

Albyn Housing Group

Business Plan 2022 - 28

Update Year 2 (2023-24)



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Introduction to Albyn's 2023-24 Business Plan Update - Year 2

In “normal” years, we would provide a short update on our progress with our Business Plan and review our strategic objectives. However, the many challenges globally have forced us to rethink our strategic view and condense our priorities for the next few years. We are in unprecedented times. This is being felt particularly within the housing sector, and we face a challenging few years ahead. Many issues have beset the sector, and we have had to be an agile organisation to pivot direction and respond to these many crises, including but not limited to:

- The war in Ukraine and subsequent impact on fuel prices, and resulting fuel poverty.
- Continuing impacts on the supply chain due to Brexit
- Post Covid service recovery
- Cost of Living crisis
- Continual increase in interest rates affecting our variable debt.
- The Cost of Living (Tenant Protection) Act 2022, and the associated rent cap which now affects our Mid-Market Rent portfolio.
- Political uncertainty with resignation of the First Minister, and what that could mean for changing priorities for Government and a potential cabinet reshuffle.

However, as an organisation with a committed Board and staff team, we are truly resilient and are prepared for the challenges ahead. Our values include being adaptable, and the many factors that have faced us over the past few years have not changed our passion and commitment to our customers, and to the Highlands. In the past year we have:

- Embraced change wholeheartedly and improved our service delivery and culture.
- Implemented a new housing management system – Civica CX.
- Developed our People Strategy – focussed on our goal of Putting People First.
- Carried out a stock condition survey and developed an asset management strategy.
- Redesigned our Leadership team to support our managers in excelling everyday.
- Redesigned our customer and property services so they are easier for our customers to access and form a single cohesive function
- Rebuilt our reputation by working closely with partners and stakeholders to encourage a deeper understanding of the housing association business model, and pulling together joint funding for our customers, especially in relation to fuel and food poverty.
- Developed new ways of engagement with our customers and established Performance Monitoring Groups
- Supported customers through the Cost-of-Living crisis by disbursing over £300,000 of internal grant funding (through our Energy and Trust funds), and from both external Fuel Insecurity Support Funds and Winter Hardship Funds.
- Reviewed the strategic direction of our subsidiary HRIL.
- Established an expert advisory board to support the continuing development of our Fit Homes sensor technology, and lead the way in supporting vulnerable customers in the Highlands.

Our Year of Celebration – We are 50!

Last but not least, in 2023 Albyn celebrates being 50. 50 years of providing much needed affordable housing and supporting customers and communities to flourish. This year will be a year of celebrating the fantastic role Albyn has played in the Highlands since 1973 and celebrating our future opportunities!



Vision and Values

Vision

Maintain and build quality homes, providing excellent customer service, and giving opportunities for people and communities to flourish.

Values



Being Caring



Being Adaptable



Being Professional

Strategic Objectives

Our strategic objectives have been updated to incorporate the changing external environment, and a variety of emerging priorities that have arisen since our 2022-23 Business Plan:

Our
Homes

Our
Customers

Our
Finances

Our
People

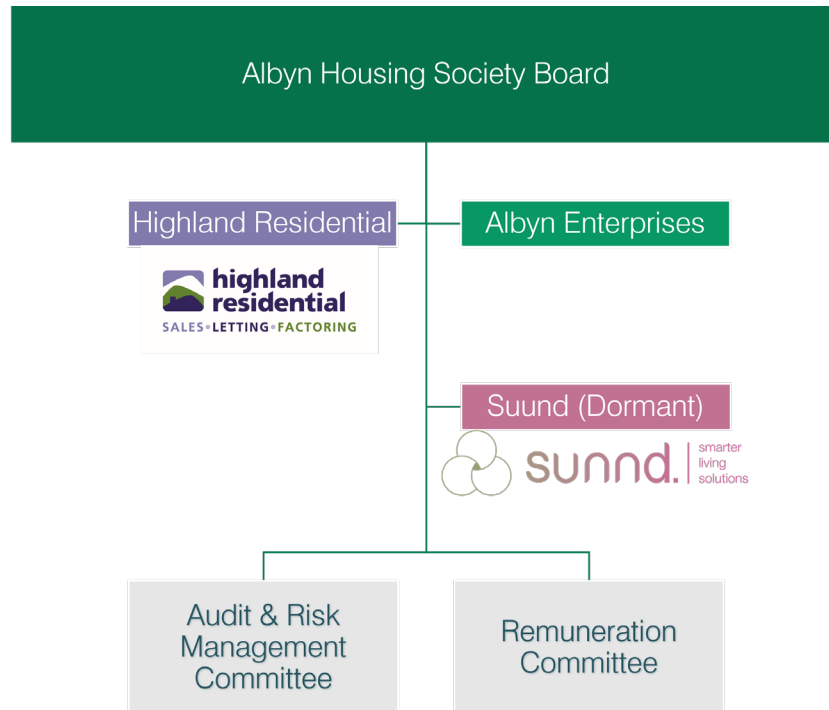
Our
Partnerships

Strategic Objectives	How will we achieve this?
Our Homes	Develop 418 properties across the Business Plan period following board risk assessment, to ensure we meet net zero and sustainability goals. Focus our asset management investment priorities on energy efficiency measures in line with our customers views ascertained during the rent increase consultation for 2023-24.
Our Customers	Through our reviews in 2023 of our Customer Experience, Equalities and Engagement strategies we will embed a redesign of our teams to bring improvement to know more about our customers, increase inclusion, satisfaction and increase opportunities for customers to participate.
Our People	Our staffing structures are designed to offer the best services for our customers. Hub, home, roam trial end and evaluation – implementation of new way of working, nurture and promote good staff engagement, performance management programme review, L&D matrix including core competencies, embedding of equalities, diversity and inclusion, care for our staff's health and well-being, and continue to implement People Strategy approved in 2022.
Our Finances and Digital Inclusion	Manage external impacts by being effective stewards of our tenants money, apply for grants and external funding opportunities to support our tenants, Invest in system improvements to deliver efficient and effective services and implement our Digital Strategy.
Our Partnerships	Creation of a Partnership Engagement Strategy to improve Albyn's reputation across the sector. Also by being thought leaders through our innovative and sector leading FIT homes sensor technology.

The measures of success for each of these strategic objectives is set out in Appendix 2



Group Structure



The Albyn Group consists of Albyn Housing Society, with Highland Residential (HRIL) as the only active commercial subsidiary. Albyn Enterprises (AEL) has been placed into trading dormancy in March 2023 with its remaining activities transferred to HRIL. Albyn also has another dormant subsidiary - Sunnd. HRIL has its strategic direction and Business Plan in development following a Board Strategy Day in January 2023.

As a registered social landlord operating within a group structure, we follow the Scottish Housing Regulator's (SHR) Group Structure and Constitutional Partnership guidance.

We have the relevant registration for all active companies within the group and comply with all the required legislative registers, where required, for activities that require this, carried out within the group. These registrations are visible on all documents and on the relevant websites.

AHS ensure that as the role of parent, we undertake our responsibilities as laid out in the SHR guidance and we have in place our intragroup agreements, which sets out clearly the relationship between the parent and group member. We have rolled out governance training to Board and Staff on operating within a group structure.

AHS also produce a range of departmental plans outlining in more detail how strategic objectives in this plan are translated into specific performance targets for departments, teams, and individual staff.

Highland Residential (Inverness) Ltd (HRIL), is a commercial subsidiary of the Albyn Housing Group. HRIL provides a range of services under this banner including Mid-Market Rent (218 homes), provides factoring services to over 1000 owners, and grounds maintenance and stairwell cleaning services to over 3000 Albyn tenants. HRIL also manage the sales of new LIFT Homes on behalf of Scottish Government, and manages 16 private rented properties on behalf of private landlords. Another 34 new MMR properties are scheduled to be built as part of our development programme.

HRIL is undertaking a strategic review to ensure a clear strategic direction is in place, with new strategic objectives that link to the Parent group objectives, whilst also adopting the values of the group as an important clear linkage between the parent and subsidiary.

A Board Strategy Day was held in January 2023, and from this a new Business Plan for the subsidiary is in development. Key proposals within the plan are the improvement in service delivery in both management of the MMR portfolio and the factoring services.

HRIL will produce bi-annual performance and risk reports to AHS as the parent body, as well as an annual performance report, which will set out how it has achieved its strategic objectives. This will ensure Board has clear oversight of the activities of the trading subsidiary.



Sunnd is a dormant subsidiary of the Albyn Group that was established to take forward the development of Fit Homes and Fit Sense – our innovative sensor technology.

Fit Homes Build

The building work is now forecast to complete March 2024.

Our FitHomes project is developing at pace, making Albyn a leader in this field in Scotland, and enabling us to have our voice heard at conferences and events across the country.

19 FIT Homes have been completed and allocated in line with the partnership Allocations Policy specific to Fit Homes. 13 remain to be completed.



A FitHomes tenant in the shared gardens at Dalmore

So far we have developed:-

Project	No of units	Project start	Project completion	Comments
Dalmore (Alness)	16	2015	April 2018	Technology is City Region Deal, homes are not.
Colonels View (Dingwall)	11	September 2020	April 2022	These 11 houses were part of Castlepark Development
Stratton Farm (Inverness)	8	January 2022	February 2023	Tenant entry March 2023
Cawdor Road (Nairn)	10	December 2022	September 2023	Pre-allocation began 2022
Lairg	3	June 2023	On-going	Tender being value engineered
Retrofit	9	September 2021	On-going	5 SPS leavers 3 young people leaving care 1 NHS/SPS Drug/Alcohol Dependency



Artists impression of the FitHomes at Lairg.

Sunnd – Smarter Living Solutions

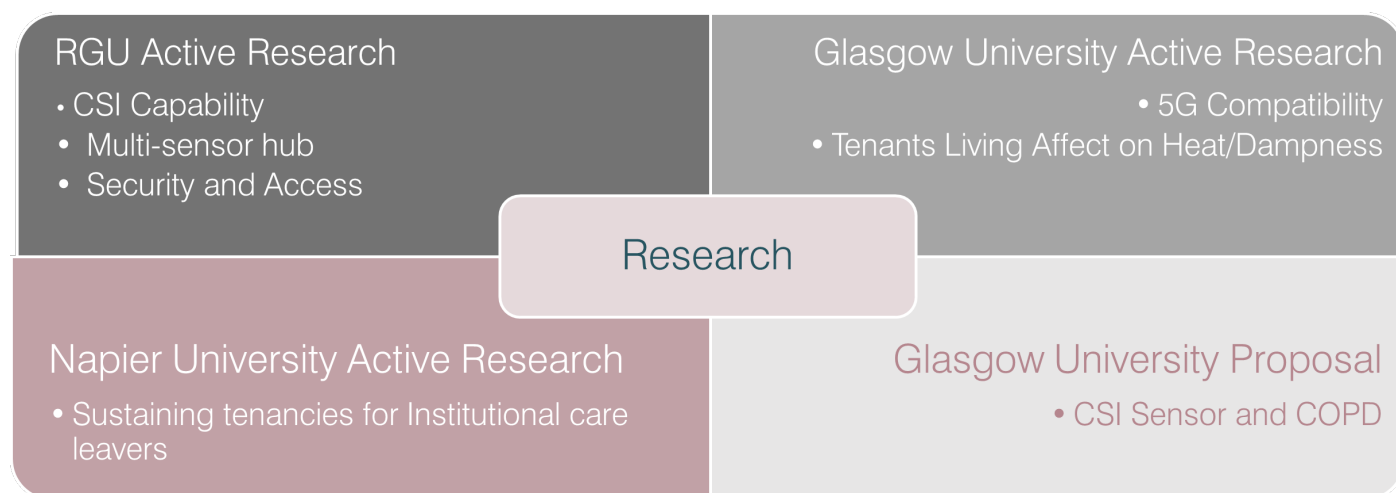
The cost-of-living crisis has affected us all but particularly those who have less resources, whether that

be less money, or less services due to public sector cuts and/or living in remote and rural areas. We want to make sure that our tenants have access to the latest technology to support them in day-to-day living whatever their circumstances, and that Albyn is able to deliver a tenant focused service in the most cost effective and responsive way. To enable that, we have continued developing technology-enabled homes under the FitHome banner. Through collaborations with the NHS and Highland Council, we are using data to increase our tenants' ability to remain in their homes until end of life or as long as it is safe for them to do so, focusing on wellness and safe home environments.W

The Highlands has a long tradition of innovation. The geography and large variations in population density means that we have to, and Albyn is carrying forward that tradition to make sure that all our tenants have access to the homes and support they need. Sunnd is a vision Albyn is developing to make that happen, ensuring our tenants have access to the best talent and most cutting-edge technology regardless of where they live. Our aim is to run the FitHomes technology commercially through the Sunnd brand at a future date.

Research and Innovation

Through collaborations with universities, innovation centers and technology experts, we are making data work better for tenants, families and support services while at the same time ensuring high ethical standards and enabling tenants to be in control of what happens to them. By maximising value through accessing research and development grants and joining up with public and third sector agencies in designing the delivery, we are moving towards a low-cost scalable technology solution that works for our tenants and the wider population.

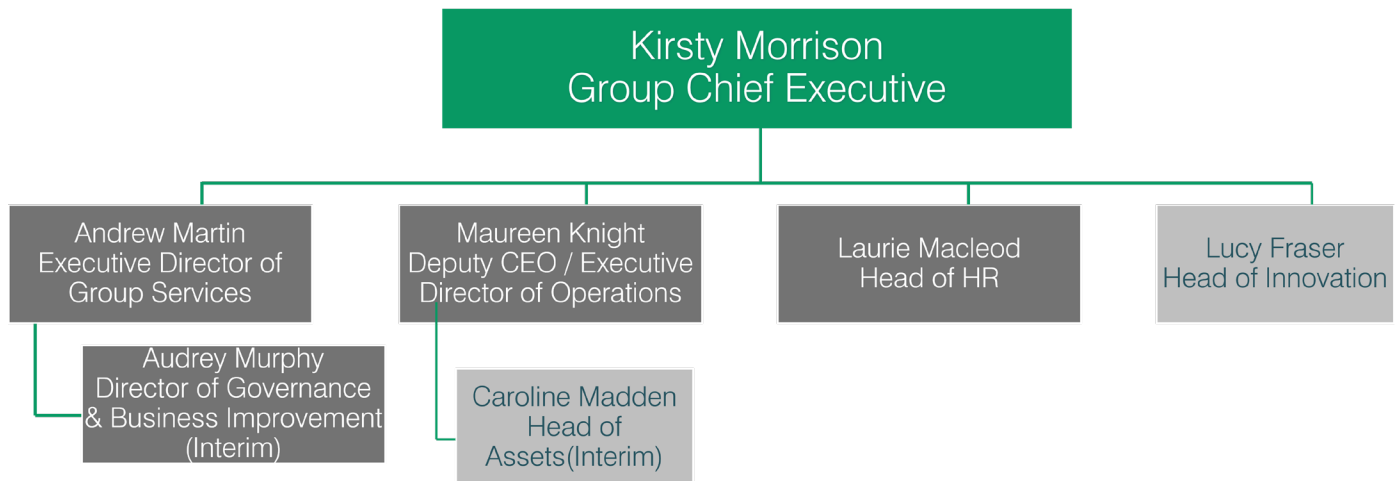


Note: CSI is Channel State Information



Executive Structure

The current Leadership Team has been consolidated to utilise the skills and knowledge of the team, and to meet with our commitment to review every vacancy that arises, as the sector responds to some very challenging external economic issues. This will be a temporary structure for a year, allowing the CEO to focus more on building further external relationships, reputation management and placing Albyn at the forefront of the housing sector for the innovative works it undertakes.



Operating Environment

Scottish Housing Regulator

Albyn is one of 20 RSL's of systemic importance to the Scottish Housing Regulator (SHR). For Albyn this is due to our location, size and our debt profile. In January 2022 the SHR revised Albyn's regulatory status from "Compliant" to "Compliant – under review". Albyn has been officially advised that our engagement status has changed to Compliant in March 2023, after 14 months of exceptional hard work by both Board and staff members. You can view our engagement plan [here](#).

Cromarty Firth – Greenport

Opportunity Cromarty Firth is one of two Green ports in Scotland. The vision supports the Highland Council's Indicative Regional Spatial Strategy, the new Inner Moray Firth Local Development Plan and the emerging vision for a net zero Highland. It capitalises upon and acts as a catalyst for the Highland's ongoing role as a renewable energy cluster and in enabling an efficient and effective hydrogen network.

There will be a 12-24 month period of 'start-up' phase which will bring with it a grant of £1million for Highland Council who will be the accountable body. The 'Start-up' phase will see the development of an Outline Business Case (OBC) which must be approved by both the UK and Scottish Governments.

The Greenport is expected to "deliver a wide range of significant social, environmental and economic benefits to their surrounding areas and region". The area covered by the Greenport spans as far north as Brora, West to Bonar Bridge and Contin, covering the Black Isle, Inverness and eastwards to include Nairn. The overall aim is to maximise the unique economic and regeneration opportunities arising from a multibillion, 50-year pipeline of offshore wind energy projects planned for the North Sea. In turn, Green Freeport status will unlock substantial sources of funding to the consortium to accelerate the development of the Green Freeport and deliver a wide range of benefits across the region. Albyn is well placed to unlock opportunities for our tenants but also the wider community with the Port of Cromarty

Firth being on our doorstep in Invergordon.

Completion of the Outline Business Case (OBC) will unlock potential to access £25m of Government seed capital funding and enable the local authority to retain non domestic rates growth to lever additional investment in the region. Upgrading of key infrastructure for the benefit of communities will be required including housing and local amenities. An estimated total of £2.6billion of inward investment could be generated by the Greenport status for the region if it is to achieve its set objectives. This could include up to 15,000 direct jobs and a further 10,000 indirect employment opportunities, which will attract new workers to the region and rebalance the working age population .

The Greenport is expected to be operation after the 12-24 startup process has been completed.



In 2022/23, our refreshed change programme delivered a variety of projects that reflected the strategic priorities of Albyn, the most significant being the roll-out of our new housing management system CX.

Our focus, as we enter 23-24, will see a shift in how we approach change at Albyn, as we move away from bigger projects to a focus on a variety of business improvement activities, that whilst at times smaller in stature, will enable us to deliver a variety of critical improvements in a shorter period of time. Some examples of the projects in plan for the year ahead are:

- Roll-out of additional CX modules, the most significant being the introduction of our Customer & Contractor portals to improve our digital customer experience.
- Further Improvements to CX, such as rolling out two new modules, to support us in managing Complaints and ASB, completing our core build of the system.
- Supporting with the embedding of the design changes to how we deliver services within our customer service function
- Scoping our future asset management system
- Plus a variety of other improvements that will evolve as a result of the other changes in the business or emerging financial landscape that we can react to in an agile fashion.

Across the span of the Business Plan, as we embed some of the bigger changes, more defined areas of business improvements will arise post the customer service re-design once people settle into specialisms and start to see opportunities to work better. Other business improvement activities from 2024/25 will include:

- Embedding a performance culture across the business including improved operational reporting
- Further developing usage of Civica CX - Arrears Analytics & Repairs Diagnostics, Power BI to streamline and improve our performance.
- Onboarding - Develop a best in class onboarding programme for new staff (and development for existing) that enables them to thrive and grow in their roles
- Office accommodation review
- Procurement of a new Finance System - Purchase Order Processing and Budget Management Tool
- Procurement of a new HR Solution to include - Onboarding/Offboarding of staff, Business Intelligence, Time Management
- Document Management solution for Group
- IT Infrastructure moved to cloud.
- Upgraded Office Virtual Meeting solutions (Invergordon/Inverness meeting rooms)

Asset Management Strategy and IOT

The race against climate change is a global one, however nationally the Scottish Government have taken significant steps towards implementing carbon neutrality targets within in the Social Housing Sector.

Our Asset Management Strategy will be going to Board in March 2023. This will lay out our investment plans for our stock informed by the recently completed Stock Condition Survey. This will also include a disposal strategy. To develop our asset management goals further a Sustainability Strategy will be developed throughout the year.

One of our key challenges lies in uncovering the factors that impact the energy and energy usage efficiency of our housing stock. To do so necessitates the technological development of a system that can monitor in real-time, the energy and environmental parameters that impact the energy efficiency and usage patterns of our properties. Accordingly, a solution is the utilisation of new technology, particularly wireless communication technology, and the IOT (Internet of Things).

Albyn Housing Society is working with Glasgow University on a pilot project that will monitor two non-traditional build properties (no fines and lightweight aluminium construction) with very poor energy performance pre and post retrofit. Sensors will monitor, temperature, humidity, air quality, air tightness and will also measure energy usage within the properties down to individual sockets. In addition to the environmental sensors our FIT Homes Technology will provide a further layer of data that will capture the occupants' activities i.e., cooking, opening windows etc.

The purpose of the retrofit solution is to increase the EPC rating thus improving energy efficiency, reducing carbon emissions, understand the impact of retrofit on air quality, and reduce energy costs. The project will monitor, evaluate, and help us to understand and improve the energy usage behaviour of occupied properties, particularly those with new technologies. It will also inform how we approach retrofit projects in the future in terms of solutions and cost.

Development

The development programme includes all units currently included within the Strategic Housing Investment programme (SHIP) but as with all development includes some uncertainty as to the timing of delivery. The 398 social rent and MMR properties will increase total rented stock to 4,160 including 110 shared ownership units. Additional debt of £33million will be required for the next five years of the financial plan of which £15 million is currently secured through an existing facility. A decision on further development and further debt will be required in April 2024 as a decision-making point. Should the

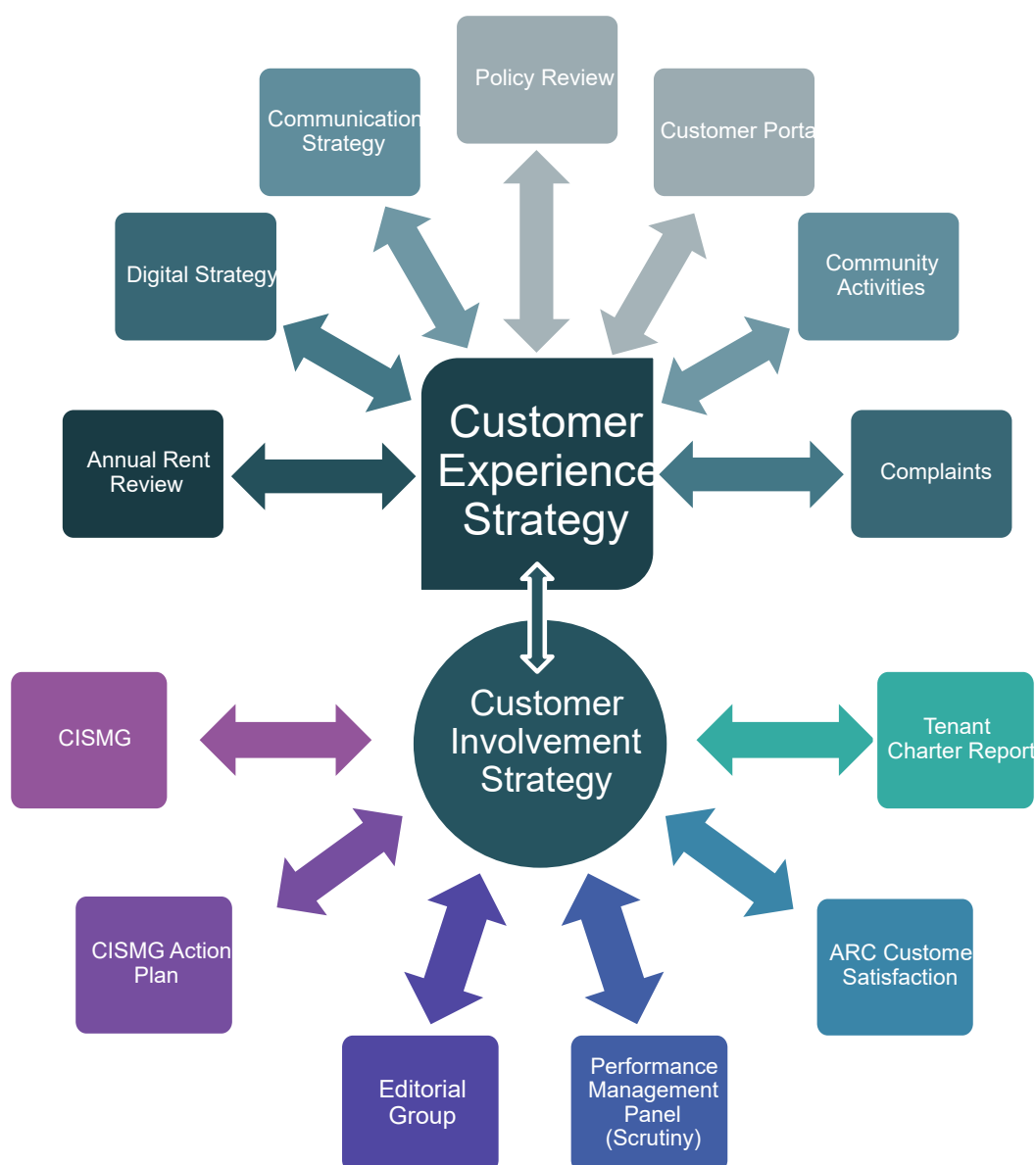
development programme proceed as planned for the next five years, peak borrowing will occur in year five of the plan at £114.977 million.

Attached at Appendix 3 is the current Development Plan over the next few years, as per the Strategic Housing Investment Plan (SHIP).

Customer Engagement

We will be looking to further engage our tenants in our many opportunities to influence and direct our service delivery through the development of a Customer Involvement Strategy. The chart below sets out the key areas within the customer experience strategy and the themes related to the new Customer Involvement Strategy.

Alongside these opportunities to engage further in our services, this year will have a clear focus on improving customer satisfaction, both through the redesign of services, and on our pop up surgeries and home visits to ensure we are widely visible in our communities. Our rent increase consultation for 2023/24 was significantly more in depth than previous years and included standard letters and texts, supplemented by community events, visits to tenants homes, phone calls and opinion cards, asking tenants how we should focus our priorities for our asset investments given the below inflation rent increases. That feedback has directly shaped the asset management strategy that Albryn has just developed.



Risk Management

The Risk Register is contained in Appendix 4 of this business plan, which focuses on the strategic risks for 2023/24. Our risks are linked to our annual internal audit programme and focuses on key strategic risk and emerging priorities to Albyn. A separate operational risk register is monitored by Leadership Team and actions from it devolved to the Operational Management Team.

Following a recent Board training session a more refined risk register is in development and focuses on risk areas and risk appetite, whilst consolidating our strategic risks. This will be presented first to Audit and Risk Committee, then Board in Quarter 1 of 2023-24.

Responsibility for risk management is shared across the business in the following ways:

- The Board is responsible for ensuring that there is an adequate risk management framework in place. This advises the Board about strategic risks to the organisation, so that it can inform its strategic planning and ensure that the Leadership Team is fulfilling its responsibilities to manage risk within the business.
- The Leadership Team is responsible for ensuring that the risk management policy, framework, and register is kept current and monitored through monthly Leadership Team meetings. It is also responsible for reporting risk management changes and mitigation measure to the board on a quarterly basis. It also supports the operational management team to manage operational risks
- The operational teams and all staff are responsible for undertaking any operational actions that support the identification or mitigation of risks.



Financial Management

Executive Summary – 2023-24 Budget & Five-year Forecast

Since the pandemic of 2020 there has been many challenges for the RSL sector and Albyn is not immune from those challenges. As the stop/start nature of restrictions on activities abated, the period of catching up services to tenants including a repairs backlog has been replaced by economic challenges which have led to significantly rising inflation and increased interest rates.

The impact on tenants has been illustrated through the rising costs of energy and the drive to seek out more support to enable tenancies to be sustained within this period.

With regard to interest rates, we have seen 10 consecutive increases in the Bank of England base rate which was just 0.75% in April 2022 rising to 4.0% at the last meeting of the Monetary Policy Committee in February 2023. Due to the mix of Albyn's debt portfolio this has had a significant impact on interest charges, expected to be around £470k higher in the 2022-23 financial year and sustained into the

2023/24 year at the least.

Whilst costs have been rising through inflation which has been sustained above 10% since July 2022 Albyn has worked hard with tenants to look at ways in which the need to pass on the rising costs affecting our business can be mitigated for tenants. For this reason, we departed from our planning assumption of CPI plus 1% in the rent setting consultation for 2023 and will increase rents by 5%.

The impact of below inflation rent increases is that investment in properties will need to be prioritised, with energy efficiency measures identified as the most important during the current period.

As we move forward through the planning period, we expect to move back to a CPI plus annual rent increase model in order to sustain investment levels needed to meet the future challenges of stock improvement.

Our expectation for interest rates is that they will peak at 4.50% in 2023 before beginning to fall towards the end of the 2023/24 financial year. Our sensitivity modelling will seek to assess whether our mix of fixed and floating debt should be adjusted depending upon risk appetite and the need for cost certainty.

Whilst our increase in rents from April 2023 will be lower than inflation, our profiled investment expenditure will still meet the needs of our current programme over the long term, although this will require prioritisation and profiling during the earlier years of our plan.

In 2023/24 our total income from rental activity is expected to be £19.044 million rising to £23.847million by year five of the planning period.

Our expected surplus after depreciation and interest charges will be £2.580 million in 2023/24, rising to £5.831 million by the end of year five of the planning period as increased rental income through CPI+ rises and additional units added through a development programme of 419 units (including 21 NSSE).

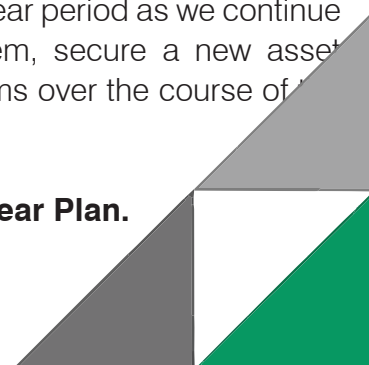
As previously set out, our budget and financial plan includes an element of risk mitigation against the recent volatility experienced with inflation and interest rate environments. Our floor target for Interest cover is 110% with all lenders and the programme sets a revised floor of 130% which is not breached in any of the years in the financial plan.

Gearing remains comfortably below the ceiling of 40% and our current ratio which is applicable to one lender is managed above the 1:1 threshold comfortably and is managed through active cashflow management.

Across the 30 years of the financial plan we will invest at least £135.6million as set out in our investment requirement from a recent stock condition survey. However, the financial plan has significant capacity for further investment once greater clarity is provided around the targets for Net Zero, particularly in the later stages of the planning period.

Further investment of £375k will be applied to our systems over the next five year period as we continue to roll out additional functionality of our new housing management system, secure a new asset management systems and replace both finance and human resource systems over the course of the planning period.

Appendix 1 sets out the Budget for 2023-24 and the associated Five Year Plan.



ALBYN HOUSING SOCIETY LTD
FINANCIAL PLANS
FOR THE FIVE & THIRTY YEARS ENDING 31 MARCH

	YEAR 1 FY23/24 £000's	YEAR 2 FY24/25 £000's	YEAR 3 FY25/26 £000's	YEAR 4 FY26/27 £000's	YEAR 5 FY28 £000's
INCOME AND EXPENDITURE					
Income					
Rented Accommodation	18,064	19,897	20,963	21,873	22,807
Shared Ownership	291	291	291	291	291
Service Charges	689	712	728	749	749
Customer Services Income	19,044	20,899	21,982	22,913	23,847
Asset Management & Investment Income	-	-	-	-	-
Finance & Corporate Income	42	43	44	45	46
NSSE sales	1,105	1,677	1,350	637	277
Total Operating Income	20,190	22,619	23,375	23,595	24,171
Expenditure					
Employment Costs (gross)	4,424	4,527	4,582	4,674	4,767
Employment Costs Capitalised to Assets	(342)	(306)	(291)	(144)	(171)
Reactive Repairs	2,612	2,685	2,758	2,818	2,926
Service Charge Costs	710	734	750	773	773
Cyclical Maintenance	1,251	1,472	1,376	1,496	1,602
Office Costs	229	236	242	249	256
Overheads	1,533	1,537	1,531	1,495	1,529
NSSE Cost of Sales	1,105	1,677	1,350	637	277
Total Operating Costs	11,522	12,563	12,299	11,998	11,959
Surplus after Operating Costs	8,668	10,056	11,076	11,597	12,212
House and Plot Sales	-	-	-	-	-
Depreciation on Heritable Property	(4,984)	(5,134)	(5,274)	(5,414)	(5,554)
Amortisation of Grants	2,851	2,921	2,991	3,061	3,131
Bank Charges	(15)	(16)	(16)	(16)	(17)
Interest Payable (Net of Capitalisation)	(3,940)	(3,975)	(3,875)	(3,880)	(3,941)
Surplus in the Year	2,580	3,852	4,902	5,347	5,831
** These are non-cash items which do not impact on our Covenant calculations and are therefore estimated at present					
Checkline - Total from detail sheets	2,580	3,852	4,902	5,347	5,831
Difference	(0)	(0)	(0)	(0)	(0)

		YEAR 1 FY23/24 £000's	YEAR 2 FY24/25 £000's	YEAR 3 FY25/26 £000's	YEAR 4 FY26/27 £000's	YEAR 5 FY28 £000's
PROPERTY NUMBERS						
		<i>TOTAL ADDED</i>				
Tenanted						
Opening		3,652	3,750	3,817	3,945	3,993
Additions	398	98	67	128	48	57
Disposal		-	-	-	-	-
Closing		3,750	3,817	3,945	3,993	4,050
Shared Ownership						
Opening		110	110	110	110	110
Disposals / Buy-Backs for Mid Market Rent		-	-	-	-	-
Closing		110	110	110	110	110
New Supply Shared Equity (NSSE)						
Completions	21	-	8	13	-	-
ASSETS AND LIABILITIES						
Heritable Property						
Rented		297,425	324,805	341,070	356,195	368,156
Shared Ownership		2,973	2,934	2,895	2,856	2,817
Total		300,398	327,739	343,965	359,051	370,974
Work in Progress - Heritable Property		17,404	6,987	8,601	5,568	(0)
Planned Component Replacements		191	191	191	191	191
		317,993	334,917	352,757	364,810	371,165
Other Fixed Assets		2,132	2,054	1,965	1,903	1,852
Total Fixed Assets		320,125	336,971	354,722	366,713	373,017
Current Assets						
Stock - Development of NSSE properties		1,694	1,472	594	180	0
Rent Arrears		1,143	1,045	1,099	1,146	1,192
Doubtful Debt Provision		(514)	(470)	(550)	(573)	(596)
Collectable Arrears		628	575	550	573	596
Other Debtors		1,690	1,688	1,688	1,697	1,697
Cash and Bank		7,196	7,487	8,473	9,305	9,609
		11,209	11,221	11,305	11,755	11,902
Current Liabilities						
Trade and Other Creditors		(3,647)	(3,647)	(3,647)	(3,647)	(3,647)
Bank Loans - Current Year		(2,678)	(3,056)	(3,146)	(3,243)	(3,349)
Capital Grants - Current Year		(3,075)	(3,075)	(3,075)	(3,075)	(3,075)
		(9,400)	(9,778)	(9,868)	(9,965)	(10,071)
Net Current Assets		1,808	1,444	1,437	1,790	1,830
Long Term Liabilities						
Bank Loans - Future Years		(96,462)	(99,896)	(107,240)	(109,487)	(111,627)
Capital Grants - Future Years		(178,358)	(187,553)	(193,052)	(197,801)	(196,174)
Provisions						
Pension Deficit		(213)	(213)	(213)	(213)	(213)
Biomass Infrastructure Replacement Provn		(142)	(142)	(142)	(142)	(142)
		(275,174)	(287,804)	(300,646)	(307,642)	(308,156)
		46,759	50,611	55,513	60,860	66,692
Reserves						
Revenue Reserves at Beginning of Year		44,179	46,759	50,611	55,513	60,860
Surplus in the Year		2,580	3,852	4,902	5,347	5,831
		46,759	50,611	55,513	60,860	66,692
difference		0	0	0	0	0

	YEAR 1 FY23/24 £000's	YEAR 2 FY24/25 £000's	YEAR 3 FY25/26 £000's	YEAR 4 FY26/27 £000's	YEAR 5 FY28 £000's
CASHFLOW					
Incoming Resources					
Rented Accommodation	18,000	19,870	20,774	21,681	22,606
Shared Ownership	291	291	291	291	291
Service Income	689	712	728	749	749
Development Services Area	-	-	-	-	-
Corporate Service Area	42	43	44	45	46
Total Incoming Resources	19,021	20,915	21,836	22,766	23,692
Outgoing Resources					
Employment Costs	4,424	4,527	4,582	4,674	4,767
Reactive Repairs	2,612	2,685	2,758	2,818	2,926
Service Charge Costs	710	734	750	773	773
Cyclical Maintenance	1,251	1,472	1,376	1,496	1,602
Office Costs	229	236	242	249	256
Overheads	1,533	1,537	1,531	1,495	1,529
Adjust for Non Cash Movements	(250)	(266)	(358)	(278)	(284)
Pension Deficit Contributions	-	-	-	-	-
	10,509	10,926	10,882	11,227	11,569
House Sales	-	-	-	-	-
Finance Costs	3,955	3,991	3,891	3,897	3,958
Planned Component Replacements	1,500	2,500	5,000	4,000	5,000
Capital Loan Repayments	2,115	2,188	2,566	2,656	2,753
	7,570	8,680	11,457	10,553	11,711
Capital Funding					
Rented Development Costs	20,122	19,252	17,822	13,323	6,737
Rented Development Grants	(12,733)	(12,116)	(8,489)	(7,810)	(1,504)
	7,390	7,136	9,333	5,513	5,233
NSSE Costs	226	1,094	-	-	-
NSSE Sales	(226)	(1,316)	(878)	(414)	(180)
NSSE Grants	-	-	-	-	-
	-	(222)	(878)	(414)	(180)
Total Development Funding	7,390	6,914	8,456	5,099	5,053
Other Fixed Assets - Additions	105	105	55	55	55
Total Outgoing Resources	25,574	26,624	30,850	26,935	28,388
Net (Outgoing) / Incoming Resources before New Loans	(6,554)	(5,709)	(9,014)	(4,168)	(4,696)
New Loans Drawn Down / (Repaid)	7,000	6,000	10,000	5,000	5,000
Balance at Beginning of Year	6,750	7,196	7,487	8,473	9,305
Balance at end of year	7,196	7,487	8,473	9,305	9,609
Checkline	7,196	7,487	8,473	9,305	9,609
Difference	0	0	0	0	0

	YEAR 1 FY23/24 £000's	YEAR 2 FY24/25 £000's	YEAR 3 FY25/26 £000's	YEAR 4 FY26/27 £000's	YEAR 5 FY28 £000's
BANK COVENANTS REVIEW					
<u>Interest Cover</u>					
Surplus / (Deficit) in the Year	£ 2,580	£ 3,852	£ 4,902	£ 5,347	£ 5,831
Adjust for:					
(Profit) / Loss on sale of fixed assets	£ -	£ -	£ -	£ -	£ -
Interest Paid	£ 3,940	£ 3,975	£ 3,875	£ 3,880	£ 3,941
<i>Operating Surplus / (Deficit)</i>	£ 6,520	£ 7,828	£ 8,777	£ 9,228	£ 9,772
Add: Depreciation of Owned Properties	£ 4,984	£ 5,134	£ 5,274	£ 5,414	£ 5,554
Less: Amortisation of Capital Grants	-£ 2,851	-£ 2,921	-£ 2,991	-£ 3,061	-£ 3,131
Less: Major Repairs Capitalised	-£ 1,500	-£ 2,500	-£ 5,000	-£ 4,000	-£ 5,000
Less: Cash Payments Made to Reduce Pension Deficit	£ -	£ -	£ -	£ -	£ -
<i>Adjusted Operating Surplus</i>	£ 7,153	£ 7,541	£ 6,060	£ 7,580	£ 7,195
Finance Costs (net of Interest Received)	£ 3,940	£ 3,975	£ 3,875	£ 3,880	£ 3,941
Add: Interest Capitalised in the period	£ 228	£ 204	£ 194	£ 96	£ 114
Less: Unwinding of Discount on Pension Provision	£ -	£ -	£ -	£ -	£ -
<i>Net Finance Charges</i>	£ 4,168	£ 4,179	£ 4,069	£ 3,976	£ 4,055
<i>Adjusted Operating Surplus :</i>					
<i>Net Finance Charges</i>	171.62%	180.42%	148.93%	190.63%	177.44%
<i>Covenant</i>	110.00%	110.00%	110.00%	110.00%	110.00%
<u>Gearing</u>					
Total Loans	£ 99,140	£ 102,952	£ 110,386	£ 112,730	£ 114,977
<i>Total Financial Indebtedness</i>	£ 99,140	£ 102,952	£ 110,386	£ 112,730	£ 114,977
Historic Cost of Properties	£ 369,887	£ 402,362	£ 423,862	£ 444,362	£ 461,838
Properties under Construction	-£ 17,404	-£ 6,987	-£ 8,601	-£ 5,568	£ 0
<i>Total Historic Cost of Properties</i>	£ 352,482	£ 395,374	£ 415,261	£ 438,794	£ 461,838
<i>Gearing</i>	28.13%	26.04%	26.58%	25.69%	24.90%
<i>Covenant</i>	40.00%	40.00%	40.00%	40.00%	40.00%

Appendix 2 – Strategic Objectives Measures of Success

Strategic Objective	Metric	Completion Date
Our Homes	Invest £16.5million in stock improvements through our new Asset Management Strategy	Across the 5-year planning period
	Deliver 418 new homes, including 379 social and mid-market rental units and 39 Shared Ownership properties	Across the 5-year planning period
	Develop a Sustainability Strategy	Q3 2023/24
	Research and develop a new asset management system to improve compliance and stock knowledge	Q2 2023/24
	Continue to work with partners at Glasgow University to research the impact of IoT on the fabric of occupied homes	Q3 2023/24
Our Customers	Embed and evaluate Customer Services redesign and report to Board on implementation and KPI's	Q2 2023/24
	Carry out a new customer satisfaction survey with an aim to improve on 2021 satisfaction	Q2 2024/25
	Invest in retrofitting of FIT Homes sensor technology in 50 of Albyn's housing stock	Q1 2024/25
	Implement customer and contractor portals of Civica CX and ASB and feedback modules	Q3 2023/24
	Continue to pro-actively work with academic institutions and innovation organisations to further the knowledge and understanding of our FIT Homes and FIT Sense, attracting grant funding where possible	Ongoing
	Evaluate the impact of FIT Sense on the public purse	Q2 2023/24
	Develop a Customer Involvement Strategy	Q3 2023/24
	Expand our customer engagement activity by attracting new members and offering other ways of engaging with Albyn	Ongoing

Our People	Customer and property services redesign implemented and embedded	Q1 2023/24
	Embedding of temporary Leadership Team restructure	Q's 1 – 3 2023/24
	Review and evaluate temporary Leadership Team restructure	Q4 2023/24
	Develop and embed staff engagement policy and approach	Q2 2023/24
	Trial and fully implement performance management framework	Q1-Q4 2023/24
	Development of learning and development programme, including induction and competency framework	Q3-Q4 2023/24
	Introduce and cascade equalities, diversity and inclusion training and monitoring for all staff	Q1 2023/24
	Staff Engagement and Consultation Planner to be developed	Q3 2023/24
	Plan and deliver an annual health and well-being event	Q4 2023/24
Our Finances & Digital Inclusion	Commission an annual programme of internal audit informed by the key risks identified in our Business Plan to provide assurance over the internal control framework	Q4 each year
	Carry out a full sensitivity modelling exercise to assess the impact of volatility across the wider economy has on our Business Plan and identify mitigating measures to protect the business and comply with stakeholder obligations	Q1 – Budget Setting Process each year
	Ensure VFM through reactive repairs and planned and cyclical maintenance procurement	Q3 2023/24
	Specify and procure new systems within asset management, finance and HR to effectively implement the core themes of the ICT Strategy Review.	Assets – Q4 2023/24 Finance/HR – Q4 2024/25
	Identify and secure appropriate grant funding opportunities to maximise income for our customers for energy efficiency measures, net zero and innovation	Ongoing

Our Partnerships	Develop a Partnership Engagement Strategy	Q3 2023/24
	Develop and implement a strategic Communications Plan to improve Albyn's reputation	Q1 2023/24
	Seek partners views on their engagement and opinions of Albyn (post the Strategic Options Appraisal in 2021)	Q3 2023/24
	Carry out a Board recruitment exercise	Q1 2023/24

Capital Programme - Development

Albyn Housing Society Limited

Development programme Funding 2023-24

		Handover	Start	Units	Tenure	Cost	Grant	Sales	Finance	Status
Beauly Fire Station	On Site	May-23		12	SR/MMR	£ 1,688,636	£ 876,800		£ 811,836	Funded - £15m facility
Kirkhill	On Site	Jun-23		24	SR/MMR	£ 3,698,257	£ 1,883,715		£ 1,814,542	Funded - £15m facility
Nairn - Cawdor Rd	On Site	Aug-23		22	SR/MMR/FIT	£ 4,700,155	£ 2,622,784		£ 2,077,371	Funded - £15m facility
Lairg	On Site	Feb-24		8	SR/FIT	£ 2,382,383	£ 1,928,893		£ 453,945	Funded - £15m facility
Dalmore 6	On Site	Dec-23		18	SR/MMR/LIFT	£ 3,563,830	£ 1,954,497	£ 225,680	£ 1,359,654	Funded - £15m facility
Dornoch Springfield Ph 3	Pre Contract	Dec-23		16	SR/MMR	£ 2,410,052	£ 1,339,550		£ 1,070,502	Funded - £15m facility
Castlepark Ph2	Pre Contract	May-24		37	SR/MMR/LIFT	£ 8,510,000	£ 4,680,500	£ 414,000	£ 3,415,500	Funded - £15m facility
Dornoch Springfield Ph 4	Pre Contract	Mar-24		14	SR/MMR/LIFT	£ 2,814,000	£ 1,652,000	£ 361,800	£ 800,200	Funded - £15m facility
Kildary	Feasibility	Feb-25	Feb-24	12	MMR	£ 2,400,000	£ 1,320,000	£ 540,000	£ 540,000	Funded - £15m facility
Cromarty	Feasibility	Mar-25	Sep-23	25	SR/MMR/LIFT	£ 5,750,000	£ 3,162,500	£ 517,500	£ 2,070,000	Funded - £15m facility
Seaforth Rd, Tain	Feasibility	Mar-25	Feb-24	20	SR	£ 4,000,000	£ 2,200,000		£ 1,800,000	Funded - £15m facility
Gorthleck	Feasibility	Sep-25	Sep-24	6	SR	£ 1,380,000	£ 759,000		£ 621,000	Funded - £15m facility
Alness Whitehills 2	Feasibility	Feb-25	Feb-24	8	SR	£ 1,608,000	£ 944,000		£ 664,000	Funded - £15m facility
Betty Hill Munro Place	Feasibility	Jan-26	Jan-25	8	SR	£ 1,840,000	£ 1,012,000		£ 828,000	NOT Funded
Dalmore 7	Feasibility	Feb-26	Aug-24	35	SR/MMR/LIFT	£ 7,000,000	£ 3,850,000	£ 360,000	£ 2,790,000	NOT Funded
Castlepark Ph3	Feasibility	Mar-26	Sep-24	40	SR/MMR/LIFT	£ 9,200,000	£ 5,060,000	£ 414,000	£ 3,726,000	NOT Funded
Dalmore 8	Feasibility	Sep-27	Sep-26	17	SR/MMR/LIFT	£ 3,400,000	£ 1,870,000	£ 180,000	£ 1,350,000	NOT Funded
Castlepark Ph4	Feasibility	Feb-27	Aug-25	40	SR/MMR/LIFT	£ 9,200,000	£ 5,060,000	£ 414,000	£ 3,726,000	NOT Funded
Castlepark Ph5	Feasibility	Feb-28	Aug-26	40	SR/MMR/LIFT	£ 9,200,000	£ 5,060,000	£ 414,000	£ 3,726,000	NOT Funded
Maryburgh	Feasibility	Apr-27	Apr-26	8	SR	£ 1,600,000	£ 880,000		£ 720,000	NOT Funded
Alness Whitehills 1	Feasibility	Jun-26	Jun-25	8	SR	£ 1,608,000	£ 944,000		£ 664,000	NOT Funded
						£ 87,953,313	£ 49,060,239	£ 3,840,980	£ 35,028,550	

Appendix 4 - Albyn Housing Society Strategic Risk Register 2023/24

Risk ID	Strategic / Operational	Strategic Objective Linkage	Activity Area	Risk Description	Likelihood	Impact	Rating review March 23
S1	Strategic	Our Customers	Core Business	Cost of living and Energy Price Increase - Impact on the tenants ability to meet rental obligation	4	4	16
S2	Strategic	Our People	Core Business	Poor staff engagement for service improvements and business change	2	4	8
S3	Strategic	Our People	Business Transformation	Culture - we don't have right culture as set in our change programme/business plan/modernised Albyn	2	5	10
S4	Strategic	Our People	Core Business	Weak governance	2	4	8
S5	Strategic	Our People	Core Business	Reduction in Board members falling below minimum requirements	3	3	9
S6	Strategic	Our Partnerships	Core Business	Objectives of the Society are misaligned with those of our stakeholders	3	3	9
S7	Strategic	Our Partnerships	Core Business	Change in engagement status to non-compliant	1	6	6
S8	Strategic	Our Finances	Core Business	Development programme does not meet the needs of our partners and stakeholders and impacts on our ability to meet our business plan	2	4	8
S9	Strategic	Our Homes	Core Business	Poor repairs and maintenance service - structure does not meet our needs of Albyn and our customers, and delivers poor value for money	3	4	12
S10	Strategic	Our Homes	Core Business	Requirement to meet Housing to 2040 impacts on our ability to develop new homes	4	4	16

S11	Strategic	Our Homes	Core Business	New stock condition survey output means we have underestimated our financial liabilities for asset improvements and to meet compliance	3	4	12
S12	Strategic	Our Homes	Core Business	Lack of investment in older homes and customers living in inefficient properties - Financial view	3	4	12
S13	Strategic	Our Homes	Core Business	Lack of Investment in older homes and customers living in inefficient properties - Asset Management view	4	4	16
S14	Strategic	Our Finances	Core Business	Failure to meet regulatory compliance for safety in tenants homes	4	4	16
S15	Strategic	Our Homes	Core Business	Statutory health & safety requirements are not met.	3	3	9
S16	Strategic	Our Finances	Core Business	Poor financial governance meaning we can't meet our business plan objectives	2	4	8
S17	Strategic	Our Finances	Core Business	Macro-economic factors impacting on inflation of costs and Interest rates.	4	4	16
S18	Strategic	Our Finances	Core Business	IndyRef 2 - potential downgrading of Scotland's credit risk and knock-on impact on the Society and its ability to borrow funds / cost of funds	2	5	10
S19	Strategic	Our People	Secondary Business	AHS Board having strong governance over all wholly owned subsidiaries	3	3	9
S20	Strategic	Our Homes	Development	Holding of undeveloped land bank sites leaves Albyn with a potential revaluation liability if there is no longer a need for social housing development in each location.	3	3	9
S21	Strategic	Our Finances, Our Homes, Our Customers, Our Partnerships	Subsidiary & Development	SG legislation which impacts the freedom to set CPI +1 rents for MMR properties.	4	4	16

S22	Strategic	Our Finances, Our Homes, Our Customers, Our Partnerships	Core Business	Contractors carrying out work on behalf of Albyn require a level of liability insurance to meet the requirements of Albyn insurers. This is a minimum of £5million.	4	3	12
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Appendix 5 - Albyn Housing Group - SWOT Analysis – 2023/24

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Improved Culture • Successful funding bids & delivery • Organisational stability • Aligned – ELT, Teams • Strong Board • CISMG – Scrutiny • Strong finances • Clearer direction – looking forward and customer focused. • Focus on staff – training, hub, home and roam. • Expertise in housing • Partnership working/networking. • Strong Board & LT (with lots of experience) • Finance stability • Good relations with Trade Union • Much improved governance • Our response to fuel energy crisis • Stock: Stock profile (Stock Condition Survey) • Org stability: Permanent CEO, LT 	<ul style="list-style-type: none"> • Lack of policy review (though progress made) • Structure to excel at hybrid working. • Induction process • Performance reporting across business • Unmodernised workspace • Out of date IT • Reactive repairs • Performance culture • Data inc data reporting • Succession planning • Low customer satisfaction • Data management • Emails – not enough calls • HR Toolkit • Mindset of staff • Maintenance • Induction process – staff org charts • Procurement

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • HRIL business growth • Partnership engagement • Networking • Opportunities to reduce costs (i.e., foodbanks/share working HUB) • Data: streamline/one system/analysis • Better performance reporting/culture • Build on culture. • Increased interest Fit Homes approach • R&D • Green Ports • We turn 50. • Rebranding Albyn – make our name in social housing: Trailblazing • Fit Homes • IT • To learn from others also make exceptionally • Re-modelling service delivery • Asset Management Strategy 	<ul style="list-style-type: none"> • Inflation/rent control/interest rates • Recruitment • Political change • Regulatory changes • NetZero • Scottish Government funding • Inflation/costs • Supply chain • Covid • Increase in expectation on us to fill in the 'gaps but no funding offered • Cost of living: customer & business • Brexit • Economic health/social care • Support of public services: general/HC/NHS • Feels like state of permacrisis. • Retention of Board members • Contractor availability across the area