

BUSINESS PLAN 2022-2024

SEPTEMBER 2022



**LANARKSHIRE
HOUSING ASSOCIATION LTD**



**LANARKSHIRE
HOUSING ASSOCIATION LTD**

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BUSINESS PLAN 2022-2024

(*Note Lanarkshire Housing Association hereinafter referred to as LHA)

1.0 AIMS AND OBJECTIVES OF PLAN

1.1 The principal aims of this Business Plan are to demonstrate that LHA can secure the long-term future of the housing provision owned by LHA and preserve the best interests of the tenants at all times; whilst also promoting the Association's viability and status as a Registered Social Landlord (RSL) and providing a high quality of service to meet the needs of our tenants in the community.

1.2 LHA's overall mission is:

"To provide good quality, affordable housing services in strong local communities within a voluntary framework of governance, along with associated commercial services of social value through a wholly owned subsidiary company."

1.3 Other STRATEGIC OBJECTIVES:

To provide a comprehensive housing service, embracing both development and management, which is complementary to the services of other providers, responds effectively to local needs and discharges its statutory obligations.

To operate an equality policy at all times and in every aspect of our activities.

To promote quality and choice in housing provisions by achieving high standards and tenure diversity; principally creating housing for rent, but also meeting aspirations towards home ownership in lower income groups.

To encourage good tenant/landlord relations by providing a sensitive, efficient management service, which responds professionally to the client group and actively promotes tenant participation.

To secure the most effective, efficient and economic maintenance and repair of the housing stock, including long term investment for renewals, ensuring resources are directed at areas of priority.

To provide a professional development role, which addresses priority areas in terms of strategic and local plans, delivers high performance standards, promotes leverage of resources and achieves value for money.

To endeavour to expand its field of operations in Lanarkshire and be included in public and private sector partnerships to provide new housing.

To monitor and review the organisational structure and functions on a regular basis, revise objectives where necessary and maximise efficiency and the quality of service delivery to clients.

To promote and attract the appropriate levels of combined public and private funding for developments to meet increasing needs and aspirations.

To regularly monitor budgets and take appropriate steps to maintain financial viability at all times.

2.0 BACKGROUND DETAILS OF LHA

2.1 LHA is registered under the Co-operative and Community Benefit Societies Act 2014: Reg. No. 1941R(S). We are also registered by the Scottish Housing Regulator (Social Landlord No. 202). Our principal field of development activity has been historically in the old Motherwell District, which is now within North Lanarkshire Council. LHA hopes to expand its development work over the wider area of Lanarkshire in the longer term, but in the meantime, its housing provisions cover areas such as Motherwell, Bellshill, Mossend, Newarthill, Carfin, New Stevenston and Tannochside.

To date LHA has entered into more than 40 building and/or refurbishment contracts for rented housing, improvement for outright sale and shared ownership. In total this impressive development programme included 968 units. The housing mix contains traditional and cottage-style flats, terraced and semi-detached houses, some with special needs provisions including wheelchair use. All recently constructed properties comply with “Housing for Varying Needs” standards in addition to achieving stringent energy saving specifications and meeting “Secure by Design” principles.

As well as gap sites and other packages of land identified through consultation with the Local Authority and the Scottish Housing Regulator, LHA has been involved in two large-scale regeneration projects. These partnership developments were at Forgewood in Motherwell and Orbiston in Bellshill (The Jewel Estate). In both cases existing ‘low-demand’ housing was demolished to allow new developments, thus promoting the quality and choice of social housing in the areas concerned.

Consultation, partnership and a dedication to achieving a high standard of service are at the core of LHA’s policies and procedures.

The Association provides its service delivery from its office premises which is located in central Motherwell. This central base enables a focal point of contact for tenants and customers and also allows easy access to the Association’s range of services. In addition, significant investment has been made in information technology which allows the business to

monitor and review its performance and the use of IT facilities has been implemented to enhance service delivery and provide convenience for tenants through extending the range of options for the payment of rent.

Clearly the Association is well placed and suitably set up to cater for an expansion of its role as a well-established effective and efficient social landlord.

- 2.2 Currently LHA has **91** active members who each hold a £1 share in the organisation. This affords each shareholder voting rights at the company's Annual General Meeting of members. A growing proportion of members, now in excess of **75%**, are either tenants or former tenants of LHA. Principal committee members are as follows:

The **Chairperson, Fiona Tonner** has 26 years' service on the Management Committee and was elected to this post in September 2023. She previously held the position of Chairperson from 2014 – 2019. She is a resident of Bellshill and her specialist knowledge combined with her experience to date has proved to be of significant benefit to the development of the Association in many ways.

The **Vice Chairperson, Liam Donnachie** has been a committee member for 3 years. He is a Part-Qualified Accountant with experience of providing Internal Audit services to Registered Social Landlords. He has finance experience within the construction industry and is currently employed by another Registered Social Landlord.

The **Secretary, Catriona Blyth**, a retired florist, is a committee member with 34 years of service. She is a local Bellshill resident and has built up a wealth of knowledge and experience that is of a tremendous benefit to the Association.

The **Treasurer, Barry Farrell** has been a committee member for 2 years. He is a Director of a Construction Consultant firm providing Chartered Surveyor services for over 20 years, where he has gained knowledge and experience in maintenance contracts and investment programmes.

- 2.3 Overall policy making and control are the remit of the Governing Body (or Management Committee), which is made up of local residents, including tenant members and persons co-opted for their specific knowledge or skills. The maximum number of committee members is 15, including co-opted members. The committee members provide their services on a completely voluntary basis. One of the Committee's duties is to ensure that LHA has an appropriate staffing structure and arrangements to deliver an effective, efficient and economic service to customers. Refer to **Appendix 1** for the detailed organisation structure for committee and staff. The detailed committee business is dealt with at SIX specialist sub committees, for the main **functions** as follows:

Housing Services (Management and Property Services)

Development and Technical (Suspended)

Corporate Governance & Finance

Human Resources & Equality

General Purposes

Audit & Assurance

- 2.4 The day-to-day running of LHA is overseen by the **Chief Executive**, with **three** Directors and **three** Departmental Managers who are responsible for the work of **12** other staff members.

The current most senior post holder is:

Simon McManus, BA, CPFA, Chief Executive, who joined LHA in March 1997 as Finance Manager. He is a university graduate and a fully qualified Accountant with previous experience in a Local Authority where he developed specific skills and knowledge in audit. He was then appointed Corporate Services Director on 28 November 2001 and throughout his tenure at the Association has gained vast experience in financial management at a senior professional level.

Ann Marie Collins, Corporate Services Director, joined the Association in April 1994 and has held a number of posts within the Corporate Services Section. With experience from working within a Local Authority housing service, she has provided governance and administrative support across the whole business. Appointed to the post of Corporate Service Director in March 2022, she has contributed greatly to delivering the corporate governance and control framework in operation at LHA.

Gavin Young, BSc, DipArch, RIBA, RIAS - Property Services Director, joined LHA in May 2000 as Technical Services Manager. Previously he worked as Senior Architect in local government for 4 years, on both housing and other programmes, following 10 years employed on major projects in a private architectural practice. He was appointed Property Services Director in October 2020. At the Association, he has gained a range of experience delivering development and planned maintenance projects, in regeneration and tenant participation, as well as on a variety of maintenance programmes.

Craig Russell, BA (Hon), PGDip, CIHCM - Housing Services Director, joined LHA in March 2022. He previously held senior management positions at Horizon Housing Association and Stirling Council. A member of the Chartered Institute of Housing, Craig is passionate about housing with a particular interest and focus on tenant engagement and working with tenants to improve standard and quality of services.

In addition to the above the following senior staff operate at a managerial level:

Tracey Winters, BA (Hons) - Planning & Research Manager

Irene Savage, DipHsg - Housing Manager

Alan Semple, ACCA – Finance Manager

The majority of LHA's remaining staff team are qualified to Degree/HND/HNC level, or studying on a day-release basis for further qualifications.

- 2.5 LHA is an established member of a privileged group of local employers, who have attained **Investor in People Silver status**. This reflects the quality of **training** and the high **achievements** of all our staff members and our continuous improvement philosophy. We are particularly proud of this award, since it is believed our commitment to training and developing staff to achieve business objectives allows us to play a vital role in the future of the local community, as well as the prosperity of the Lanarkshire economy.
- 2.6 In matters relating to employment law and human resource issues, LHA utilises the services of Croner Consulting recognised as an industry leader in personnel matters, Croner provide a comprehensive service which includes a dedicated telephone help line and insurance for legal fees should any dispute result in an employment tribunal.
- 2.7 Additionally, LHA uses the services of **Mentor Ltd.** a private consultancy firm that provides a full professional service for **Health & Safety**. They assist LHA with advice and risk management and act as our duly appointed '*Competent Person*' for legislative requirements in Health & Safety matters.
- 2.8 LHA's business activities and objectives are detailed fully in our **Internal Management Plan**, the purpose of which is to set out Committee and Staffing structures, our plans for the management of the organisation and the main functions as follows:
 - Governance (Committee control and accountability)
 - Development (housing refurbishment and new housing projects)
 - Housing Management (allocations, estate management and tenancy issues)
 - Property Services (property repairs and planned life cycle renewals)
 - Financial management (including risk and treasury management, budget setting and general accounting)
- 2.9 The Internal Management Plan also addresses the entire business activities of LHA by:
 - Setting and agreeing strategic aims and objectives
 - Devising and undertaking activities
 - Monitoring outcomes/results
 - Comparing results with targets
 - Analysing discrepancies

- Deciding action which modifies or reinforces policies
- Revising aims and objectives

2.10 The above management technique, along with a detailed performance management system allows LHA to adopt continuous improvement methods and thus develop the quality of its service provision to meet Performance Standards and address Raising Standards. The Internal Management Plan is also supplemented by a series of strategic planning documents covering a five year period, copies of which are available on request.

2.11 LHA's recent **independent Customer Satisfaction Survey** results have been published and are summarised below:

SUMMARY OF CUSTOMER SATISFACTION SURVEY RESULTS

Survey Question/Topic	Satisfaction Rating %
Keeping tenants informed?	98%
Satisfied with landlord?	95%
Satisfied with opportunities given to participate in decision making processes	96%
Quality of their home overall	79%
Satisfied with the management of their neighbourhood	85.5%
Rent for property is good value for money	89%

3.0 FINANCIAL MANAGEMENT

3.1 LHA has in its forty five years of operation built up a wealth of experience in managing and delivering an effective housing service. This experience also extends to prudent financial management, as the Association can demonstrate an impressive financial track record which has seen the accumulation of total reserves which now exceed £20m, all of which has been designated for the future planned maintenance of the housing stock. A full set of the Association's last audited accounts is shown in **Appendix 3**.

3.2 Committee involvement in the effective financial management of the Association has always been an integral part of business operation. To facilitate this involvement the Corporate Governance & Finance Sub Committee has the delegated authority to consider the detailed financial information and reports which are presented every four months. The Management Committee, however, also receive a detailed monthly budget which analyses performance of every function on a cost centre basis.

- 3.3 The treasury management function of an association plays a pivotal role in the operational financing, as private finance becomes more important in the funding of RSLs. The Association has developed an effective and comprehensive policy which has the core objective of minimising any potential risk to tenants. This is achieved through ensuring that there is a natural balance between fixed and variable interest rate loans and procuring low cost finance. The success of this policy is tangible with private finance being obtained at highly competitive rates, and the Association having established solid business relationships with a number of major high street banks. It is also a measure of the success of the Association's business that these banks have invested over £20m in funding.
- 3.4 The Association also has a comprehensive corporate Risk Management Policy of which a section is entirely devoted to financial risks that can be identified. The objective of this Risk Management Policy is to ensure that identification of risks through risk assessments takes place as early as possible and that appropriate planning and remedial action is taken to minimise the impact of any such potential risk occurring. A copy of the Corporate Risk Assessment and Compliance Report is included in **Appendix 4**.
- 3.5 Rental income is the primary source of the Association's revenue funding and therefore, the rent review process is fundamental. LHA has developed a system where the rent review is conducted in parallel with the budget setting process to ensure that any increase in rent can be directly linked to the quality of service delivery and also the requirements for designating funds for the future planned maintenance of the housing stock.
- 3.6 The future maintenance of this housing stock has to be funded by the Association, as it is unlikely that there will be any capital grants available to fund major repairs. This has to be achieved with the Association's resources from rental income, to pay for the replacement of components when they reach the end of their anticipated useful economic life. LHA has produced in conjunction with Armour Construction Consultants a 30-year estimate of major repairs expenditure based on a life cycle costing programme using an accurate forecast of replacement costs for each development during this period.
- 3.7 Across its stock the Association has achieved the Scottish Housing Quality Standard (SHQS), which specifies minimum standards that RSLs had to achieve by 2015. This required some additional investment, and the cost of maintaining properties at the Standard is being integrated into the long-term financial projections produced by the Association.
- 3.8 The Association has recognised it works in a highly competitive environment and as a result of this recognition, a process of benchmarking performance against other local registered social landlords has been undertaken. The benchmarking has been conducted on audited published financial information and is based on key financial

and accounting ratios which provide a measure of actual performance. The results of this benchmarking exercise demonstrate that the Association has a strong balance sheet and that financial performance is consistently exceeding that of larger more established RSLs.

- 3.9 As part of the internal management planning process, detailed medium-term projections have been prepared which incorporate the strategic objectives for the period. These projections have been included in **Appendix 5** along with the assumptions underpinning them.

4.0 HOUSING MANAGEMENT SERVICES

- 4.1 Our Housing Management service is customer focused with professional staff trained and resourced to provide a consistently high level of service to tenants.

Operational objectives include promoting, encouraging and facilitating Tenant Participation Initiatives to ensure that Customer Care is at the forefront of all Housing Management activities.

A comprehensive range of policy and procedural guidance associated with the Housing Management function includes detailed handbooks for tenants and staff which provide clear support in delivering our professional Housing Management service.

4.2 Service Delivery

The service delivery base is LHA's office premises in Brandon Street, Motherwell. The office premises are fully accessible to all clients, including wheelchair users and provides a warm welcoming environment.

Tenants unable to travel to the office, will receive a home visit arranged at a date and time to suit their needs.

4.3 Allocations

The objective of the Association's policy is to allow Allocation of housing to those in greatest need, whilst maintaining a balanced community. We operate an open waiting list which allows applicants continuous access to housing. Properties are allocated on a points system, based on housing need.

The Association has in place a Nomination Agreement with North Lanarkshire Council which allows 50% nomination for allocation of properties available for let.

The full Allocation Policy is available on request.

4.4 Management of Voids

A wide-ranging voids policy provides processes to minimise rental loss and relet periods. Effective management of void properties provides clear efficiencies and is central to the Management of resources. Void Property Management is, therefore, complementary to the quality of services provided to both outgoing and incoming tenants. Performance in relet periods and void loss are measured monthly to ensure effective monitoring both at a senior staff level but also at Committee level.

4.5 Tenancy Agreement

Housing staff provide a comprehensive summary of the Scottish Secure Tenancy Agreement, in addition Housing Benefit advice is provided to all new tenants. Follow up settling in visits take place shortly after tenants take up occupancy of their property.

The Tenancy Agreement is supported by a comprehensive Tenants Handbook. An audio version of the Tenants Handbook is available, in addition to copies available in large print, Braille and other languages on request.

4.6 Rent Policy

Our Rent Policy fully addresses issues of comparability, affordability and viability in addition to the commitment to the principle of ensuring rent levels remain affordable to low income households.

Rent reviews will be carried out on an annual basis, effective from the 1st April each year.

4.7 Rent Payment & Collections Services Available

Rent is payable monthly in advance. Arrangement for weekly or fortnightly payments can be made to suit individual needs. A variety of rent collection methods are available to suit individual needs.

- Cheque
- By post
- At any Bank
- At any Post Office
- In the Office
- Standing Order
- Credit/Debit Card
- Direct Debit
- Internet

- Telephone Banking

The current MIS computer software system will easily allow management of additional properties for rent accounting purposes.

4.8 Arrears Recovery

Comprehensive Arrears Recovery procedures are in place, which comply with Raising Standards and the Scottish Housing Regulator Performance Standards. The Association aims to minimise the level of current tenant arrears in a sensitive and supportive manner, based on advice and counselling together with an agreed policy to prevent or reduce arrears.

4.9 Estate Management

A comprehensive Estate Management policy is in place. We fully recognise the tangible benefits to be gained from working in partnership with other agencies, to this end we have established operational relationships with Police, Local Authority Departments and Health Services to meet the identified needs.

Estate Management policies includes procedures under the following headings:-

- | | |
|----------------------------|---------------------------------------|
| ▪ Abandonment | ▪ Interpreting Services |
| ▪ Alterations/Improvements | ▪ Lodgers |
| ▪ Anti-Social Behaviour | ▪ Mutual Exchanges |
| ▪ Annual Home Visit | ▪ Pets |
| ▪ Boundary Enquiries | ▪ Police Liaison |
| ▪ Changes of Tenancy | ▪ Racial Harassment |
| ▪ Conducting a Business | ▪ Right to Compensation |
| ▪ Garages/Driveways | ▪ Sub-Letting |
| ▪ Gardens | ▪ Supporting and Sustaining Tenancies |

4.10 Performance Measures

- The Association undertakes several measures of performance, which are reported on a regular basis to the Sub Committee and analysed annually by means of the Scottish Housing Regulator Annual Return on the Charter
- Scottish Housing Regulator inspection results in this activity confirms LHA is currently an approved Grade 'A' excellent listed Association

5.0 TECHNICAL INFORMATION AND PROPERTY SERVICES

5.1 Property Services

Operational Objective

To provide a responsive high quality Property Service ensuring that all housing stock is preserved in good repair effectively, efficiently and economically.

Key principles set in developing routine and planned maintenance will be:

- To maintain the housing stock to a high standard of repair in order to ensure the comfort, safety and wellbeing of current and future tenants
- To implement a planned programme of major repairs and renewals over the Life Cycle of the buildings

5.2 Policy and Procedures

The Property Services Policy sets out standards to which property services will be carried out and the means to ensure that contractors achieve those targets. The policy includes procedures for day-to-day or routine maintenance, in addition to the Association's long term aims and strategy for maintaining and improving its housing stock.

The full Property Services Policy is available on request.

5.3 Service Delivery

Customer feedback mechanisms and practices are adopted to provide ongoing improvement in the quality of customer service, ensuring achievement of the Association's aims. The Housing Services Department undertakes to ensure that:

- Tenants will be clearly advised of division of property services responsibilities between the Association and tenants as detailed within their Tenancy Agreement
- Tenants will have clear information about the Property Services Policy and Procedures to be followed, which will be regularly highlighted within Tenants Handbook and Tenants Newsletters
- Tenant consultation on Property Services Performance will be assessed through user feedback on Service Delivery, in addition to Tenant Participation
- The Housing Services Department is committed to consulting with tenants on all aspects of policy in order to maintain and improve service standards

5.4 Performance Measures

- The Association undertakes several measures of performance, which are reported on a regular basis to the Sub Committee and analysed annually by means of the Scottish Housing Regulator Annual Return on the Charter
- Scottish Housing Regulator inspection results in this activity confirms LHA is currently an approved Grade 'A' excellent listed Association
- Assessment of performance is central to the mechanism of monitoring contractors

5.5 Measuring Outcomes

Measurement of outcomes is particularly important in relation to response times for contractors for different categories of repair as follows:

CATEGORY OF REPAIR	TARGET COMPLETION TIME	% achieved within target [2021-2022]
EMERGENCY	2 Hours	98.8%
URGENT	5 Working Days	99.4%
ROUTINE	8 Working Days	99.2%

5.6 Approved Contractors

Selection of Contractors for inclusion on the Approved List of Maintenance Contractors will be subject to each contractor meeting the specified criteria including insurances, Health & Safety procedures, quality and value for money.

Rigorous assessment of contractor's performance is carried out annually, and ad-hoc monitoring is also undertaken as a process of continuous appraisal. Automatic re-selection of a contractor to the approved list is not guaranteed, it is based on competence in the achievement of high standards.

5.7 Quality Control Techniques

Property Services staff carry out quality control of 15% of works orders instructed. This will assess the finished quality of work to ensure it is of an acceptable standard.

A record of Quality Control Inspections is maintained and monitored to assess overall satisfaction with contractor's performance.

5.8 Life Cycle Costs

As described above, a comprehensive life cycle exercise has been completed in conjunction with an external Consultant to establish the overall financial implications of planned repairs and renewals. This also informs the programmes of planned maintenance work carried out each year in accordance with annual budgets.

6.0 SCHEDULE OF APPENDICES

This booklet incorporates the following Appendices:

<i>Appendix 1</i>	<i>Organisation Structure for LHA Committee and Staff</i>
<i>Appendix 2</i>	<i>Analysis of Current Housing Stock & Sales Figures</i>
<i>Appendix 3</i>	<i>LHA Annual Audited Accounts</i>
<i>Appendix 4</i>	<i>Corporate Risk Assessment & Compliance Report</i>
<i>Appendix 5</i>	<i>Medium Term Financial Projections</i>



APPENDIX 1

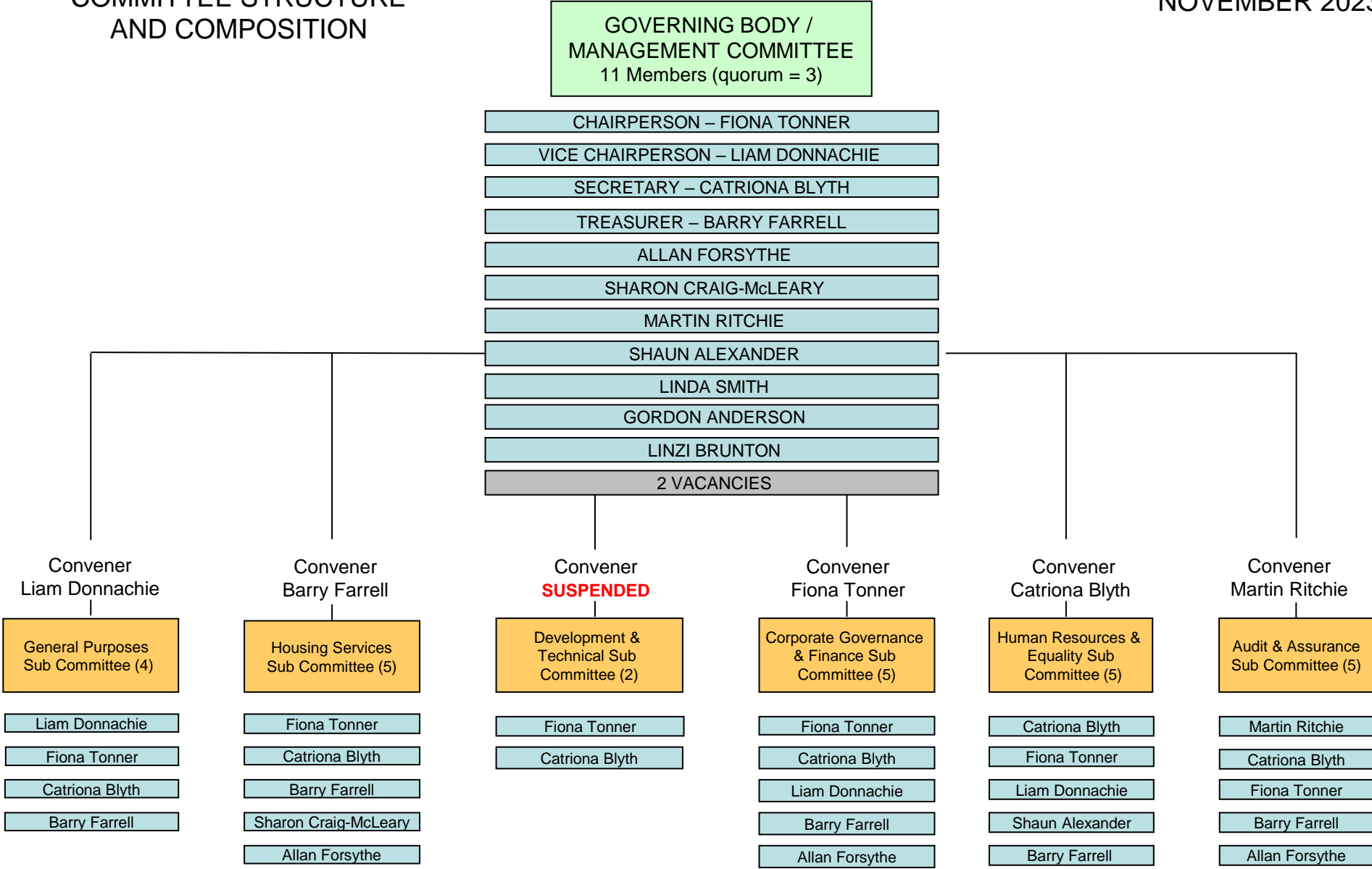
Organisation Structure

For

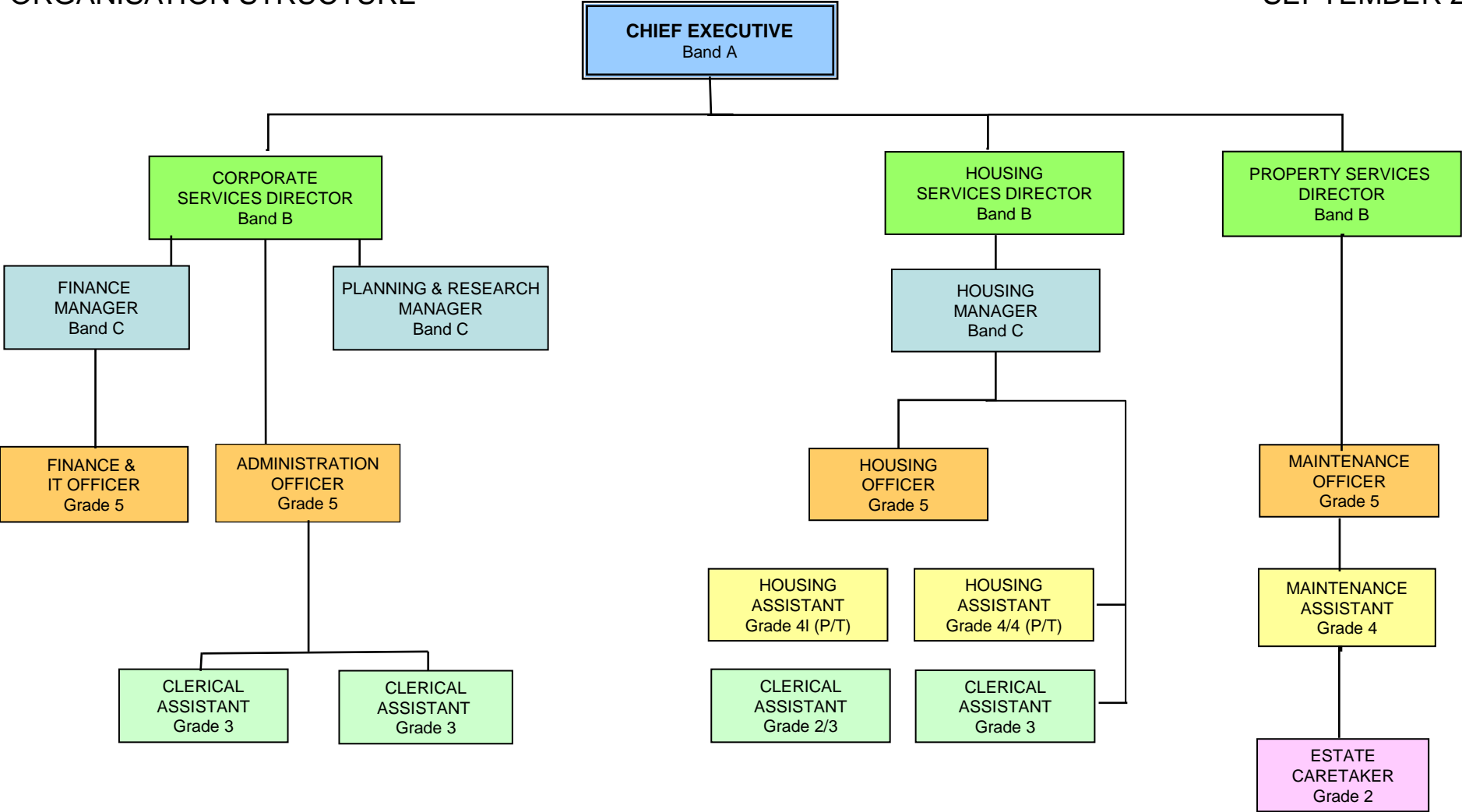
Committee and Staff

COMMITTEE STRUCTURE
AND COMPOSITION

NOVEMBER 2023



ORGANISATION STRUCTURE





APPENDIX 2

Analysis of Current Housing Stock & Sale Figures

LANARKSHIRE HOUSING ASSOCIATION LTD.
Housing Stock Summary 31 August 2022

Area	2 Person/ 2Apt.	3 Person/ 3Apt.	4 Person/ 3Apt.	4 Person/ 4Apt.	5 Person/ 4Apt.	6 Person/ 4Apt.	Total
Motherwell							
Rehab	23	8	1	0	4	0	36
New Build	109	76	144	24	10	0	363
Sub Total	132	84	145	24	14	0	399
Bellshill							
Rehab	81	18	3	4	0	3	109
New Build	121	52	122	1	20	14	330
Sub Total	202	70	125	5	20	17	439
Carfin/Newarthill/Uddingston/Bothwell							
Rehab	2	1	5	1	1	0	10
New Build	1	8	3	0	0	0	12
Sub Total	3	9	8	1	1	0	22
New Stevenston							
Rehab	0	1	0	0	0	0	1
New Build	28	12	0	0	6	0	46
Sub Total	28	13	0	0	6	0	47
Larkhall/Hamilton/Blantyre/East Kilbride/Airdrie/Coatbridge							
Rehab	0	0	10	1	3	3	17
New Build	0	0	0	0	0	0	0
Sub Total	0	0	10	1	3	3	17
Lanark/Cumbernauld/Wishaw							
Rehab	0	2	0	0	1	0	3
New Build	0	0	0	0	0	0	0
Sub Total	0	2	0	0	1	0	3
Total Rented	365	178	288	31	45	20	927
Shared Ownership	2	17	17	0	4	1	41
TOTAL	367	195	305	31	49	21	968



APPENDIX 3

Annual

Audited

Accounts



LANARKSHIRE HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

LANARKSHIRE HOUSING ASSOCIATION LIMITED

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

Members, Executive and Advisers

Management Committee

Charles Millar – Chair
Fiona Tonner – Vice Chair
Catriona Blyth – Secretary
Liam Donnachie – Treasurer
Barry Farrell
Allan Forsythe
Sharon Craig-McLeary
Martin Ritchie
Shaun Alexander
John Lockhart (resigned 22 November 2022)
Alastair McLean (resigned 26 April 2022)
John Glenny (resigned 27 September 2022)

Executive Officers

Simon McManus - Chief Executive
Gavin Young – Property Services Director
Ann Marie Collins – Corporate Services Director
Craig Russell – Housing Services Director
Tracey Winters – Planning & Research Manager
Irene Savage – Housing Manager
Alan Semple – Finance Manager (appointed 05 December 2022)

Registered Office

191 Brandon Street
Motherwell
ML1 1RS

Auditor

Azets Audit Services
Chartered Accountants
Titanium1
King's Inch Place
Renfrew
PA4 8WF

Bankers

Bank of Scotland
Bellshill Branch
207 Main Street
Bellshill
Lanarkshire
ML4 1 AJ

Solicitors

TC Young
7 West George Street
Glasgow
G2 1BA

Brechin Tindal Oatts
48 St Vincent Street
Glasgow
G2 5HS

Brodies
110 Queen Street
Glasgow
G1 3BX

LANARKSHIRE HOUSING ASSOCIATION LIMITED

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Registration information

Financial Conduct Authority	Co-operative and Community Benefit Societies Act 2014 Registered number 1941 R (S)
The Scottish Housing Regulator	Housing (Scotland) Act 2010 Registered number HAL202
Office of the Scottish Charity Regulator	Scottish Charity number SC042523

LANARKSHIRE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR YEAR ENDED 31 MARCH 2023

The Management Committee present their report (incorporating the Strategic Report) and the audited financial statements for the year ended 31 March 2023.

Legal Status

Lanarkshire Housing Association is a registered non-profit making organisation under the Cooperative and Community Benefits Societies Act 2014 No 1941R(S). The Association is a registered Scottish charity, SC042523.

The Association is registered with Scottish Housing Regulator as Social Landlord No: 202 and under Property Factors (Scotland) Act 2011 as No: PF000275.

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefits Society, The Office of the Scottish Charities Regulator (OSCR) as a charity and the Scottish Housing Regulator as a Registered Social Landlord.

Principal Activity

The principal activities of the Association are to provide:

- Housing for social rent;
- Management and maintenance services to tenants; and
- Community initiatives and support wider role activities.

Corporate & Governance

The approved restructuring of the Corporate Services Department was completed during 2022/23 with the appointment of the Corporate Services Director and the successful recruitment of the Finance Manager. This departmental structure will provide greater stability and increase the customer focus for both internal and external service users.

The AGM was held in June 2022 at the Moorings Hotel in Motherwell and the meeting was held in person which was in accordance with the Association's Rules. The brief meeting was quorate and a health and wellbeing risk assessment was completed prior to the meeting taking place.

The Management Committee approved the resumption of in-person meetings for all Committees in the Association's offices from September 2022. This has proved to be a most welcome development with the level of debate and scrutiny being provided by Committee being enhanced. In-person meetings have also allowed newer members of the committee to integrate more fully with their more experienced Committee colleagues.

The Management Committee has complied with all its statutory and regulatory requirements throughout the year, and it approved its Annual Assurance Statement at its meeting in October 2022. This Statement was submitted to the Scottish Housing Regulator and has been made available to all tenants and stakeholders. The Committee has an approved Assurance Improvement Plan, which details the areas of the Regulatory Framework can be upgraded from simple compliance to achieving best practice. The Committee receive regular reports on the Improvement Plan.

Other principal highlights of the year include:

- The retention of the Association's Investors in People accreditation at the Silver level;
- Revised and updated medium and long term financial forecasting which reflects the requirements of the Life Cycle Costing Model. The Life Cycle Costing Model had been reviewed to take into account the increases in tender price inflation which had been experienced throughout the past year;
- The commencement of the defined contributions pension scheme which will reduce the Association's exposure to fluctuating employer contributions whilst retaining an attractive and competitive employee benefit;

LANARKSHIRE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR YEAR ENDED 31 MARCH 2023

Corporate & Governance (continued)

- Rents being increased by 2.0% for 2022/23, another below inflation rent increase; and
- Continued to deliver investment in the quality of the housing provided.

Management Committee Members Induction and Training

Most members of the Management Committee are already familiar with the practical work of the Association. Where new members are elected, information is supplied regarding the obligation of Management Committee members, details of the Association's main documents and up to date financial statements. In addition, a formal training and induction programme is provided for any new member of the Management Committee.

The Management Committee and Executive Officers

The Management Committee and executive officers of the Association are listed on the first page of the financial statements.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The executive officers of the Association hold no interest in the Association's share capital and although not having the legal status of directors they act as executives within the authority delegated by the Committee.

Statement of the Management Committee's Responsibilities

The Management Committee is responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Management Committee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income and expenditure of the Association for that period. In preparing these financial statements, the Management Committee is required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019 as issued by the Scottish Housing Regulator. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

Related Party Transactions

The Association's subsidiary company, Lanarkshire Initiatives Limited is now dormant and there were no transactions with the company during the year.

One member of the Management Committee is a tenant. Their tenancy is based on the Association's standard tenancy agreement, and they are unable to use their position to gain any advantage. The Association has a policy on Conflicts of Interest which all Management Committee members comply with. Transaction with the Management Committee are shown in Note 28.

Strategic Objectives

The Association has adopted the following strategic objectives:

- To meet or exceed the requirements of the Scottish Social Housing Charter (the Charter) and deliver fair, accessible, and responsive customer services;
- To ensure all of our homes meet or exceed the Scottish Housing Quality Standard (SHQS) and the Energy Efficiency Standard for Social Housing (EESSH);
- To improve our consultation opportunities to tenants on key measures to regularly maintain and improve the standard and quality of their homes;
- To improve the energy efficiency of our business operations and reduce associated carbon emissions;
- To examine prospects for organic growth of the business through affordable development and acquisition opportunities; and
- Achieve our Corporate and Social Responsibilities (CSRs) through excellence in governance and financial management, linked to ethical codes of practice.

To achieve these objectives, we work closely with our strategic partners at a national, local authority and community level ensuring that our decision making, and direction of the business demonstrate consistency and added value to underpin the advancement of social housing principles and community development.

Future Prospects

The key objectives for 2023/24 have been considered and agreed by the Management Committee following the resumption of all services after the remaining covid prevention restrictions were finally removed. The objectives for the year are summarised as follows:

- Conclusion of the new Strategic Plan which will clearly state the aims, objectives, and aspirations for the business for the medium term. An integral component to the strategic direction will be the development of initiatives to meet the Net Carbon Zero by 2030 commitment;
- Approval of a comprehensive Asset Management Strategy;
- Completion of annual planned maintenance programme including which will include the delayed window replacement contract for 111 units, estimated to cost £1m;
- Implementation of software which will increase effectiveness and efficiency of service delivery;
- To fully implement risk management software to assist in the management and reporting of risk throughout all strategic and operational activities. This system will also help promote transparency and accountability in the risk management process;
- To continue to support community engagement initiatives and work with partners to promote social inclusion and cohesion;
- To continue to deliver high quality and effective management and maintenance services that meet the needs and expectations of our tenants; and
- Full compliance with all regulatory and statutory duties.

Property Services

The operational objectives of Property Services are to:

- Achieve the *Scottish Social Housing Charter's* standards and outcomes;
- Meet our repairs and maintenance responsibilities and obligations, particularly compliance with the *Scottish Secure Tenancy Agreement*, and other key legislation; and
- Carry out responsive repairs, together with cyclical and planned programmes of work, keeping our housing stock in good condition, in demand and performing well.

Following the relaxation of restrictions resulting from the Coronavirus outbreak, delivery in the last year was challenged by procurement against the backdrop of considerable market volatility including fuel, energy and materials price rises, and labour shortages.

LANARKSHIRE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR YEAR ENDED 31 MARCH 2023

Property Services (continued)

Despite these constraints, we were able to maintain repairs service performance comparable with previous years. We also continued full compliance with the statutory duty to timeously complete annual gas safety checks.

The cyclical maintenance programme was dominated by the second year of a major paintwork contract, carried out on 391 rented and factored properties across 11 areas.

Requirements for smoke, heat and CO alarms, and for 5 yearly electrical checks from 2022 were met in the previous year, and we continued to comply with the new standards.

The planned maintenance programme of work in occupied housing was affected by a difficult tendering environment. Despite this a negotiated contract for heating and kitchen replacements in 63 properties across 3 areas was extended so that work was completed in 91 properties during the year.

We were successful in obtaining an offer of £454,040 grant from the Scottish Ministers and Social Housing Net Zero Fund Programme towards the cost of a "fabric first" project to improve energy efficiency in 111 properties across 6 areas. Work is due to start in spring 2023, following a postponement because of manufacturing delays.

Historically we have plans in place confirming that our housing and neighbourhoods are well maintained and remain so. These are supported by independently produced 5 yearly stock condition surveys and updates to our life cycle costing exercise. The latest, in late 2021, concluded that all our stock continued to meet the Scottish Housing Quality Standard, the Scottish Government's main measure of housing quality, and the Energy Efficiency Standard for Social Housing, which aims to improve the energy efficiency of social housing. The life cycle costing part of the exercise was re-run in late 2022, to address the UK's elevated inflation rate.

Housing Services

With the removal of the final COVID-19 restrictions in March 2022, our offices opened to the public and a full housing management service was able to resume for our tenants. Following 2 years of restrictions, the Housing Services Team had several key priorities for 2022/23: -

- Reconnect with our tenants (particularly vulnerable tenants and those who we had not been in recent contact with);
- Support our tenants who were struggling with the Cost-of-Living Crisis and increasing fuel costs;
- Review the affordability of LHA's rents and offer targeted support where it was required;
- Improve our tenant engagement activities to ensure our customers were at the heart of our services and their voices were heard;
- Ensure improvement in key performance indicators including rent arrears recovery and relet times; and
- Invest in our team to ensure they have the tools to deliver excellent services to our tenants

In terms of support for tenants, we were successful in our bid to the Scottish Federation of Housing Association (SFHA) Social Housing Fuel Support Fund. We received £68,750 to deliver activities to support tenants affected by the soaring costs of energy over the winter. Activities included the delivery of 'winter support packs' consisting of energy efficient cooking appliances, thermal duvets and other energy efficiency measures. We were also able to offer fuel top-up vouchers for tenants with expensive pre-payment meters. This was supplemented by an additional £15,000 from the National Lottery Community Anchor Fund to offer supermarket vouchers to tenants in need of assistance.

Our successful partnership with Citizens Advice Scotland, other local landlords and the Advice For Tenants and Residents (AFTAR) project continued. In addition to helping maximise the incomes of the tenants, it assisted in ensuring our rent arrears were well managed. Total gross rent arrears decreased to £132,666 from £150,229 the previous year.

**REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT)
FOR YEAR ENDED 31 MARCH 2023**
Housing Services (continued)

We also launched our new Allocations Policy which introduced specific quotas to assist us in meeting our requirements in supporting homeless households, whilst ensuring opportunities remain for existing tenants looking to transfer. Our average relet times reduced from 24 days in 21/22 to 12.56 days in 2022/23. Void rent loss slightly increased from £17,020 to £18,252.

In addition to the above, there were a number of other achievements during the year:

- We carried out a 'Tenant Census' which allowed us to better understand our tenant demographic as well as their priorities regarding improvements to their homes and services offered by LHA. This exercise also allowed us to gather required information in relation to equalities and will be essential as we design our service moving forward;
- We established an independent Tenant Scrutiny Group supported by the Tenant Information Service. This, alongside our Tenant Focus Group has allowed more meaningful tenant engagement; and
- A review of the affordability of our rents was carried out in October 2022 using the SFHA Affordability Tool. This identified that 93% of our rents were deemed to be affordable (<25% of 'modest incomes'). This exercise was invaluable in allowing us to target support to households that need it the most and we will continue this into 23/24.

Key Performance Indicators (taken from the ARC)
Rents

ARC Indicator	31 March 2023	31 March 2022
Average Weekly Rent Uplift	2.0%	0.0%
As % of total rent due:		
Rent Collected	100.37%	99.9%
Gross Arrears	3.14%	3.7%
Rent loss from empty properties	0.25%	0.4%

Repairs

ARC Indicator	31 March 2023	31 March 2022
Time to Complete Emergency Repair (Average)	1.4 Hours	1.4 Hours
Time to Complete Non Emergency Repairs (Average)	3.4 days	3.1 days
Repairs Carried Out Right 1 st Time	99.7%	99.3%
No. of Times Didn't Meet Statutory Duty re Gas Safety Servicing	0	0

Tenant Satisfaction Level	2022/23 Survey	2021/22 Survey	% Change (+ or -)
On overall service provided	95.2%	95.2%	-
On keeping you informed about services and decisions	98.1%	98.1%	-
On level of opportunities given to participate in decision making	95.2%	95.2%	-
On overall quality of your home	79.3%	79.3%	-
On repairs and maintenance service over last 12 months	92.6%	92.6%	-
On management of the neighbourhood you live in	85.5%	85.5%	-
On how rent level is value for money	88.5%	88.5%	-

LANARKSHIRE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE (INCORPORATING THE STRATEGIC REPORT) FOR YEAR ENDED 31 MARCH 2023

Financial Performance

For the financial year 31 March 2023, the Association has recorded total comprehensive income of £719,992 (2022: £1,753,291) and its net assets position has increased to £23,193,087 (2022: £22,473,099).

A rent increase of 2.0% in 2022/23 has meant that rental income has increased to £4,219,226 (2022: £4,128,391). In addition to this the Association purchased the owner occupier share of a shared ownership property, bringing the property into full ownership of the Association.

Operating expenditure increased to £3,841,561 in 2022/23 from £3,373,114 the previous year. This was attributable to there being an increase in the expenditure in non-capitalised planned maintenance during the year along with increased legal costs relating to the ongoing Watling Street litigation.

Total comprehensive income for the year was increased by the strong investment performance from the Strathclyde Pension Fund, which returned an actuarial gain of £3,046,000, however this was capped to £372,000 with a £nil pension asset position recognised in the Statement of Financial Position.

The Association invested a total of £621,580 in the housing stock. The acquisition of an owner occupier's share of one shared ownership property cost £14,000, whilst £56,717 was spent on medical adaptations for tenants. Major repairs and component renewals expenditure amounted to £550,863, with kitchens and heating systems being replaced during the year.

Statement on Internal Financial Control

The Management Committee acknowledge their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- The reliability of financial information used within the Association or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets against unauthorised use or disposition.

It is the Management Committee's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial mis-statement or loss. Key elements include ensuring that:

- (a) Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Association's assets;
- (b) Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- (c) Forecasts and budgets are prepared which allow the Management Committee and management to monitor the key business risks and financial objectives, and progress towards financial plans set out for the year and the medium term. Regular management accounts are prepared promptly, providing relevant, reliable, and up to date financial and other information. Any significant variance from budget is investigated as appropriate;
- (d) All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the relevant sub-committees which are comprised of Management Committee members;

Statement on Internal Financial Control (continued)

- (e) The Association has appointed a firm of accountants, on a consultancy basis, as its internal auditor with the specific responsibility of assessing the adequacy and reliability of the system of internal financial control. The results of such reviews are reported to the Corporate Governance and Finance Sub-Committee;
- (f) The Management Committee reviews reports from the external auditor to provide reasonable assurance that control procedures are in place and are being followed; and
- (g) Formal practices have been established for instituting appropriate action to correct weaknesses identified from the above reports.

The Management Committee have reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31 March 2023. No weaknesses were found in internal financial control which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Auditor

Azets Audit Services have expressed their willingness to continue in office as auditor and will be proposed for reappointment at the Annual General Meeting.

Disclosure of Information to the Auditor

To the knowledge and belief of each of the persons who are members of the Management Committee at the time the report is approved:

- So far as the Committee members are aware, there is no relevant information of which the Association's auditor is unaware; and
- He/she has taken all the steps that he/she ought to have taken as a Committee member in order to make himself/herself aware of any relevant audit information, and to establish that the Association's auditor is aware of the information.

The report of the Management Committee (incorporating the Strategic Report) has been approved by the Management Committee on 20 June 2023.

By order of the Committee



Catriona Blyth
Secretary

LANARKSHIRE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LANARKSHIRE HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Opinion

We have audited the financial statements of Lanarkshire Housing Association Limited (the 'Association') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Changes in Capital and Reserves, the Statement of Financial Position, the Statement of Cash Flows, and the notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Management Committee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Management Committee with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Management Committee is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LANARKSHIRE HOUSING ASSOCIATION
LIMITED ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

Other information (continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Group accounts: Section 99(3) of the Co-operative and Community Benefit Societies Act 2014

We agree with the opinion of the Management Committee of the Association that it would be of no real value to the members of the Association to consolidate or include the financial statements of the Association's subsidiary in group financial statements required to be prepared under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 for the year ended 31 March 2023, because of the immaterial nature of the subsidiary's transactions in the year, given that it is dormant in both the current year and the prior year.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the Association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Responsibilities of the Management Committee

As explained more fully in the Statement of the Management Committee's Responsibilities set out on page 2, the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Management Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Committee either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LANARKSHIRE HOUSING ASSOCIATION LIMITED ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

The extent to which the audit was considered capable of detecting irregularities including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the FRC's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the Association, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the Association is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the Association that were contrary to applicable laws and regulations, including fraud.

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the Association through discussions with the Management Committee members and the senior management team, and from our knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014, Part 6 of the Housing (Scotland) Act 2010, the Determination of Accounting Requirements 2019 issued by the Scottish Housing Regulator and taxation, data protection, anti-bribery, employment, environmental and health and safety legislation;
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of the senior management team and the Management Committee and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of the Management Committee and relevant sub-committees;
- enquiring of the senior management team and the Management Committee as to actual and potential litigation and claims;
- reviewing legal and professional fees paid in the year for indication of any actual and potential litigation and claims; and
- reviewing correspondence with HMRC, the Scottish Housing Regulator, OSCR and the Association's legal advisors.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LANARKSHIRE HOUSING ASSOCIATION
LIMITED ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

Auditor's responsibilities for the audit of the financial statements (continued)

We assessed the susceptibility of the Association's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of the senior management team and the Management Committee as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

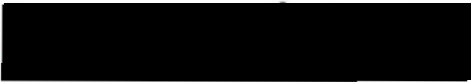
To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.



Azets Audit Services
Statutory Auditor
Chartered Accountants
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 20 June 2023

Azets Audit Services is eligible for appointment as auditor of the Association by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

LANARKSHIRE HOUSING ASSOCIATION LIMITED

**REPORT BY THE AUDITOR TO THE MANAGEMENT COMMITTEE OF LANARKSHIRE HOUSING ASSOCIATION LIMITED ON INTERNAL FINANCIAL CONTROL
FOR THE YEAR ENDED 31 MARCH 2023**

In addition to our audit of the Financial Statements, we have reviewed your statement on pages 6 and 7 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial control contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

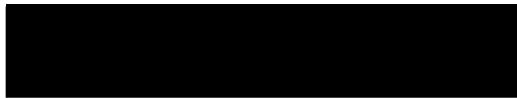
Basis of Opinion

We carried out our review having regard to the requirements on corporate governance matters within Bulletin 2009/4 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on pages 6 and 7 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial control and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Through our enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial control contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial control.



Azets Audit Services
Statutory Auditor
Chartered Accountants
Titanium 1
King's Inch Place
Renfrew
PA4 8WF

Date: 20 June 2023

Azets Audit Services is eligible for appointment as auditor of the Association by virtue of its eligibility for appointment as auditor of a company under section 1212 of the Companies Act 2006.

LANARKSHIRE HOUSING ASSOCIATION LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £	2022 £
Turnover	4	4,426,220	4,216,647
Less: Operating expenditure	4	(3,841,561)	(3,373,114)
Operating surplus	4	584,659	843,533
Gain/(loss) on disposal of property, plant and equipment		-	(1,103)
Interest receivable	10	8,581	390
Interest and financing costs	11	(245,248)	(188,529)
Decrease in valuation of investment properties	13	-	(15,000)
Surplus before taxation		347,992	639,291
Taxation	12	-	-
Surplus for the year		347,992	639,291
Other Comprehensive Income			
Actuarial gain in respect of the pension scheme	23	372,000	1,114,000
Total Comprehensive Income for the year		719,992	1,753,291

The results for the year relate wholly to continuing activities.

The financial statements were authorised for issue by the Management Committee on 20 June 2023 and signed on its behalf by:

Charles Millar

Chair

Catriona Blyth

Secretary

Fiona Tonner

Vice-chair

The notes form part of these financial statements.

LANARKSHIRE HOUSING ASSOCIATION LIMITED

**STATEMENT OF CHANGES IN CAPITAL AND RESERVES
AS AT 31 MARCH 2023**

	Share Capital £	Revenue Reserves £	Total Reserves £
Balance at 1 April 2022	97	22,473,002	22,473,099
Total Comprehensive Income	-	719,992	719,992
Issue of share capital	1	-	1
Cancellation of shares	(5)	-	(5)
Balance at 31 March 2023	<u>93</u>	<u>23,192,994</u>	<u>23,193,087</u>

**STATEMENT OF CHANGES IN CAPITAL AND RESERVES
AS AT 31 MARCH 2022**

	<i>Share Capital £</i>	<i>Revenue Reserves £</i>	<i>Total Reserves £</i>
Balance at 1 April 2021	94	20,719,711	20,719,805
Total Comprehensive Income	-	1,753,291	1,753,291
Issue of share capital	5	-	5
Cancellation of shares	(2)	-	(2)
Balance at 31 March 2022	<u>97</u>	<u>22,473,002</u>	<u>22,473,099</u>

The notes form part of these financial statements.

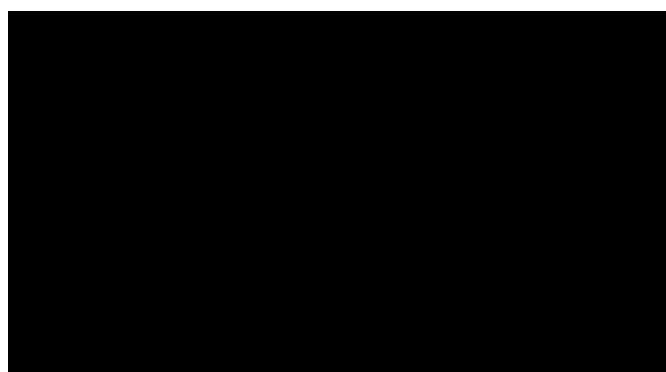
LANARKSHIRE HOUSING ASSOCIATION LIMITED

**STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	Note	2023 £	2022 £
Fixed Assets			
Housing properties	13	27,544,268	27,655,624
Other fixed assets	13	980,808	1,008,856
		28,525,076	28,664,480
Investment in subsidiary	16	2	2
		28,525,078	28,664,482
Current assets			
Stocks		5,694	5,924
Debtors	17	439,858	536,357
Cash and cash equivalents	18	3,114,924	2,849,024
		3,560,476	3,391,305
Creditors: amounts falling due within one year	19	(1,736,464)	(1,612,389)
Net current assets		1,824,012	1,778,916
Total assets less current liabilities		30,349,090	30,443,398
Creditors: amounts falling due after more than one year	20	(7,156,003)	(7,716,299)
Retirement benefit scheme	23	-	(254,000)
Net assets		23,193,087	22,473,099
Capital and reserves			
Share capital	22	93	97
Revenue reserve	22	23,192,994	22,473,002
		23,193,087	22,473,099

The financial statements were authorised for issue by the Management Committee on 20 June 2023 and signed on its behalf by:

Charles Millar	Chair
Catriona Blyth	Secretary
Fiona Tonner	Vice-chair



The notes form part of these financial statements.

LANARKSHIRE HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2023 £	2022 £
Net cash generated from operating activities	27	1,647,412	1,705,513
Cash flow from investing activities			
Purchase of housing properties		(621,580)	(599,609)
Purchase of other fixed assets		(2,093)	(2,858)
Proceeds from sale of fixed assets		-	55,029
Government capital grants received		56,718	23,216
Interest received		8,581	390
		<u>(558,374)</u>	<u>(523,832)</u>
Cash flow from financing activities			
Interest paid and similar charges		(229,635)	(154,914)
Repayment of borrowings		(593,504)	(605,209)
Issue of share capital		1	5
		<u>(823,138)</u>	<u>(760,118)</u>
Net change in cash and cash equivalents		265,900	421,563
Cash and cash equivalents at 1 April		2,849,024	2,427,461
Cash and cash equivalents at 31 March		<u>3,114,924</u>	<u>2,849,024</u>

(i) Analysis of changes in net debt

	At 1 April 2022 £	Cash flows £	Other non- cash changes £	At 31 March 2023 £
Cash and cash equivalents				
Cash and cash equivalents	2,849,024	265,900	-	3,114,924
Borrowings				
Debt due within one year	(587,396)	593,504	(602,594)	(596,486)
Debt due after one year	(7,321,317)	-	594,981	(6,726,336)
	<u>(7,908,713)</u>	<u>593,504</u>	<u>(7,613)</u>	<u>(7,322,822)</u>
Total	<u>(5,059,689)</u>	<u>859,404</u>	<u>(7,613)</u>	<u>(4,207,898)</u>

The notes form part of these financial statements.

1. General information

The financial statements have been prepared in accordance with applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice) and comply with the requirements of the Determination of Housing Requirements 2019 as issued by the Scottish Housing Regulator and the Statement of Recommended Practice for Social Housing Providers issued in 2018. The principal accounting policies are set out below.

The preparation of these financial statements in compliance with FRS 102 requires the use of certain accounting estimates. It also requires management to exercise judgement in applying the Association's accounting policies (see note 3).

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the Association's transactions are denominated. They comprise the financial statements of the Association drawn up for the year ended 31 March 2023. These financial statements comprise the results of the Association only.

The Association is a Co-operative and Community Benefit Society limited by shares and is incorporated in the United Kingdom.

The Association's Scottish Charity number is SC042523.

The address of the Association's registered office is:

191 Brandon Street
Motherwell
ML1 1RS

The Association is defined as a public benefit entity and thus the Association complies with all disclosure requirements relating to public benefit entities. The Association is a registered social landlord in Scotland and its registered number is HAL 202.

2. Accounting policies

Basis of accounting

The financial statements are prepared on the historical cost basis of accounting subject to the revaluation of certain fixed assets and in accordance with applicable accounting standards. The effect of events relating to the year ended 31 March 2023, which occurred before the date of approval of the financial statements by the Management Committee have been included in the statements to the extent required to show a true and fair view of the state of affairs as at 31 March 2023 and of the results for the year ended on that date.

Consolidation

The Association and its subsidiary undertaking, Lanarkshire Initiatives Limited, comprise a group. The Financial Conduct Authority has granted exemption from preparing group financial statements on the basis the financial results of the subsidiary are immaterial, which they are as the company is dormant. These financial statements therefore represent the results of the Association and not of the group.

Going concern

The Management Committee anticipate that a surplus will be generated in the year to 31 March 2024 and the year to 31 March 2025. The Association has a healthy cash position and thus the Management Committee is satisfied that there are sufficient resources in place to continue operating for the foreseeable future. Thus, the Management Committee continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2. Accounting policies (continued)

Turnover

Turnover represents rental and service charge income, factoring service income, and fees or revenue grants receivable from local authorities and from The Scottish Government. Also included is any income from first tranche shared ownership disposals. Turnover is recognised when the Association is entitled to it, the amount of revenue can be measured reliably and its probable the economic benefits of the transaction will flow to the Association.

Government revenue grants

Government revenue grants are recognised using the accrual model which means the Association recognises the grant in income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

Non-government capital and revenue grants

Non-government capital and revenue grants are recognised using the performance model. If there are no performance conditions attached the grants are recognised as revenue when the grants are received or receivable.

A grant that imposes specific future performance related conditions on the recipient is recognised as revenue only when the performance related conditions are met.

A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Government capital grants

Government capital grants, at amounts approved by the Scottish Government or local authorities, are paid directly to the Association as required to meet its liabilities during the development process. This is treated as a deferred capital grant and is released to income in accordance with the accrual model over the useful life of the asset it relates to on completion of the development phase. The accrual model requires the Association to recognise income on a systematic basis over the period in which the Association recognises the related costs for which the grant is intended to compensate.

Apportionment of management expenses

Direct employee, administration and operating costs have been apportioned to the relevant sections of the Statement of Comprehensive Income on the basis of costs of staff directly attributable to the operations dealt with in the financial statements.

Pensions (Note 23)

The Association operates a defined benefit scheme in respect of its employees. The assets of the scheme are held in external funds managed by professional investment managers.

In accordance with FRS 102 section 28, the operating and financing costs of pension and post retirement schemes (determined by a qualified actuary) are recognised separately in the Statement of Comprehensive Income. Service costs are systematically spread over the service lives of the employees and financing costs are recognised in the period in which they arise.

The difference between actual and expected returns on assets during the year, including changes in the actuarial assumptions, is recognised in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

Interest receivable

Interest income is recognised in the Statement of Comprehensive Income using the effective interest method.

Interest payable

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Fixed assets - Housing properties

Housing properties are stated at cost, less accumulated depreciation. The development cost of housing properties includes:-

1. Cost of acquiring land and buildings.
2. Development expenditure including administration costs.

These costs are either termed "qualifying costs" by the Scottish Government for approved social housing grant or are considered for mortgage loans by private lenders or are met out of the Association's reserves.

All invoices and architects' certificates relating to capital expenditure incurred in the year at gross value are included in the accounts for the year, provided that the dates of issue or valuation are prior to the year-end.

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

New components to be capitalised must have a gross book value equal to or greater than £1,000.

Depreciation - Housing properties

Each housing unit has been split between its major component parts. Each major component is depreciated on a straight line basis over its expected economic useful life. The following major components and useful lives have been identified by the Association: -

Land - not depreciated
Structure – over 60 years
Roof – over 60 years
Windows – over 20 years
Kitchen – over 20 years
Central heating – over 20 years
Bathroom – over 20 years

A full year's depreciation is charged in the year of purchase. No charge is made in the year of disposal. A de-minimums capitalisation level of £1,000 is applied.

Other fixed assets

Depreciation is charged on other fixed assets so as to write off the asset cost less any recoverable value over its anticipated useful life.

The following rates have been used: -

Computer equipment	- 20% on cost
Office equipment	- 20% on cost
Furniture and fittings	- 10% on cost
Office premises	- 2% on cost
Motor vehicles	- 25% on cost

A full year's depreciation is charged in the year of purchase. No charge is made in the year of disposal.

2. Accounting policies (continued)

Investment properties

Investment properties are properties held for commercial lettings. These properties are held at their market value and are thus not depreciated. The fair value of each property will be considered at each reporting date and any changes will be recognised in the Statement of Comprehensive Income.

Debtors

Short term debtors are measured at transaction price, less any impairment.

Rental arrears

Rental arrears represent amounts due by tenants for rental of social housing properties at the year end. Rental arrears are reviewed regularly by management and written down to the amount deemed recoverable. Any provision deemed necessary is shown alongside gross rental arrears in Note 17.

Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Investments

This is monies held on deposits of more than three months with the Association's banks.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Loans

Mortgage loans are advanced by Private Lenders or the Scottish Government under the terms of individual mortgage deeds in respect of each property or housing scheme. Advances are available only in respect of those developments which have been given approval by the Scottish Government.

Financial instruments

The Association only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at the present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitutes a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

2. Accounting policies (continued)

Financial commitments

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

3. Judgements in applying policies and key sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions which affect reported income, expenses, assets, and liabilities. Use of available information and application of judgement are inherent in the formation of estimates, together with past experience and expectations of future events that are believed to be reasonable under the circumstances. Actual results in the future could differ from such estimates.

The members of the Management Committee consider the following to be critical judgements in preparing the financial statements:

- The categorisation of housing properties as property, plant, and equipment in line with the requirements of the SORP;
- The amount disclosed as 'operating surplus' is representative of activities that would normally be regarded as 'operating'; and
- The identification of a cash-generating unit for impairment purposes.

The Management Committee are satisfied that the accounting policies are appropriate and applied consistently. Key sources of estimation have been applied as follows:

Estimate

Valuation of housing properties

The main components of housing properties

Recoverable amount of rental and other trade receivables

The obligations under the Strathclyde pension scheme

Basis of estimation

Housing properties are held at deemed cost which is based on existing use valuations at the date of transition to FRS 102 of 1 April 2014. Additions after this date are held at historical cost. The assumptions used to form the basis of the existing use valuation were reviewed and were considered reasonable and appropriate.

The cost of housing properties is split into separately identifiable components and depreciated over the expected useful life. These components were identified by knowledgeable and experienced staff members.

Rental arrears and other trade receivables are reviewed by appropriately experienced senior management team members on a case by case basis with the balance outstanding together with the payment history of the individual tenant being taken into account.

This has relied on the actuarial assumptions of a qualified actuary which have been reviewed and are considered reasonable and appropriate.

LANARKSHIRE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

3. Judgements in applying policies and key sources of estimation uncertainty (continued)

Estimate

The valuation of investment properties

Basis of estimation

The investment properties were valued by an appropriately qualified surveyor using market data at the date of valuation.

LANARKSHIRE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

4. Particulars of turnover, operating expenditure and operating surplus/(deficit)

	2023			2022		
	Turnover £	Operating Expenditure £	Operating Surplus £	Turnover £	Operating Expenditure £	Operating Surplus £
Income and Expenditure From lettings						
Social Lettings (Note 5)	4,316,115	(3,755,525)	560,590	4,146,081	(3,324,193)	821,888
Other activities (Note 6)	110,105	(86,036)	24,069	70,566	(48,921)	21,645
	<u>4,426,220</u>	<u>(3,841,561)</u>	<u>584,659</u>	<u>4,216,647</u>	<u>(3,373,114)</u>	<u>843,533</u>

LANARKSHIRE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

5. Particulars of turnover, operating expenditure and operating surplus from social letting activities

	General Needs Housing £	Supported Housing Accommodation £	Shared Ownership Accommodation £	2023 Total £	2022 Total £
Income from rent and service charges					
Rent receivable net of service charges	3,648,469	377,428	95,616	4,121,513	4,026,783
Service charges	105,093	10,872	-	115,965	118,628
Gross income from rents and service charges	3,753,562	388,300	95,616	4,237,478	4,145,411
Less voids	(18,252)	-	-	(18,252)	(17,020)
Net income from rents and service charges	3,735,310	388,300	95,616	4,219,226	4,128,391
Release of deferred government capital grants	19,197	-	-	19,197	16,361
Other revenue grants	68,415	9,277	-	77,692	1,329
Total turnover from social letting activities	3,822,922	397,577	95,616	4,316,115	4,146,081
Expenditure					
Management and maintenance administration costs	(1,515,022)	(156,726)	(72,058)	(1,743,806)	(1,504,291)
Service charges	(124,222)	(12,851)	-	(137,073)	(128,200)
Planned cyclical maintenance including major repairs	(511,711)	(52,936)	-	(564,647)	(439,824)
Reactive maintenance costs	(379,929)	(39,303)	-	(419,232)	(399,656)
Bad debts – rents and service charges	22	-	-	22	(33,964)
Depreciation of social housing	(646,023)	(66,830)	(20,083)	(732,936)	(703,558)
Impairment of social housing	-	-	-	-	-
Exceptional costs* - legal fees	(157,853)	-	-	(157,853)	(114,700)
Operating expenditure for social letting activities	(3,334,738)	(328,646)	(92,141)	(3,755,525)	(3,324,193)
Operating surplus on letting activities, 2023	488,184	68,931	3,475	560,590	
Operating surplus on letting activities, 2022	641,426	98,506	81,956		821,888

* These exceptional costs are legal fees incurred in regard to the ongoing legal case in respect of Watling Street – please see note 29.

LANARKSHIRE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

6. Particulars of turnover, operating expenditure and operating surplus from other activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	2023 Total Turnover	2022 Total Turnover	Operating costs - bad debts	Other operating costs	2023 Operating Surplus/ (deficit)	2022 Operating Surplus/ (deficit)
	£	£	£	£	£	£	£	£	£	£
Wider role activities	-	-	-	-	-	-	-	-	-	-
Care and repair of property	-	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	5,810	5,810	5,950	-	(4,302)	1,508	1,547
Insurance Income	-	-	-	-	-	-	-	-	-	-
Development and construction of property activities	-	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	1,490	-	-	-	22
Care activities	-	-	-	-	-	-	-	-	-	-
Agency/management services for RSLs	-	-	-	-	-	-	-	-	-	-
Other agency / management services	-	-	-	-	-	-	-	-	-	-
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-	-
Development and improvements for sale to non RSLs	-	-	-	-	-	-	-	-	-	-
Commercial rent	-	-	-	72,891	72,891	59,475	-	(57,644)	15,247	16,425
Misc income	-	-	-	31,404	31,404	3,651	-	(24,090)	7,314	3,651
Total from other activities, 2023	-	-	-	110,105	110,105	-	-	(86,036)	24,069	-
Total from other activities, 2022	-	-	-	70,566	-	70,566	-	(48,921)	-	21,645

Undertaken to support the community, other than the provision, construction, improvement, and management of housing

LANARKSHIRE HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

7. Employees

	2023	2022
	£	£
Staff costs (including Directors' Emoluments) consist of:		
Wages and salaries	870,143	792,068
Social security costs	96,350	83,130
Pension costs	237,044	237,376
Defined benefit pension adjustment (Note 23)	110,000	136,000
	<u>1,313,537</u>	<u>1,248,574</u>
	2023	2022
	Number	Number
The number of full-time equivalents employed by the Association during the year was:	<u>19</u>	<u>17</u>

8. Directors' emoluments

The directors are defined as the members of the Management Committee, the Chief Executive and any other person reporting directly to the Chief Executive or the Management Committee. No emoluments were paid to any member of the Management Committee during the year (2022: *£nil*).

	2023	2022
	£	£
Emoluments of the current Chief Executive (excluding pension contributions)	<u>94,644</u>	<u>92,217</u>

The Association's pension contribution for the Chief Executive in the year amounted to £23,437 (2022: £22,623).

	2023	2022
	Number	Number
Numbers of Directors whose emoluments (excluding pension contributions) exceed £60,000 during the year were as follows: -		
£90,000 - £94,999	<u>1</u>	<u>1</u>
£85,000 - £89,999	-	-
£80,000 - £84,999	-	-
£75,000 - £79,999	-	-
£70,000 - £74,999	2	2
£65,000 - £69,999	<u>3</u>	<u>2</u>
	£	£
Emoluments (excluding pension contributions) to those earning more than £60,000	<u>443,791</u>	<u>371,863</u>

LANARKSHIRE HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

8. Directors' emoluments (continued)

Total pension contributions to directors whose emoluments exceeded £60,000 were £98,101 (2022: £88,771). No enhanced or special terms apply to membership and the directors have no other pension arrangements to which the Association contributes.

	£	£
Total expenses reimbursed in so far as not chargeable to U.K. Income Tax	-	-

The Association considers key management personnel to be the Management Committee and senior management team (listed on the first page of the financial statements).

Total emoluments (including employers NI) paid to the key management personnel of the Association amounted to £520,876 (2022: £465,764). Pension contributions on behalf of the key management personnel amounted to £100,446 (2022: £99,415).

9. Auditor's remuneration

	2023 £	2022 £
The remuneration of the auditor for the year in respect of audit services (excluding VAT)	16,000	12,750
Amounts paid to the auditor by the Association in respect of non-audit services (excluding VAT)	340	1,550

The Association will also pay the accounts fee of £275 (2022: audit fee of £250) in respect of Lanarkshire Initiatives Limited for the year end 31 March 2023 as the subsidiary is dormant post year end.

10. Interest receivable

	2023 £	2022 £
Bank interest	8,581	390

11. Interest payable and similar charges

	2023 £	2022 £
Bank loans	229,635	154,914
Amortisation of loan arrangement fees	7,613	7,615
Defined benefit pension adjustment (Note 23)	8,000	26,000
	245,248	188,529

12. Taxation

The Association is a registered charity and as a result no corporation tax is due on any surplus generated from charitable activities. No corporation tax is due on its non-chargeable activities.

LANARKSHIRE HOUSING ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

13. Tangible fixed assets	Housing properties held for letting £	Completed shared ownership housing properties £	Office premises £	Computer equipment, office equipment & furniture and fittings £	Investment properties - Commercial properties £	Total £
Cost or valuation						
At 1 April 2022	30,639,130	1,280,766	658,864	92,521	595,000	33,266,281
Additions – components	607,580	-	-	-	-	607,580
Additions – property	14,000	-	-	-	-	14,000
Additions – other fixed assets	-	-	-	2,093	-	2,093
Disposals – components	(86,161)	-	-	-	-	(86,161)
Disposals – other fixed assets	-	-	-	(2,690)	-	(2,690)
Additions – shared ownership buyback	25,573	(25,573)	-	-	-	-
At 31 March 2023	31,200,122	1,255,193	658,864	91,924	595,000	33,801,103
Depreciation						
At 1 April 2022	4,098,165	166,107	284,905	52,624	-	4,601,801
Provided for year	656,342	20,083	12,417	17,724	-	706,566
Disposals – components	(29,650)	-	-	-	-	(29,650)
Disposals – other fixed assets	-	-	-	(2,690)	-	(2,690)
Additions – shared ownership buyback	5,445	(5,445)	-	-	-	-
At 31 March 2023	4,730,302	180,745	297,322	67,658	-	5,276,027
Net Book Value						
At 31 March 2023	26,469,820	1,074,448	361,542	24,266	595,000	28,525,076
At 31 March 2022	26,540,965	1,114,659	373,959	39,897	595,000	28,664,480

LANARKSHIRE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

13. Tangible fixed assets (continued)

The depreciation charge for housing stock in the year was £676,425 (2022: £649,524). The net book value of disposed components was £56,511 (2022: £54,034) and has been included in depreciation of social Housing in note 5 in accordance with the SORP giving a total depreciation of social housing of £732,936 (2022: £703,558).

Additions to housing property include no capitalised interest (2022: £nil) and no capitalised administration costs (2022: £nil). All housing properties are freehold. Properties with a cost of £nil (2022: £35,509) and accumulated depreciation of £nil (2022: £3,977) have been disposed in the year for proceeds of £nil, with a grant to be repaid of £nil (2022: £55,029 with a grant repaid of £24,600).

The housing properties were revalued on an existing use value as at 1 April 2014 (by Jones Lang LaSalle Limited) and this value was used as the deemed cost from that date in accordance with FRS 102. The commercial properties were valued at 14 March 2022 (by Jones Lang LaSalle Limited).

As at 31 March 2023, housing properties used as security for existing loans reported a net book value of £18,968,220 (2022: £19,009,206).

Included within housing properties is land with a carrying value of £5,604,952 (2022: £5,600,846).

14. Housing stock

The number of units of accommodation owned by the Association was as follows: -

	2023	2022
General Needs Housing	841	840
Supported Housing Accommodation	87	87
Shared Ownership Accommodation	40	41
	<u>968</u>	<u>968</u>

15. Commercial units

The number of commercial units owned and rented out by the Association was as follows: -

	2023	2022
Commercial Units	<u>7</u>	<u>7</u>

16. Investments

	2023 £	2022 £
Investment in subsidiary undertaking	<u>2</u>	<u>2</u>

Lanarkshire Housing Association Limited owns 2 ordinary £1 shares in Lanarkshire Initiatives Limited. This represents a 100% shareholding in Lanarkshire Initiatives Limited, a company registered in Scotland, whose principal activity is that of general construction of buildings and civil engineering works, however the company was dormant during the current year.

For the year ended 31 March 2023, Lanarkshire Initiatives Limited made a profit after taxation of £Nil (2022: £Nil). At 31 March 2023, Lanarkshire Initiatives Limited had net assets of £2 (2022: £2).

LANARKSHIRE HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

17. Debtors	2023 £	2022 £
Gross rent and service charges	132,666	150,229
Less: Bad debt provision	(91,666)	(100,000)
	<u>41,000</u>	<u>50,229</u>
Other debtors	129,448	238,429
Prepayments and accrued income	269,410	247,699
	<u>439,858</u>	<u>536,357</u>

All amounts shown under debtors fall due for payment within one year

18. Cash and cash equivalents	2023 £	2022 £
Cash at bank and in hand	3,114,924	2,345,902
Cash equivalents	-	503,122
	<u>3,114,924</u>	<u>2,849,024</u>

19. Creditors: amounts falling due within one year	2023 £	2022 £
Bank loans	596,486	587,396
Trade creditors	307,160	231,208
Rental advances	80,253	79,247
Other taxes and social security	28,085	29,989
Contract retentions	41,589	36,709
Accruals and deferred income	119,449	87,859
Other creditors	164,219	163,594
Amounts due to the Scottish Government	380,026	380,026
Deferred capital grants (see note 21)	19,197	16,361
	<u>1,736,464</u>	<u>1,612,389</u>

Included in accruals is £17,798 of outstanding pension contributions (2022: £19,865).

The bank overdraft and loans are secured as detailed in note 20.

20. Creditors: amounts falling due after more than one year	2023 £	2022 £
Deferred capital grants (see note 21)	429,667	394,982
Bank loans	6,726,336	7,321,317
	<u>7,156,003</u>	<u>7,716,299</u>

LANARKSHIRE HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

20. Creditors: amounts falling due after more than one year (continued)

	2023 £	2022 £
Bank loans are split:		
Due between one and two years	607,709	596,486
Due between two and five years	1,831,663	1,841,166
Due in five years or more	4,286,964	4,883,665
	<u>6,726,336</u>	<u>7,321,317</u>

The loans together with any bank overdraft from the Bank of Scotland plc, Virgin Money and The Royal Bank of Scotland plc are secured by standard securities over the properties on which the loans were granted.

Loans from the Bank of Scotland are repayable on a monthly basis over 15, 25, 30 or 35 years inclusive of interest at rates equivalent to the Bank of Scotland Home Loan rates in force at each repayment date.

Loans from Virgin Money (formerly trading as Clydesdale bank) are repayable on a quarterly basis over 15 years inclusive of interest. The current terms are on a 10 year fixed rate arrangement at 2.6% thereafter moving to another fixed or variable rate option in August 2029.

The loans from The Royal Bank of Scotland plc are repayable on a monthly basis over 30 years inclusive of interest. The rate of interest charged is either fixed at 2.775% or variable between 0.45% and 1.5% above bank base rate per annum.

21. Deferred capital grants

	2023 £	2022 £
Balance at 1 April 2022	411,343	404,488
Additional capital grant received	56,718	23,216
Released to Statement of Comprehensive Income	(19,197)	(16,361)
Balance at 31 March 2023	<u>448,864</u>	<u>411,343</u>
Due:		
< 1 year	19,197	16,361
1-2 years	19,197	16,361
2-5 years	57,591	49,084
>5 years	352,879	329,537
	<u>448,864</u>	<u>411,343</u>

LANARKSHIRE HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

22. Share capital and reserves	2023	2022
	£	£
At start of year	97	94
Issued in year	1	5
Redeemed in year	(5)	(2)
At end of year	93	97

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled, and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings. Called up share capital on the Statement of Financial Position has been adjusted to reflect the number of shares held by active members.

The revenue reserve includes all current and prior year retained surpluses or deficits.

23. Pensions

Lanarkshire Housing Association Limited participates in the Strathclyde Pension Fund which is a statutory multi-employer defined benefit scheme. It is administered by Glasgow City Council in accordance with the Local Government Pension Scheme (Scotland) Regulations 1998, as amended.

From 1 April 2015, the Scheme changed from a final salary 1/60th accrual scheme to a CARE 1/45th accrual scheme. The defined benefit scheme closed to new members on 1 April 2019 but remains open to existing members. During the year, the Association paid employer contributions at a gross rate of 28.7% less 2.53% for ill health liability. From 1 April 2023, the Association will continue to pay contributions at the aforementioned gross rate, less 3.13% for ill health liability, plus service deficit payments of £37,000 per year.

An updated accounting valuation of the Strathclyde Pension Fund was performed as at 31 March 2023.

The main financial assumptions used by the Council's Actuary, Hymans Robertson, (these are assumptions specific to the Association which were derived with assistance from Spence and Partners) in their calculations are as follows:

Assumptions as at	31 March 2023	31 March 2022
Pension increases	2.95%	3.20%
Salary increases	3.65%	2.50%
Discount rate	4.75%	2.70%

The average future life expectancies at age 65 are summarised below:

Mortality	2023 Males	2023 Females
Current pensioners	19.3 years	22.2 years
Future pensioners	20.5 years	24.2 years
	2022 Males	2022 Females
Current pensioners	19.6 years	22.4 years
Future pensioners	21.0 years	24.5 years

LANARKSHIRE HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

23. Pensions (continued)

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Sensitivity Analysis	Approximate % increase to Employer Liability	Approximate Monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	147
0.1% increase in the Salary Increase Rate	0%	27
0.1% increase in the Pension Increase Rate	2%	122
1 year increase in member life expectancy	4%	292

The table below compares the present value of the scheme liabilities, based on the Actuary assumptions with the estimates employer assets.

Net Pension Liability as at	31 March 2023 £000	<i>31 March 2022 £000</i>
Estimated Employer Assets (A)	7,290	<i>10,092</i>
Present Value of Scheme Liabilities	7,290	<i>10,346</i>
Present Value of Unfunded Liabilities	-	-
Total Value of Liabilities (B)	7,290	<i>10,346</i>
Net Pension Liability (A) – (B)	-	<i>(254)</i>
Analysis of the amount charged to operating profit:		
	Year to 31 March 2023 £'000	<i>Year to 31 March 2022 £'000</i>
Service cost	335	<i>375</i>
Contributions	(225)	<i>(239)</i>
Past service cost	-	-
Curtailment and Settlements	-	-
Decrease in irrecoverable surplus	-	-
Total operating charge	110	<i>136</i>
Net Interest cost	8	<i>26</i>

Analysis of the amount recognised in the Statement of Other Comprehensive Income:

	Year to 31 March 2023 £ 000	<i>Year to 31 March 2022 £ 000</i>
Actuarial gain recognised as other comprehensive income	372	<i>1,114</i>

LANARKSHIRE HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

23. Pensions (continued)

	Year to 31 March 2023 £ 000	Year to 31 March 2022 £ 000
Deficit in scheme at beginning of year	(254)	(1,206)
Current service cost	(335)	(375)
Employer contributions	225	239
Other income	-	-
Other outgoings (e.g., expenses, etc.)	-	-
Past service costs	-	-
Impact of settlements and curtailments	-	-
Net interest cost	(8)	(26)
Actuarial gain	372	1,114
Surplus/(Deficit) at end of year	-	(254)

An asset ceiling has been applied which restricts the actuarial gain to £372k and restricts the pension surplus to £nil.

24. Establishment of Association

The Association is established under the Co-operative and Community Benefit Societies Act 2014 and was incorporated in the United Kingdom and is registered in Scotland.

25. Commitments – capital and repairs

As at 31 March 2023, the Association had commitments in respect of capital and repairs work of:

	2023 £	2022 £
Commitment	67,248	643,131
Approved but not contracted for	1,079,240	500,000
To be funded by:		
Scottish Government Grant	454,040	-
The Association's reserves	692,448	1,143,131

LANARKSHIRE HOUSING ASSOCIATION LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

26. Commitments under operating leases

As at 31 March 2023 the Association had total commitments under non-cancellable operating leases as set out below: -

	2023 £	2022 £
Operating leases which expire:		
Within one year	33,117	30,753
Between one and two years	17,896	21,468
In two to five years	7,765	8,029
	58,778	60,250

27. Net cash flow generated from operating activities

	2023 £	2022 £
Surplus for the year	347,992	639,291
<u>Adjustments for non cash items:</u>		
Depreciation of tangible fixed assets		
(including loss on disposal of components)	763,077	733,843
(Increase)/decrease in stocks	230	(980)
Decrease in debtors	96,499	5,015
Increase in creditors	112,149	4,465
Loss /(gain) from sale of tangible fixed assets	-	1,103
Release of deferred Government Capital Grant	(19,197)	(16,361)
Non cash movement relating to pension liability	118,000	162,000
Decrease in valuation of investment properties	-	15,000
Shares cancelled	(5)	(2)
<u>Adjustments for investing and financing activities:</u>		
Interest received	(8,581)	(390)
Interest payable	237,248	162,529
Net cash generated from operating activities	1,647,412	1,705,513

28. Related parties

The Association has Management Committee members who are also tenants. The total rent received in the year relating to tenant Management Committee members is £3,707 (2022: £3,636). The total rent arrears relating to tenant Management Committee members included within debtors at the year-end is £nil (2022: £nil). The total rent paid in advance of the year-end was £11 (2022: £11).

29. Watling Street

A number of residents at the Watling Street, Motherwell development, raised court proceedings against the Association and four other co-defendants. The basis of their claim is that the Association has breached tenancy agreements in that the homes are not fit for habitation. It is claimed that there is a presence of toxic compounds in the indoor air due to inadequate remediation of the site prior to development. It was decided that one of the residents claims would pursue through the court system as a test case whilst the remaining residents' cases would be sisted until the outcome of the test case was determined.

The Management Committee has noted the extensive site investigations conducted by North Lanarkshire Council in previous years over such claims of contaminated land at Watling Street, which concluded that the open space and garden soils were safe. During the course of 2015/16, one of the defendants, North Lanarkshire Council was released from the action by the pursuers and North Lanarkshire Council has no further plans to revisit the conclusions from the site investigation reports.

A Procedural Roll hearing in front of Lord Jones at the Outer House of the Court of Session took place in March 2015. Lord Jones issued his Opinion in December 2015, where he found that the case against Lanarkshire Housing Association Limited should be dismissed along with another defendant in the case, City Link Development Company Ltd. The case against the final defendant in the case, Scott Wilson Scotland Ltd, was allowed to proceed to a Proof before Answer hearing by Lord Jones.

The pursuers appealed the decision of Lord Jones to dismiss Lanarkshire Housing Association Limited from the action to the Inner House of the Court of Session. This appeal was dismissed by the Inner House of the Court of Session in February 2017 and leave to appeal to the Supreme Court was also denied by the Inner House. The pursuers submitted an application to appeal directly to the Supreme Court and this application was refused by the Supreme Court in January 2019.

In the financial year 2020/21, the Association was awarded £289,000 of costs against the pursuers of which £92,381 is outstanding at this year-end and is included within other debtors (2022: £213,000).

In relation to the outstanding cases which had previously been sisted, the pursuers enrolled a Motion to the Court of Session seeking to amend their pleadings in light of the findings of the test case. Lanarkshire Housing Association Limited opposed this Motion, which was heard by Lord Clark in May 2019, who subsequently ruled in the Association's favour and found that the outstanding cases should be dismissed. Lord Clark's ruling was appealed by the pursuers and the Inner House of the Court of Session heard this Reclaiming Motion in April 2020, which found in the pursuer favour. This Court ruling allows the pursuers to lodge their Minute of Amendment however, the Association's position remains unchanged and senior counsel has been instructed to lodge defences against the action. These outstanding cases are continuing to be heard at the Court of Session and a Proof Before Answer Hearing has been scheduled for February 2024. The verdict from this Hearing is anticipated with financial year 2024/25. The Association has commissioned independent expert witnesses and the legal advice remains that the case should be defended. The Association has incurred exceptional legal costs of £157,853 (2022 £114,700) in respect of these outstanding cases as noted in note 5.



APPENDIX 4

Corporate Risk Assessment

And

Compliance Report

RISK MANAGEMENT POLICY

(*Note Lanarkshire Housing Association hereinafter referred to as LHA)

1.0 INTRODUCTION

- 1.1 Housing Associations or RSLs are increasingly becoming involved in more diverse and complex areas of business activity. This obviously exposes Associations to increased levels of risk.
- 1.2 LHA must, therefore, be able to recognise, identify and control these risk events. This process is known as risk management.
- 1.3 This policy should be read in conjunction with LHA's Equality and Health & Safety policies.
- 1.4 Operational risk is defined as the threat of an adverse event or action occurring, which may:
 - Result directly or indirectly in losses of any kind
 - Impact on the achievement of corporate goals
 - Prevent opportunities being exploited
 - Impact on our stakeholders
 - Lead to failure to respond to unforeseen circumstances

2.0 PRINCIPAL OBJECTIVES

- 2.1 Risk management can take different forms as follows:
 - Risk Avoidance - eliminate the risk
 - Risk Reduction - minimise the risk or impact should it occur
 - Risk Retention - accept the risk
 - Risk Transfer – transfer risk to third party (e.g. insurance policies)
- 2.2 LHA must avoid actions or contracts of any kind with other parties which put an undue or excessive risk on its:
 - Assets
 - Tenants

- Employees, or
- Public image

2.3 Internal Audit will form an important part of the risk management framework, promoting risk awareness and focusing on key business risks. Its aim will be to facilitate improvements in risk management and control and encourage a proactive approach to advice and support. Internal Audit will develop *corporate* reporting methods.

3.0 ACCOUNTABILITY

3.1 The responsibilities for risk management within LHA are detailed as follows:

- Governing Body or Management Committee (policy)
- Audit & Assurance Sub Committee
- Chief Executive (implementation)
- Directors and Managers (operations)
- Internal Auditor (control mechanisms)

3.2 The Management Committee accepts its primary responsibility to identify and manage the key risks faced by the Association. Most operational aspects are delegated to the Chief Executive, who, in turn may oversee further delegation to Directors and Managers, where appropriate.

3.3 In managing these key risks, the Committee seeks to ensure that all actions taken contribute towards the achievement of the Association's objectives and that no actions are taken that might unduly threaten the viability of the Association, financial or otherwise.

4.0 STRATEGIC AIMS

4.1 The strategy is designed to develop a coherent approach to potential outcomes arising from the key areas of risk or significant activities.

4.2 The strategy is divided into four main parts:

- Identification of key risks
- Analysis of key risks and deciding key indicators

- Monitoring of key risks using key indicators
- Taking appropriate action

5.0 IDENTIFICATION OF THE KEY RISKS

- 5.1 The Committee will identify all of the major risks faced by the Association based on knowledge of the Association's current and planned activities.
- 5.2 A structured identification exercise will take place annually, using various established techniques, such as STEP and SWOT analyses and Key Performance Indicators (KPIs) to identify the main risks.
- 5.3 The Committee also takes responsibility for continuous review to ensure that any new or enhanced risks are identified when necessary.
- 5.4 LHA's internal management planning process will form a key part of a risk-conscious control culture. For example, any proposal for any significant new or enhanced activity must always first consider a management review of the risks involved for the Association.

6.0 RISK ASSESSMENT

- 6.1 To ensure a comprehensive and consistent approach to the analysis and evaluation of risk, LHA will adopt a standard approach to risk management assessment.
- 6.2 There are two risk assessment types:
 - Inherent, where LHA currently finds itself in term of risk
 - Residual, where LHA will be if all the identified controls are in place to mitigate the risk
- 6.3 For each assessment type the analysis and evaluation stage shall include reference to the following:
 - A likelihood (probability/frequency) score will be estimated. This will be estimated on a scale of 1 (remote) to 5 (almost certain)
 - A consequence (impact/severity) score will be estimated. This will be estimated on a scale of 1 (insignificant) to 5 (catastrophic)

- A risk score will be calculated based on multiplying the likelihood score by the consequence score.

The ranking of these scores is set out in the tables below:

Likelihood

5	Almost Certain	Probability greater than 86%
4	Likely	Probability between 61% - 85%
3	Possible	Probability between 36% - 60%
2	Unlikely	Probability between 11% - 35%
1	Remote	Probability less than 11%

Consequence

1	Minor	Slight impact on service, reputation, complaint possible, litigation possible. No impact on the strategic objective.	Impact level less than 11%
2	Moderate	Some service disruption, potential for adverse publicity, complaint probable, litigation probable. Immediate time resource allocated with a moderate cost impact. No effect on strategic objectives.	Impact level between 11% and 35%
3	Major	Services disrupted, adverse publicity, litigation probable, and increased risk of potential part failure of the business. Impact on some strategic objectives.	Impact level between 36% and 60%
4	Critical	Significant ongoing concerns exist with the business. This risk will affect the delivery of most of the strategic objectives.	Impact level between 61% and 85%
5	Catastrophic	Potential failure of the whole business. This risk will affect delivery of all strategic objectives.	Impact level greater than 85%

- 6.4 Any risks with a score of 20 to 25 (red risks) will have an unacceptable level of risk exposure which requires immediate action to be taken by the Management Committee to ensure that appropriate control measures are in place.

- 6.5 Those risks that are scored between 10 and 16 (orange risks) have an unacceptable level of risk exposure and they require to be reviewed by management to ensure that this level of risk can be tolerated and what controls are in place to mitigate such risks.
- 6.6 Any risks that are scored between 1 and 8 (green risks) are at an acceptable level of risk exposure subject to regular active monitoring.
- 6.7 A residual risk score will be calculated based on the application of the control measures.

5	5	10	15	20	25
4	4	8	12	16	20
3	3	6	9	12	15
2	2	4	6	8	10
1	1	2	3	4	5
	1	2	3	1	5

- 6.8 The Association should also consider its Risk Appetite when assessing a risk. Risk appetite is the level of risk that the Association is willing to accept in pursuit of its objectives. It helps highlight the actions that are deemed necessary to reduce the risk and can represent a balance between the potential benefits that could be achieved and the threats. The risk appetite level should be set per risk category. The Association is naturally risk averse due to the nature of our business.

7.0 RISK CONTROL

- 7.1 The result of this risk analysis and evaluation process will be used to produce a risk profile that provides a tool for prioritising risk controls. This process will allow risks to be mapped, control measures identified and responsibility allocated to an appropriate manager to ensure ownership and accountability in the process. These risk profiles will be managed within the Risks module of the Decision Time software package.
- 7.2 The responsibilities for risk controls are as follows:
- Management Committee will monitor strategic risk and assess the level of assurance provided
 - Chief Executive will deliver effective controls over the strategic risks
 - Senior management team will deliver effective controls over operational risks

- Audit & Assurance Sub Committee will receive regular reports from risks software as part of the agenda, to monitor and review controls

7.3 The Committee will also monitor key risks by obtaining and acting upon reports from Internal Audit, as well as reviewing the Internal Management Action Plan on a regular basis.

8.0 ASSURANCE

8.1 The Risk Management Framework is a key part of the overall internal control system. Risk assurance will be provided from the following sources:

- Managers will be allocated responsibility on risks and risk control measures which can be monitored through the risk management software
- The Chief Executive and the Audit & Assurance Sub Committee will oversee risk management and compliance
- A further layer of assurance will be provided by functions that provide independent assurance to the Management Committee This includes both internal and external audit, health & safety consultants, reviews of insurance arrangements, employment law consultants etc

9.0 MONITORING AND REPORTING OF RISK

9.1 A register will be maintained of all strategic and operational risks identified. This Risk Register will be maintained through the Risks software. The Risk Register should be presented to the Management Committee annually.

9.2 The Audit & Assurance Sub Committee have delegated authority to monitor and direct risk compliance. Where risks are identified as requiring further action, these can be reported to the functional sub committee as appropriate e.g. property maintenance risks can be reported to Housing Services Sub Committee.

9.3 The Management Committee will receive an annual report from the Chair of the Audit & Assurance Sub Committee on risk management, controls and compliance to assist the assessment of assurance.

9.4 Each risk will be linked to the following Standards set out in the Scottish Housing Regulator Regulatory Framework. There may be instances where the risk is linked to more than one Standard.

- **Standard 1** - The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users
- **Standard 2** - The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. Its primary focus is the sustainable achievement of these priorities
- **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
- **Standard 4** - The governing body bases its decisions on good quality information and advice and identifies and mitigates risks to the organisation's purpose
- **Standard 5** - The RSL conducts its affairs with honesty and integrity
- **Standard 6** - The governing body and senior officers have the skills and knowledge they need to be effective

10.0 RISK MANAGEMENT IN PRACTICE

- 10.1 Risk needs to be addressed at the point at which decisions are being taken and resources allocated. When the Management Committee is making key decisions, they should be advised of the risks associated with the recommendations under consideration.
- 10.2 Risk assessments should be used in any options appraisal, and whilst it may not guarantee success it will provide evidence, assurance and transparency in the decision-making process.
- 10.3 Risk management will be incorporated into the strategic planning process through the maintenance of the Risk Register for both strategic and operational risk.
- 10.4 Risk shall be considered within the cycles of financial planning and resource allocation and feature in both budget submissions and budget monitoring arrangements.
- 10.5 Risk management techniques will also be embedded into major projects or new business opportunities and include clear monitoring and reporting mechanisms.
- 10.6 All new partnerships and key procurement arrangements shall have an assessment of risk at the development stage to ensure all reasonable measures are put in place.

11.0 TRAINING

- 11.1 It is the responsibility of the Chief Executive to ensure that the business has the necessary skills and expertise to deliver the Risk Management Strategy. This will be achieved through a programme of risk management training and awareness sessions that address the individual needs of the Management Committee and employees at all levels. This training should be carried out every 2 years on a refresher basis.

CORPORATE RISK ASSESSMENT AND COMPLIANCE REPORT**Date:** APRIL 2023**Topic:** EFFECTIVE USE OF HUMAN RESOURCES – EMPLOYMENT LAW, EFFICIENCY, MORALE, ETC.

Item No.	Desirable Policies, Procedures and Controls	%age Complete	Severity x Probability	Risk Weighting	Corrective Action if inadequate Policy or insufficient Controls or General Comments	Action rating FC / AR / GP / NA
1	a) Equal Opportunities	100%	3 x 1	3	Policy documents revised in line with performance standards, following rigorous training and consultation period.	GP
	b) Harassment at Work	100%	3 x 1	3		GP
	c) Monitoring of above	100%	2 x 1	2	Monitoring of protected characteristics as detailed in the Equality and Diversity Policy.	GP
	d) Code of Conduct	100%	2 x 1	2	All part of staff handbook.	GP
2	Employment Law expertise, general Conditions of Service and Contracts of Employment CRONER Consulting appointed to give professional 24-hour advice	100%	3 x 1	3	EVH principles adopted originally, but now developed into LHA's own conditions and contracts. Offers to establish a voluntary recognition agreement with a Trade Union (TGWU have thus far been declined).	GP
3	Detailed recruitment and induction procedures	100%	1 x 1	1	Policy extended and procedures fully operational.	NA
4	Training strategy: Retain "Investor in People" status	100%	1 x 1	1	Extended to include Committee Members. IIP assessment carried out Jan 2019. LHA has now achieved a higher level and been awarded Silver Accreditation.	NA

Item No.	Desirable Policies, Procedures and Controls	%age Complete	Severity x Probability	Risk Weighting	Corrective Action if inadequate Policy or insufficient Controls or General Comments	Action rating FC / AR / GP / NA
5	Absence procedures	100%	1 x 1	1	Regular Absence report to Human Resources & Equality Sub Committee.	NA
6	Grievance and disciplinary procedures	100%	1 x 1	1	Fully incorporated into new staff handbook and procedures agreed through Croner Consulting after lengthy staff consultation.	NA
7	Housing Services/Corporate Services to look at Customer Excellence Accreditation for improved service delivery	0% (but within 3-Year Plan)	2 x 2	4	Not high risk but implementation desirable to confirm high service standards.	AR
8	Regular staff appraisals and evaluation of management performance	100%	1 x 1	1	Annual appraisals award system of pay/bonus linked to corporate and/or personal performance measures fully implemented.	NA
9	Review of organisation structure - staffing levels etc.	100%	2 x 1	2	Departmental reviews ongoing on ad-hoc basis.	GP
10	Comprehensive Internal Management Plan (IMP) with regular Action Status Reports	100%	3 x 1	3	Annual Review also linked to continuous Policy Review Schedule.	GP
11	Pre- and post-training evaluation	100%	2 x 1	2	Part of performance evaluation techniques.	GP
12	Personal Development Plans	100%	1 x 1	1	Already forms part of above process.	NA
13	Health & Safety at Work	100%	3 x 1	3	Separate analysis of detailed topic follows.	GP

Item No.	Desirable Policies, Procedures and Controls	%age Complete	Severity x Probability	Risk Weighting	Corrective Action if inadequate Policy or insufficient Controls or General Comments	Action rating FC / AR / GP / NA
14	Staff Counselling facilities	100%	2 x 2	4	Professional Employee Counselling Service hired separately.	GP

CORPORATE RISK ASSESSMENT AND COMPLIANCE REPORT

Date: APRIL 2023

Topic: HEALTH & SAFETY - WORK RELATED INJURY OR ILLNESS

Item No.	Desirable Policies, Procedures and Controls	%age Complete	Severity x Probability	Risk Weighting	Corrective Action if inadequate Policy or insufficient Controls or General Comments	Action rating FC / AR / GP / NA
1	All legislative principles for an Employer	100%	3 x 1	3	LHA receives regular updates on specific matters using separate H&S Consultancy (Mentor).	GP
2	Appointment of consultant as "competent person". Mentor Guidance System including Risk & Compliance Assessment reviews/training	100%	2 x 1	2	Full 'Guidance System' has been implemented, along with risk evaluation techniques. Further training for management through mentor is ongoing.	GP
3	a) Staff - Smoking Policy	100%	2 x 1	2	Assistance offered to smokers to try to stop.	GP
	b) Stress at work - management system	100%	2 x 2	4	LHA provides access to an external agency for Counselling purposes.	GP
4	Office Fire Drill and Fire Certificate (if required)	100%	3 x 1	3	Implemented, Nov. 1998 Letter from Fire Brigade - dated 8 May 2000, confirming certificate <u>not</u> required.	GP
5	Inventory of Electrical Goods + safety check	100%	3 x 1	3	Implemented Jan. 1999.	GP
6	Workstations' safety	100%	2 x 1	2	Implemented on installation by suppliers, 'Flexiform'. Meets requirements but should be checked if relocated or changed in any way.	GP

Item No.	Desirable Policies, Procedures and Controls	%age Complete	Severity x Probability	Risk Weighting	Corrective Action if inadequate Policy or insufficient Controls or General Comments	Action rating FC / AR / GP / NA
7	Welfare at Work Fire Precautions Safe use of Electricity COSHH Manual Handling Use of Work Equipment First Aid Display Screen Equipment Young Persons PPE Control of Contractors	100% 100% 100% 100% 100% 100% 100% 100% 100% 100% 100%	3 x 1 3 x 1 3 x 1 3 x 1 3 x 1 3 x 1 3 x 1 3 x 1 3 x 1 3 x 1 3 x 1	3 3 3 3 3 3 3 3 3 3 3	Effective controls are in place and 'Mentor' act as the competent person, resolving most issues surrounding the responsibility for carrying out risk assessments for specific, significant activities. Methods of managing contractors kept under review. No outstanding strategic matters.	GP GP GP GP GP GP GP GP GP GP GP
8	Published information for: Employees Adjacent workers Young persons (up to 18yrs) New and expectant mothers Members of the public	100% NA 100% 100% 100%	3 x 1 NA 1 x 2 1 x 2 1 x 2	3 NA 2 2 2	Employer's guidance and publications being matched to <i>Mentor</i> H&S Manual to enable full consideration of detailed risk assessments and control procedures where necessary.	GP NA NA GP GP GP
9	COVID-19 Risk Assessments completed and agreed by Governing Body for virus transmission mitigation	100%	2 x 3	6	Risk assessments kept under review and all statute and regulatory guidance in this regard will be complied with	AR
10	Contingency Plan for business continuity implemented due to disruption to services caused by COVID-19	80%	2 x 3	6	Further risk assessments will be required to allow the resumption of direct physical contact with tenants/customers	AR

CORPORATE RISK ASSESSMENT AND COMPLIANCE REPORT

Date: APRIL 2023

Topic: FINANCE - DEFALCATION, FRAUD AND MISUSE OF ASSETS

Item No.	Desirable Policies, Procedures and Controls	%age Complete	Severity x Probability	Risk Weighting	Corrective Action if inadequate Policy or insufficient Controls or General Comments	Action rating FC / AR / GP / NA
1	a) External Audit & AGM	100%	3 x 1	3	Azets Audit Services appointed as Auditors. AGM attendance averages about 16%.	GP
	b) Review Auditors	20%	2 x 2	4	Ongoing performance monitoring affirms service level. Review of Auditors appointment every 5 years.	GP
2	a) Internal Audit	100%	2 x 1	2	Internal audit consultants Wylie & Bisset were appointed on 1 April 2018 for a period of 3 years. Contract extended for a further 2 years through to 31 March 2023 and a further 1 year to 31 March 2024.	GP
	b) Corporate Governance & Finance Sub Committee	100%	2 x 1	2	Meets 5 times per year.	GP
	c) Control Mechanisms	100%	2 x 1	2	KPIs and benchmarking reporting methods implemented to address arrears and void problems.	GP
3	a) Financial Regulations	100%	3 x 1	3	Reviewed with IMP annually.	GP
	b) Corporate Governance & Finance Sub Committee	100%	3 x 1	3	Meets 5 times per year to address all financial and business related issues.	GP

Item No.	Desirable Policies, Procedures and Controls	%age Complete	Severity x Probability	Risk Weighting	Corrective Action if inadequate Policy or insufficient Controls or General Comments	Action rating FC / AR / GP / NA
4	a) Formal Rules (Model)	100%	1 x 1	1	Adopted SFHA Charitable Model Rules (Scotland) 2020, July 2021.	NA
	b) Registration as Co-operative and Community Benefit Society and FCA	100%	1 x 1	1	Reg. No. 1941R(S).	NA
	c) Registration with the Scottish Housing Regulator	100%	1 x 1	1	The Scottish Housing Regulator Reg. No. HAL 202.	NA
	d) Registration with OSCR	100%	1 x 1	1	OSCR Charity No. SC042523.	NA
	e) Registration under the Property Factors (Scotland) Act 2011	100%	1 x 1	1	Reg. No. PF000275.	NA
5	a) Use of Seal	100%	2 x 1	2	Secretary + 2 Committee witnesses as per Internal Management Plan (see delegated authority).	GP
	b) Delegated authorities	100%	2 x 1	2	As per IMP.	GP
6	Annual Budget + monthly Budget reporting	100%	3 x 1	3	Reports to Governing Body.	GP
7	Treasury Management Policy	100%	2 x 1	2	As per guidance.	GP
	Adjust/Balance Loan Portfolio	100%	2 x 1	2	Loan Portfolio now adjusted in line with Strategy.	GP

Item No.	Desirable Policies, Procedures and Controls	%age Complete	Severity x Probability	Risk Weighting	Corrective Action if inadequate Policy or insufficient Controls or General Comments	Action rating FC / AR / GP / NA
8	Safe keeping of cash	100%	2 x 1	2	Office safe / Insurance.	GP
9	Standing Orders and Delegated Authority	100%	2 x 1	2	Part of Internal Management Plan.	GP
10	Credit control measures a) Rent arrears	95%	3 x 1	3	KPIs and Benchmarking extended to enhance performance in core areas of arrears recovery/void management.	GP
	b) Factoring	75%	2 x 2	4	Debt recovery procedures reviewed in context of revised Property Management Policy and financial controls to be improved.	GP
11	Development risk appraisal techniques	100%	2 x 1	2	Development & Funding Strategy minimises risk exposure. Use of Discounted Cash Flow model for private finance and individual project risk assessment.	GP
12	Depreciation Policy	100%	1 x 1	1	As per guidance.	NA
13	Password and Smart Card controls on automated Banking system (HOBS)	100%	2 x 1	2	Monitor regularly.	GP
14	Automated accounting systems	90%	2 x 2	4	Use of SAGE software implemented, but more integration of systems may be investigated, along with extended facilities for rent payments etc.	AR

Item No.	Desirable Policies, Procedures and Controls	%age Complete	Severity x Probability	Risk Weighting	Corrective Action if inadequate Policy or insufficient Controls or General Comments	Action rating FC / AR / GP / NA
15	Five Year Financial Projections	100%	2 x 2	4	Integral component of Internal Management Plan and a Scottish Housing Regulator Return requirement	GP
16	Long Term Financial Projections integrated with Life Cycle Costing Model for detailed long term measure of financial viability	95%	3 x 2	6	30 Year Plan includes updated Life Cycle Costing Model to allow for detailed financial planning. Results are summarised within Internal Management Plan and Five Year Financial Plan (submitted annually to SHR)	GP
17	Annual Assurance Statement	100%	3 x 2	6	Scottish Housing Regulator requirement. Governing Body to report on compliance with statutory and regulatory requirements to tenants and stakeholders.	GP

CORPORATE RISK ASSESSMENT AND COMPLIANCE REPORT

Date: APRIL 2023

Topic: PROPERTIES - HOUSING & COMMERCIAL (and other Insured Risks)

Item No.	Desirable Policies, Procedures and Controls	%age Complete	Severity x Probability	Risk Weighting	Corrective Action if inadequate Policy or insufficient Controls or General Comments	Action rating FC / AR / GP / NA
1	Housing Property Insurance	100%	3 x 1	3	Zurich 'Select' Insurance Policy covering all properties – blanket cover. £100 excess for malicious damage.	GP
2	Unoccupied Housing (voids)	90%	3 x 2	6	As above but with excess applicable N.B. Cover does not extend fully if continued non-occupancy exceeds 120 days. Housing Services to continue to minimise risk through improved void management and delivery of allocations.	AR
3	Office Premises	100%	2 x 1	2	Zurich Cover for Material Damage and Business Interruption.	GP
4	Legal Safety issues:					
	a) Gas safety regulations	100%	3 x 2	6	After inspection this area was strengthened in terms of completing ALL annual gas servicing punctually.	GP
	b) Non-Domestic Asbestos Management (legislation)	100%	3 x 1	3	Consultants Report concluded early 2004. No asbestos found.	GP
	c) Legionella Policy	100%	3 x 2	6	Consultants appointed, risk assessments completed and 2 year audit of controls in place	GP

Item No.	Desirable Policies, Procedures and Controls	%age Complete	Severity x Probability	Risk Weighting	Corrective Action if inadequate Policy or insufficient Controls or General Comments	Action rating FC / AR / GP / NA
5	Money: a) Non-negotiable b) Other (safes, strong-rooms) c) Other (locked receptacle)	100% 100% 100%	2 x 1 2 x 1 2 x 1	2 2 2	Limited to £250,000. Limited to £3,000. Limited to £250.	GP GP GP
6	All Risks	100%	3 x 1	3	Laptop computers anywhere in UK.	GP
7	Public Liability	100%	3 x 1	3	£5,000,000 cover.	GP
8	Employers Liability	100%	3 x 1	3	£10,000,000 cover.	GP
9	a) Motor b) Estate Caretaker's Van	100% 100%	2 x 1 2 x 1	2 2	Third party - including loss of no Claims Discount. Fully comprehensive – any driver.	GP GP
10	Legal Expenses & Uninsured Loss Recovery	100%	2 x 1	2	£50,000 per incident.	GP
11	Fragmentation	100%	2 x 1	2	£500,000 limit.	GP
12	Fidelity Guarantee	100%	2 x 1	2	£250,000 limit.	GP
13	Personal Accident - accident and assault cover	100%	2 x 1	2	£500,000 any one person. £2,000,000 any one incident.	GP
14	Works in progress		1 x 1	1		NA
15	Street Furniture	0%	2 x 2	4	Small risk but consider adding to insured risks.	AR

Item No.	Desirable Policies, Procedures and Controls	%age Complete	Severity x Probability	Risk Weighting	Corrective Action if inadequate Policy or insufficient Controls or General Comments	Action rating FC / AR / GP / NA
16	Libel & Slander	-	NA	-		NA
17	Professional negligence	-	NA	-		NA
18	Deterioration of Stock	-	N/A	-		NA
19	Engineering Insurance	-	N/A	-		NA
20	Expiry date - renewal arrangements in place (30 APRIL)	100%	3 X 1	3	Potential savings with medium-term agreement v. annual review may be considered.	GP

CORPORATE RISK ASSESSMENT AND COMPLIANCE REPORT

Date: APRIL 2023

Topic: COMMUNICATIONS AND IMAGE - PUBLIC RELATIONS

Item No.	Desirable Policies, Procedures and Controls	%age Complete	Severity x Probability	Risk Weighting	Corrective Action if inadequate Policy or insufficient Controls or General Comments	Action rating FC / AR / GP / NA
1	Corporate Identity/Image	100%	2 X 2	4	Review ongoing and will continue into the 2023/24 financial year.	Moved from GP to AR
2	Newsletters / Brochures	100%	2 X 1	2	As above.	GP
3	Community Initiatives	90%	2 X 1	2	Housing Services improving Tenant Participation Strategy in line with the Housing (Scotland) Act 2001 and 2010.	GP
	Councillor Liaison	100%	2 x 1	2	Successful Co-option on Development Sub Committee.	GP
	Social Inclusion	100%	2 x 2	4	Organisational policy reviews take account of central issues surrounding inclusion e.g. wider action initiatives developed (such as crime and disorder/fuel poverty/partnering/procurement etc).	GP
	Public Relations Dept./ Press Office	100%	2 x 1	2	Dealt with through Executive/ Directorate, but keep under review.	GP
4	Code of Conduct (Governance)	100%	2 x 1	2	Ensure regular review/monitoring.	GP
5	Publicity Events	100%	2 X 1	2	Ad-hoc and annual arrangements associated with specific events.	GP

Item No.	Desirable Policies, Procedures and Controls	%age Complete	Severity x Probability	Risk Weighting	Corrective Action if inadequate Policy or insufficient Controls or General Comments	Action rating FC / AR / GP / NA
6	Partnering Arrangements	100%	2 x 2	4	NLC, The Scottish Government + Scottish Enterprise/other HAs and Police (refer to functional 5-year Strategies, Action Plans and Policy Development).	GP
7	Publication of Scottish Housing Regulators: a) Engagement Plan b) Landlords Report	100% 100%	2 x 1 2 x 1	4 4	Publicised on the website, newsletters and along with the corporate annual performance report to customers.	GP
8	Customer Relations: - a) Complaints Procedures b) Access to Ombudsman	100% 100%	2 x 1 2 x 1	2 2	Complaints Handling Procedure implemented 1 November 2012 and reviewed on a three yearly basis.	GP
9	Customer Satisfaction surveys	100%	2 x 1	2	Extended to include new tenants linked to new developments as well as general housing management and property services. Independent report undertaken on a 3 yearly basis for benchmarking purposes.	GP GP
10	Corporate Annual Performance Against the Housing Charter	100%	2 x 1	2	Report issued annually to all stakeholders detailing performance across the whole range of corporate activity.	GP

CORPORATE RISK ASSESSMENT AND COMPLIANCE REPORT

Date: APRIL 2023

Topic: INFORMATION TECHNOLOGY - HARDWARE / SOFTWARE

Item No.	Desirable Policies, Procedures and Controls	%age Complete	Severity x Probability	Risk Weighting	Corrective Action if inadequate Policy or insufficient Controls or General Comments	Action rating FC / AR / GP / NA
1	a) Registration under Data Protection Act	100%	2 x 1	2	Data Protection Fee annually submitted to the Scottish Information Commissioner's Office.	GP
	b) GDPR	100%	3 x 1	3	Management Committee adopted Privacy Policy in April 2018 due to new regulations coming into force on 25 May 2018. Documents and appendices were drafted in line with Model Documentation provided by SFHA and was certified as being GDPR compliant.	AR
					Internal Audit carried out a review of procedures and an action plan has to be prepared.	AR
					Appointment of an internal Data Protection Officer (DPO).	GP
2	'On-site' hardware warranties	100%	2 x 1	2	Lugo Maintenance Contract.	GP
3	Replacement strategy	100%	2 x 1	2	Write-off period may be reviewed (4 or 5 years).	GP
4	Software support and maintenance	100%	2 x 1	2	Support provided by MIS and Lugo.	GP

Item No.	Desirable Policies, Procedures and Controls	%age Complete	Severity x Probability	Risk Weighting	Corrective Action if inadequate Policy or insufficient Controls or General Comments	Action rating FC / AR / GP / NA
5	Backup procedures	100%	2 x 1	2	Backups held by Corporate Services team out-with the office premises.	GP
6	Access - password protection methods	100%	2 x 1	2	Regular reviews built in to systems. Include in internal audit regime.	GP
7	On line public participation: Website	100%	2 x 1	2	New website launched November 2018 and to be kept updated by CSD/HSD/PSD/PRM.	GP
	Internet/email	100%	2 x 1	2	Now extended to include use by committee members.	GP
8	Business Continuity Planning	100%	2 x 2	4	Completed – subject to annual review.	GP
9	Automated Rent Payment Systems	100%	2 x 1	2	Implemented in August 2000.	GP
10	Secure cloud based Committee governance portal provided through Decision Time software	100%	1 x 1	1	More efficient committee administration with clear reduction in manpower and waste paper through use of the software.	FC
					Purchased software modules to further increase transparency and accountability in the risk management process.	AR

Item No.	Desirable Policies, Procedures and Controls	%age Complete	Severity x Probability	Risk Weighting	Corrective Action if inadequate Policy or insufficient Controls or General Comments	Action rating FC / AR / GP / NA
11	Introduction of occasional home working requires additional security and encryption software to safeguard the integrity of the network and personal data	100%	3 x 2	6	System security and encryption software supplied by Lugo, the duly appointed systems consultant. System will be subject to specialist internal audit scrutiny within the strategic audit plan time period.	FC AR

CORPORATE RISK ASSESSMENT AND COMPLIANCE REPORT

Date: APRIL 2023

Topic: OTHER – GOVERNANCE, POLITICAL & SOCIAL DEVELOPMENTS

Item No.	Desirable Policies, Procedures and Controls	%age Complete	Severity x Probability	Risk Weighting	Corrective Action if inadequate Policy or insufficient Controls or General Comments	Action rating FC / AR / GP / NA
1	a) STEP/SWOT	100%	3 x 1	3	Integral Part of Internal Management Planning process and annual reviews.	GP
	b) Monitoring above	100%	3 x 1	3	Now part of departmental strategic 5 year reviews.	GP
2	Management Committee/Governing Body effectiveness surveys and appraisals	100%	2 x 1	2	Annual survey and regular agenda facility for issues to be identified appraised and acted upon.	GP
3	Membership Sub Committee				Meet and reviewed annually.	
	Membership Policy	100%	2 x 1	2		GP
4	Housing Benefit/Universal Credit issues: -	90%	2 x 1	2	Housing Management involved in partnership arrangements.	GP
	a) LA administration issues					
	b) Transitional payments	100%	2 x 1	2	As above.	GP
	c) HB/UC (Technical) Arrears	90%	2 x 1	2	Housing Services has improved links with LA for more efficient processing.	GP

Item No.	Desirable Policies, Procedures and Controls	%age Complete	Severity x Probability	Risk Weighting	Corrective Action if inadequate Policy or insufficient Controls or General Comments	Action rating FC / AR / GP / NA
5	DDA – Disability Equality Act 2010					
	a) Disability Access Audit	100%	2 x 1	2	Reported to Corporate Services Sub Committee on 2 August 2005.	GP
	b) Implementation Plan/Budget	75%	2 x 2	4	Detailed Action Plan completed. Recommendations set out in extended plan of work set against budget.	AR
	c) Alleged land contamination and related health issues at Watling Street, Motherwell - Court proceedings	25%	3 x 2	6	Case to be defended, consultant appointed to undertake detailed soil and air quality testing and provide expert witness testimony. Expert environmental solicitor appointed and eminent QC appointed to lead defence.	AR
6	Business Continuity Plan updated with COVID-19 Contingency Planning	100%	3 x 2	6	Measures outlined to ensure the continuity of core service provision where lockdown restrictions may be in place.	AR

BUSINESS AREA: _____

Risk Category	Level of Risk S= Severity, P=Probability			SHR Standards Affected	Appraisal of Current Situation	Recommended Action	Timeline	Current Status
	S	P	Score					



APPENDIX 5

Medium

Term

Financial

Projections

LANARKSHIRE HOUSING ASSOCIATION LTD.
INTERNAL MANAGEMENT PLAN
MEDIUM TERM FINANCIAL PLANNING

Summary		*		*		*		*
	Annual	*	Annual	*	Annual	*	Annual	*
	Estimate	*	Estimate	*	Estimate	*	Estimate	*
	2023/24	*	2024/25	*	2025/26	*	2026/27	*
		*		*		*		*
Development	493,094	*	485,928	*	501,935	*	519,063	*
Shared Ownership	40,266	*	40,681	*	41,901	*	41,220	*
Housing Management	(346,177)	*	(420,016)	*	(409,750)	*	(477,894)	*
Maintenance	301,317	*	268,162	*	841,452	*	254,149	*
TOTAL OVER/(UNDER) SPEND	488,500	*	374,755	*	975,539	*	336,538	*

LANARKSHIRE HOUSING ASSOCIATION LTD.
INTERNAL MANAGEMENT PLAN
MEDIUM TERM FINANCIAL PLANNING

Housing Management	Annual Estimate 2023/24	Annual Estimate 2024/25	Annual Estimate 2025/26	Annual Estimate 2026/27	Annual Estimate 2027/28
EXPENDITURE					
Employee Expenses					
Salaries	267,680	278,320	286,720	293,720	299,320
National Insurance	34,999	35,722	36,461	37,325	32,130
Pension	127,272	130,423	133,646	138,529	89,856
Training	2,161	2,269	2,381	2,454	7,790
Other Employee Expenses	5,135	5,412	5,649	5,846	4,620
Total Employee Costs	437,248	452,146	464,857	477,874	433,716
Property Costs					
Insurance Premium Costs	169,050	177,503	186,378	191,969	226,583
Electricity Service Costs	25,137	26,142	29,862	29,635	32,470
Grounds Maintenance Services	46,305	48,157	55,010	54,591	59,814
Gas Maintenance Services	21,168	22,015	25,147	24,956	27,343
Other Service Costs	39,690	41,278	47,151	46,792	51,269
Housing Stock Depreciation	329,240	342,155	374,215	386,150	484,149
Total Property Costs	630,590	657,250	717,763	734,093	881,628
Transport Costs					
Car Allowances	315	331	348	358	140
Car Lease Payments	8,663	9,096	9,550	9,837	9,650
Vehicle Repairs & Maint.	0	0	0	0	0
Fuel	1,050	1,100	1,160	1,192	1,462
Depreciation Van	0	0	0	0	0
Total Transport Costs	10,028	10,527	11,058	11,387	11,252
Supplies & Services					
Equipment & Maintenance	29,750	31,238	32,799	33,783	39,768
Legal & Other Professional Fees	36,570	29,256	30,719	32,913	36,570
Arrears Action Expenses	5,700	6,100	6,500	6,500	6,500
Miscellaneous Expenses	2,317	2,317	2,317	2,317	2,317
Printing & Design Fees	8,400	8,820	9,261	9,539	14,036
Books & Publications	956	956	956	956	956
Telephones	4,200	4,410	4,631	4,769	5,458
Bad Debts	0	0	0	0	0
Provision for Bad Debts	45,000	50,000	52,000	54,000	56,000
Loss/Gain Disposals of Assets	0	0	0	0	0
Mortgage Repayments	578,959	577,388	573,401	559,054	535,870
Total Supplies & Services	711,851	710,485	712,583	703,832	697,475
Administrative Overheads					
Corporate Support Services Recharge	367,008	372,593	383,840	375,696	0
Office Accommodation Recharge	18,490	18,578	19,061	19,275	22,271
Total Administrative Overheads	385,498	391,170	402,901	394,971	22,271
TOTAL EXPENDITURE	2,175,215	2,221,578	2,309,163	2,322,157	2,046,341
INCOME					
Rents Receivable	(2,520,042)	(2,640,244)	(2,717,562)	(2,798,700)	(2,834,379)
Property Management Charges	0	0	0	0	(9,006)
Other Miscellaneous Income	(1,350)	(1,350)	(1,350)	(1,350)	(1,350)
TOTAL INCOME	(2,521,392)	(2,641,594)	(2,718,912)	(2,800,050)	(2,844,735)
TOTAL OVER/(UNDER) SPEND	(346,177)	(420,016)	(409,750)	(477,894)	(798,394)
	86.3%	84.1%	84.9%	82.9%	71.9%

LANARKSHIRE HOUSING ASSOCIATION LTD.
INTERNAL MANAGEMENT PLAN
MEDIUM TERM FINANCIAL PLANNING

Shared Ownership

EXPENDITURE

Employee Expenses

Salaries	*	0	*	0	*	0	*	0	*	0
National Insurance	*	0	*	0	*	0	*	0	*	0
Pension	*	0	*	0	*	0	*	0	*	0
Total Employee Costs	*	0	*	0	*	0	*	0	*	0

Supplies & Services

Equipment & Maintenance	*	0	*	0	*	0	*	0	*	0
Estate Agency Fees	*	0	*	0	*	0	*	0	*	0
Legal & Other Professional Fees	*	690	*	552	*	580	*	621	*	690
Miscellaneous Expenses	*	0	*	0	*	0	*	0	*	0
Total Supplies & Services	*	690	*	552	*	580	*	621	*	690

Administrative Overheads

Corporate Support Services Recharge	*	34,953	*	35,485	*	36,556	*	35,781	*	0
Office Accommodation Recharge	*	4,623	*	4,644	*	4,765	*	4,819	*	5,568
Total Administrative Overheads	*	39,576	*	40,129	*	41,322	*	40,599	*	5,568

TOTAL EXPENDITURE

	*	40,266	*	40,681	*	41,901	*	41,220	*	6,258
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INCOME

Sharing Owners Marketing Contribution	*	0	*	0	*	0	*	0	*	0
Other Miscellaneous Income	*	0	*	0	*	0	*	0	*	0
TOTAL INCOME	*	0	*	0	*	0	*	0	*	0

TOTAL OVER/(UNDER) SPEND

	*	40,266	*	40,681	*	41,901	*	41,220	*	6,258
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Appendix 5

LANARKSHIRE HOUSING ASSOCIATION LTD. INTERNAL MANAGEMENT PLAN MEDIUM TERM FINANCIAL PLANNING

Development	*	Annual	*	Annual	*	Annual	*	Annual	*	Annual
	*	Estimate	*	Estimate	*	Estimate	*	Estimate	*	Estimate
	*	2023/24	*	2024/25	*	2025/26	*	2026/27	*	2027/28
EXPENDITURE	*		*		*		*		*	
Employee Expenses	*		*		*		*		*	
Salaries	*	140,532	*	146,118	*	150,528	*	154,203	*	157,143
National Insurance	*	18,375	*	18,754	*	19,142	*	19,596	*	16,868
Pension	*	54,654	*	56,008	*	57,392	*	59,489	*	38,587
Training	*	928	*	974	*	1,022	*	1,054	*	3,345
Other Employee Expenses	*	780	*	822	*	858	*	888	*	702
Total Employee Costs	*	215,269	*	222,676	*	228,942	*	235,229	*	216,645
Transport Costs	*		*		*		*		*	
Car Allowances	*	105	*	110	*	116	*	119	*	47
Car Lease Payments	*	5,775	*	6,064	*	6,367	*	6,558	*	6,433
Total Transport Costs	*	5,880	*	6,174	*	6,483	*	6,677	*	6,480
Supplies & Services	*		*		*		*		*	
Equipment & Maintenance	*	12,750	*	13,388	*	14,057	*	14,479	*	17,043
Legal & Professional Fees	*	90,160	*	72,128	*	75,734	*	81,144	*	90,160
Miscellaneous Expenses	*	360	*	360	*	360	*	360	*	360
Books & Publications	*	340	*	340	*	340	*	340	*	340
Telephone Expenses	*	1,800	*	1,890	*	1,985	*	2,044	*	2,339
Total Supplies & Services	*	105,411	*	88,106	*	92,476	*	98,367	*	110,243
Administrative Overheads	*		*		*		*		*	
Corporate Support Services Recharge	*	157,289	*	159,683	*	164,503	*	169,152	*	161,013
Office Accommodation Recharge	*	9,245	*	9,289	*	9,531	*	9,637	*	11,135
Total Administrative Overheads	*	166,534	*	168,971	*	174,034	*	178,789	*	172,148
TOTAL EXPENDITURE	*	493,094	*	485,928	*	501,935	*	519,063	*	505,516
INCOME	*		*		*		*		*	
Acquisition/Development Allowances	*	0	*	0	*	0	*	0	*	0
L & A Damages	*	0	*	0	*	0	*	0	*	0
Other Miscellaneous Income	*	0	*	0	*	0	*	0	*	0
TOTAL INCOME	*	0	*	0	*	0	*	0	*	0
TOTAL OVER/(UNDER) SPEND	*	493,094	*	485,928	*	501,935	*	519,063	*	505,516

Appendix 5

LANARKSHIRE HOUSING ASSOCIATION LTD. INTERNAL MANAGEMENT PLAN MEDIUM TERM FINANCIAL PLANNING

Maintenance	*	Annual	*	Annual	*	Annual	*	Annual	*	Annual
	*	Estimate	*	Estimate	*	Estimate	*	Estimate	*	Estimate
	*	2023/24	*	2024/25	*	2025/26	*	2026/27	*	2027/28
EXPENDITURE	*		*		*		*		*	
Employee Expenses	*		*		*		*		*	
Salaries	*	151,335	*	157,350	*	162,099	*	166,057	*	169,223
National Insurance	*	19,787	*	20,196	*	20,614	*	21,102	*	18,165
Pension	*	54,654	*	56,008	*	57,392	*	59,489	*	38,587
Training	*	928	*	974	*	1,022	*	1,054	*	3,345
Other Employee Expenses	*	455	*	480	*	501	*	518	*	409
Total Employee Costs	*	227,159	*	235,007	*	241,627	*	248,219	*	229,729
Property Costs	*		*		*		*		*	
Housing Stock Depreciation	*	329,240	*	342,155	*	374,215	*	386,150	*	484,149
Routine Repairs	*	291,900	*	306,495	*	321,820	*	331,474	*	385,982
Void Maintenance	*	75,600	*	79,380	*	83,349	*	85,849	*	102,929
Cyclic Repairs	*	141,750	*	148,838	*	156,279	*	160,968	*	188,043
Planned Maintenance	*	471,100	*	481,455	*	1,034,078	*	462,620	*	740,499
Total Property Costs	*	1,309,590	*	1,358,323	*	1,969,741	*	1,427,061	*	1,901,602
Transport Costs	*		*		*		*		*	
Car Allowances	*	620	*	651	*	684	*	703	*	276
Car Lease Payments	*	8,663	*	9,096	*	9,550	*	9,837	*	9,650
Total Transport Costs	*	9,282	*	9,747	*	10,235	*	10,540	*	9,926
Supplies & Services	*		*		*		*		*	
Equipment & Maintenance	*	12,750	*	13,388	*	14,057	*	14,479	*	17,043
Legal & Professional Fees	*	40,710	*	32,568	*	34,196	*	36,639	*	40,710
Miscellaneous Expenses	*	2,265	*	2,265	*	2,265	*	2,265	*	2,265
Books & Publications	*	0	*	0	*	0	*	0	*	0
Telephones	*	1,800	*	1,890	*	1,985	*	2,044	*	2,339
Mortgage Repayments	*	203,418	*	202,866	*	201,465	*	196,425	*	188,279
Total Supplies & Services	*	260,943	*	252,977	*	253,968	*	251,851	*	250,636
Administrative Overheads	*		*		*		*		*	
Corporate Support Services Recharge	*	314,578	*	319,365	*	329,006	*	338,303	*	322,025
Office Accommodation Recharge	*	4,623	*	4,644	*	4,765	*	4,819	*	5,568
Total Administrative Overheads	*	319,201	*	324,009	*	333,771	*	343,122	*	327,593
TOTAL EXPENDITURE	*	2,126,175	*	2,180,063	*	2,809,342	*	2,280,793	*	2,719,486
INCOME	*		*		*		*		*	
Rents Receivable	*	(1,824,858)	*	(1,911,901)	*	(1,967,890)	*	(2,026,645)	*	(2,052,481)
Other Miscellaneous Income	*	0	*	0	*	0	*	0	*	0
TOTAL INCOME	*	(1,824,858)	*	(1,911,901)	*	(1,967,890)	*	(2,026,645)	*	(2,052,481)
TOTAL OVER/(UNDER) SPEND	*	301,317	*	268,162	*	841,452	*	254,149	*	667,005
		116.5%		114.0%		142.8%		112.5%		132.5%

LANARKSHIRE HOUSING ASSOCIATION LTD.
INTERNAL MANAGEMENT PLAN
MEDIUM TERM FINANCIAL PLANNING

Corporate Support Services	*	Annual	*	Annual	*	Annual	*	Annual	*	Annual
	*	Estimate	*	Estimate	*	Estimate	*	Estimate	*	Estimate
	*	2023/24	*	2024/25	*	2025/26	*	2026/27	*	2027/28
EXPENDITURE	*		*		*		*		*	
Employee Expenses	*		*		*		*		*	
Salaries	*	390,834	*	410,920	*	423,322	*	433,659	*	441,927
National Insurance	*	51,812	*	52,883	*	53,977	*	55,253	*	47,438
Pension	*	145,618	*	149,223	*	152,911	*	158,498	*	102,808
Training	*	2,472	*	2,596	*	2,724	*	2,808	*	8,913
Other Employee Expenses	*	130	*	137	*	143	*	148	*	117
Total Employee Costs	*	590,867	*	615,758	*	633,076	*	650,365	*	601,203
Transport Costs	*		*		*		*		*	
Car Allowances	*	11	*	11	*	12	*	12	*	5
Car Lease Payments	*	3,150	*	3,308	*	3,473	*	3,577	*	3,509
Total Transport Costs	*	3,161	*	3,319	*	3,484	*	3,589	*	3,514
Supplies & Services	*		*		*		*		*	
Equipment & Maintenance	*	34,000	*	35,700	*	37,485	*	38,610	*	45,449
Uniforms	*	4,750	*	4,750	*	4,750	*	4,750	*	4,750
Bank Charges	*	1,180	*	1,180	*	1,180	*	1,180	*	1,180
Audit Fees	*	20,000	*	16,000	*	16,800	*	18,000	*	20,000
Legal & Professional Fees	*	61,870	*	49,496	*	51,971	*	55,683	*	61,870
Consultancy Fees	*	0	*	0	*	0	*	0	*	0
Affiliation Fees	*	16,800	*	17,640	*	18,522	*	19,078	*	22,516
Publicity & Promotion	*	50,000	*	50,000	*	50,000	*	50,000	*	25,000
Miscellaneous Expenses	*	12,218	*	12,218	*	12,218	*	12,218	*	12,218
Stationery/Office Supplies	*	9,450	*	9,923	*	10,419	*	10,731	*	12,866
Photocopier	*	3,150	*	3,308	*	3,473	*	3,577	*	4,094
Books & Publications	*	364	*	364	*	364	*	364	*	364
Postage	*	15,750	*	16,538	*	17,364	*	17,885	*	18,422
Telephones	*	4,800	*	5,040	*	5,292	*	5,451	*	6,238
Committee Expenses	*	3,150	*	3,308	*	3,473	*	3,577	*	1,170
Total Supplies & Services	*	237,481	*	225,465	*	233,310	*	241,103	*	236,135
Administrative Overheads	*		*		*		*		*	
Office Accommodation	*	55,470	*	55,734	*	57,184	*	57,825	*	66,812
Total Administrative Overheads	*	55,470	*	55,734	*	57,184	*	57,825	*	66,812
TOTAL EXPENDITURE	*	886,979	*	900,275	*	927,055	*	952,881	*	907,664
INCOME	*		*		*		*		*	
Recharge To Development	*	(157,289)	*	(159,683)	*	(164,503)	*	(169,152)	*	(161,013)
Recharge to Shared Ownership	*	(34,953)	*	(35,485)	*	(36,556)	*	(37,589)	*	(35,781)
Recharge to Housing Management	*	(367,008)	*	(372,593)	*	(383,840)	*	(394,687)	*	(375,696)
Recharge to Maintenance	*	(314,578)	*	(319,365)	*	(329,006)	*	(338,303)	*	(322,025)
Investment Interest	*	(9,500)	*	(9,500)	*	(9,500)	*	(9,500)	*	(9,500)
Other Miscellaneous Income	*	(3,650)	*	(3,650)	*	(3,650)	*	(3,650)	*	(3,650)
TOTAL INCOME	*	(886,979)	*	(900,275)	*	(927,055)	*	(952,881)	*	(907,664)
TOTAL OVER/(UNDER) SPEND	*	-0	*	-0	*	0	*	0	*	0

LANARKSHIRE HOUSING ASSOCIATION LTD.
INTERNAL MANAGEMENT PLAN
MEDIUM TERM FINANCIAL PLANNING

Office Accommodation	*	Annual	*	Annual	*	Annual	*	Annual	*	Annual
	*	Estimate	*	Estimate	*	Estimate	*	Estimate	*	Estimate
	*	2023/24	*	2024/25	*	2025/26	*	2026/27	*	2027/28
EXPENDITURE	*		*		*		*		*	
Employee Expenses	*		*		*		*		*	
Cleaners Salaries		5,570	*	5,960	*	6,318	*	6,697	*	7,099
Total Employee Costs	*	5,570	*	5,960	*	6,318	*	6,697	*	7,099
	*		*		*		*		*	
Property Costs	*		*		*		*		*	
General Maintenance	*	2,079	*	1,800	*	1,890	*	1,947	*	2,005
Office Maintenance	*	9,471	*	8,200	*	8,610	*	8,868	*	9,134
Depreciation Office	*	33,600	*	35,280	*	37,044	*	38,155	*	38,598
Depreciation Fixtures & Fittings	*		*		*		*		*	
Depreciation Computers	*		*		*		*		*	
Total Property Costs	*	45,150	*	45,280	*	47,544	*	48,970	*	49,738
	*		*		*		*		*	
Supplies & Services	*		*		*		*		*	
Rates	*	8,760	*	8,760	*	8,760	*	8,760	*	19,710
Electricity	*	1,680	*	1,680	*	1,680	*	1,680	*	3,780
Gas	*	720	*	720	*	720	*	720	*	1,620
Office Cleaning Supplies	*	480	*	480	*	480	*	480	*	1,080
Contract Cleaning - Windows	*	360	*	360	*	360	*	360	*	810
Office Loan Repayments	*	29,730	*	29,650	*	29,445	*	28,708	*	27,518
Total Supplies & Services	*	41,730	*	41,650	*	41,445	*	40,708	*	54,518
	*		*		*		*		*	
TOTAL EXPENDITURE	*	92,451	*	92,890	*	95,307	*	96,375	*	111,354
	*		*		*		*		*	
INCOME	*		*		*		*		*	
Recharge To Development	*	(9,245)	*	(9,289)	*	(9,531)	*	(9,637)	*	(11,135)
Recharge to Shared Ownership	*	(4,623)	*	(4,644)	*	(4,765)	*	(4,819)	*	(5,568)
Recharge to Housing Management	*	(18,490)	*	(18,578)	*	(19,061)	*	(19,275)	*	(22,271)
Recharge to Maintenance	*	(4,623)	*	(4,644)	*	(4,765)	*	(4,819)	*	(5,568)
Recharge to Corporate Services	*	(55,470)	*	(55,734)	*	(57,184)	*	(57,825)	*	(66,812)
TOTAL INCOME	*	(92,451)	*	(92,890)	*	(95,307)	*	(96,375)	*	(111,354)
	*		*		*		*		*	
TOTAL OVER/(UNDER) SPEND	*	0	*	0	*	0	*	0	*	0

LANARKSHIRE HOUSING ASSOCIATION LTD.

TRADING PROFIT & LOSS ACCOUNT
INTERNAL MANAGEMENT PLANNING 2022-2027

	2023/24	2024/25	2025/26	2026/27	2027/28
Turnover:					
Rents Receivable	4,344,900	4,552,145	4,685,452	4,825,345	4,886,860
Service Charge Income	121,800	127,890	134,285	138,313	135,557
Retail Rents	61,950	65,048	67,000	69,009	70,484
Factoring Fees	0	0	0	0	9,006
Release of Grant	7,350	7,718	8,103	8,346	8,346
Grants Received	30,000	30,000	30,900	31,827	29,998
Miscellaneous Income	5,000	5,000	5,000	5,000	5,000
	<u>4,571,000</u>	<u>4,787,801</u>	<u>4,930,740</u>	<u>5,077,840</u>	<u>5,145,251</u>
Less Operating Costs:					
Employee Costs					
Salaries	956,000	994,000	1,024,000	1,049,000	1,069,000
National Insurance	124,998	127,580	130,218	133,304	114,751
Pension	243,699	249,061	254,540	260,904	231,838
Pension FRS17	138,500	142,600	146,800	155,100	38,000
Training	6,489	6,813	7,150	7,369	23,393
Other Employee Expenses	6,500	6,850	7,150	7,400	5,848
	<u>1,476,186</u>	<u>1,526,904</u>	<u>1,569,858</u>	<u>1,613,077</u>	<u>1,482,831</u>
Property Costs					
Insurance Premium Costs	169,050	177,503	186,378	191,969	226,583
Service Costs	132,300	137,592	157,170	155,974	170,896
Housing Stock Depreciation	658,480	684,310	748,430	772,300	968,297
Loss on Disposal Components Housing	36,400	36,900	91,600	34,100	60,950
Other Depreciation	33,600	35,280	37,044	38,155	38,598
Routine Repairs	291,900	306,495	321,820	331,474	385,982
Void Maintenance	75,600	79,380	83,349	85,849	102,929
Cyclic Repairs	141,750	148,838	156,279	160,968	188,043
Planned Maintenance	107,100	112,455	118,078	121,620	131,000
SHQS Improvements	364,000	369,000	916,000	341,000	609,500
Environmental improvements	0	0	0	0	12,887
Major Repairs Capitalised Adjustment	(338,520)	(343,170)	(851,880)	(317,130)	(587,464)
General Office Repairs/Maintenance	11,550	10,000	10,500	10,815	11,139
	<u>1,683,210</u>	<u>1,754,583</u>	<u>1,974,768</u>	<u>1,927,094</u>	<u>2,319,340</u>
Transport Costs					
Car Allowances	1,050	1,103	1,160	1,192	468
Car Lease Payments	26,250	27,563	28,940	29,809	29,241
Vehicle Repairs & Maintenance	0	0	0	0	0
Fuel	1,050	1,100	1,160	1,192	1,462
	<u>28,350</u>	<u>29,766</u>	<u>31,260</u>	<u>32,193</u>	<u>31,171</u>
Supplies & Services					
Office Costs	12,000	12,000	12,000	12,000	27,000
Loss/Gain on Disposal of Assets	0	0	0	0	
Publicity & Promotion	50,000	50,000	50,000	50,000	25,000
Affiliation Fees	16,800	17,640	18,522	19,078	22,516
Legal & Professional Fees	250,000	200,000	210,000	225,000	250,000
Telephones	12,600	13,230	13,892	14,308	16,375
Equipment Maintenance	89,250	93,713	98,398	101,350	119,304
Printing & Design Fees	8,400	8,820	9,261	9,539	14,036
Stationery	9,450	9,923	10,419	10,731	12,866
Photocopier	3,150	3,308	3,473	3,577	4,094
Postage	15,750	16,538	17,364	17,885	18,422
Committee Expenses	3,150	3,308	3,473	3,577	1,170
Uniforms	4,750	4,750	4,750	4,750	4,750
Non Rental Bad Debts	0	0	0	0	25,732
Rental Bad Debts	45,000	50,000	52,000	54,000	56,000
Miscellaneous	20,000	20,000	20,000	20,000	20,000
	<u>540,300</u>	<u>503,230</u>	<u>523,552</u>	<u>545,795</u>	<u>617,263</u>
Total Operating Costs	<u>3,728,046</u>	<u>3,814,483</u>	<u>4,099,438</u>	<u>4,118,159</u>	<u>4,450,605</u>
Operating Surplus	<u>842,954</u>	<u>973,318</u>	<u>831,302</u>	<u>959,681</u>	<u>694,647</u>
GROSS MARGIN	18%	20%	17%	19%	14%

LANARKSHIRE HOUSING ASSOCIATION LTD.

INCOME & EXPENDITURE ACCOUNT
INTERNAL MANAGEMENT PLANNING 2022-2027

	2023/24	2024/25	2025/26	2026/27	2027/28
Turnover	4,571,000	4,787,801	4,930,740	5,077,840	5,145,251
Less: Operating Costs	<u>(3,728,046)</u>	<u>(3,814,483)</u>	<u>(4,099,438)</u>	<u>(4,118,159)</u>	<u>(4,450,605)</u>
Operating Surplus	842,954	973,318	831,302	959,681	694,647
Surplus on Sale of Properties	5,000	5,000	5,000	5,000	5,000
Release of Grants	0	0	0	0	0
Interest Receivable and other income charges	9,500	9,500	9,500	9,500	9,500
Interest Payable and other charges.	<u>(172,500)</u>	<u>(155,900)</u>	<u>(140,900)</u>	<u>(125,900)</u>	<u>(125,900)</u>
Surplus on Ordinary Activities Before Taxation	684,954	831,918	704,902	848,281	583,247

LANARKSHIRE HOUSING ASSOCIATION LTD.

CASH FLOW STATEMENT
INTERNAL MANAGEMENT PLANNING 2022-2027

	2023/24	2024/25	2025/26	2026/27	2027/28
Cash Received:					
Total Income Received from Operating Activities	4,571,000	4,787,801	4,930,740	5,077,840	5,145,251
Sales proceeds from disposals	5,000	5,000	5,000	5,000	5,000
Grants Received	30,000	30,000	30,900	31,827	29,998
Total Income from Investments	9,500	9,500	9,500	9,500	9,500
	4,615,500	4,832,301	4,976,140	5,124,167	5,189,750
Cash Paid:					
Total Operating Costs	3,728,046	3,814,483	4,099,438	4,118,159	4,450,605
Non Development Capital Expenditure	0	0	0	0	0
Acquisitions (Housing plus other)	250,000	250,000	270,000	270,000	275,000
Capitalised Planned Maintenance	274,000	291,000	838,000	1,495,000	1,025,000
Net Tax Paid	0	0	0	0	0
Total Mortgage Repayments	782,376	780,255	774,866	755,479	724,149
Grants Repaid	0	0	0	0	0
	5,034,422	5,135,738	5,982,304	6,638,638	6,474,753
Movement in Working Capital (excl Cash)	9,090	11,223	11,210	(4,381)	(16,332)
Other movements	29,145	28,094	(25,936)	(90,197)	(41,720)
Less: Disposals of Capitalised Maintenance	(23,975)	(25,462)	(73,325)	(130,812)	(89,687)
Less: Loss on disposals	0	0	0	0	0
Less: Depn Charges for Forecasted Acquisitions	(28,875)	(28,403)	(27,943)	(27,495)	(27,057)
Less: Depreciation Charges	(740,810)	(761,829)	(821,157)	(926,496)	(998,955)
	4,278,997	4,359,361	5,045,153	5,459,257	5,301,003
Less: Provision For Bad Debts	0	0	0	0	0
	4,278,997	4,359,361	5,045,153	5,459,257	5,301,003
Increase/(Decrease) in Cash Position	336,503	472,940	(69,013)	(335,090)	(111,253)