

# CORPORATE STRATEGY & BUSINESS PLAN

2023/24 - 2027/28

## EXECUTIVE SUMMARY

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CUNNINGHAME HOUSING ASSOCIATION



CUNNINGHAME  
HOUSING ASSOCIATION

*Making Our Communities Better Places  
More than just a landlord*

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# A WORD FROM OUR CHAIR

I'm proud to lead the Board of volunteers who, alongside our enthusiastic staff, are fully committed to making a real difference to our tenants and communities. On emerging from the pandemic, we are now focused on improving our core services. I'm delighted that we have been able to access crucial funding to support households in fuel poverty across North and East Ayrshire and Dumfries and Galloway during a time where communities face a cost-of-living crisis.



We have a committed and highly skilled team at Cunninghame who showed real strength during the pandemic. Time has been spent over the last year ensuring that our activities are structured to best support our tenants through these difficult times. We continue to learn from this to improve our services and enhance relationships with tenants and wider communities.

We cannot underestimate the challenges ahead, in particular unprecedented inflation levels resulting in increased costs for both the Association and our tenants. I am, however, confident that we are in a strong position to face these together. Whilst this edition of the plan very much builds on previous ones, it has been reviewed in the light of the highly unsettled operating environment. This involves the need to review and continually manage risk, as well as ensuring that our services meet the changing needs of those we serve.

*Lesley C Keenan*

**Lesley Keenan**



**citrus energy**  
*Refreshingly Different*



**CUNNINGHAME**  
HOUSING ASSOCIATION  
MAKING OUR COMMUNITIES BETTER PLACES



**DIRECT WORKS**  
[WWW.CUNNINGHAME-HOUSING.ORG](http://WWW.CUNNINGHAME-HOUSING.ORG)





# INTRODUCTION

Cunninghame Housing Association's Corporate Strategy and Business Plan sets out what we aim to achieve over the next five years, and how we plan to achieve it.



The Plan provides a strategic framework for managing our services and overall business over the next five years. It informs our relationships with CHA's customers, funders, regulators, and partner organisations. The plan also identifies our key strategic risks and is further supported by our long-term financial projections. It is made up of:



# ABOUT CHA

a registered charity



member of 3  
Common Housing  
Registers



173 staff employed



3372 properties for



428 factored  
properties



3 enterprise centres

re-accredited Investors  
in People Platinum  
award in 2023



5 specialist Sub  
Committees

61 awards and  
accreditations



our inhouse  
repair service  
Direct Works

211 new build  
homes  
completed in  
2022/23



7  
registered  
tenant  
organisations



A leading social  
enterprise in Ayrshire



15 voluntary  
Board  
members

1984

association formed in  
1984

stock in 21  
towns/villages  
across 3  
geographical areas



2

subsidiary  
companies



the largest  
Registered Social  
Landlord in  
Ayrshire

1<sup>4</sup>3

new build  
units on site.

21 shared  
ownership  
properties



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# OUR VISION, MISSION AND VALUES

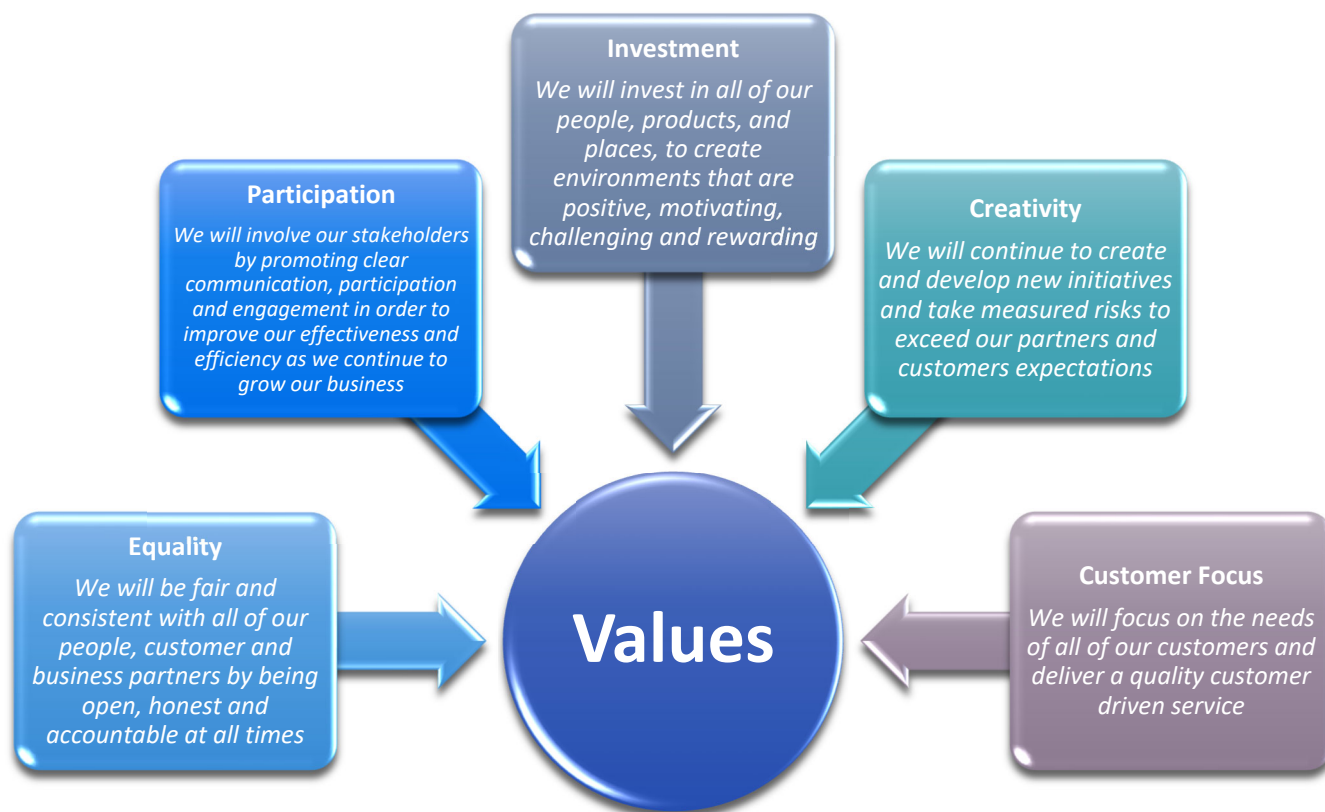
Our vision is:

***“To be one of the leading Housing Associations and Social Enterprises offering more choice and opportunities for our tenants and customers to meet their aspirations of living in quality homes in stronger communities”.***

Reflecting that vision, we aim to pursue a strategy of being:

***“More than just a Landlord” by “Making our communities better places”.***

To achieve this, we operate using a set of values, which we describe as EPICC. These were developed by our staff team and Board of Management during the business planning process.



These values define how we operate, engage with stakeholders and plan the delivery of our strategic objectives. They drive our business development, ensuring value for money in our work delivering the highest quality outcomes for our customers.

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# OUR STRATEGIC OBJECTIVES

We spent time with stakeholders, staff and our Board of Management developing our strategic objectives. We have reviewed them to ensure we remain focused on our vision for the next five years. All our services are aligned to delivering these objectives. We have clear measures of success to allow us to monitor progress.

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- 1 **Customers First**
  - 2 **Growth**
  - 3 **Quality**
  - 4 **Regeneration**
  - 5 **Corporate Social Responsibility**
  - 6 **Continuous Improvement**



## **OBJECTIVE 1 – CUSTOMERS FIRST**

***To deliver high quality, customer driven services by putting tenants, customers and communities at the heart of planning and decision making.***

We are fully committed to improving service delivery and relationships with tenants and customers. We will continue to be accountable to tenants and other customers by investing in and supporting them to be more involved in scrutinising and helping to improve our performance. To achieve this objective, we will:

- ✓ Deliver high quality, efficient services to our tenants and customers that meets their expectations.
- ✓ Work in partnership with tenants, customers and other stakeholders to improve outcomes around housing provision, community safety, tenancy sustainment and wider community regeneration.
- ✓ Increase opportunities for community participation and provide the right support to customers to help them become more involved in influencing service delivery.
- ✓ Further develop our wider action initiatives, including Cunninghame Furniture Recycling Company, Citrus Energy and Lemon Aid Fuel Poverty, to ensure they continue to meet the needs of our communities.



## **OBJECTIVE 2 – GROWTH**

***To achieve growth and financial sustainability through partnership working.***

We believe strong partnership working can generate improved economies of scale, financial efficiencies and community benefits. Over the past decade we have invested heavily in our organic growth but are also committed to the development of our services and investing in our social enterprises, Citrus Energy and Cunninghame Furniture Recycling Company. Success is dependent on our close and effective relationships with strategic partners. To achieve this objective, we will:

- ✓ Work closely with partners to ensure our strategic objectives are in alignment.
- ✓ Increase our stock portfolio to 3,700 in the next five years.
- ✓ Develop our Direct Works service.
- ✓ Engage with partners to identify opportunities for us to become involved in providing commercial or social and economic development programmes.
- ✓ Engage with strategic partners and other stakeholders to identify opportunities for growth in the provision of our CHA Lemon Aid Fuel Poverty Service.
- ✓ Actively seek partnership with other Registered Social Landlords to enhance business efficiency and improve the services offered to customers.



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# 3

## OBJECTIVE 3 – QUALITY

*To provide affordable, high-quality homes that meet current and future needs and aspirations of our customers and our communities.*

We want our homes to be homes for life. To achieve this, we want to provide the right homes, and maintain and improve our stock to the highest standard. To meet this objective, we will:

- ✓ Ensure that any new build proposals are sustainable from a net zero and accessibility perspective.
- ✓ Ensure we have a comprehensive understanding of the performance and sustainability of our homes.
- ✓ Understand the needs and aspirations of our current and potential customers.
- ✓ Ensure that our housing stock meets the SHQS Standard and seeks to achieve the new EESSH2 Standards.
- ✓ Maintain our assets to a high standard through ongoing investment.
- ✓ Ensure we maintain tenant safety through compliance.

# 4

## OBJECTIVE 4 – REGENERATION

*To support the social and economic regeneration of our communities.*

The creation of sustainable communities requires an approach that goes beyond a focus on just housing. We are one of the leading housing associations and social enterprises in Scotland, leveraging additional resources into communities to help address worklessness, financial inclusion, poverty and fuel poverty and, help achieve community cohesion. This reflects our mission to be ‘More than just a landlord’ by ‘Making our communities better places’. To achieve this objective, we will:

- ✓ Work closely with communities and our strategic partners to secure funding and enable investment in the communities within which we operate.
- ✓ Strive to achieve a close strategic fit with key strategic Local Authority partners, stakeholders and funders seeking to become their partner of choice in developing new social and economic regeneration initiatives.
- ✓ Work with communities and other partners to support and provide initiatives that address financial inclusion, worklessness, tenancy sustainment, poverty and fuel poverty, and support local economies.
- ✓ Continue to deliver and further develop our “Making our Communities Better Places Fund”.



## **OBJECTIVE 5 – CORPORATE SOCIAL RESPONSIBILITY**

***To deliver effective leadership, governance and brand positioning to positively impact on our business, our people and the communities in which we operate.***

We are focused on meeting our regulatory and statutory responsibilities as a landlord. This reflects recognition of the expectations of tenants, customers, strategic and funding partners and the Scottish Housing Regulator. We have robust systems and processes in place to deliver our objectives in an effective, transparent and accountable manner. To achieve this objective, we will:

- ✓ Undertake robust financial planning based on appropriate and reasonable assumptions.
- ✓ Consider the financial implications of all strategic and operational risks.
- ✓ Comply with our financial covenants and responsibilities around the security of assets and proper use of public funds.
- ✓ Adhere to our statutory and regulatory responsibilities at all times.
- ✓ Maintain an effective governance structure to monitor statutory and regulatory compliance and progress in achieving strategic objectives.
- ✓ Actively promote the corporate brand in our communities.



## **OBJECTIVE 6 – CONTINUOUS IMPROVEMENT**

***To seek continuous improvement in our operations by investing in and developing further all our people and our business processes.***

We want to remain a high performing landlord and community anchor, and recognise that to do this we need an engaged and skilled workforce and Board of Management. We also understand that processes need to support our people to achieve our goals. Continuous improvement is core to achieving all of our objectives. To achieve this, we will:

- ✓ Invest in our information, communication and technology capabilities to modernise business processes and improve performance.
- ✓ Seek further economies of scale, cost efficiencies and reduced overheads through service redesign and streamlining processes.
- ✓ Introduce agile working and delivery practices, with effective digital tools to ensure a modern and flexible working environment.
- ✓ Create an environment of engaged and skilled colleagues and Board members in a workplace they are proud of.

# DEVELOPMENT PROGRAMME

Over the past year, it has become increasingly difficult to progress with our pipeline of new build development projects and to secure grant approval to allow new sites to commence.

Unprecedented increases in costs have resulted in significant rises in tender prices being returned. The level of grant support from the Scottish Government has not been revised to accommodate this. Any requests for funding by the Association above the grant benchmark involves a lengthy technical review of the project, which in turn slows down delivery, resulting in a downturn in new development activity.

Our projects also have to be deliverable within the context of our long-term financial projections. Pressure from interest rates and inflation, together with high maintenance costs are directly impacting on the viability of new development projects.

The Association has, therefore, taken a decision to scale down its development programme over the next two years, to allow costs to stabilise and grant to be increased to better support project delivery. Despite this, we are still projecting growth over the plan period with 3,700+ units projected by 2028. Our plans for development growth over the next five years are:

Site		Progress	No
Total Stock			3372
Green Street, Saltcoats	Already on site, due off June 2023		24
Irvine Road, Kilmaurs	Already on site, due off June 2023		18
42 Campeltown Dr, Kilmarnock	Already on site, due off July 2023		1
Bridgehousehill, Kilmarnock	Already on site, due off August 2024		101
Heathhall, Dumfries	Already on site, due off September 2023		51
Garven Road, Stevenston	Well advanced, will proceed subject to grant being made available, provisional start date August 2023		20
Lockerbie Old School, Lockerbie	Well advanced, will proceed subject to grant being made available, provisional start date September 2023		8
Pause Development			
Eastriggs	Start October 2026	Complete April 2027	74
Halcrow Phase 3/4, Gretna	Start October 2026	Complete April 2027	93
George McTurk Court, Cumnock	Start December 2026	Complete April 2028	36
Projected Total Stock			3798

In addition to these projects, the 100 units at Sharphill Phase 5 is planned to commence near the end of the plan period with expected completion in 2029. There are also other sites included in the Local Authorities' Strategic Housing and Investment Plans earmarked for CHA which will be released when we consider the time is right.

The decision we have taken to pause development activity is considered prudent, reflecting the external operating environment and need for government grant to be increased. We have to be in a position to deliver new units in a financially sustainable way over the long term. We recognise that there are risks in continuing to progress further developments of this nature in the immediate term.

# INVESTMENT IN OUR HOMES

Our Asset Management Strategy sets out how we will continue to invest in our homes to ensure they meet national standards, such as the Scottish Housing Quality Standard (SHQS) and the Energy Efficiency Standard for Social Housing (ESSH) and ESSH2.



To do this we develop a programme of works each year covering a full range of component replacement and improvements. This informs our 30-year financial projections. Our planned works over the next five years (subject to timing variations) include:

Year	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028
Heating Replacement	£100,000	£160,000	£260,000	£360,000	£360,000
Kitchen Replacement	£810,000	£810,000	£810,000	£810,000	£810,000
Bathroom Replacement	£466,000	£466,000	£466,000	£466,000	£466,000
Window Replacement	£450,000	£450,000	£450,000	£450,000	£450,000
Door Replacement	£225,000	£225,000	£225,000	£225,000	£225,000
Electrical	£20,000	£50,000	£50,000	£75,000	£75,000
Alarm Replacements	£0	£0	£0	£0	£0
Roofing Replacement	£50,000	£200,000	£100,000	£0	£0
Structural/Damp/Drainage	£150,000	£150,000	£150,000	£150,000	£150,000
Fences	£100,000	£100,000	£100,000	£100,000	£100,000
Door Entry Systems	£30,000	£30,000	£30,000	£30,000	£30,000
Commercial Buildings	£73,900	£27,790	£49,900	£21,000	£28,000
Dalry EWI Project	£2,500,000	£0	£0	£0	£0
<b>TOTAL INVESTMENT</b>	<b>£4,974,900</b>	<b>£2,668,790</b>	<b>£2,690,900</b>	<b>£2,687,000</b>	<b>£2,694,000</b>



# MANAGING RISK

Risk management plays an integral part in the governance and management of Cunninghame Housing Association (CHA) at a strategic and operational level. It links to the delivery of our Corporate Strategy and Business Plan and strategic objectives. We need to be pro-active and prepared in the way risks are identified and managed, particularly as the CHA Group is a complex business providing diverse services and operating in different geographical areas.

Our Risk Management Framework aims to ensure that CHA is able to robustly demonstrate that the Board of Management more than meets its regulatory responsibilities to manage risks, implement good practice, systems and procedures and have regard to effective corporate governance, so ensuring that the organisation is 'fit for purpose' and fully compliant. The corporate strategy and business plan process ensures that all significant activities across the Group have been identified, and strategic risks flowing from these activities have been recognised and assessed. The 15 strategic risks we have assessed as having the greatest impact on CHA's ability to achieve our purpose and objectives are as follows:

Risk Description	Risk Score
<b>Financial Risks</b>	
Rising costs affecting the viability of 30-year projections	108
Rising costs impacting on our ability to deliver the development programme	80
Subsidiary companies operating at a loss	75
Breaching of our Loan Covenants	72
Increased repair costs	48
Cost over-runs in our development programme	36
Rent arrears impacted by cost of living crisis and universal credit rollout	27
<b>Regulatory/Compliance Risks</b>	
Unable to meet EESSH2/Net Zero standards	100
Non-compliance with regulatory and statutory requirements	50
Major health and safety incident	50
Inadequate data management processes	32
<b>Business Continuity Risks</b>	
Major data security incident - cyber security	72
Not having a robust succession plan for the Group CEO and Executive Management Team	27
<b>Reputational Risks</b>	
Reputational damage to the CHA Group of Companies - adverse press/rent levels/damp, etc.	48
<b>Service Delivery Risks</b>	
Not having a skilled workforce to deliver CHA's strategic objectives	18

# OUR FINANCIAL POSITION

Our 30-year financial plan is designed to ensure the management and maintenance of our stock is to the highest standards and that we meet our loan obligations. It is based on our current view of rental levels required to support the business.

When developing the plan, we make assumptions based on the financial and political climate which the Association is expecting to operate within. Some of the key factors influencing our plan now include the impact of COVID-19 and Brexit and high inflation and interest rates, which in turn impact on costs.

In addition, the financial plan is stress tested each year. A range of scenarios and sensitivities are applied to the base 30-year plan to assess the impact of risks which could affect long-term financial capacity. Our 30 year projections and accompanying financial narrative are in Appendix 1.



# THE WAY FORWARD FOR CHA

Following a comprehensive review of our corporate strategy and business plan, together with a robust re-evaluation of our strategic risks, the Association can present a clear vision and strategy for the next five-year period and beyond. We have identified what success will look like if we achieve our strategic objectives over the plan period:

