



BUSINESS PLAN

2018 - 2022

Our Journey to 2022



CONTENTS

- 1. Welcome**
- 2. Reflection**
- 3. The World in Which We Live**
- 4. Who We Are, What We Do and Our Mission**
- 5. Outcomes**
- 6. Supporting Strategies and Plans**
- 7. Resources**
- 8. Ensuring Success**

1. Welcome

- 1.1. We are delighted to introduce to you 'Our Journey to 2022', River Clyde Homes (RCH) 4 year business plan.
- 1.2. It has been developed through extensive engagement with our Board, customers, stakeholders and our staff to understand their needs and help us to forecast what the next 4 years will bring alongside what we want to achieve.
- 1.3. In developing our business plan we have worked hard to both evaluate where we are now, and look to the future, deciding what we want to be. We have considered a range of options for how we want our business to look and how we intend to get there. This plan details the journey we want to take over the next 4 years.
- 1.4. In considering the options available to us, one thing has never been questioned, our continued commitment to supporting our customers to live in high quality, affordable homes. This is what we are about and anything more we do as a business will not compromise this commitment.
- 1.5. Running alongside the development of our business plan has been two key supporting tasks. First, we have undertaken a detailed review of our asset strategy and plan. Based on the most comprehensive survey undertaken to date by RCH, we have been able to build up a detailed picture of the investment needs of all our assets, the value of our housing stock and its popularity, and the actions needed to ensure all our assets remain sustainable for many years to come.
- 1.6. Second, we have completed a major refinancing of the company. This has ensured we can fully resource our aspirations and deliver this plan. Refinancing has come at a time of considerable financial strength for RCH. The Board also recognised that existing loans were based on a traditional stock transfer facility and no longer supported the company's ambitions to grow as a business, further improve our housing offer and become a sector leader. Refinancing has presented an opportunity to develop a loan portfolio more aligned to our business needs. Running our business well and ensuring we achieve maximum value will be a key focus for us over the next 4 years and beyond.

- 1.7. Looking ahead, we have taken some bold and ambitious decisions in 'Our Journey to 2022' that we believe can support our mission to be 'a customer focussed and inspirational business creating aspirational homes and communities'. Quite simply we have decided to develop and grow as a business whilst also focussing on our customers, their services and generating more social value for them by improving where we can their health and wellbeing, employability and resilience, which in turn, we believe, will have a positive impact on our bottom line and the long term sustainability of our homes and communities.
- 1.8. We hope you can join us on 'Our Journey' and we are happy to talk to you further about our plans.



Kevin Scarlett

Kevin Scarlett

Chief Executive Officer
River Clyde Homes



ALBERT HENDERSON

Albert Henderson

Chairman of the Board
River Clyde Homes

December 2017

2. Reflection

- 2.1. River Clyde Homes (RCH) was formed in December 2007 following a large scale voluntary transfer of housing stock from Inverclyde Council. The transfer was undertaken with the support of tenants to secure additional financial resources for much needed investment in their homes whilst maintaining affordable rent levels, their security of tenure and providing an opportunity to have greater influence over the standards and quality of their services.
- 2.2. Since the transfer we have transformed our company. We have redesigned the way we provide many of our key services to make them more customer focussed and to improve operational performance and efficiency. We have invested in new IT systems, developed new, more effective job roles across the business, and raised our expectations of and aspirations for, our staff. We have also launched a subsidiary company, River Clyde Property Management Ltd (RCPM).
- 2.3. RCPM is a non charitable, fully trading company aiming to make a profit. It is the home of a number of planned maintenance and property investment projects, as well as a grounds maintenance service and technical services team. All surpluses from its trading activities are passed onto the parent company, RCH. These surpluses help to support the resourcing of the business plan.
- 2.4. RCH is a charitable, not for profit social housing provider regulated by the Scottish Housing Regulator (SHR). We currently own 5,789 homes in all the towns of Inverclyde. Stock numbers have reduced from the original 7,899 homes at transfer. This has been the result of the demolition of a larger number of unpopular and negative value properties as well as the sale of homes through the Right to Buy.
- 2.5. Recently the number of homes we own has stabilised. We have commenced a major new build programme and have started to selectively 'buy back' properties previously sold under the Right to Buy. The Scottish government ended the Right to Buy in July 2016. We are also looking to develop new affordable homes outside of Inverclyde. A key outcome of this business plan is to grow the company for the first time since transfer.
- 2.6. Since our formation RCH has invested heavily in its assets. During 2018 all our homes will meet the Scottish Housing Quality Standard (SHQS) and we will see the completion of one of Scotland's biggest regeneration projects involving the refurbishment of over 660 properties at Broomhill in Greenock. However we have never just been about properties. To protect our assets we have also invested in the services we provide to make our overall 'housing offer' attractive for both existing and new customers. Earlier this year we were assessed by the Care Inspectorate as a 'sector leader' in the provision of our housing support services and achieved an excellent service rating across two of three measures. This is an example of how we are improving our 'housing offer'.

- 2.7. In the past few years we have matured into a housing association rather than a transfer organisation. The governance of the company has changed significantly for the better. Following regulatory concerns in 2012, a major review of governance took place resulting in the recruitment of new, skilled and experienced Board members and a new 'fit for purpose' constitution. We now have a strong and competent Board who deliver effective control and leadership, creating an environment which protects RCH, our assets and our customers. Together with refinancing, our much changed governance is helping to remove the constraints of a transfer organisation and is helping us to move to a business where we are much more in control of our destiny, rather than one that has been perhaps dictated by what others say we should be doing. '*Our Journey*' will enable us to make a bigger and bolder step toward what we want to be as an organisation – but, more importantly, what our customers want and expect us to be.
- 2.8. This is a good time for RCH to change, as it comes when our customers are changing. Their needs and aspirations are changing primarily due to external influences and changing demands on their resources and lifestyles.
- 2.9. The views we gained from customers in developing '*Our Journey*' told us that they expect us to deliver excellent landlord services, provide an excellent customer experience, continue to invest in existing and new homes and add real value to their communities.
- 2.10. We make no apology for again mentioning our ambition to grow. To date we have only experienced a reduction in our property numbers and declining turnover. This plan confirms the things we are going to do to becoming a thriving, growing and confident social housing business. A growing RCH will ensure that we can meet the changing needs and aspirations of our customers and their communities.

3. The World In Which We Live

- 3.1. The business plan is the key document for RCH. It provides strategic direction for the company, shapes our business and performance management framework, and helps to ensure that we remain a financially viable, customer focussed organisation. In developing the plan it has been essential to consider the wider context in which we operate.
- 3.2. RCH operates exclusively in Inverclyde. Only 25 miles from the centre of Glasgow, and located on the south bank of the River Clyde, Inverclyde has a rich cultural heritage in its built environment, having grown rapidly as a major shipbuilding and marine engineering centre during the 19th and 20th centuries. Since the post war decline of shipbuilding and its related activities, Inverclyde has developed a more varied economy with new employment in the financial, services and emerging renewables sectors. It has a growing leisure and tourism sector. Inverclyde is regarded as one of the best providers of education in Scotland, with pupil attainment levels regularly in excess of the national average. It has much strength as a place to live.
- 3.3. As well as its many advantages, Audit Scotland confirms that the area faces a number of challenges. These include a reducing population, high levels of economic deprivation and relatively poor health outcomes. 14 of the '5% most deprived data zones' in Scotland are located in Inverclyde.
- 3.4. Alongside other members of the Inverclyde Alliance community planning partnership, its Single Outcome Agreement confirms a priority for RCH to encourage more people to come and live in the area, and to encourage the existing population to remain in Inverclyde. Over the past 35 years the number of people living in Inverclyde has fallen by 21%. The population is expected to fall by a further 12% by 2036 to around 65,000. It was over 101,000 in 1981. There is a continuing need to improve our 'housing offer' and ensure that we not only provide a range of quality, affordable homes but that we also provide excellent and relevant services that achieve social value for our customers and their communities.
- 3.5. In addition, Inverclyde's population is changing. By 2036 the number of people of working age is expected to fall by 21%, whereas the number of people of pensionable age is expected to increase by 17%. Inverclyde has the smallest household growth across Scotland. The number of households is projected to reduce from 37,000 currently to 33,600 in 2037; average household size is projected to reduce from the current 2.13 to 1.89 by 2037. Single adult households are projected to increase by 12% over the same period, and those headed by a person over 75 years of age are forecast to rise by over 3,200 by 2037. Inverclyde's aging population confirms the scale of the need for appropriate housing and housing related services.

- 3.6. Within Inverclyde, significant numbers of the working age population are unemployed or have a long term illness or disability when compared with Scotland overall. Average household income in Inverclyde at £20,500 is lower than the Scottish average at £24,350. The Scottish House Condition Survey confirms that 43% of Inverclyde's households live in fuel poverty. This confirms the need to keep the cost of our homes and services affordable and to continue to invest in measures to make energy more affordable for our customers.
- 3.7. The Clydeplan Housing Need and Demand Assessment (HNDA2) 2015, confirms the need and demand for additional new homes within Inverclyde, and the wider Glasgow regional housing market over the next 5 years and beyond. The Scottish Government has set an ambitious target to invest £3billion to build 50,000 affordable new homes by 2021, at least 35,000 of which will be for social rent. The Housing Supply Target for Inverclyde confirms the need for 90 affordable new homes per annum. Across the wider Glasgow regional housing market the target is 1859 affordable new homes per annum. Household growth across the region is projected to be at 4,700 households per annum. RCH has over 4,600 registered applicants for rehousing. For smaller 1 bedroom homes, there are 20 applicants for every available let. There is evidenced demand for larger family homes, specialist housing and adapted homes as well as affordable homes in sub housing markets including Port Glasgow and the western part of Inverclyde. The development of new affordable homes, within and outside of Inverclyde, is a priority for this plan.
- 3.8. Inverclyde's Local Housing Strategy (LHS) 2017-22, is looking to achieve 6 outcomes over the 5 year period. These are:
- Improved supply of quality, affordable homes
 - Ensure sustainable places and communities
 - Prevention of homelessness
 - People supported to live independently as long as possible
 - Reduced fuel poverty
 - Improved quality of housing

RCH is committed to playing its part in helping to achieve these outcomes for Inverclyde's housing strategy, as outlined in our key strategies.

- 3.9. Welfare reform and other austerity measures continue to have an impact on our customers and on our business. Inverclyde is now a full service area for Universal Credit and there have been noticeable implications for rent collection and arrears. Funding pressures on the local authority remain and important services and budgets such as the funding of supported housing services will continue to be reviewed by the council accordingly. RCH will continue to maintain dialogue with the Department of Work and Pensions (DWP), Inverclyde Council and with our customers to ensure maximum access to the welfare system and benefit entitlements, and to ensure the continued provision of existing services where it is possible to do so. This plan has taken a prudent view of the financial impacts of welfare reform and austerity on our business.
- 3.10. The recent decision of the Office of National Statistics (ONS) to reclassify all housing associations across the UK as public bodies, together with the resultant decision of the Scottish government to enact legislation to reverse this decision will have an impact on RCH. The legislation will force a change on the composition of our Board by reducing the number of local authority nominees, it will reduce the scope of regulation such as the need for SHR consent for any asset disposal, and it will remove the requirement for Inverclyde Council's approval for any constitutional change. We will need to anticipate these changes to our governance and the likely additional responsibilities placed on our Board.
- 3.11. Brexit, the fall in the value of the pound, a minority led UK government, the potential for a second independence referendum and a sluggish global economy have all been considered in the development of this plan. We are confident that as a consequence of our robust approach to business planning and risk appraisal that we can keep abreast of the changing economic and political landscape, identifying impacts on our current and future delivery and putting in place effective risk mitigation measures where necessary.
- 3.12. This plan will ensure we continue to be a resilient and flexible business delivering value for our investors, stakeholders and most importantly our customers.

4. Who We Are, What We Do and Our Mission

- 4.1. River Clyde Homes is one of Scotland's leading social housing management and affordable housing development companies. We currently own 5,789 homes, act as property factor for 2,226 homes, are building 750 new homes over the next 4 years and have assets in excess of £146m. Our turnover in 2016/17 was £25.9m. We employ 250 permanent staff.
- 4.2. RCH owns a subsidiary company, River Clyde Property Management Ltd (RCPM). Our subsidiary undertakes a range of activities including planned maintenance works, grounds maintenance works and provides technical services to support the development of new homes. It employs 17 permanent staff, with a further 38 temporary contract staff. RCPM is a trading, non charitable company that allows us to extend our activities and in doing so make a noticeable contribution to the overall sustainability and resilience of RCH and this plan.
- 4.3. As a not for profit company, RCH has a strong social purpose. We use business methods to deliver social outcomes, taking commercial decisions and re-investing any financial surplus back into the business.

4.4. **Our vision**, why we are here, is simple:

Improving lives and places

4.5. **Our mission**, where we want to be in 4 years time is be recognised as:

A customer focussed and inspirational business creating aspirational homes and communities.

4.6. **Our values**, the key principles we live by, help define who we are and what we stand for. They support and engage our staff to achieve our mission. They guide the behaviour of our staff:

1. ***Every customer happy***
2. ***Every home loved***
3. ***Every opportunity taken***
4. ***Every penny counts***
5. ***Every person positive***

We call our values our '**everys**'. Each 'every' is a clear statement of intent. They have been developed with our staff and our Board.

- 4.7. We pride ourselves on being more than just a landlord. We are committed to improving lives and places. This means we look at what an area needs to thrive and what contribution we can make to help make this happen. Of course our business is about providing quality, affordable homes and delivering excellent customer focussed services, but it is also about creating thriving communities and generating social value wherever we can.
- 4.8. We recognise that many of the areas in which we provide our homes face significant economic, health and environmental inequalities and challenges. Generating social value is our way of tackling these inequalities and helping to create a sustainable community as well as providing a sustainable home. We are about communities and places where people can enjoy living for the long term. That means supporting our customers to break down any barriers they face in being able to achieve their aspirations and potential.
- 4.9. We generate social value in a number of ways. It can be achieved by offering support and advice for our customers in managing their household budgets, promoting access to affordable loans through membership of a credit union and helping to maximise their household income. It can be achieved by supporting customers to have the confidence to use digital technology and enable their access to the internet. It can be achieved by providing training and employment opportunity for our customers or in supporting and promoting health and wellbeing initiatives. We do all of these things, and this plan confirms our commitment to continue the generation of social value in all our communities.
- 4.10. We believe in working collaboratively. By working together with other forward thinking organisations we recognise we can pool our resources and our skills to achieve a greater impact and transform communities in a more effective and sustainable way. We are also committed to helping our partners to achieve their place making and investment aims and aspirations to.
- 4.11. The strategic leadership of the company is provided by the Board. We have 12 Board members as follows:

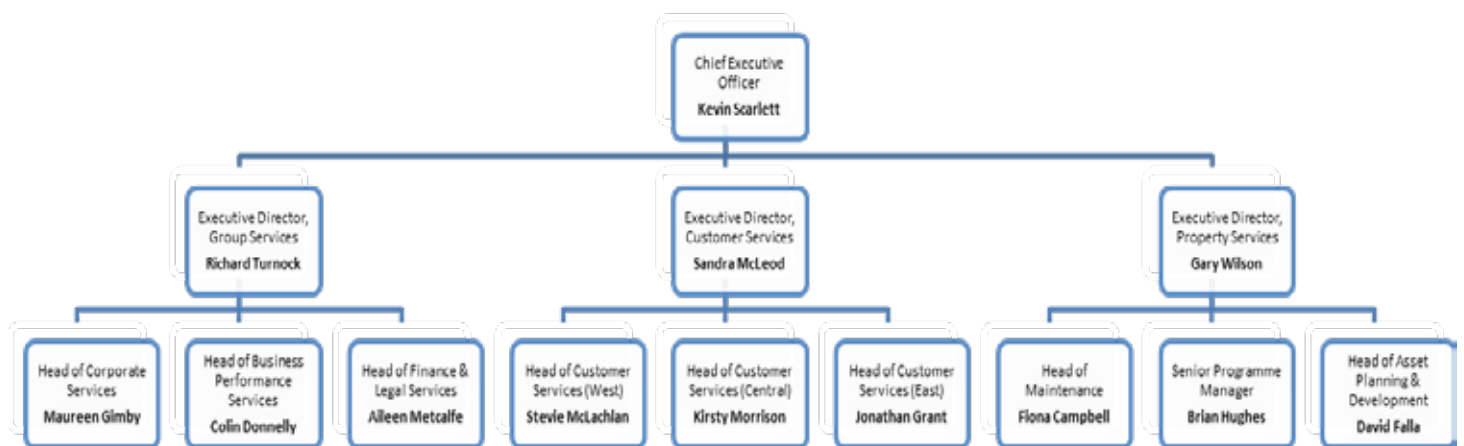
Board Members	Leadership
Albert Henderson MBE	Chair of the Board; Member of the Personnel Committee; Member of the Audit & Finance Committee
Jillian Moffat	Vice-Chair of the Board; Member of the Personnel Committee; Member of the Audit & Finance Committee
Jim Strang	Chair of the Performance and Services Committee
Craig McGinn	Chair of the Audit & Finance Committee
Marilyn Beveridge	Member of the Personnel Committee; Member of the Performance & Services Committee
Elizabeth Grant	Member of the Performance & Services Committee
Jenny Speck	Member of the Performance & Services Committee
Cllr Stephen McCabe	Member of the Audit & Finance Committee
Cllr Chris McEleny	Chair of the Personnel Committee; Member of the Performance & Services Committee
Cllr Graeme Brooks	Member of the Performance & Services Committee
Cllr Tommy McVey	Member of the Audit & Finance Committee
Co-Optee	Leadership
Shiela Adamson	Member of the Performance and Services Committee
Lesley McInnes	Member of the Audit and Finance Committee
Tom Ferrier	Member of the Audit and Finance Committee

4.12. The Board is committed to the achievement of our vision and mission through the delivery of this plan. To support this aim the Board has developed a robust approach to decision making, business performance monitoring, risk appraisal and its management. In order to carry out its responsibilities effectively, the Board undertakes an independently led appraisal of its role and impact on an annual basis. The Board also commits to the on-going development and delivery of a governance improvement plan. This ensures the continuous improvement of the Board and the company's overall governance as well as compliance with regulatory and statutory governance requirements.

4.13. RCH has been at the forefront of developing customer led scrutiny and self regulation in Scotland and we have successfully established a Customer Senate. The Senate enables real scrutiny of the company and our services. Comprising of 12 customers, all appointed by customers, the Senate offers the opportunity to investigate a service, any related policies and procedures as well as its performance. The Senate determines its own scrutiny programme and can appoint independent experts to support any particular scrutiny project. Its recommendations for improving a service are presented to the Board and progress in implementing Senate recommendations is monitored by the Board.

4.14. The Senate and customer led scrutiny is also supported by a number of other arrangements and opportunities for customer involvement including service specific customer panels, 'armchair critics' as well as support for tenants and residents associations. We will continue to ensure the views of customers are represented in the delivery and regular review of this plan.

4.15. Day to day leadership and management of the company is provided by a skilled, experienced and energetic Senior Management team as follows:



4.16. The Senior Management team ensure there is a 'golden thread' of plans throughout the company as each Directorate, team and each member of staff collectively and individually contributes to achieving the business plan mission and outcomes, and in doing so demonstrates at all times our values.

5. Outcomes

- 5.1. RCH, through 'Our Journey', wants to achieve our mission to be 'a customer focussed and inspirational business creating aspirational homes and communities' by achieving four primary outcomes over the next 5 years. Achievement of these outcomes will determine the success or otherwise of this plan
- 5.2. Each outcome will underpin the delivery of our mission. Each outcome is a clear statement of intent with planned annual actions and tasks. Each outcome is also supported by a 'high five'. 'High fives' are the key measures for each outcome and are included in our 'sector scorecard' of key performance indicators telling us how, as a business, we are performing.
- 5.3. We will ensure delivery of our business plan outcomes by having the people with the right knowledge, skills and commitment across the business; by having an effective business assurance framework and by having the required financial strength.



- 5.4. We have carefully considered the actions and tasks necessary to achieve each outcome. We have considered our financial capacity, staffing capacity, weighed up what we want to achieve and what we can achieve. We have also considered if we have the ability to deliver. We have concluded that through 'Our Journey', if the action or task is something we can do, that it stacks up financially and it's something that will benefit our customers and our business, we will work hard to do it.

5.5. The detail of our business plan outcomes are as follows:

Outcome (1): Excellent services

5.6. Customers are at the heart of everything we do. Our mission is to be a customer focussed organisation. We want our customers to be responsible, engaged, empowered and delighted with their home and the services we provide.

5.7. If we achieve this, we believe our customers will be happier with RCH. We will also have created an environment where they want to remain in their home, are more committed to their neighbourhood and community, are more likely to comply with their tenancy agreement and look after their home. This will reduce our costs, void loss and bad debts.

5.8. Customer insight has had a major influence over the development of this plan. Key sources of customer feedback and intelligence have included:

- The triennial Customer Satisfaction Survey conducted late 2015;
- Rent consultation feedback obtained during 2015 and 2016;
- Customer Senate led scrutiny findings and recommendations;
- Analysis of customer complaints and compliments over the period 2015-2017;
- A range of service specific customer feedback and the analyses of the reasons for customers terminating their tenancy.

5.9. Our 2015 Customer Satisfaction Survey confirmed that 94% of our customers are happy with the services we provide. This was a fantastic result for us. However we also know that to retain or even improve on this level of satisfaction will be a tough 'ask' as customer expectations and aspirations increase and change.

5.10. We are confident we can delight our customers by continuously improving what we do. This outcome will also confirm how effective we are in producing social value. Our approach in helping to tackle inequalities and exclusion we believe will improve the health and wellbeing of our customers. This in turn will impact directly on how happy a customer is in their home and will improve both their life chances and their chances of a successful tenancy.

5 Key Actions to Achieve This Outcome	
Action	When
Commence full 24/7 customer contact and CCTV monitoring service for our customers	2018/19
Implement IT based dynamic repairs planning and scheduling capability and make fully operational	2018
Achieve a minimum 80% customer profile and a minimum of 20% monthly outbound service quality calls	2018
Implement measures to increase customer self service	2018/19
Implement recommendations from review of key services (caretaking, repairs, services for older persons)	2018/19

3 'High Fives' for this outcome:

- ✓ **At least retain our overall customer satisfaction level in 2018**
- ✓ **Achieve a net promoter score of at least 35% over the next 4 years**
- ✓ **Achieve Customer Service Excellence accreditation in 2019**

Outcome (2): Thriving communities

5.11. We believe that the cornerstone of establishing a good community is the provision and security of a good home. However River Clyde Homes wants to provide above and beyond its core landlord service and create thriving communities.

5.12. We have identified two key areas that we believe supports the achievement of thriving communities. These are anti-poverty and health and wellbeing. We are improving our understanding of these areas so that we can focus on interventions that maximise the delivery of customer outcomes.

- 5.13. To deliver on reducing poverty we have two key services, our Financial Wellbeing team and our Future Skills team. Together these services are working with our customers to maximise their income opportunities and remove any barriers to their digital inclusion. We have also developed a formal partnership with Pollock Credit Union to enable the access of our customers to affordable sources of credit and have launched our Smarterbuy's Store service, allowing affordable access to furniture and white goods. We also either support or directly provide a number of apprenticeships ensuring local people can access skilled training opportunities.
- 5.14. We know we need to improve our 'health and housing offer' to our customers. We provide a range of support services for customers but we want to do much more. We will work with the Health and Social Care Partnership (HSCP) to identify what we can do differently and more effectively to enable people to be discharged from hospital earlier and to live independently in their home longer.
- 5.15. The Inverclyde Alliance has selected Broomhill as a locality planning pilot area. This is allowing the 'joined up' planning and delivery of services involving a range of partners including the council, police, HSCP, voluntary and community sectors. Broomhill is highlighting the importance of co-production in transforming the area, evidenced by community feedback assessed using the innovative Place Standard measurement tool produced by the Scottish Government and NHS Scotland. We want to continue this joined up approach.

5 Key Actions to Achieve This Outcome	
Action	When
Launch new directly provided employment service	2018
Confirm detail of a new 'health and housing' offer with health and social care partners to improve hospital discharges and encourage more independent living	2018/19
Expand reach of 'Our Power' to remove more customers from fuel poverty	2018/19
Launch complex dependency 'action plan' with health and social care partners	2019
Publish Broomhill locality planning pilot impact and sector learning study	2019

3 'High Fives' for this outcome:

- ✓ **100 customers supported into sustainable employment by 2019**
- ✓ **More customers living independently for longer over the next 4 years**
- ✓ **Recognition as a key health and housing services provider in Inverclyde**

Outcome (3): More and better homes

5.16. Our homes are our biggest asset, so it's important that we look after them to not only maintain and safeguard these assets but also to delight and retain our customers, and to attract new customers when required.

5.17. As a stock transfer organisation we have invested heavily in our homes to ensure their compliance with the Scottish Housing Quality Standard (SHQS). We have also undertaken one of Scotland's biggest regeneration projects at Broomhill, Greenock. Once we have completed the programme of improvement works at Broomhill, all our homes will be SHQS compliant.

5.18. We have also demolished 2,327 homes since 2007. These properties were unpopular, hard to let and had a negative net present value (NPV).

5.19. However key challenges remain in managing our assets. These can be summarised as follows:

- a) Energy Efficiency Standard for Social Housing (ESSH) and reducing fuel poverty.

ESSH requires all our homes to meet a specified energy performance rating by 2020. This will help to reduce energy consumption, fuel poverty and the emission of greenhouse gasses. We are fully supportive of this requirement and where we can we want to exceed the ESSH standard.

- b) The environment around our homes.

We recognise that it's not only the inside a home that matters to customers, it also the environment around their home. The quality and condition of any communal spaces, shared entrances and outside areas all matter to our customers. As does their 'street scene' such as footpaths, parking areas and open spaces. The popularity of a building or neighbourhood will be affected by a lack of investment in the wider environment. This plan enables us to commence much needed improvement works to the environment around the homes of our customers.

c) Empty homes

Whilst the number of long term empty and unpopular homes that we own has reduced considerably since 2007, a significant number remain. Where we cannot achieve a positive NPV for our remaining long term empty homes we will seek to demolish or dispose of the property. This plan aims to have no long term voids in our ownership.

d) The 'Right to Buy' legacy

Our ability to invest in our assets to the standard we would like can be hampered by the reluctance or inability of adjacent owners to meet their share of the costs. We need to identify measures that would give owners greater confidence in supporting improvement works. We will also look to the re-purchase of homes sold under the 'Right to Buy' where appropriate to do so.

5.20. Achieving a positive value for all our homes will require us to invest our resources in an intelligent way. The value of an asset can be influenced in a number of different ways. To help us develop a better understanding of the value of our properties, we are implementing what we call our 'asset management matrix'. This matrix applies a number of analytical approaches including financial measures such as NPV and annual cash flow projections. However it combines typical financial measures with non-monetary factors to assess the social value of our properties. The matrix will link the knowledge we have gained about our stock to date with our knowledge about local demand and customer aspirations, and what is affordable in the business plan. It will confirm what stock is sustainable and what is not.

5.21. Providing and managing affordable homes is why RCH exists. However, every single year since the original stock transfer in 2007 we have seen the number of homes we own and manage reduce. A declining business puts pressure on our ability to provide the standard of homes and services our customers expect and require. This plan puts a stop to our decline and places a strong focus on growing our business, particularly by building more homes.

5.22. Scotland currently provides a unique opportunity to build new homes. The Scottish government has provided £3billion of funding to encourage the construction of 50,000 new affordable homes for rent and sale by 2021. We want to take advantage of this opportunity and build 750 new homes for social and mid market rent by 2021.

5.23. Whilst the majority of the new homes we want to build will be situated within Inverclyde, we will look to develop new affordable homes in areas outside of Inverclyde if the opportunity arises and there is strong business case to do so.

5 Key Actions to Achieve This Outcome	
Action	When
Build 750 new affordable homes	2021
Measures taken to ensure all our homes are EESSH compliant	2020
Reduce by 50% those properties with a negative NPV	2021
Reduction of long term voids to less than 30 in number, and total number of voids to less than 200	2018/19
Implement recommendations from review of factoring services	2018/19

3 'High Fives' for this outcome:

- ✓ **6500 homes in our ownership by 2021**
- ✓ **All our homes are EESSH compliant by March 2020**
- ✓ **99% occupancy level for all the homes we own by March 2020**

Outcome (4): Engaged employees

5.24. We believe that well led and engaged employees are integral to the achievement of our mission, positive business performance and the delivery of excellent services to customers.

5.25. We will continue to invest in our leadership and management capability to ensure staff are consistently motivated, enthused and coached to reach their full potential. We want our leaders to be visible, inspiring and committed to making sure everyone at RCH lives our values.

- 5.26. We want to create and sustain a happy and healthy workforce. Providing opportunities for employee engagement is a key step to achieving this. Our River Clyde Academy will provide opportunities for staff to improve their knowledge and performance. Every employee will have a personal development plan and we will support career development for aspiring employees. We will appraise staff regularly, provide opportunities for employees to meet and contribute to the on-going development, delivery and review of this plan. We will recognise and applaud individual and team achievement, and we will communicate regularly with all employees to further cement their engagement.
- 5.27. RCH has completed a major programme of change. We have a number of new teams, new services and new job roles. The terms and conditions of employment for many employees have also changed. We also have many new leaders and employees. We firmly believe we now have the right organisational structure and the right people to deliver this plan. A critical outcome of our recent change programme has been the emergence of a new organisational culture. A new culture that will see our new values consistently demonstrated across the business and a culture that will build trust between all our employees and our customers.
- 5.28. A final piece of the change 'jigsaw' is a new office. Staff are currently located across three separate buildings. None of these buildings are 'fit for purpose'. They lack training facilities, meeting spaces and adequate welfare provision. They do not provide our employees with a professional working environment. This plan prioritises the move of all our employees into a single, modern building that we can all be proud of.
- 5.29. We recognise the importance of employee health, safety and welfare. We will continue to invest in measures to strengthen our approach to health, safety and welfare across the business.
- 5.30. We have the ambition to be a best practice employer both in and outside the sector. We aspire to be recognised as one of the Sunday Times Top 100 Best Not for Profit Organisations to work for. Achieving this aim we believe will coincide with achieving strong financial performance, increasing customer satisfaction and positive operational performance.

5 Key Actions to Achieve This Outcome	
Action	When
Move all staff into a single, modern central office	2019
Complete Leadership Development Programme	2018/19
All staff to have a personal development plan, updated annually	Every year
Agree and implement reward and recognition scheme	2018/19
Fully operational new systems 'architecture'	March 2019

3 'High Fives' for this outcome:

- ✓ **Investors in People Accreditation achieved 2018**
- ✓ **Overall staff satisfaction increased by 10% March 2019**
- ✓ **Sunday Times Top 100 Company Accreditation achieved 2022**

6. Supporting Strategies and Plans

6.1. To further ensure we deliver our mission and achieve the outcomes of 'Our Journey' we have produced a number of underpinning strategies and action plans. These are:

a) **Asset Management Strategy and Plan**

Our asset strategy and plan has been significantly revised. Alongside the re-financing of the company, it has had the biggest influence on this plan.

Based on the most detailed understanding of the condition of our assets to date, our asset plan confirms a number of key actions over the next 5 years.

Asset Plan Highlights

- ✓ **£55m will be invested in our existing homes**
- ✓ **£5m will be invested in communal spaces and the environment around our homes**
- ✓ **Over £100m will be spent on building 750 new homes**
- ✓ **Our maintenance cost per property will reduce by 9%**
- ✓ **We will achieve a 95% recovery rate for all major investment works cost from owners**

b) **Customer Strategy and Plan**

We are proud of our customer strategy and plan. Our customer strategy confirms our commitment to achieving an excellent customer experience. We want to delight our customers. Not many housing associations have a bespoke customer strategy.

Shaped by our many sources of customer feedback and intelligence, our customer plan confirms a number of key actions over the next 5 years:

Customer Plan Highlights

- ✓ **Complete the regeneration of Broomhill and achieve a minimum 95% occupancy level**
- ✓ **Increase the productivity of customer services staff by introducing mobile technology**
- ✓ **We will establish definitions, measures and targets for our Social Return on Investment (SROI)**
- ✓ **We will introduce a Customer Reward Scheme for existing customers**
- ✓ **Achieve HouseMark Complaints Accreditation**
- ✓ **We will reduce our management cost per property by 14% by 2022**

c) Value for Money Strategy and Plan

Our Value for Money (VfM) strategy and plan reconfirms our commitment to make sure 'every penny counts'. Informed by our membership of HouseMark, we have a good understanding of how our costs compare with similar housing associations. We know where we can be more efficient and the level of savings we can make.

We also know we can secure greater revenue, use procurement and IT to generate savings and better productivity, and use our money to attract more money through grants and other financial awards. By managing our money more efficiently and effectively, we are able to provide homes and services at a reasonable cost and build more new homes. Our VfM strategy therefore confirms a number of planned actions and efficiencies over the next 5 years:

VfM Plan Highlights

- ✓ **60% of our customers will access our services digitally by 2022**
- ✓ **We will achieve £3m of cost savings and efficiency gains**
- ✓ **Generate a cumulative operating surplus of £30.5m by 2022**
- ✓ **Review our rent setting policy, service and other charges to ensure all relevant costs are recovered from all our customers (tenants and factored owners)**
- ✓ **Attract £55m of funding from the Scottish Government**
- ✓ **Achieve 84% customer satisfaction with value for money of their rent**

d) **Organisational Development Strategy and Plan**

Our organisational development strategy and plan sets out our approach to developing our workforce, making sure it is well led, engaged and trusted.

Influenced by staff feedback from various sources including our staff satisfaction survey, our organisational development plan confirms a number of key actions over the next 5 years:

Organisational Development Plan Highlights

- ✓ **Achieve Investors in People Platinum Level Accreditation by 2022**
- ✓ **We will provide our learning Academy with 'fit for purpose' accommodation in the new central office**
- ✓ **Staff feeling listened to, engaged and involved will increase by 16%**
- ✓ **We will reduce staff sickness and absenteeism by 2% overall**
- ✓ **We will have provided more than 100 employment and training opportunities for local people**
- ✓ **Measures introduced to recognise and reward employee and team excellence**

6.2. In addition to our four strategy plans, the delivery of 'Our Journey' will be supported by corporate, directorate and team level plans, as well as individual action plans. This suite of plans provides a 'golden thread', ensuring each member of staff collectively and individually contributes to achieving our mission, values and required outcomes over the next 5 years.

7. Resources

- 7.1. Our financial strength has provided the foundation stone upon which 'Our Journey' has been built. It has given us the confidence to re-finance, which in turn has ensured we have the money to do what we say we will do in this plan.
- 7.2. Sitting behind 'Our Journey' is a 30 year business plan. This provides confirmation of our ability to repay our loans and when we will do so. It is confirmation of our underlying financial strength. RCH has a loan portfolio totalling £65m. We have drawn down £46.5m of the loans obtained at the time of the stock transfer and this has ensured our assets are SHQS compliance and much more. With £18.5m remaining undrawn and with £8.5m in cash reserves we have a platform upon which to build the resources available to fund this plan. The key however has been refinancing. We are negotiating new loan facilities totalling £121m. When agreed, the funds will be made available immediately and will add significantly to the resources already available to fund this plan.
- 7.3. 'Our Journey' is based on a number of prudent financial assumptions. These assumptions have been both benchmarked and stress tested to ensure that they are robust and resilient, able to withstand the impact of uncertain economic or any other relevant variables.

Stress testing and benchmarking

- 7.4. We use the annual Housemark report to compare our costs, operational performance and levels of customer satisfaction with a relevant peer group comprising LSVT's across the north of England and Scotland. We have also developed a sector scorecard approach to comparing a range of additional financial and business health indicators. This benchmarking information adds to our overall financial and risk planning assurance framework.
- 7.5. Stress testing involves changing our financial plan assumptions to see how these affect our ability to meet our loan covenant tests and repay our debts. Stress tests are undertaken as part of a full risk assessment of the financial plan supporting 'Our Journey' and have been developed in consultation with our funding advisors.
- 7.6. Consistent with our stress testing framework, cost savings options have been identified to mitigate the effect of financially negative stress tests. These saving options have been developed involving our Board and leadership team and have been identified on the basis that the following must still be provided:

- ✓ All our social housing assets are protected
- ✓ River Clyde Homes income streams are protected
- ✓ Any savings identified will not be detrimental to the demand for our homes
- ✓ Ensure we remain within loan covenant financial targets
- ✓ Ensure we have sufficient cash to manage the business as a going concern

7.7. The stress test events that have been applied are summarised below:

Event	Impact
Changes to rent increases	positive and negative
Changes to inflation	positive and negative
Changes to LIBOR	positive and negative
Bank of England test	high inflation for a 3 year period
Salary increase assumptions	negative
Welfare reform impact on rent collection	negative
Development cost increases	negative
Investment programme cost increases	negative
Occupancy levels	positive and negative
Subsidiary profit impact	positive and negative
Perfect Storm	Negative combinations of events

7.8. Savings options to mitigate the potential impact of the stress events have been identified and although any substantial reduction in costs is challenging and increases the risk of River Clyde Homes not delivering its strategic and business plan outcomes, the Board and leadership team believe the plan is adaptable enough to deliver its strategic objectives.

7.9. A good example of the adaptability of this plan has been our response to the terrible and unforeseen tragedy at Grenfell Tower. We own 13 tower blocks in Inverclyde. The safety of our customers and their homes is paramount. We have commissioned comprehensive technical and fire risk assessments to all our tower blocks. Due to its flexibility, we are confident that this plan gives us a strong financial platform to respond effectively to these assessments and to any other wider lessons learned from the Grenfell Tower tragedy.

Financial assumptions

7.10. Our principal financial assumptions over the next 4 years are:

a) Rent affordability

Through their feedback, our customers have told us on a consistent basis that the affordability of their rent and any other charges is important to them. The dynamics of housing markets across Inverclyde also require us to make sure our rents and charges are competitive especially when compared with the local housing allowance and rents charged by other local housing associations. We also have the challenge of welfare reform and its impacts on our current and future customer's ability to pay. As a result of all these things, this plan assumes CPI only rent increases from 2020/21.

- ✓ **Rents to increase at CPI only from 2020/21**

- ✓ **Other charges to increase at cost only from 2018/19**

b) Employee, operational costs and pension liabilities

Most of our income comes from the rents we charge and we need to manage this income carefully and sensibly. This income allows us to repay our loans. It also provides the money we need to meet the costs of managing and maintaining our assets, providing services for our customers and in undertaking the activities that generate social value. This plan assumes that all our operational costs, including the cost of the staff we employ and our pension liabilities will not exceed the level of our rent increases by 2019/20.

- ✓ **Employee and operational costs to increase at CPI only from 2019/20**

c) Loan costs and gearing

Approximately 70% of our loan portfolio has a fixed rate of interest, therefore reducing our exposure to increases in borrowing rates. Gearing, the ratio of our loans divided by our size of our asset base will not exceed 38% over the next 5 years.

- ✓ **70% of our loans will have a fixed interest rate**
- ✓ **Gearing will not exceed 38%**
- ✓ **Debt per unit will not exceed £18,600**

d) Value for money, efficiencies and operational performance

We know we need to be more efficient. We also need to improve our operational performance. However we need to do this in a realistic,

measured way. We have only recently completed our major change programme. The significant investment we have made in a new organisational structure, new job roles and teams, new services, new leaders and managers, new processes and ways of working, new IT and launching our new subsidiary will bear fruit over the next 4 years – not immediately. We know we can meet this plans assumptions on efficiencies and improved operational performance. We are also confident that as time progresses the changes we have made will achieve much more than we have allowed for. We are confident we can outperform our assumptions.

- ✓ **£3m operational efficiencies achieved by 2022**
- ✓ **Voides reduced to 3% of our total stock by 2020**
- ✓ **Bad debt at 1.2% each year (excluding any separate Welfare Reform provision)**
- ✓ **£30.5m cumulative annual surplus achieved by 2022**

e) Welfare reform

Welfare reform has had a sector wide impact. We have learned the lessons from other housing associations and made a realistic assessment of its impact on our income and level of bad debts. This plan also assumes that current levels of discretionary benefit support from the Scottish government may change and have a further negative impact.

- ✓ **Specific annual provision made for loss of income and bad debts due to welfare reform**

f) New build and increase in total stock owned

A key assumption in this plan is that we will build 750 new homes by 2020/21. We aim to grow RCH over the next 4 years. This will generate new income and further support achievement of our key financial assumptions. We are confident we can build this number of new homes. We own a number of development sites, work closely with the Scottish government and Inverclyde council to ensure grant funding support and planning consent and have recruited a technical services team to give us the capacity to develop a large number of new homes. Again though, we have been prudent. We actually want to build 1000 new homes by 2022. Achievement of this goal will confirm we have outperformed this plan's new build and closing stock number assumption.

- ✓ **6,500 properties in our ownership by 2020/21**

Subsidiary growth

- 7.11. We recognise that any modern business needs to diversify its activities if it is to withstand the challenges presented by global, national and local economic, political, technological, social and environmental change. Like most social housing providers, RCH has been particularly dependent on its core business of providing and managing homes and maintaining its assets. Whilst this plan reconfirms a primary focus on our core business activities, we are open to new opportunities and we will consider new and relevant commercial activities. We will of course be prudent at all times, and any decision made to undertake a new commercial activity will be fully appraised and its risk and potential impact on our core business understood fully.
- 7.12. To support business growth we have set up a subsidiary company, River Clyde Property Management Ltd (RCPM). RCPM is a trading company, unregistered with the regulator and our vehicle for generating profit from commercial activities. Currently providing planned maintenance and grounds maintenance services for the parent company, it is intended to increase the scope of its activities, its turnover and profitability over the next 4 years. Surpluses generated by RCPM will support the overall delivery of this plan.
- 7.13. Growing our subsidiary will require us to consider our overall business structure. An appraisal of options and what works elsewhere will be undertaken to ensure we have the most appropriate structure able to support business growth within the subsidiary whilst at the same time protecting our core RCH business from any potential risk.
- 7.14. We will aim to be an attractive partner for other housing associations who may wish to merge with ourselves or enter into a formal strategic partnership arrangement. We will also offer our services to other housing associations either through a shared services or direct purchase arrangement. Collaboration with other organisations, sharing the cost of services and pooling our resources, provides an excellent opportunity to grow our business in a structured, systematic way.

Value for Money

- 7.15. 'Our Journey' recognises that 'every penny counts'. What we want to do over the next 4 years must be done in an efficient and effective way that delivers value for money for our business and ultimately our customers. We know we can improve our financial performance and that we can make savings. Improving our efficiency, productivity and value for money will help us to build new homes, invest in our existing homes, provide better services and deliver social value. All parts of our business will be required to contribute to annual efficiency targets throughout the lifetime of this plan.
- 7.16. 'Our Journey' also places a strong emphasis on improving our operational as well as our financial performance. We recognise that we need to improve a number of our key operational performance indicators and the productivity of our business units. A priority for us will be to reduce the income lost due to the number of voids and the time it takes us to re-let homes. We will also target an improvement in our occupancy levels, our rent collection performance and the productivity of our responsive repairs service. These operational performance and productivity improvements will help to improve our overall financial health.
- 7.17. We are committed to investing in new, reliable technology and IT systems to improve our business efficiency improve our services and improve the performance of our assets. This plan maintains this commitment.
- 7.18. RCH has made promises to our loan providers. We are determined these covenants will be complied with. This requires us to meet our targets and live within our business plan assumptions. We are no longer required to obtain annual business plan approval from lender credit committees. This is a sign of our change from a stock transfer organisation and maturity into a housing association. However with increased business plan freedom and flexibility comes increased responsibility to deliver what we say we will deliver in 'Our Journey'.

8. Ensuring Success

8.1. A member of the Haymarket Group of housing associations, RCH has driven the development of a 'Scorecard' to support business plan progress monitoring and delivery. This scorecard comprises 15 performance measures covering the following five areas:

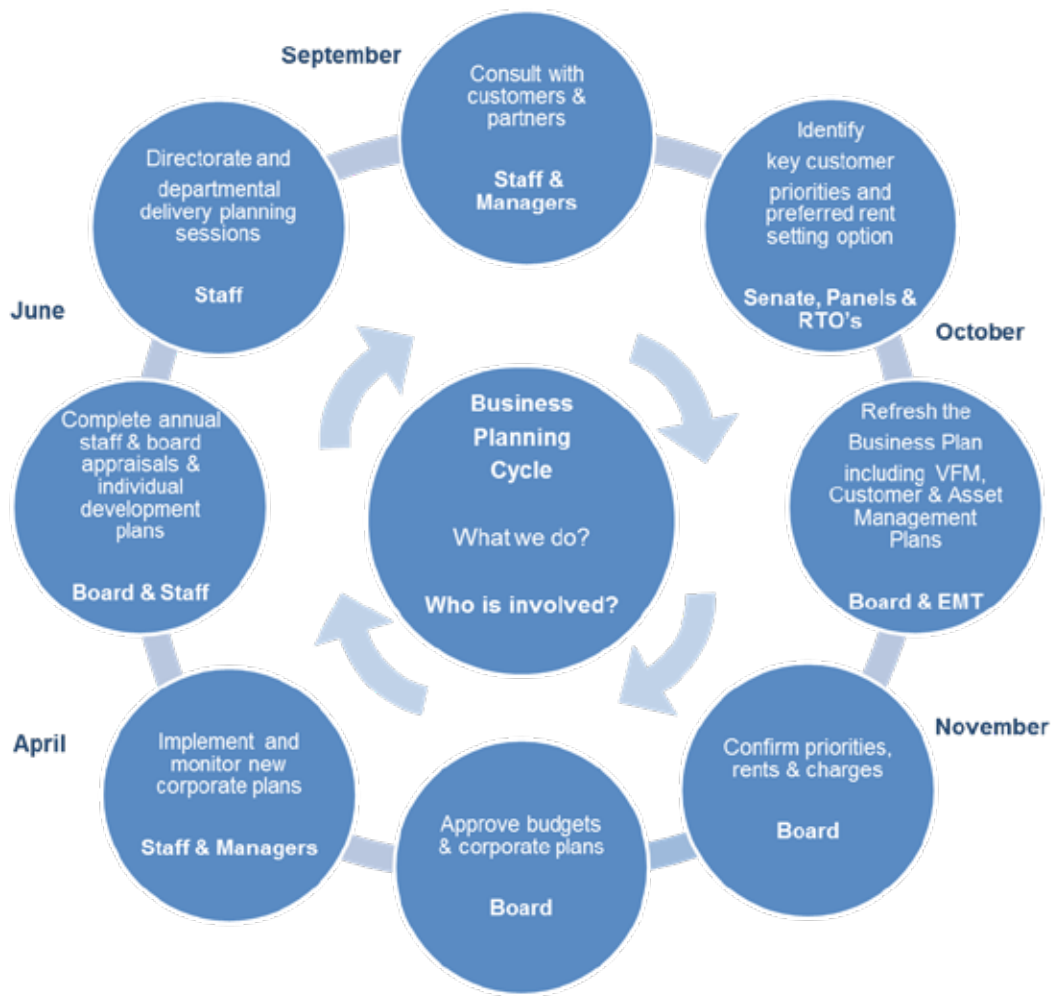
- ❖ Business health
- ❖ Development
- ❖ Outcomes delivered
- ❖ Effective asset management
- ❖ Operating efficiencies

8.2. We have also produced a 5 Year Performance Plan. This performance plan details our main service performance indicators and includes many of the measures we are required to report to tenants on annually under the Scottish Social Housing Charter. The performance plan confirms for each indicator where we are at the start of '*Our Journey*', and where we want to be in 5 years time.

8.3. In addition we have a 'rolling' 2 Year Corporate Plan. This corporate plan confirms the key actions and tasks to be undertaken over a 12 to 24 month period that will support business plan delivery, indicate who is responsible for them, and when tasks will start and finish.

8.4. Our scorecard, performance and corporate plans are monitored regularly by the Board and Senior Management team. In this way any slippage in required performance or actions can be identified early, issues or risks highlighted and corrective actions or adjustments to get back on track put in place.

8.5. We have an annual business plan review cycle. This review involves our Board, senior managers, staff and customers. Commencing April each year following Board approval of the rolling 2 Year Corporate Plan and budgets, a Board led review of business plan progress together with any relevant feedback from senior managers, staff and customers takes place in November. This review also considers any new or emerging challenges or opportunities at both the local and national level, undertakes an appraisal of the risks to delivery of this plan and their management, and further stress tests its key financial assumptions. The outcomes of the review inform the production of the next suite of corporate and directorate plans, budgets and performance measures.



8.6. Our performance management arrangements and annual business planning cycle ensures we will remain a resilient business, able to manage our risks effectively, and have the right governance and controls in place to ultimately complete 'Our Journey to 2022'.

8.7. Want to Know More?

If you want to know more about the work we do or you can help us on '*Our Journey to 2022*'

Visit our web site at www.riverclydehomes.org.uk

Or contact us on 0800 013 2196

**River Clyde Homes:
Roxburgh House,
102 - 112 Roxburgh Street,
Greenock, PA15 4JT**

River Clyde Homes is a company limited by guarantee, registered in Scotland (SC329031) and a Scottish Charity (SC038584). Property Factor Registration Number: PF000152.

