Reviewed our Core values.
- Progressed well towards meeting ESSH with 66% of our stock now compliant.
- Fully populated our Asset Management Database with essential information about our housing stock.
- Put in place our Legionella testing system and risk assessment.
- Reviewed our approach to Annual Home Visits with changes to be implemented from 1 April 2016.
- Completed an Employee Engagement Survey and started to deliver our Employee Engagement Action Plan.
- Continued to talk to potential partners.



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