



The Langstane Group

Business Plan 2020 - 2025



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Introduction

Presented is the Langstane Group's business plan to 2025. It sets down our high level objectives for the next five years and shows how all other strategic and corporate plans link to the objectives of this plan.

Our plan has been developed following extensive engagement with our Board of Management, our tenants and other customers, and stakeholders. We have worked hard to understand the needs of those we serve, particularly the needs of our tenants and will continue to engage with them to ensure our plan delivers on the key issues that are important to them whilst allowing us to continue to operate efficiently and effectively.

Understanding our current context has been crucial in the development of this plan, as important as knowing where we want to go in the future. The information we hold on our homes has been updated and allows us to have a greater understanding on the investments required to ensure our homes remain sustainable for many years to come.

Langstane Housing Association was created to provide safe, secure and supported housing for some of the most vulnerable single people in Aberdeen. This hasn't changed and although we have expanded and our geographical area widened, we continue to house a significant number of working age homeless and vulnerable households.

We have prepared our business plan in the context of ensuring that Langstane operates at the highest of standards including full compliance with the Scottish Housing Regulator's Regulatory Standards.



Executive summary

Langstane Housing Association has operated for over 40 years and is a medium sized housing association with a social purpose.

Governed by a voluntary Board of Management elected from our Membership at the Annual General Meeting, we are ambitious and strive to improve our performance in all areas of activity allowing us to achieve our vision to **be the best we can be**.

Langstane Housing Association is a registered society, and a registered social landlord with charitable status. We are also a letting agent and a property factor.

The Langstane Group (Langstane / the Group) consists of Langstane Housing Association Limited and its wholly owned subsidiaries.

This business plan applies to all entities of the Langstane Group and recognises areas where we have challenges and opportunities, setting down our objectives for the next five years.

Our Vision will be achieved by investing in:

- Our customers;
- Our homes;
- Our people;
- Our organisation; and
- Our communities.

That way we:

- provide the best possible service to our tenants, demonstrating efficient working practices and value for money;
- become an attractive option for people who want to become involved in our organisation;
- have homes that people want and can afford to live in, can thrive as individuals in and homes that meet the current and future needs of our tenants and other customers;
- are respected for our achievements, innovation and dedication;
- create identifiable neighbourhoods that are safe, attractive places to live; and
- have an open, supportive culture that deals robustly with hatred, racism or intolerance.

In preparing our business plan we have done so in the context of ensuring that Langstane operates at the highest of standards including full compliance with the Scottish Housing Regulator's Regulatory Standards.

A detailed internal management plan has been created to ensure the objectives of this plan are delivered. Our internal management plan sits alongside our business recovery plan that ensures we meet all regulatory compliance standards.

At a high level our internal management plan highlights the following priorities:



Our customers	
OC 1	Fully understand the individual requirements of our tenants and other customers
OC2	Improve service delivery standards for tenants and other customers
OC3	Improve tenancy sustainment
OC4	Deliver value for money
OC5	Ensure Equality and Human Right Legislation is adhered to
Our homes	
OH 1	Fully understand our investment requirements
OH 2	Ensure our homes are safe, secure and meet current and future requirements for our tenants
OH 3	Ensure our homes comply with all legal, regulatory and statutory requirements
OH 4	Deliver a good quality cost effective property maintenance service
OH 5	Ensure our homes are used appropriately as loan security
Our people	
OP 1	Ensure governing body members and staff have the skills, expertise and resources required to deliver the business plan objectives
OP 2	Improve the ways in which decision-making can be influenced at all levels and communication improved
OP 3	Ensure our contractors deliver best value and high satisfaction levels, and meet the terms of their contracts
Our organisation	
OO 1	Ensure Langstane meets all legislative, statutory and regulatory requirements
OO 2	Ensure the financial management of the Group meets all legal, statutory and regulatory requirements
OO 3	Ensure IT equipment and software meets modern day requirements and assists in the production of good quality, real time performance data
OO 4	Ensure the activities of subsidiary companies does not impact negatively on Langstane Housing Association
OO 5	Apply for meaningful accreditation / awards that will add value to the Association or its work



Our communities	
OCO 1	Ensure our procurement activities feed into community benefits where practical
OCO 2	Our estates and communal areas are well maintained
OCO 3	Our neighbourhoods are areas where people feel safe and secure and are proud to live in
OCO 4	We fully understand the different communities we have

How we will implement and monitor this plan is detailed.



Background

Langstane Housing Association has operated for over 40 years and is a medium sized housing association with a social purpose. Governed by a voluntary Board of Management elected from our Membership at the Annual General Meeting, we are ambitious and strive to improve our performance in all areas of activity allowing us to achieve our vision to become the best we can be.

The Langstane Group is the collective term used to describe Langstane Housing Association Ltd and its associated subsidiaries (Langstane Property Limited, Langstane Developments Limited, and Langstane Maintenance Limited). Langstane Housing Association is referred to as the Group's 'parent' company.

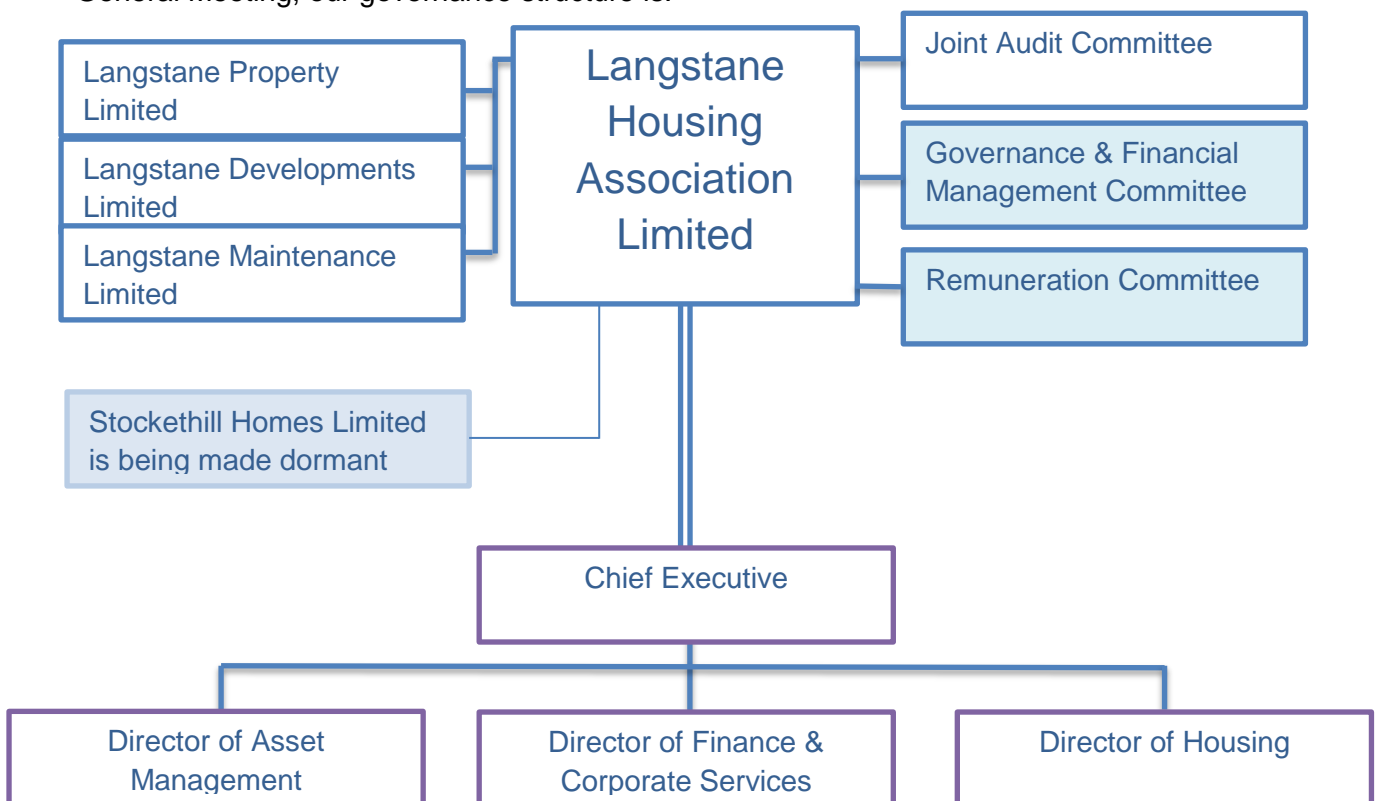
Our wholly owned subsidiaries are private companies limited by shares and we have one subsidiary, Stockethill Homes Ltd, which will be wound up in due course. Surpluses from Langstane Property are passed to Langstane Housing Association and help to resource this plan. Next Step Homes, a registered social landlord, was dissolved in 2017.

Langstane Housing Association is registered under the Co-operative and Community Benefit Societies Act 2014 and a registered Scottish Charity, a registered property factor and a registered letting agent. We are a non profit distributing organisation that invests any surpluses into our homes, services and communities.

We have a portfolio of 2,886 self contained homes, 6 hostels, 9 commercial units, 59 shared ownership homes, and we manage 14 lead tenancies. 41 of our self contained homes are leased to our subsidiary company for mid market rented purposes.

Operating in the North East of Scotland for over 40 years, we are embedded in the Seaton community and heavily involved with support agencies across all three local authority areas (Aberdeen, Aberdeenshire and Moray).

Governed by a voluntary Board of Management, elected from our Membership at the Annual General Meeting, our governance structure is:





We employ 69.65 (full time equivalent) / 77 people (December 2019) who work in our Aberdeen and Elgin offices. As we introduce our modernisation agenda our staffing structure will change as will the focus of our staff with the benefits of digitalisation freeing up staff to focus more on day to day contact with our more vulnerable tenants and customers.

Our direct labour organisation provides direct repair and maintenance services to our tenants, adding to customer satisfaction levels. Currently we employ a supervisor, two joiners, a plumber, an electrician and a general assistant, all of whom are based in our Aberdeen Office. We also employ a joiner / property officer and a general assistant who are based in our Elgin Office. We employ in-house cleaners in both offices.

Our annual income from rents and service charges is circa £12.9 million and we have an annual turnover of approximately £15 million.

With over 11,000 households on our waiting lists, we recognise the importance of working with our strategic partners to deliver improved homes and services to our tenants and other customers and when possible, additional new homes.

We recognise we are a business and we operate as one. This does not stop us being proud of our origins and recognising the crucial role we play in improving the lives of those who live in our homes and use our services.

Set up to originally house and support mainly single people who had fallen on hard times we continue to house some of the most vulnerable members of our society. This is why we work closely with external organisations to ensure our tenants and their families receive the secure housing and the support they need to allow them to live independently and actively participate in their communities. Therefore we class ourselves as a business with a very clear social purpose.

However, as with any business we face challenges and for Langstane at present this includes a need to deliver a challenging efficiencies agenda whilst improving customer service standards and therefore customer satisfaction levels. We need to understand and react to the changing requirements of our tenants and staff who expect the same service offered from their landlord and employer, as they see in other parts of their lives.

In addition, in December 2018 our regulatory engagement with the Scottish Housing Regulator was raised to high as we needed to strengthen our governance and financial management standards and embed an improved performance framework within our organisation. A business recover plan is our key tool to move towards full compliance and will sit alongside and compliment our internal management plan which will deliver the business plan objectives.

That said, we have an experienced and competent Board of Management and we are looking to build on their experience by delivering the information required, in the format required, to ensure they deliver effective control and leadership from a position of informed decision making.

In the earlier stages of this plan, we will look to secure long-term fixed-rate funding to ensure we continue to meet our on-going commitments. This will involve a review of the existing facilities currently in place and a detailed assessment of our requirements longer term.

Inflation rates are forecast to rise at a time when the legal, regulatory and compliance requirements placed on social landlords are at their highest. In addition, the introduction of



universal credit particularly for our tenants who are in and out of work has made their, and ultimately our, projected income levels less secure.

Brexit, how that is achieved, and how it affects our economy and our more vulnerable members of society over the period of this Plan, has added another dimension that raises uncertainty and therefore risk in many sectors including social housing.

Housing associations are facing more uncertainties than there are certainties as things change around us. We are taking more commercial approaches to ensure we operate as efficiently as possible whilst delivering increased services to our tenants. In this plan we aim to adopt commercial approaches without forgetting why we exist and who we are here to serve.



Mission, vision and values

An opportunity was taken to update our mission, vision and values in 2018. Following consultation with our tenants it was felt that we should reflect the role we play in the alleviation of homelessness within our plan.

Mission

Our mission is to “**provide homes and services that make a positive difference to people’s lives**”.

Until such time as society does not differentiate about tenure, it is important to us that people view social housing positively and our homes and services have a positive impact to individuals and communities.

Where practical we deliver the help and assistance our tenants need to live independently, including the provision of housing support. When necessary, we signpost tenants to external support services that can better meet their specific needs. This assists us to help tenants sustain their tenancies and avoid, wherever possible, homelessness.

Vision

Our vision for the next five years is to “**be the best we can be**”.

To help us achieve our vision we will invest in:

- Our customers;
- Our homes;
- Our people;
- Our organisation; and
- Our communities.

Achieving our ambitions will take dedicated resource and changed working practices. However, we recognise this and are focused on making the necessary changes.



Our Values

The values that drive us forward and underpin all our activities and working practices are:



We value people

- We put people at the heart of our decision making, retaining a positive outlook regarding the housing industry and those we assist
- We consult and listen to the views of those involved with the Langstane Group



We aim high

- We work hard to continually improve our services and deliver the services our customers want
- We have a 'can do' approach



We are proud of our roots

- We remember our origins, that Langstane Housing Association was set up to help and support single person households who were among the most vulnerable members of our society
- We provide homes not houses and support our tenants to live independently and be active members of our communities



We rely on teamwork

- We work together as one team and with one voice
- We work with our partners to achieve our goals, delivering more together



We are prudent financial managers

- We recognise the importance of maintaining financial strength and use effective financial management to underpin everything we do and help us grow
- We deliver value for money



We are open and accountable

- We provide relevant, accurate, user-friendly information about our performance that allows our tenants and others to hold us to account
- If we make mistakes we apologise and put things right as soon as possible



We move with the times

- We influence decision making to benefit our tenants and our organisation
- We respond to change with imagination and innovation

We will hold ourselves to account if we fail to deliver our values.



Achieving our Vision

Our vision for the next five years is to “**be the best we can be**”.

We have assessed the greatest risks and opportunities to the Langstane Group (see Appendices 1 and 2 – Strategic Risk Register and SWOT and PEST analysis). Our Strategic Risk Register is updated quarterly and overseen by Audit Committee. Periodically it is subject to independent review through our internal audit process.

In summary the greatest risks are:

- The cost, availability and flexibility of future finance;
- The loss or reduction in income levels and the impact this will have on cash flow;
- Future financial commitments and longer term financial requirements;
- Failure to meet Regulatory standards for governance and financial management;
- Meeting customer and staff expectations regarding digitalisation and IT improvements; and
- The vulnerability of our tenants and other customers.

The mitigation action required to avoid these risks materialising are contained within the Strategic Risk Register and this Plan. However, one of the greatest risks is not reacting to changes in a timely manner therefore we need to be open to change and react within appropriate timescales.

In summary the greatest opportunities are:

- The delivery of a challenging efficiencies agenda that keeps rent levels affordable whilst delivering improved customer services and best value;
- The cost and availability of finance allows greater flexibility in the longer term to maintain and improve our homes and service delivery;
- Digitalisation leads to more direct involvement with tenants and other customers by freeing up staff time;
- Embedding a performance framework across the Group that staff have all influenced, will help improve service delivery standards and therefore tenant satisfaction levels; and
- Continuous improvement in governance, financial management and working practices leads to a strengthened organisation.

This business plan sets down, where practical, how strategic risks will be overcome and the Group will maximise the opportunities available.

How we will achieve this plan is detailed at a high level under the sections on ‘our customers’; ‘our homes’; ‘our people’; ‘our organisation’; and ‘our communities’. It is described in further detail within the Internal Management Plan (see Appendix 3).



Influences

There are a number of external and internal influences that shape this business plan. Whilst it is impossible to predict the exact impact of, for example Brexit, the known issues are summarised below. They include:

Geography

Our main office is in Aberdeen with a satellite office in Elgin, Moray.

Our homes are spread across the North East of Scotland from Forres in Moray to Laurencekirk in the south of Aberdeenshire. We also have homes in remote locations such as Tomintoul which is within the Cairngorms National Park. Although we have a satellite office in Elgin there can be considerable challenges faced in delivering services to such remote locations.

Our tenants

We are proud of our heritage and recognise we continue to provide housing and support to a significant number of tenants who can be at their most vulnerable, either as they are being housed or later in their lives.

In January 2014, work began on a common housing application process with other social landlords and while this was on-going we received 100% nominations from the local authorities for the vacancies we had. At this point the demographic of our tenants changed and we recognise the way we deliver services must also change to meet the needs of our tenants and to support those who are at their most vulnerable.

61% of our homes are one bedroom or bedsit and we allocate our vacancies to a proportionately large number of single people who apply through the homelessness route. A significant number of those housed can have limited tenancy sustainment skills and by the very nature of their circumstances many of our tenants are more mobile than those living in family accommodation as they move to find work or their personal circumstances change.

In 2018/19, 56% of our 463 allocations were made directly to statutory homeless households (in previous years this was much higher). When the circumstances of others who were housed are taken into account, at any given time over 70% of those housed may be deemed vulnerable.

From 2019 we have been operating our own waiting lists and the removal of Apply4Homes, a common housing register, will see further changes in late 2020. We will use this opportunity to ensure there are balanced communities in all of our housing schemes.

Social isolation

With so many one bedroom homes, social isolation inevitably has an impact on our tenants. In December 2018, the Scottish Government launched its first social isolation strategy 'A Connected Scotland'.

The vision for this strategy is 'A Scotland where individuals and communities are more connected, and everyone has the opportunity to develop meaningful relationships regardless of age, stage, circumstances or identity'.

Social isolation and loneliness is an issue that can affect anyone at any point in their lives but there are factors that increase the likelihood of that happening e.g. major life transitions



such as homelessness or family breakdowns, health conditions that restrict their ability to get out and about or interact with others, and personal characteristics.

Welfare reform

With higher than average rent arrear levels and between 47% and 57% of all tenants in receipt of financial assistance to help them meet their housing costs at any given time, the introduction of welfare reforms had, and continues to have, the potential to significantly impact our tenants', and ultimately our, finances as an organisation.

Aberdeen, Aberdeenshire and Moray local authority areas moved to a full Universal Credit service in 2018. In 2018-2019, arrear levels rose by approximately 4% across all social housing landlords. We kept rent arrear increases to less than 1% but the impact on our tenants is worrying and many require additional support to enable them to maintain their independent living.

An income advisor service is in place and on-line access for our tenants is available in our Aberdeen and Elgin Offices to ensure applicants can apply for Universal Credit and housing.

The provision of a fully accredited in-house housing support service from the beginning of 2020-2021 will enhance the services currently available.

Scottish Government

Housing is a devolved power that sits with the Scottish Parliament.

In May 2015, the Joint Housing Delivery Plan for Scotland (2015-2020) was published. This sets out 34 actions designed to refresh and enhance the delivery of existing Scottish Government strategies ('Homes Fit for the 21st Century', and 'Achieving a Sustainable Future').

There are six topics:

- Supply, investment and planning;
- Sustainability;
- Place-making;
- Independent living;
- Housing Options; and
- Private rented sector.

A commitment to deliver at least 50,000 affordable homes by March 2021 was set down (35,000 being social rent), backed by over £3billion of investment. This has recently been increased by an additional £300million post March 2021.

Given there are over 11,000 people on our waiting list, we want to play our part in increasing the number of good quality affordable homes there are throughout the north-east of Scotland but firstly we recognise the need to ensure our existing properties meet the needs of our tenants, current and future.

Housing to 2040

Moving forward, the Scottish Government has set down its 'Housing to 2040' ambitions and this is currently being consulted upon. This sets down the Scottish Government's vision and principles for:

- A well-functioning housing system;
- High quality sustainable homes;



- Sustainable communities; and
- Homes that meet people’s needs.

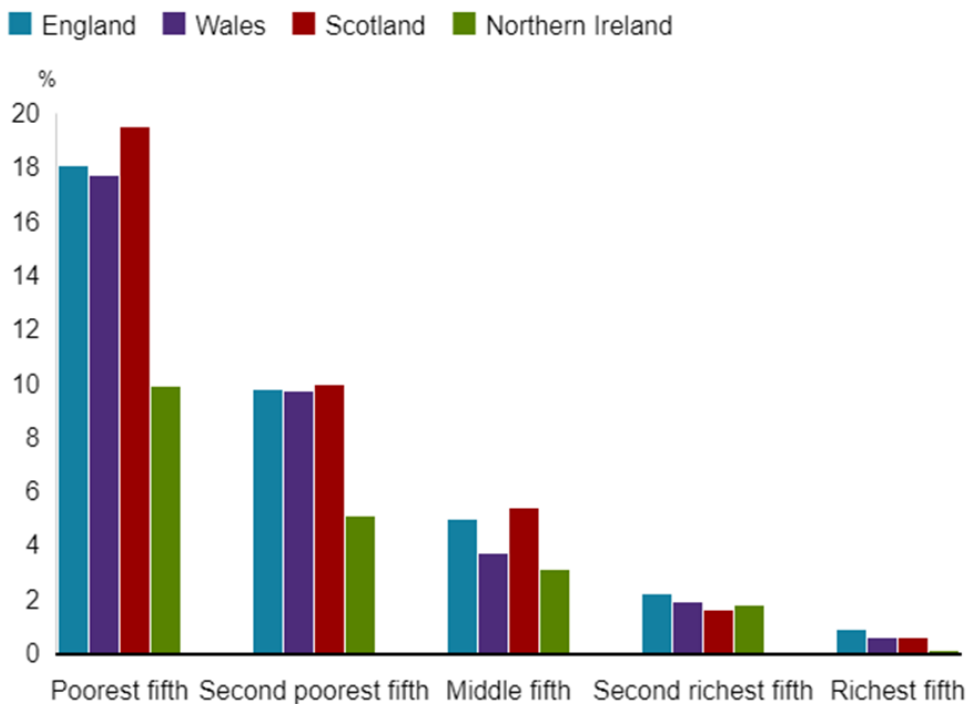
Poverty

According to a report by the Joseph Rowntree Foundation, although current poverty rates in Scotland are lower than rates in England and Wales (19% compared to 22% and 24% respectively), poverty is on the increase and increasing at a faster rate for those households who have children (up 3% in last five years).

Housing costs are the largest outgoing for most families so the availability of affordable rented homes can have a significant impact on poverty figures.

One of the main reasons the poverty rate is lower in Scotland is due to the lower rent levels in the social housing sector which has seen significant investment in recent years. However, the percentage of households with ‘problem debt’ is higher in Scotland for many sectors as can be seen in the following table.

Households with problem debt



Source: Family Resources Survey



The Scottish Government has given a clear commitment to reducing poverty and inequality in Scotland with a particular emphasis on child poverty. Many of society’s lowest income families live in social housing.

By 2030 the following targets are going to be met:

- Fewer than 10% of children living in families in relative poverty;
- Fewer than 5% of children living in families in absolute poverty;



- Fewer than 5% of children living in families living on combined low income and material deprivation; and
- Fewer than 5% of children living in families in persistent poverty.

The Fuel Poverty (Targets Definition and Strategy) (Scotland) Act 2019, sets a target of no more than 5% of Scottish households in fuel poverty by 2040, and no more than 1% of households being in extreme fuel poverty. There are also targets to reduce household fuel poverty levels as progress is made towards meeting the 2040 targets.

There are strong links between housing and poverty with housing costs often the largest outgoings for households. A paper issued by the Chartered Institute of Housing Scotland, stated those in social housing spend an average of 24% of their income on housing costs compared to 27% for private renters and 8% for those paying a mortgage and 3% for those who own their own homes outright.

The table below is taken from the above publication and shows recent trends by tenure for households in poverty.

Chart 2: Proportion of people living in poverty by tenure, Scotland and the rest of the UK 2015 - 2018



Source: Poverty in Scotland 2019, JRF

Homelessness / housing first / rapid rehousing

The eradication of homelessness has been a priority for the Scottish Government for a number of years and Scotland has some of the most robust legislation in Europe to tackle this issue. However, recent years has seen the Homelessness and Rough Sleeping Action Group (HARSAG) recommending ways in which:

- Rough sleeping can be eradicated;
- Temporary accommodation is transformed; and
- Homelessness in Scotland is ended.

Tackling homelessness and its causes is also seen as a direct link to tackling poverty and leading on from the HARSAG recommendations, the housing first / rapid rehousing programme is gathering momentum.

This is about taking a housing-led approach for housing people who have experienced homelessness, and making sure they have settled housing as quickly as possible rather than



staying in temporary accommodation for too long. Successfully adopting this approach needs a balance of housing and support options to be available and available immediately.

Despite high priority and having some of the most robust legislation, homelessness continues to be a challenge across Scotland.

Reforms to the private rented sector

The Private Housing (Tenancies) Scotland Act 2016 replaces the former Short Assured Tenancy with a Private Residential Tenancy (PRT). This legislation covers a broad area but in particular:

- Removes the 'no fault' grounds for eviction;
- Introduces rent controls; and
- Requires rent disputes to be referred to the rent officer at Rent Service Scotland, with the appeals process now channelled through the First-tier Tribunal.

These reforms have a direct impact on mid market rentals provided by Langstane Property Limited. The reforms have been embraced and registration as a letting agency was completed in October 2018. Langstane Property Limited started to operate from January 2020.

Health and social care integration

We and other social housing providers have been aware of the role good quality housing plays in meeting the objectives of health and social care services for many years. The introduction of health and social care integration via the Public Bodies (Joint Working) (Scotland) Act 2014, has provided another opportunity for housing's role to be strengthened and recognised when designing local and national services.

Although not a direct result of the Christie Report (2011) 'Commission for the delivery of public services', the Integration initiative adopts a number of principles from the Christie Report. Given the diverse range of services provided to our tenants and other customers, we feel it is important for us to contribute to this agenda to ensure our tenants receive the best possible opportunities to live independently whether this is achieved by appropriate design, by assistive technologies or by aids and adaptations and / or support services.

Scottish Housing Regulator

Recently published priorities for the Scottish Housing Regulator at the beginning of this Plan include:

- **Service quality** - The quality of services social landlords provide for tenants and service users;
- **Rent affordability** - How landlords deliver rent affordability and value for money for tenants and service users;
- **Homelessness** - How local authorities deliver services for people who are homeless or threatened with homelessness, and how local authorities and RSLs provide settled accommodation and support people to sustain their tenancies;
- **Quality and maintenance of homes** – How social landlords meet their duties to deliver good quality, well-maintained homes;
- **Tenant and resident safety** – How landlords ensure that they are meeting their duties to keep tenants and residents safe;



- **Gypsy/Travellers** - How landlords that provide Gypsy / Travellers sites ensure minimum site standards to meet the needs of residents;
- **Financial health of RSLs¹** – How financially healthy RSLs are and how well they manage their money; and
- **Good governance of RSLs** – How well run RSLs are.

Our business plan is based on continuous improvement and attaining regulatory standards. However, it is important to us that we support our industry and promote best practice.

Scottish Federation of Housing Associations (SFHA)

The Scottish Federation of Housing Associations (SFHA) is the voice and membership body for housing associations and co-operatives in Scotland.

Its ambition is that everyone has a good home in a successful community, with a range of high quality, affordable, safe and accessible homes that meet people’s changing needs and aspirations throughout their lives.

SFHA has six policy asks in relation to Universal Credit, a campaign of significant importance since welfare reforms were first introduced.

With good practice guidance, model documents and templates, and forums to consider innovation and future thinking, SFHA is a valuable resource for housing associations and one that we have tapped into on numerous occasions.

Influencing emerging legislation and lobbying for change on behalf of housing associations and co-operatives are key and important activities undertaken by SFHA and we are, where appropriate, active voices.

Chartered Institute of Housing (CIH)

The Chartered Institute of Housing is an independent voice for housing and the home of professional standards.

In 2019, the CIH had three policy asks. These are:

- The right homes are built in the right places and people can afford them;
- People on lower incomes can get and maintain a decent home; and
- Everyone has access to a decent, safe place to call home and renters receive a fair, good-quality service from their landlord.

Areas of focus for CIH are:

Fire safety	Supply	The Housing and Planning Act 2016
Homelessness	Regeneration	The benefit cap
Universal credit	Allocations and lettings	CIH Briefings

Housing’s role in assisting people with dementia to live well in their own homes and communities is also an area of focus.

Local authority priorities

The local authorities have assessed their requirements for new housing by undertaking a housing need and demand assessment that has been used to inform their local housing strategies.

¹ RSLs = Registered social landlords (housing associations and housing co-operatives)
www.langstane-ha.co.uk



The significant housing requirements are detailed below:

Local authority	Affordable / Social housing need per annum
Aberdeen City	423-425 homes of which approximately 276 will be social housing
Aberdeenshire	85 intermediate homes and 340 social rented homes
Moray	424 affordable homes of which 323 will be general needs social housing

There is also a focus from all the local authorities on the Housing First / Rapid Rehousing Transition Plans which places an increasing pressure on housing associations to house those with complex needs. We have confirmed our commitment to helping the local authorities with this and have, to date, taken part in a number of allocations through this route. Some outcomes have been positive whilst others, unfortunately, have been unsuccessful.

All of the above will be enhanced by the increased provision of good quality, affordable social rental homes.

Group structure

As an organisation we are diverse. Langstane Housing Association remains our main company. However, Langstane has three wholly owned subsidiaries that are limited by shares and Stockethill Homes which is no longer trading. These ‘Langstane companies’ were set up to provide a more transparent link to the Langstane Group.

- **Langstane Property Limited**

Langstane Property Limited has taken over from Stockethill Homes Ltd which will become dormant during 2020. This more commercial company is managed by a Board of Directors and provides a vehicle for delivering the Group’s mid market rented properties.

Although the properties are owned by Langstane Housing Association, they are formally leased to Langstane Property Limited. Langstane Housing Association is formally registered as a letting agent under the Housing (Scotland) Act 2014, and a member of ARLA PropertyMark with fully qualified Langstane Housing Association staff providing agency services under a stand-alone management agreement. Service standards and performance is monitored by the Board of Management.

Langstane Property is registered as a private landlord with the local authority and with HMRC under anti-money laundering regulations. In due course, Langstane Housing Association’s commercial leases will fall under the remit of this subsidiary.

- **Langstane Maintenance Limited**

This subsidiary is currently dormant. It was set up to allow Langstane Housing Association to expand the Direct Labour Organisation as a standalone trading company. Reporting to a Board of Directors, Langstane Maintenance Limited will be used as a vehicle for providing a commercial yet cost effective repairs service to customers.

- **Langstane Developments Limited**

Langstane Developments is currently dormant. It is a vehicle for providing the most cost effective new build programme. This company will be activated when development activities are resumed.



Compliance and regulation

We continue to work in a very heavily regulated industry therefore compliance with legal, statutory and regulatory requirements is not unknown to us. However, in recent years the compliance and regulation required of social landlords has increased significantly.

Compliance now threads through all the work that we do and increases the financial pressures on already stretched budgets as we maintain affordable rents.

This includes but is not limited to:

- CDM regulations
- Asbestos
- Legionella
- Fire safety
- Energy efficiency
- Employment law
- Health and safety
- Procurement
- Governance
- Charitable law
- Financial regulations
- Antisocial behaviour
- Data protection
- Freedom of information

The requirement to demonstrate efficient working practices alongside strong governance and financial management and evidence best value is therefore even more crucial.

The Scottish Housing Regulator, whose objective is to safeguard and promote the interests of tenants and other customers of social landlords has set down regulatory standards for all social landlords. These are:

1. The governing body leads and directs the RSL² to achieve good outcomes for its tenants and other service users.
2. The RSL is open and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders and its primary focus is the sustainable achievement of these priorities.
3. The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.
4. The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose.
5. The RSL conducts its affairs with honesty and integrity.
6. The governing body and senior officers have the skills and knowledge they need to be effective.

² RSL = registered social landlord



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

An annual assurance statement is provided by the Langstane Group against the above standards and against the Scottish Social Housing Charter (SSHC). This is provided to the Scottish Housing Regulator and is openly published by the Association. In 2019, we recognised improvements we need to make in our governance and financial management processes. A detailed business recovery plan was thereafter developed and is the main driver in ensuring future compliance with all regulatory standards.

As the main regulatory body for Scottish social housing landlords, the Scottish Housing Regulator has in place Memorandums of Understanding with other regulatory bodies. These set out the responsibilities of each organisation and establish a framework for joint working, co-operation and collaboration, reducing duplication as far as reasonably practical.

As with all regulatory bodies operating within Scotland, the Scottish Housing Regulator adopts a high level operational approach to promote a positive enabling relationship and a risk and evidence based protocol which helps target action where it's needed.

The Scottish Regulator's Strategic Code of Practice gives a commitment to the five principles of better regulation: regulation that is transparent, accountable, consistent, and proportionate and targeted only where needed.



Our customers

'Our customers' are primarily our existing and future tenants. Given the range of services provided, this term includes our sharing owners and our factored customers.

With over 11,000 households on our waiting lists (December 2019) and approximately 3,000 households receiving a service from us, we recognise the impact our services can have.

Langstane's existing customers

The majority of our existing customers are our tenants.

Our most recent 2019 tenant satisfaction survey shows that 57% of tenants have a health condition, the most significant being a mental health issue (24%). In this survey 42% of our tenants stated they are economically active.

Just over 50% of our tenants are known to be in receipt of financial assistance to help them pay their rent. This figure has fluctuated between 47% in 2014-15 to 57% in 2017-18.

Age Band	Number of Tenants	%
16-24	283	9.64%
25-29	298	10.15%
30-39	656	22.34%
40-49	641	21.82%
50-59	587	19.99%
60-64	202	6.88%
65+	255	8.68%
Unknown	15	0.50%
Grand Total	2,937	100.00%

The majority of our tenants are aged between 30 and 59 (64.15%) with 19.79% aged 29 and under and 16.06% aged 60 and over.

With an aging population, we recognise the importance of providing homes that meet the current and future needs of our tenants whether their changed requirements are age related or due to a disability or illness. Therefore there is a strong emphasis on 'future proofing' our homes.

Our tenant profiles are changing with many more vulnerable people accessing our homes through the homelessness route. To fully understand the challenges they face and the support they require we will update our customer profiles in the early years of this Plan. This will allow us to target services and support where it is most needed.



Future tenants

With over 11,000 households on the Association's waiting list it is important we recognise who our future tenants are going to be and what their requirements are.

However with the ability to apply for a multiple of housing locations, it is difficult to pin-point exactly where people want to be housed and what type of home they wish to live in.

The age demographic of those who wish to be housed is:

Age range	% of general applicants	% of transfer applicants
16 – 24	14.74%	9.85%
25 – 29	13.70%	18.18%
30 – 39	26.45%	26.14%
40 – 49	18.34%	17.80%
50 – 59	13.10%	16.67%
60 – 64	4.64%	4.92%
65+	9.02%	6.44%

This shows a variation from our housed tenants in-so-far as 28.03% of applicants are aged 29 and under, 60.61% are aged between 30 and 59, and 11.36% are aged 60 and over. As ever, the waiting lists can and do change regularly but it is interesting to see the highest remand is for the 30 – 39 age group.

Not surprisingly the most popular areas for housing demand are Aberdeen City (although some areas within the City struggle to evidence housing demand) and Elgin, followed by Inverurie. Thereafter Kintore, Stonehaven and Buckie are popular closely followed by Peterhead, Westhill, Kemnay, Keith and Lossiemouth. Although there are active waiting lists it is, at times, challenging to fill vacancies. The more rural areas have relatively small but active waiting lists.

Waiting list numbers only show one aspect of housing need and demand. If the property is not of the right size, type and location, or even age (where new build schemes are more attractive to applicants) challenges can and do arise.

Overall, our waiting lists show the following demand:

Property size	% of waiting list applicants
Bedsit & One bed	50.08%
Two bed	25.80%
Three bed	16.06%
Four+ bed	8.06%

The above can and does vary depending on location. For example there is almost equal demand in Westhill for one and two bed homes.



Of those wishing to be housed, a substantial number indicate they need ground floor accommodation. This is seen across most age groups indicating a longer term illness or a disability is present.

The above requires further analysis to establish multiple applications and whether or not some households have a greater range of areas they can consider (and may therefore be counted in the analysis for a number of settlements) whilst others may be restricted in where they can accept and have applied in only one settlement.

Tenant / customer priorities

To ensure we fully understand our tenants and their priorities we conduct three-yearly tenant satisfaction surveys.

In **2016**, priorities for our tenants were:

- The repairs service they receive;
- Antisocial behaviour and nuisance neighbours;
- Customer service;
- The quality of their home; and
- The maintenance of estates / communal areas.

In **2019**, our tenants clearly told us their priorities were:

- Management of the neighbourhood;
- Continued improvements to the repairs service;
- Customer service improvements; and
- Improved communication.

This was followed closely by further upgrades and home improvements.

12.2% of tenants felt that better value for money could be provided on upgrades and improvements. Our recent and future retendering of major component replacements will deliver on this.

A revised service improvement focus is in place with clear outcomes and timescales as we recognise that some of our tenants have different service expectations. In this respect we continue to work closely with our involved tenants to ensure we embed services that are important to them and meet their expectations in terms of quality.

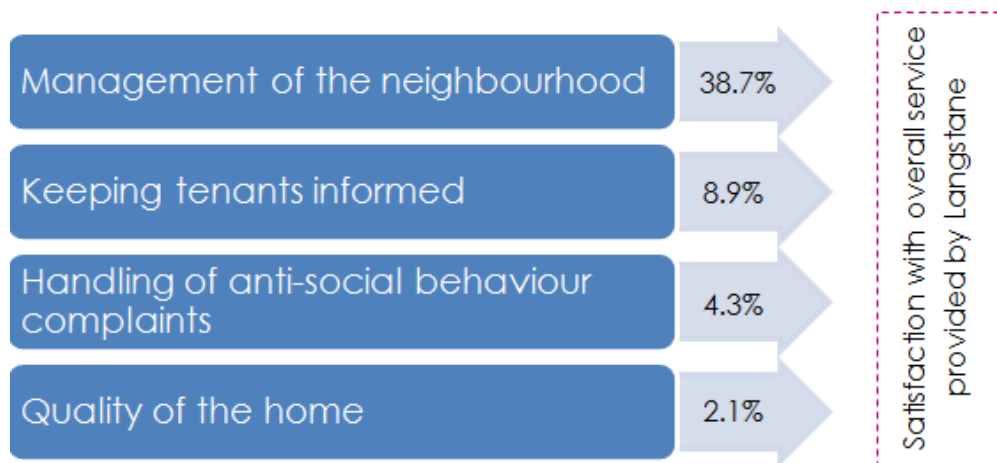
In particular we want to address some of the key satisfaction findings from our recent survey. These are detailed below:

Indicator	Aberdeen City Council	Aberdeen-shire Council	Castlehill Housing	Grampian Housing	Lang-stane Housing	Moray Council	Osprey Housing
Satisfaction that rent levels provide value for money	75.9%	74.6%	77.8%	69.6%	65.4%	83.0%	66.5%
Satisfaction with overall service provided	76.9%	76.3%	85.6%	86.0%	81.0%	76.3%	94.8%



Indicator	Aberdeen City Council	Aberdeenshire Council	Castlehill Housing	Grampian Housing	Langstane Housing	Moray Council	Osprey Housing
Satisfaction with repairs service	95.2%	93.4%	95.1%	87.7%	92.8%	78.6%	90.7%
Satisfaction with being kept informed	76.9%	76.3%	85.6%	86.0%	81.0%	76.3%	94.8%
Satisfaction with opportunity to participate in decision making	67.8%	61.0%	70.9%	87.4%	72.3%	68.8%	85.1%

The key drivers of satisfaction within the overall service provided appear to be:



Management of the neighbourhood is linked to issues that are not necessarily within our remit to resolve independently e.g. localised drug dealing. However, we work closely with other agencies to ensure that, where practical to do so, joint working resolves the issues being experienced.

Communication, and in particular responding to complaints, antisocial behaviour and advising tenants of delays is constantly being reviewed to ensure we are using methods that our tenants want and we are concentrating on the things that matter to tenants and to the standards they expect i.e. 'doing the right things, doing them well and doing them at the right cost'.

We recently started to introduce scheme notice boards and these are used to provide general information about the building including safety information. They are also a tool we use to keep tenants updated about planned improvements and other matters.

We are looking at why the satisfaction levels for our tenants regarding their home fall after they have been housed for a period of time.

How we deal with repairs is covered in the 'our homes' section.



Antisocial behaviour

We work closely with tenants and others (including statutory agencies) to support people who present with challenging and antisocial behaviour to change how they interact with others. We attend multi-agency meetings and have a visible presence in our schemes. We also, without identifying those involved, publicise where we have had no option but to take formal action against tenants who refuse to improve their conduct.

We want to ensure our tenants meet the obligations of their tenancy and will support them to do so. However, when required we will take action to ensure the rights of others are protected.

In recent years a number of agencies commissioned by the local authorities to provide housing support services, have experienced significant budget cuts. This has had an instant and obvious affect on the support they are able to provide to vulnerable tenants resulting in even higher levels of challenging and antisocial behaviour which we are dealing with. This is why we are registering our own housing support service as part of the Tenancy Sustainment Strategy.

Customer service standards

A Customer Care Charter was implemented in 2017 to improve service delivery and training provided to staff. While the results of the most recent tenant satisfaction survey showed a reduction in overall satisfaction the Association will continue to reinforce the Charter to make improvements and we will undertake scrutiny / mystery shopping exercises to measure success.

We continue to speak to our tenants and other customers to ensure our services meet their expectations and are improved following feedback.

We recognise we have improvements to make to ensure our Customer Care Charter is followed closely by all those involved with us and at all times. This remains a focus for customer scrutiny alongside customer reviews of our property service standards. This is driven forward by our Tenant Participation Strategy.

Allocating properties

We have worked hard to ensure we have the ability to allocate directly from the common housing register (previously 100% nominations were taken from the relevant local authority). We are now better prepared for those we house and to ensure the right support is provided at the right time, crucially at the start of the tenancy. This allows our tenants the best possible opportunity to succeed in their new homes.

Recent decisions taken by the local authorities to move away from the common housing register will provide greater challenge but also opportunity for the Association as we will, from the end of 2020, manage our own waiting lists.

Our in-house housing support workers are preparing for registration as a housing support service from 1 April 2020. This will ensure the more intensive support services needed by some tenants can be accessed from a member of staff they are often familiar with and trust.

We want our tenants to live independent, fulfilled lives and be good neighbours.



Affordability

We worked with a specialist company and involved tenants to review our rent structures to make sure our rents and service charges remain affordable. This resulted in an updated rent setting policy.

Our 30-year financial projections show rent levels from 2025-2026 onwards, increase at consumer price index (CPI) inflation only. This will be reassessed on an annual basis and if necessary we will consult with our tenants on higher increases.

We want our homes to be affordable and recognise the need to link the cost of renting with the costs of running a home. Following consultation with tenants, and taking on board their views, we are changing our rental structure slightly. This will ensure a fair and transparent charging methodology is applied. Further analysis has been undertaken to ensure we know, at a detailed level, affordability levels. This will influence rental increase proposals moving forward.

We have set an internal definition of affordability for us to maintain. This is based on tenants receiving the living wage and states that no single household on a living wage will spend more than 30% of their income on rent.

The aim of this Plan is to see the first four financial years hold rent increases at no more than Consumer Price Index (CPI) plus 0.5% and thereafter CPI. This is a juggling act as we are under increasing pressure to hold rental increases at a time of increased legal, statutory and regulatory requirements placed on landlords. This 'policy' may also affect the value of our homes due to the way in which the valuations are calculated. In addition, inflation for external maintenance costs can be higher than CPI. Therefore we will review this on an annual basis.

Alongside providing affordable homes, it is important for us to maximise rental income and for our homes to be reoccupied as soon as possible after a tenant leaves. We work hard to ensure tenants pay their rent when due, and the debt owed to us has reduced significantly over the last five years but more can be done. We have an ambitious target of reducing our gross arrears by 1% per annum.

We ensure the length of time our homes remain empty is reduced year on year. This increases the income to us, allowing us to carry out the services that are important to our tenants. Our target is to re-let a home within 25 calendar days.

Equalities and human rights

We have championed the rights of our tenants for as long as we have been in existence as our tenants and other customers are at the heart of what we do. We fully understand that Article 8 of the Human Rights Act gives the right to respect for private life, family life and the home.

Although we are becoming more commercial in many aspects, we have never forgotten that we exist to provide safe, secure, affordable housing and excellent services to tenants and others who can at times be extremely vulnerable and face significant challenges. However, as a tenant is being supported to deal with challenging situations, this can have a negative impact on neighbours. Therefore we try to strike a balance in any action we take.

We carry out regular customer profiling exercises to allow us to fully understand the individual needs of our tenants. When we collate equalities information we use this to inform



decision making in a positive way (to avoid negative outcomes for those with protected characteristics and others). We never use the information we hold in a negative way and we have zero tolerance with regards to direct or indirect discrimination, harassment or victimisation of anyone be they a tenant, other customer, member of staff of anyone involved with the Langstane Group.

We work closely with a number of involved tenants and are open and transparent in providing relevant information that allows us to be held to account. We constantly consider ways in which our customer involvement can be improved.

Tenancy sustainment

The Association has a high number of tenants who fail to sustain their tenancies under the measure used by the Scottish Housing Regulator (tenants fail to hold their tenancy for a year). Using this indicator our performance when measured locally is:

Indicator	Aberdeen City Council	Aberdeen-shire Council	Castlehill Housing	Grampian Housing	Lang-stane Housing	Moray Council	Osprey Housing
Tenancy sustainment levels overall	90.06%	89.92%	88.26%	92.45%	83.72%	93.54%	90.91%

This has been analysed in detail including geographical area and property size and type.

When considering terminations over the last three years, the main reasons tenancies ending were:

- 22% of those terminating within a year moved to another Langstane property either through a transfer or a mutual exchange. This was primarily due to a change in their circumstances or purely down to choice – e.g. they wanted to move to be closer to support networks;
- 11% moved to another area;
- 8% found alternative accommodation;
- 7% abandoned their tenancy.

It is important to understand the reasons behind the above.

The Association houses a proportionately high percentage of homeless applicants, some of whom required considerable support to maintain their tenancy. In addition, the local authorities we deal with have differing allocation policies and some only make one reasonable offer of accommodation before an applicant has their homelessness priority removed or are suspended from receiving another offer for six months. Applicants may accept the offer made then make an immediate transfer application. In addition to this, the Association had, until recently, a significant number of lead tenancies. These tenancies are less secure than a Scottish Secure Tenancy. Upon being housed in a lead tenancy, an almost immediate transfer application is made to gain more security of tenure.

Given the level of vulnerability our tenants may experience, changes in the welfare benefit system and cuts in housing support services have had a negative impact on how resilient



our tenants are and this has contributed to the Association's desire to register a support service – to support our tenants who are going through a difficult time.

In addition, many of our homes are single occupancy and are not suitable for those who wish to live with a partner as the bedrooms are only suitable for a single bed. Therefore for positive reasons when our tenants form new relationships, the option to remain with Langstane is limited.

Some of our schemes have a significant turnover, for example Aberchirder, which is a small rural village in Aberdeenshire, has an average tenancy of 1 ½ years. The village is remote with little employment opportunities locally and virtually no local amenities. However, Langstane provides a vital social housing presence. In contrast, our Findhorn scheme in Moray has an average tenancy of almost 19 years. This is a sought after coastal location with a very expensive private market. Again Langstane provides some of the very limited social housing in this area.

On average our tenants stay in their homes for over 5 ½ years. We do not currently track how long they stay with Langstane in total.

We also recognise tenants may have changing physical capabilities during their tenancy. Where practical we ensure our homes are adapted to meet their changing needs and, in the future we will ensure our homes are built in such a way that allows a more flexible use if someone has a disability / becomes infirm. We have an adaptations policy that allows self referral for minor adaptations and this will be rolled out in the early years of this Plan.

Delivering the right services, delivering services right

We listen to what our tenants and other customers tell us they want to see. Delivering value for money or best value is not necessarily about doing things for the lowest cost. For us it is about being able to deliver services that are important to our tenants (delivering the right services), for the best price we can achieve and that deliver the quality we and our customers expect (delivering services right).

By delivering this plan, we will see improved services delivered, we will be able to demonstrate the services delivered are important to our tenants and delivered for the best price and quality we can achieve.

Our tenants will be supported therefore their tenancies will be sustained. This will reduce rent arrear levels, the income lost through our homes being empty, and the costs involved in re-letting the home. This in turns frees up funds to be able to improve our homes and improve our services.

Changing expectations and changing needs

We recognise that our customer expectations and service delivery requirements are changing for both our service delivery standards and our homes.

There is more demand for instant service delivery from our customers, particularly younger customers who experience this in other aspects of their lives. This was evidenced in our tenant satisfaction survey where young people were notably less satisfied with more traditional methods of service delivery than older tenants.

Digitalisation is a crucial service improvement that we will use to drive forward efficiencies, improve service standards and meet customer expectations. This will also link to more



modernised working practices. However, we acknowledge that digitalisation is not a priority, nor a welcome addition, for some of our tenants. It is therefore crucial that we fully understand the changing needs and capabilities of those who receive services from us. During the early years of this plan we will update the information we hold on our tenants and other customers by carrying out a customer profiling exercise.

The needs and expectations of our staff are also changing and it is important to us that we review our existing terms and conditions, understand the requirements of our staff and offer a more flexible approach ensure a good work / life balance is achieved. We will use technology to assist us with taking this forward.

Our involved tenants

We work with a range of tenants who are interested in getting involved and influencing how we do things. As at beginning of February 2020 this includes:

Register of interested tenants	267
Reader panel	208
Tenant panel	308

As some tenants are in more than one group, there are 595 tenancies who are actively participating (20.6%).

In addition several consultations are carried out that reach all of our tenants e.g. rent consultations, tenant satisfaction surveys. We also make consultations available on our website, send out newsletters, undertake estate walkabouts and hold forum groups to discuss particular areas of interest. Scrutiny is another area that is being advanced in 2020 and tenants will be focussing on our empty home standard. The next mystery shopping exercise will be around our customer care standards.

Our customers – be the best we can be

Our customers	
OC 1	Fully understand the individual requirements of our tenants and other customers
OC2	Improve service delivery standards for tenants and other customers
OC3	Improve tenancy sustainment
OC4	Deliver value for money
OC5	Ensure Equality and Human Right Legislation is adhered to



Our homes

'Our homes' are 2,886 general needs homes, 41 of which are leased to our subsidiary company, Langstane Property Limited, for mid market rent. 14 lead tenancies that we hold a long term lease on, 6 hostels (with 76 bed spaces), and 59 shared ownership homes. In addition we own nine commercial units (this includes our two offices).

Self-contained homes

Of the 2,886 self-contained homes, we have:

Stock by type, size and rent	House	High Rise	Tenement	4-in-a-block	Other	Total	Average weekly rent
Bedsit	0	0	75	0	1	76	£72.33
One bedroom	38	77	1,406	80	86	1,687	£80.83
Two bedroom	161	60	488	29	90	828	£91.15
Three bedroom	215	13	21	0	1	250	97.21
Four bedroom +	36	1	8	0	0	45	£108.70
Total	450	151	1,998	109	178	2,886	£85.42

As can be seen from the table above, 61% of our homes are bedsits or one bedroom homes, 28.7% are two bedroomed, 8.7% are three bedroomed, whilst 1.6% are four bedroomed or larger.

Our one-bed homes are a mix of single and double occupancy. The desirability of single occupancy flats is constantly under review especially for those above ground floor level.

84.4% of our homes are flats, primarily for working age occupants.

52% of our homes are in Aberdeen city, 30.3% are in Aberdeenshire and 17.3% are in Moray.

Our homes are at the opposite ends of the spectrum in terms of age with:

	Pre 1919	1919-1944	1945-1964	1965-1982	1983-2002	Post 2002	Total
Self contained	342	13	11	2	1,502	1,016	2,886
Non self contained	5	0	0	0	1	0	6
Non self contained bed spaces	64	0	0	0	12	0	76

A small block of 3-4 bedroomed flats at the Spital, Aberdeen, is being marketed for sale as these are situated within a student populated area with limited parking facilities and poor accessibility.



An updated high level assessment of our stock in 2019 shows that only one scheme is deemed to be poor performing when taking into account both financial and non-financial assessment criteria. This scheme, along with a further seven will be reviewed as part of the Asset Management Strategy to ensure they remain fit for purpose in the short, medium and longer term. This assessment will be undertaken bi-annually to ensure our homes remain fit for purpose and add value.

Non self-contained

The non self-contained homes we own are hostel type accommodation providing 76 bed spaces across six properties.

Two of the six hostels in Aberdeen are currently vacant and being marketed for sale as they no longer meet the supported housing criteria (no en-suites are provided) and conversion at this time is not possible without further draw down on loan facilities.

We review each hostel to ensure it remains viable in the medium to longer term. When leases are due to end, we undertake an options appraisal to determine their future viability.

Commercial homes

We have 41 mid market homes that are leased by Langstane Property Limited from Langstane Housing Association. These homes are then subleased to people who would struggle to access social housing but equally find renting in the private sector challenging because of their income levels.

We also part own 59 shared ownership homes but hold no responsibility for their repair and on-going maintenance. These homes may be purchased outright at any given time by the sharing owner but we do not assume income from sales in our 30-year projections.

Commercial units

We have nine commercial units including our Aberdeen and Elgin offices. Our commercial units have been impacted by the significant downturn in the private market locally and therefore income levels are reduced from previous years.

Repairs

Tenant satisfaction levels with the response repair service provided are relatively high:

Indicator	Aberdeen City Council	Aberdeen-shire Council	Castlehill Housing	Grampian Housing	Lang-stane Housing	Moray Council	Osprey Housing
Satisfaction with repairs service	95.2%	93.4%	95.1%	87.7%	92.8%	78.6%	90.7%

We continue to operate a small team of direct labour operatives (DLO), employing two joiners, one electrician and a plumber directly. The team also has a supervisor and two handymen included alongside the services of a property services officer who carries out low level repairs (based in our Elgin Office).

Satisfaction levels for the DLO tend to be higher than those of externally employed contractors and we periodically review whether or not it is cost effective to increase the number of staff we employ in this team and whether or not local recruitment is possible.



We made significant improvements to the repairs service after our 2016 tenant satisfaction survey and in 2018 / 2019, 96.23% of tenants were satisfied with their homes when they moved in. We are completing emergency repairs within three hours (2.98 hours) and non-emergency repairs within seven days (6.87 days), all within previously agreed targets of three and fifteen days.

93.49% of repairs are 'right first time' and 100% of gas safety checks are carried out in the required timescales.

We will work with our involved tenants to review and improve our service delivery standards in this respect as this remains an area of importance to those we house and we recognise that further improvements can be made.

Quality of home

Further work is required to fully understand why, in 2018-2019, 96.23% of new tenants are satisfied with the quality of their homes when they move in, but this drops to 79.82% when asked about the quality of their home after they have stayed there for a period of time.

Our day to day repairs service shows high satisfaction levels. However tenant satisfaction survey results show tenants continue to be dissatisfied with the delivery of planned maintenance, in particular replacement windows, kitchens and bathrooms. We intend to proactively carry out planned and cyclical works to ensure the balance of planned works against reactive repairs is 60:40 within the lifetime of this plan.

In addition, we will ensure best value is delivered when repairing and maintaining our homes.

Rising maintenance costs are a key financial risk for us longer term as building and maintenance inflation rates are traditionally higher compared to other areas of our operation. This will be driven forward by our Asset Management Strategy and we will ensure, during the first year of this plan, that cross-team linkages are strengthened to ensure our long term financial, investment and asset management plans align and sufficient resources are available to allow us to maintain our homes to the standards required by legislation and good practice, and to the standard expected by our tenants.

Aids and adaptations

Our aids and adaptations service is delivered primarily through Scottish Government grant funding. Annual allocations of grant have tended to be far less than required to deliver the number of referrals received. The cost savings to the health and social care services of good quality aids and adaptations cannot be under-estimated and we recognise how important these measures are to our tenants, especially in relation to tenancy sustainment.

We have developed a self-referral service for low level aids to fast track these, by-passing the need for an occupational health referral. This will be actively publicised in the early years of this plan.

We continue to apply for funding to allow major adaptations to take place and will work closely with occupational health advisors and others to improve response times.

Compliance - Health and Safety

A significant amount of work has been under taken in recent years to ensure staff, tenants, contractors and other members of the public live and work in a safe environment and that health and safety compliance can be demonstrated.



Following the fire at Grenfell Tower, London in June 2017, there has been an increased emphasis on fire safety in flatted homes. The Scottish Government recently published the following requirements:

- at least one smoke alarm installed in the room most frequently used for general daytime living purposes;
- at least one smoke alarm in every circulation space on each storey, such as hallways and landings;
- at least one heat alarm installed in every kitchen;
- all alarms should be ceiling mounted; and
- all alarms should be interlinked.

These new safety standards come into force on 1 February 2021.

The following changes to existing standards are proposed:

- to allow specified types of sealed long-life battery alarms as well as mains-wired alarms - reflecting the availability of appropriate technology and will encourage compliance;
- to specify a maximum age of ten years for alarms; and
- to require carbon monoxide detectors in all homes with a fuel burning appliance.

The Association is currently carrying out fire risk assessments for high risk flatted accommodation on a two-yearly basis and all lower risk stock on a three-yearly basis. As awareness in the risks associated with fire increases and preventative measures are put in place, the remedial works required will reduce.

It is fully anticipated that an increasing focus in fire safety and compliance issues will follow. We will ensure we have sufficient resources in place to meet these requirements.

In addition to the above requirements, remains a general requirement to ensure the Association meets all health and safety requirements especially with regards to:

- Asbestos management;
- Legionella management;
- Gas appliances and supplies;
- Electrical appliances and supplies;
- Construction (Design and Management) – CDM;
- General working practices.

We have comprehensive health and safety documents in place including a Health and Safety Policy and we work with both EVH (with access to their Landlord's Safety Manual and updated training sessions) and Safety Scotland who can and do instantly attend sites if there are any issues the Association wishes to investigate. They also provide expert health and safety advice.

Compliance – Energy Efficiency Standard in Social Housing (EESH)

At the end of 2018-2019, 97.25% of our homes met the Scottish Housing Quality Standard (SHQS) and 92.3% met the Energy Efficiency Standard for Social Housing (EESH) 2020. 2% were exempt, primarily for social reasons arising from tenants refusing heating upgrades



/ fuel switches. Although we have struggled to gain financial assistance to meet the energy efficiency standard (as our stock performs above the threshold for many of the grants available), we aimed to improve 86 homes in 2019-2020, it is expected that 40 will be improved in total this year. It is anticipated that 4.5% of our homes will require temporary exemptions due to social issues (such as refusals), technical reasons (there is no further work that can be done to the property) or the excessive costs involved.

Energy efficiency is an important element for our tenants as they are often in the lower bracket of income households. Therefore the more energy efficient our homes, the less this is a driver for fuel poverty and the more disposable income our tenants may have.

The Scottish Housing Quality Standard (required by 2015) introduced an element of efficiency through heating systems and wall insulation but the first purely energy efficiency standard must be met by 31 December 2020. The Association is currently working towards meeting and maintaining these standards.

EESSH2

Consultation took place during 2018 on what was being termed EESSH2, a standard for the period to 2040.

The vision for this standard was that “by 2040 our homes and buildings are warmer, greener and more efficient”, a vision we all support. Energy efficiency is rated using an Energy Performance Certificate (EPC).

An ‘A’ rating is very energy efficient whilst a ‘G’ is a poor rating. Meeting the objectives within this standard may be challenging as they include the following that are relevant to the Langstane Group:



- by 2040 all Scottish homes achieve an EPC³ (Energy Performance Certificate) ‘C’ – where technically feasible and cost effective;
- maximise the number of social rented homes achieving EPC B by 2032;
- private rented homes to EPC ‘E’ by 2022, to EPC ‘D’ by 2025 and to EPC ‘C’ by 2030 – where technically feasible and costs effective;
- all homes with households in fuel poverty to reach EPC ‘C’ by 2030 and EPC ‘B’ by 2040 – where technically feasible and cost effective; and
- our non-domestic buildings will be assessed and improved to the extent this is technically feasible and cost effective by 2040.

Following consultation, the Association awaits confirmation of what the revised standard will be but in the meantime as many properties are being upgraded and their EPC updated to ensure we are working from the most accurate information available. It is expected that one of the standards will be that all social housing must achieve an EPC rating of ‘D’ by 2025 or it cannot be relet.

Changing expectations

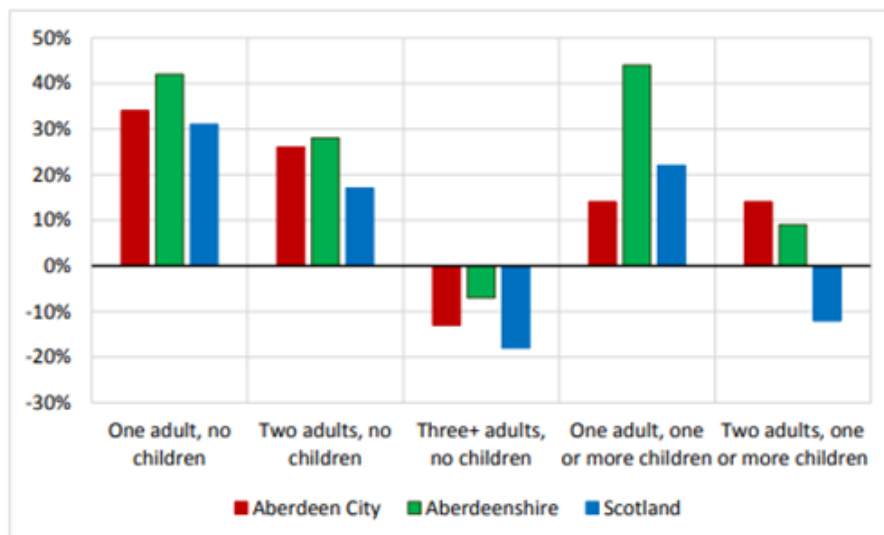
Our traditional smaller sized single person accommodation may no longer be suited to modern expectations. Whilst recognising local authority Housing Need and Demand

³ EPC – there are 7 bands (A-G), ‘A’ being the most energy efficient, ‘G’ being the least efficient
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Assessments show a considerable need for single person accommodation, especially in the pensionable and 75+ age group⁴, we have historically provided accommodation for those of working age whose circumstances can, and do, change.

Projected changes in household type within Aberdeen and Aberdeenshire from 2014 – 2039 are:



Source: 2014-based Household Projections, National Records of Scotland

The two local authorities show considerable differences in existing household compositions. Aberdeenshire reports higher proportions of couples (including couples with dependents), and lower proportions of single adult households. Although the numbers have changed, the overall pattern has remained consistent since 2001.

Moray’s Housing Need and Demand Assessment 2017, shows a similar pattern with single person households increasing from 2018 – 2033 by 17.45%. The largest growth is seen in the 30 – 44 and 75+ age groups.

Our homes – the next five years

Our homes	
OH 1	Fully understand our investment requirements
OH 2	Ensure our homes are safe, secure and meet current and future requirements for our tenants
OH 3	Ensure our homes comply with all legal, regulatory and statutory requirements
OH 4	Deliver a good quality cost effective property maintenance service
OH 5	Ensure our homes are used appropriately as loan security

⁴ National Records of Scotland (2017) <https://www.nrscotland.gov.uk/news/2017>
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Our People

'Our people' are our Board of Management members, our membership, our staff and anyone connected with providing services to the Langstane Group.

We currently have 11 governing body members and 77 (69.64 full time equivalent) members of staff. We have 105 members of Langstane Housing Association. At any time we have a number of consultants and or contractors working with us.

It is very important to us that everyone involved with Langstane has the opportunity to shape and improve the services we offer as a landlord and an employer.

Equalities and human rights

As an employer, we have a diverse workforce and as a Disability Confident Employer we offer guaranteed interviews for disabled people who meet our criteria for vacant roles.

Our governing body and staff have different experiences they take with them to ensure a range of view points are heard and life experience is taken into account to shape the future of Langstane.

Governance

Our governing body members bring a great deal of experience and professional skills to the Group. Each giving their time to volunteer to ensure the Langstane Group meets its objectives.

At present Langstane Housing Association has eleven governing body members on our Board of Management, three of whom are office bearers. Our chairperson is J Knowles, our vice chairperson is J Fraser and our treasurer is J Greener.

We have one permanent committee – a joint Audit Committee which is convened by K Hutchens, an ad hoc committee – Remuneration Committee convened by J Knowles and a temporary committee – Governance and Financial Management. Our subsidiary companies decide on the frequency of their Committee of Management meetings. We periodically review the frequency of our governance structure to ensure it remains fit for purpose.

The demonstration of strong governance and leadership is essential to any well run organisation and this starts with our Board of Management. We have introduced a revised performance framework to ensure our Board of Management has clear, up-to-date and accurate performance information to allow them to make informed decisions.

Langstane's Board of Management meets on a monthly basis, our joint Audit Committee meets five times per annum and our other committees meet as and when required. They also conduct business via email and we will shortly introduce a board portal to allow discussions outwith meetings.

Training, development and ultimately succession planning are key to ensuring the governing body of each entity remains effective at all times.

The way in which registered social landlords govern, is set down in Scottish Housing Regulator regulatory standards – Governance and Financial Management Standards 1 – 7. We will ensure we meet all seven standards and look to continually improve performance in



each of the areas. To demonstrate compliance we will periodically seek external assessment.

Our staff

We have a dedicated and skilled workforce that can, at times, face significant daily challenges. However, we are looking at ways in which we can support our staff to give the best possible service to our tenants and other customers. We are empowering our staff to make decisions and be the first port of call for our tenants on a number of issues. They will be given the time and resources to allow them to build meaningful relationships with their tenants and to know and understand the challenges tenants face. This is part of our modernisation programme.

We will ensure that where we can, we provide additional housing support to our tenants but where necessary we are able to signpost them to the most appropriate external agency to help them during periods of difficulty or crisis.

Where staff have internal customers e.g. colleagues, they will work collaboratively to ensure they jointly effectively and efficiently deliver our legal, statutory and regulatory duties. By the end of this plan we will be able to demonstrate best practice in a significant number of areas.

We are looking at how we can continually improve our performance and working practices, working smarter not harder. A key element of success in this area is strongly linked to IT improvements. This is captured under 'our organisation'.

Whilst we work with our staff to continually improve performance, it is important to us that we balance this with the provision of a working environment and terms and conditions that meet modern requirements whether these are in the form of a more flexible working pattern or home working. We will look at how we can enhance the terms and conditions on offer without adversely affecting our ability to provide good quality services, at an affordable cost, to our tenants and how we can offer career progression for those who wish to advance in our industry.

Performance framework

We have reviewed the way in which we monitor performance and everyone within Langstane is held to account for the way in which we deliver our objectives. We have reviewed the way in which performance management activities link in with other key areas for us such as our Strategic Risk Register, our Business objectives, our investment strategy and our 30-year financial projections.

Broadly, at a high level:

- We expect our Board members and senior staff to be effective advocates for us and where authorised, be an effective spokesperson.
- We ensure, through careful diligence, we are fully compliant with regulatory standards including the Scottish Housing Regulator's Governance and Financial Management Standards.
- We ensure regular improvements in performance are seen in results at a corporate level, a team level and an individual level with regular monitoring and feedback provided through the annual personal development framework.



- Performance reports show trends and are prepared, analysed and results reported internally and externally in a timeous manner.
- Robust, accurate and current, short / medium and long term financial plans are in place that delivers on the business objectives.
- Confidence, through interrogation, in the financial systems, processes and procedures in each directorate is achieved alongside comprehensive and current policies and working practices that are customer focused.
- Effective risk management procedures are demonstrated and executed.
- Regular improvements in results of team and individual employees are monitored and achieved to ensure successful improvement corporate wide.
- Commercial opportunities are identified and optimised.
- Value for money is demonstrated and reported.
- Customer satisfaction and engagement levels are improved.
- Tenancy management and sustainment levels are improved and housing support provided to vulnerable tenants.
- Budgets are utilised to their optimum, adopting an effective and proactive process, and outturns are within agreed spend thresholds with costs proactively managed.
- Technology is investigated and implemented where appropriate to ensure optimal management of assets.
- A proactive approach is undertaken in the development and management of strategy, investment and disposals relating to each directorate.
- Effective tendering, award and completion of procurement activities are undertaken to ensure best value is achieved and work carried out timeously.
- Health and safety regulations and compliance requirements, and legislative, statutory and regulatory requirements are adhered to at all times whether or not activities are carried out internally or by contractors / contractors.
- Equality of access to services, homes and the ability to influence decision making is demonstrated and published openly.
- All reporting and regulatory requirements are undertaken timeously.
- Staff terms and conditions are reviewed and benchmarked and a staff survey undertaken to gauge satisfaction levels and areas for improvement. Improvements are implemented timeously.
- Long and short term absences are reduced, as are grievances and complaint levels.

A key element of any performance framework is ensuring all those involved fully understand the benefits this can bring and are held to account for their individual performance. An effective performance framework can be the catalyst for additional resources or resources deployed in a different way. It can also be the catalyst for continuous improvement, a key element of our Business Plan, 'be the best we can be'.

Our contractors

We have an in-house property maintenance team (our DLO team). We currently have a supervisor, two joiners, a plumber and an electrician alongside a general assistant working from our Aberdeen Office. In our Elgin office we have a joiner/clerk of works and a general assistant. We also employ two part time cleaners for our Aberdeen Office and a part time cleaner for our Elgin Office. For all other repair and maintenance activities, including health and safety works, we employ external contractors.



This works well and satisfaction levels are relatively high. However, reliance on contractors comes with risks and if any contractor were to stop trading unexpectedly, this would provide a significant challenge for us.

We have processes in place to determine whether or not a contractor is higher risk – not necessarily based on their financial status but taking into account the type of work undertaken e.g. gas servicing. Where the contractor is deemed higher risk, there is a process to implement contingency plans should their continued service delivery be impacted for any reason.

Our people – the next five years

Our people	
OP 1	Ensure governing body members and staff have the skills, expertise and resources required to deliver the business plan objectives
OP 2	Improve the ways in which decision-making can be influenced at all levels and communication improved
OP 3	Ensure our contractors deliver best value and high satisfaction levels, and meet the terms of their contracts



Our organisation

'Our organisation' is Langstane Housing Association, Langstane Property Limited, Langstane Developments Limited and Langstane Maintenance Limited (Stockethill Homes Limited is being made dormant), collectively known as the Langstane Group.

It is also our Board of Management, our staff and anyone working for or on behalf of the Langstane Group.

There are many pressures on us at present and areas of focus are:

Risk management

We operate a strategic risk register that is updated on a quarterly basis. This lists the key risks that exist for the Langstane Group and specifies mitigation action that will be undertaken to reduce the likelihood of the risk materialising.

As at 31 December 2019:

- 18 Financial / economic risks are identified, 4 of which remain red (a red risk is a risk that will have the greatest impact if it happens alongside the likelihood of it happening) following mitigation action being taken;
- 9 Legal / regulatory risks are identified, one of which remains red following mitigation action;
- 6 Political risk are shown, none of which remain red; and
- 18 Organisational risks are identified, 2 of which remain red following mitigation action.

At present the highest risks identified are:

Financial / Economic

- Cost and availability of finance;
- Loss / reduction in income;
- Unable to meet financial commitments (associated with repayment of RCF in October 2023); and
- Lack of clarity regarding medium to longer term financial requirements.

Langstane Housing's Revolving Credit Facility (RCF) expires in October 2023. Therefore we must re-enter the market for funding prior to then. In the interim, an efficiencies agenda has been introduced to ensure we do not draw down on the RCF while our development activities are dormant.

A number of key services are being retendered to ensure best value and the costs for planned and reactive maintenance activities are as reduced as far as reasonably practical without compromising on quality.

In addition, a modernisation programme is being developed that will deliver longer term savings but in the short term may see an increase in spend, for instance in areas such as IT. Delivery of the efficiencies agenda will assist the Group to be a more attractive offer to lenders when the Association does return to the market for future funding.

Legal / Regulatory

- Failure to make the necessary financial management / governance improvements.

This relates to meeting the Scottish Housing Regulator's Governance and Financial Management Regulatory Standards.



Political

No significant risks identified.

Organisational

- Customer and staff expectations changing (digitalisation); and
- Customer profile – this mainly relates to the additional risks the Association carries when housing such a significant proportion of vulnerable tenants.

We recognise there are increased challenges for our tenants and it is important for us to recognise that increased levels of support and assistance are required to ensure our tenants are able to sustain independent living.

Financial

Financial management is a regulatory standard (standard 3) and failure to meet this standard is a risk to the Association and listed within the Group's strategic risk register.

• Loans

Our main loans are through two lenders, the Lloyds Group and Santander. These loans are detailed in Appendix 4 and a proportion of our homes are used as security.

Two of the loans we have attract, in today's terms, relatively high interest rates and from May 2020 are both amortising loans (we repay the capital amount and interest payments until the loan is repaid in full). They are due to be fully repaid from 2028 to 2035. In October 2018 a five-year Revolving Credit Facility was secured. This can be drawn down and repaid as required. The interest rates are competitive as are the non-utilisation fees (the fees we pay for having the facility if it's not used).

Loans have conditions attached to them and covenants that must be complied with. Our main covenants are interest and gearing covenants. A breach of covenants would be a breach of loan agreement and cause a significant issue. Covenant compliance is monitored monthly and forecast to the end of the financial year (the measuring point).

At present a challenging efficiencies agenda is in place to ensure no further draw down is undertaken whilst development activities are dormant. This covers the next four years.

Challenges moving forward include the availability and affordability of future funding and our sensitivity testing shows the tolerances in which we can operate without affecting rental increases.

Within our 30-year financial projections, the main risks are:

- Funding of long term maintenance activities;
- Inflation rate increases;
- The cost and availability of finance to replace the revolving credit facility in 2023;
- The efficiencies are not materialised, particularly the sale of the four properties;
- Voids and bad debts are not managed appropriately;
- CPI only rental increases places significant pressure on budgets; and
- Pension deficit payments beyond year five.

The Association is jointly procuring a kitchen and bathroom replacement programme that is expected to generate significant efficiencies.



Dialogue with lenders continues and is positive whilst we target areas where efficiencies can be delivered.

- **Inflation / interest rates**

Inflation and interest rates have been low for some considerable time so rises during the period of this Plan are anticipated. Our business model stress tests our ability to absorb such increases but mitigation action to reduce the impact of such increases is undertaken.

- **Costs**

The highest costs we have on a regular basis are our loan repayments (capital and revenue), our property maintenance costs (planned and reactive) and our staffing costs (including pension deficit costs).

Our loans are detailed above and will be reviewed within the early years of this Plan.

Procurement is used to ensure we get best value from our external contractors and service providers. During this Plan we will ensure all high and medium cost services are retendered on a regular basis and ensure all low cost services deliver best value.

In the first year of this plan we will strengthen our cross team linkages, particularly between asset management and finance, to ensure high value investment planning activities are streamlined and where necessary improved.

We will review the terms and conditions available to our staff to ensure these are competitive. However, in addition to a defined contribution scheme, we currently operate a final salary and CARE pension scheme. These are both defined benefit schemes and come with inherent risks for the Association. We are consulting with staff regarding these and looking at other ways in which we can offer a competitive pension package without the associated risks.

Digitalisation / IT

Digitalisation and IT improvements are vital to allow us to deliver on improved service delivery and meet customer and staff expectations. This will include offering a tenant portal to allow 'self-service', a contractor portal to allow invoicing and real time data to be held on the completion of works (we will be looking at ways in which our data can be analysed to give more meaningful information moving forward), and mobile working solutions that meet modern expectations.

We will ensure our software is kept up-to-date and where practical interfaces exist between our main systems to reduce and where practical eliminate the risk of manual error. Where possible we will introduce automation to minimise the manual production of data and performance reports.

Given the significant reliance on IT systems, a risk to the Group is that of significant IT failure. We keep our firewalls and malware up-to-date and staff training takes place regularly. This will be increased with robust procedures in place when a potential breach is identified.

Should a significant failure occur, an IT Disaster Recovery Plan is in place and reviewed on an annual basis. However we recognise we need to ensure business continuity risks are



minimised. This is currently being analysed and IT improvements will be introduced throughout this Plan.

Data protection / freedom of information / cyber security / CCTV

Data protection, freedom of information and cyber security are all important areas of focus for social landlords. Given the impact from wrongly releasing personal and / or sensitive information or access to this being illegally obtained, we will hold Cyber Essentials as a minimum standard and will achieve Cyber Essentials Plus by the end of the Plan.

We only hold information that is relevant and legitimately required to allow us to carry out our operating activities. When information is no longer required a secure disposal method is used.

However, when legitimate requests are made for information whether through data protection or freedom of information routes, we will provide this as soon as practical and be open and transparent. Where we can we will ensure the information is provided in a format that makes interpretation simple.

CCTV will be used appropriately by us and only to deter crime and antisocial behaviour from taking place.

As data control is a significant priority for all social housing providers, we will examine the merits and/or principles underpinning business systems accreditation and how these add value for us in the future.

Subsidiary companies

As mentioned, the Langstane Group is diverse. Langstane Housing Association remains our main company. However, Langstane has three wholly owned subsidiaries that are limited by shares (Langstane Property Limited, Langstane Developments Limited and Langstane Maintenance Limited) and Stockethill Homes, a company limited by guarantee, which will be made dormant in due course. These companies form the Langstane Group.

It is important to the Group the activities of each individual member makes a positive contribution to the joint aims and objectives contained within this Plan. The main aim of a subsidiary company is to carry out activities that either the parent company cannot do or is of a specialist nature. Therefore although not necessarily subject to the same regulation and restriction, we ensure all members of the Group operate to the high standards required of our main regulatory bodies and take legal advice as necessary.

Clear separation of duties and robust paperwork sits behind each entity of the Group.

External verification, accreditation and compliance

With greater compliance requirements placed on all social landlords, we operate within a highly regulated industry. To ensure compliance we have several control measures in place including independent verification from external and internal auditors and specialist reviews by professional organisations. We are members of Scotland's Housing Network and HouseMark both of whom provide benchmarking and good practice forums.

Internally we produce:

- Strategic Risk Register - updated quarterly;
- Annual Assurance Statements;

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- Self assessments (compliance with regulatory standards and other areas of business);
- Statement of Internal Control – updated annually;
- Compliance reports – updated annually;
- Compliance checklists;
- Annual Planning Calendar;
- Performance framework; and
- Corporate document schedule.

The above list is not exhaustive and is complemented by the significant financial reporting and financial management activities we have strengthened over the last two years, including treasury management and compliance.

Staff are members of professional organisations and qualified in a range of areas such as finance, housing, construction, human resources, etc. As an organisation we meet one set of professional fees to ensure staff and therefore we as an organisation, are keeping up-to-date in areas of expertise. In addition we are members of organisations such as the Scottish Federation of Housing Associations, Chartered Institute of Housing, CIPFA (the Chartered Institute of Public Finance and Accountancy), British Safety Council, Safety Scotland, Chamber of Commerce and EVH (providing expert HR and landlord health and safety advice).

We have a framework of legal firms that have extensive experience in our industry and we use specialist procurement advisors to reduce and / or eliminate any possible legitimate challenge through the procurement route. We also have a treasury advisor who provides forecasts and specialist advice regarding our loans.

Underpinning everything that we do is a desire to see continuous improvement in all our activities. We will use verification, accreditation and compliance to drive forward the required improvements in our governance management systems and ensure that our modernisation programme strengthens the compliance function.

Our organisation – the next five years

Our organisation	
OO 1	Ensure Langstane meets all legislative, statutory and regulatory requirements
OO 2	Ensure the financial management of the Group meets all legal, statutory and regulatory requirements
OO 3	Ensure IT equipment and software meets modern day requirements and assists in the production of good quality, real time performance data
OO 4	Ensure the activities of subsidiary companies does not impact negatively on Langstane Housing Association
OO 5	Apply for meaningful accreditation / awards that will add value to the Association or its work



Our Communities

'Our communities' are the communities in which we have an interest.

Our communities are traditionally considered in two ways. Firstly, this can be very much defined by the geographical areas where our homes are located and secondly this can be a thematic community for example young, single, disadvantaged households.

In recent years a number of agencies commissioned to provide support services have seen significant budget cuts. The impact of such cuts can see increased antisocial and challenging behaviour this can relate to not just the tenancy, but the general neighbourhood, affecting the whole community.

It is important to us to ensure our homes and services add benefit to local communities and to those who not only live in our homes but also to those who live close-by. This includes being able to demonstrate how we meet equality and human rights legislation.

Maintenance of estates / communal areas

We ensure the communal areas of our schemes are maintained through external grounds maintenance and cleaning contractors and in-house maintenance works and inspections.

We work with colleagues in the local authority and on occasion with statutory agencies to ensure areas improve where issues being experienced are not solely within our control e.g. fly tipping, antisocial behaviour, inappropriate parking.

Neighbourhoods

In **2019**, our tenant satisfaction survey showed the management and reputation of the neighbourhoods in which we operate is an area of concern for our tenants. We are increasing the presence of our officers in schemes and have introduced community walkabouts to understand and address issues tenants are experiencing. We will work further with involved tenants to improve how we address neighbourhood issues.

Dissatisfaction with antisocial behaviour in the neighbourhoods where we operate is at an unacceptable level and targeted action can include an increased staff presence in the areas, increased use of mobile CCTV units and joint action with the police to reduce crime. We are registering our housing support service to enable a greater level of support to vulnerable tenants.

Community benefit

We continually look at ways in which we can add benefit to local communities through procurement as many of the companies we work with will provide services or funds towards community benefit activities. This can be through free advice, free labour or the creation of a fund for community activities. We will advertise any potential community benefits that can be / are being provided.

Our communities – the next five years

Our communities	
OCO 1	Ensure our procurement activities feed into community benefits where practical
OCO 2	Our estates and communal areas are well maintained



OCO 3	Our neighbourhoods are areas where people feel safe and secure and are proud to live in
OCO 4	We fully understand the different communities we have



Feeding into and linking to the business plan

It is important to us that we all fully understand and endorse the vision of the business plan and work in a cohesive and joined up manner to ensure its delivery, recognising the crucial element each part of our business plays in delivering our objectives.



Our strategies, policies and other corporate documents all form part of a comprehensive review timetable which is reviewed regularly.



Strategic Risk Register

There are areas of our business that present a higher risk to us and could adversely affect the delivery of the business plan objectives. We maintain a comprehensive risk register which is updated quarterly. Key risks at the beginning of this Plan are detailed under 'our organisation'. These are summarised below:

- It is recognised the vulnerability of Langstane's client group brings with it additional challenges that must be met;
- The changing expectations from tenants, other customers and staff must be met and at the forefront of this are required IT improvements;
- The Association's Revolving Credit Facility is due for renewal in October 2023. Failure to achieve a new facility within the timescales required and at a competitive rate would be an issue for the Association and would have implications on the Association ability to meet its financial obligations;
- The medium and longer term financial requirements of the Association must be reviewed to ensure they are fully understood;
- Income due to the Association must be recovered (that is, rent arrear and bad debt levels must reduce significantly); and
- Failure to make governance and financial management improvements is also a significant risk.

Our Strategic Risk Register was used to inform this business plan and we will ensure that where reasonably practical, we mitigate against risks materialising. During the early years of this Plan we will review and, if necessary, strengthen our Risk Management Policy to ensure it remains fit for purpose and relevant.

30-year financial resources

Our business plan is underpinned by a robust financial planning framework.

This comprises:

- Short term (that is, year ahead – based on the annual budget);
- Medium term (5 years ahead – linking to the submissions of a five-year financial plan to the Scottish Housing Regulator on an annual basis); and
- Long term (30-year financial plan).

All three financial planning timescales are under continual review and are formally updated and approved on an annual basis (as a minimum). The financial plan includes the standard annual financial reporting statements and in particular focuses on cash flow and bank covenant compliance.

The financial planning process followed by Langstane and the resulting 30-year financial plan are a cornerstone of meeting the requirements of The Scottish Housing Regulator's Regulatory Standard 3 - *The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay.*

Appendix 5 is a copy of the 2020 / 2021 Financial plan which covers, short, medium and long term financial resources i.e. up to 30 years from 2020 / 2021 onwards. Please note this Appendix is updated annually following the budget setting and financial planning process undertaken each autumn / winter.



Highlights from the 2020 / 2021 financial plan are as follows:

The budget for 2020 / 2021 has been approved and the consequential impact is reflected in the medium and long term aspects of the financial plan.

Key themes during 2020 / 2021 have been the continued removal of the development programme and the continuation of a significant efficiencies programme to drive forward best value. The efficiencies agenda has also been set to ensure that no further draw down on our loans is required whilst our development activities are suspended.

Efficiencies will be achieved in a number of ways.

- Firstly, there will be a modernisation of the staffing structure to ensure that our structure has the right staff, in the right role, working to their optimum, providing the best possible service to our tenants and other customers.
- Secondly, efficiencies will be made through the procurement route. We are working with colleagues in other housing associations to use our purchasing power to gain economies of scale.
- Lastly, we are looking at all areas of our business to ensure we are working as smartly and as efficiently as possible. This includes but is not limited to maximising the way in which we use our IT to ensure staff and others have the resources they need to carry out their roles, avoiding repetition and manual input wherever possible, gaining longer term efficiencies for us and our customers.

Over the period of this plan, our value for money practices will be developed and strengthened and we will report our achievements in a timely manner.

In our 2020 / 21 budget, rental increases have been restricted to 2.1% (an average of CPI over 12 months to September 2019) and rent levels for one bedroomed flats in Aberdeen have been frozen to ensure they remain affordable. As a rent harmonisation programme is in place, any increases are capped at £20 per calendar month.

Thereafter in the 30-year projections, rental increase assumptions have been revised as above and are restricted to CPI plus 0.5% for a further 3 years and then at CPI only for the remainder of the 30-year projections. Whilst every effort is made to keep rental increases to a minimum, ensuring affordability whilst delivering a high quality service within a sustainable financial plan must be achieved. Each year an assessment is made to ensure our financial projections can sustain the level of services our tenants expect.

Investment in our tenant's homes remains the most significant cost element and this investment included in the financial plan is based on detailed stock condition survey data and a comprehensive asset management strategy aimed at maintaining the highest standards we can achieve including full compliance with legislative requirements, the Scottish Housing Quality Standard (SHQS) and the Energy Efficiency Standard for Social Housing (EESH).

However, like all organisations we face financial challenges and these remain interest rate rises, inflation increases, income levels dropping (including lost income due to rent arrear levels and whilst homes are empty), bad debts and maintenance costs. These are reflected in our risk assessments and mitigation action is being taken. The cost and availability of future funding is an unknown quantity for us and will remain a risk until secured.



Our 30-year financial plan reflects our longer term ambition to continue with the provision of good quality affordable accommodation within the North East of Scotland. As such, the next five years see significant efficiencies being achieved with an annual review of development opportunities.

During 2018 / 2019 an amended and restated revolving credit facility of £25m was secured by Langstane Housing Association through Bank of Scotland (part of the Lloyds Group). Although this provides us with excellent variable interest rates and non-utilisation fees, the facility is short term and unpredictable raising a greater degree of risk for the Association than a fixed rate, mid to long term facility. Our medium-term ambition is to have 70% of all borrowings as fixed rate by April 2023.

In 2019, to safeguard the continued financial wellbeing of the Association, we introduced a new Treasury Management Policy that increased our required short and medium term liquidity measures. These are £1.5million and £3million to be held in accessible accounts respectively and provide a level of comfort to the Association that should income levels fall and expenditure be required, there is a degree of flexibility.

Detailed financial reports are now provided to our Board of Management on a monthly basis. In addition to the usual financial reports provided (statement of comprehensive income, statement of financial position, statement of cash flow), these detail end of year projections for our loan covenants, our loan portfolio, and several financial statements and performance reports to allow our Board of Management to monitor progress.

Performance framework

We have reviewed the performance information we collect and the way in which this is used by teams to demonstrate our objectives are being met.

A new performance framework has been created that links with the objectives of the business plan and feeds into the annual personal development framework used by all line managers and staff. This highly prescriptive way in which performance monitoring will be undertaken will add significant improvements to the way in which information is used by us and our Board of Management.

A key change moving forward will be measuring how each individual contributes to delivering the business objectives and holding them to account for the outcomes delivered if they vary.

We will use the information gained through our performance framework and the benchmarking we undertake to further develop how we deliver and evidence value for money and continuous improvement.

Through the early years of this plan we will fine tune the information that is collated and presented and ensure our performance monitoring framework is embedded in our working practices. This framework allows us to pinpoint issues and gives us the opportunity to take mitigation action before issues escalate.

Asset Management Strategy

Our Asset Management Strategy's vision is to "provide tenants with homes and neighbourhoods they can be proud to live in". This links in with our overarching vision to "be the best we can be" by investing in our homes and our communities. As well as detailing our commitment to improving our homes and neighbourhoods, our disposal strategy is set down.



Key findings from the Asset Management Strategy are developed using a data led assessment of our homes, looking at financial and non-financial performance across a range of indicators such as:

- Rental and service charge income against expenditure to derive Net Present Values (NPVs);
- Number and length of periods when the property is not let to a tenant;
- Number of refusals per property;
- Length of tenancy per property; and
- Energy efficiency rating.

On the whole the Association's homes are performing well but we recognise the importance tenants place on the repair and maintenance activities so we are continuing to explore ways in which the Association's performance can improve alongside customer satisfaction levels. Programmes of improvement will continue to be promoted and contracts started at the beginning of the financial year where practical to do so.

Development Strategy

Our Development Strategy set down what, where, when and how we wished to build our new developments. This takes account of the local housing needs and demands identified by our partners in the local authorities and also the findings from research into our own stock and waiting lists. This will be reviewed to take account of our decision to suspend further developments this financial year.

Community Investment Strategy

To strengthen and direct our positive contribution to the communities in which we operate, we have created a Community Investment Strategy. This sets down a strategic approach to our support for the communities which we serve.

Procurement Strategy

Demonstrating value for money is more than achieving the lowest cost possible. It is about getting the best service for the costs involved. To ensure we meet our regulatory and moral obligations in this respect, our Procurement Strategy is designed to equip us to do this and demonstrate adequate governance and accountability. To ensure a balanced approach is in place throughout our group structure we will take into account projected customer satisfaction levels, cost and the benefits to us as a Group. Where appropriate to do so, we will use our procurement activities to bring benefits to the communities we serve or increase local employment opportunities.

Tenancy Sustainment Strategy

Our Tenancy Sustainment Strategy sets down a framework for "increasing tenancy sustainment and building communities". An action within this strategy is to register the social justice service with the Care Inspectorate. This will ensure there is an in-house provision of qualified staff to provide more in-depth housing support to assist tenants sustain their tenancies.

As previously detailed, tenants may end their tenancy for many reasons – some positive, some negative.

Areas where we will explore further through our Tenancy Sustainment Strategy are around:



- Abandoned tenancies – 7% of tenancies that ended were abandoned. This in addition to the number of evictions we carried out where tenancies were not thought to be occupying the home (6% of terminations);
- Affordability – 4% of our tenants mentioned this as the reason why they were moving; and
- Neighbour issues – 2% of our tenants mentioned this.

Tenant Participation Strategy

We are committed to involving tenants in a meaningful and effective way and our Tenant Participation Strategy sets down how we will do this including how a range of opportunities will be provided for our tenants to become more involved with decision-making and provide feedback in a way that best meets their requirements. This includes through 'Your Voice Counts' participation in the tenant reader panel and the tenant panel (that considers consultation documents of interest). This strategy has been reviewed in conjunction with tenants to ensure it meets their future requirements and it is recognised from our most recent tenant satisfaction survey that further work is required in keeping tenants advised regarding more day to day issues e.g. if there is a delay in carrying out a repair.

Equality & Diversity Strategy

We recognise we serve a diverse range of people who have very different expectations from us as a landlord and employer. Our vision set down in our Equality & Diversity Strategy is that "the best practice principles of equality and diversity are fully embedded in all areas of work that is undertaken by, and on behalf of, the Langstane Group". We have a zero tolerance approach to any forms of negative discrimination or harassment. We continue to explore how we can achieve and demonstrate our commitment towards being seen as an organisation that meets and where possible exceeds its requirements in terms of equality and diversity.

Communication Strategy

We also recognise that we communicate with a diverse range of people and groups. On occasion our communication is formal and on occasion it is appropriate for a more informal style to be adopted. Our Communication Strategy sets down who we communicate with and the different styles and formats this will take. At all times we will ensure we use plain language that is easy to understand and reflects our values. We will ensure that no messages are hidden within our communication and that we use a range of options and, where practical to do so, provide alternative methods.

Information and Communication Technology Strategy

Our Information and Communication Technology (ICT) Strategy sets down how the Group will achieve the maximum benefit from IT and deliver efficiencies in support of administrative functions.

Improvements in ICT are essential to ensure

Digitalisation Strategy

A Digitalisation Strategy will sit behind all the improvements being made to customer, contractor and staff remote access to systems and information.

This will assist us to provide 'self-service' options to our tenants and other customers and allow our staff and Board of Management members access to good quality, up-to-date information that assists them to carry out their functions. This strategy is essential to allow



us to be as efficient and effective in everything we do without compromising on service delivery standards.



Implementation and monitoring

We use our internal management plan (IMP) to drive forward the achievement of our business objectives. Our business recovery plan (BRP) will sit alongside this to deliver full compliance with all regulatory standards.

We will use our new performance framework to ensure regular and targeted reporting to the Board of Management to ensure monitoring against objectives takes place. In addition, key elements of the plan will be reported separately e.g. the Strategic Risk Register is reported to Audit Committee and will be summarised to the full Board.

Thereafter, quarterly updates will be provided to the Board of Management against the internal management plan.

We will continue to invest in the development of our governing body members, staff and working processes to ensure we provide the right skills and resources required to deliver the services that are important to our tenants and which are required to ensure we are a thriving organisation.

We will use external verification to provide an independent assessment of our performance on a regular basis and report our performance openly and honestly to allow our tenants and others to hold us to account.



Appendices

Appendix 1 – Strategic Risk Register

Appendix 2 – SWOT and PEST analysis

Appendix 3 – Internal Management Plan

Appendix 4 – Loan summary

Appendix 5 – Langstane Housing Association's 30-year financial plan

