

# Delivering for Orkney



Building homes, building communities

## Business Plan 2025-28

# Contents

**1 Welcome and Introduction** p3-4

**2 Looking Back** p5

**3 Our World, Our Challenges, Our Opportunities** p6-10

**4 What we will do and how we will do it** p11-13

**5 Outline Plan** p14-19

**6 Supporting and enabling resources** p20-22

**7 Monitoring our Plan and reporting** p23-25

**8 Risks to delivering the Plan** p26-27

## Appendices updated annually:

1. Operational Delivery Plan
2. Key Assumptions
3. Annual Budget
4. 30-year Financial Plan
5. Stress Testing
6. Key Performance Indicators
7. Risk Register

# 1

## Welcome and Introduction

**As we begin Orkney Housing Association's milestone 40th anniversary celebrations, we are delighted to be introducing our new Business Plan. This Plan will help guide us - Orkney's only local community owned housing association - in what we do and how we deliver over the next 3 years and beyond.**

This new Plan comes at an important, interesting and exciting time for the Association. Whilst we reflect on the successes of the past 40 years, and some exceptional challenges in the past five years, we look ahead to some exciting times in front of us.

We launch this Business Plan, alongside new and refreshed branding, with a clear vision of the journey that the Association will embark on over the next 3 years, building more homes and more communities.

"Delivering for Orkney" has been driven by our Management Committee and has involved significant work by our talented senior staff team to collate and present the Plan. Our wider staff team and tenants have all played an important part in the process and their views and suggestions have fed into this final version. As always, we have included wider issues affecting our community central to our planning.

The dedicated locally-based individuals who started Orkney Housing Association should be proud of what their vision has achieved. As much as ever before, we see ourselves as ambitious, caring, community-focused and here to do the best for our customers throughout our islands, which are demonstrated in our 3 key Corporate Outcomes:

- **A Great Place to Work**
- **Great Customer Service**
- **Contributing to a Safe and Sustainable Community**



# 1

## Welcome and Introduction

In this Plan, we set out some key actions that will help deliver these outcomes, including:

- Understanding our tenants' wishes and challenges and adapting our services accordingly.
- Ensuring our technology, people and approach are right to digitally deliver services.
- Using our subsidiary to enhance the range of housing options we provide for our communities.
- Ensuring our properties are safe, modern, warm and affordable.
- Ensuring we have the funds and resources to deliver our Plan.

Our society has lived through some significant social and economic turmoil over the periods of our previous two Plans. We hope to see more stability over the duration of this Plan, but some risks and challenges will undoubtedly remain, including:

- Ensuring a positive working environment for our staff, maintaining us as an employer of choice.
- Managing tenant expectations and continuing to support them through the cost of living crisis.
- Working effectively with our Partners to secure land and consents to deliver new homes for our community.
- Protecting the continuity of and enhancing our operations.
- Positively coping with changing standards and regulations.

We believe that the ongoing exceptional efforts of our people will have a real positive impact in our community as we launch, embark upon and celebrate succeeding in *“Delivering for Orkney”*.



*Craig Spence, Chief Executive*



*Brian Kynoch, Chair*

**Forty years ago, Orkney Housing Association was formed after a group of dedicated locally-based individuals, saw a need for new solutions to offer affordable housing to Orkney residents. Those bold innovators were correct – new solutions could be found, and they were. We have overcome countless challenges over the past 40 years to successfully deliver 1131 quality new, affordable properties throughout Orkney since inception, completing our 1000th build in March 2017.**

Our current rental stock of 831 is spread throughout the mainland and islands of the Orkney Islands and is complemented by 292 affordable home ownership units which we have either sold outright or the Association/Scottish Government retain a shared interest in, and 16 properties are leased to local partners to provide housing.

The development of these homes represents a capital investment in Orkney of just under £115 million. Our rented stock generates income which is used to maintain and upgrade existing properties and to assist with the development of new housing.

Our highest priorities remain our tenants and to continue to provide a range of affordable new homes to meet the ever increasing demand for housing in our communities. As well as high quality new builds, we have continued our programme of refurbishing and refreshing existing homes. This has been challenged by several years of limiting our rent increases and the rising costs of materials. We continue to undertake works to our properties, striving to ensure that all of our housing stock always meets the Scottish Housing Quality Standard (SHQS).

By investing time in training and development, our staff are well equipped with the skills and knowledge to provide great customer service within a well-run Association with strong governance. Our staff take pride in their work and always do their best to support our tenants. Targeted, proactive support calls undertaken during the last few years have helped further strengthen relationships and trust with our tenants, resulting in good neighbours, living comfortably in sustainable tenancies.

We remain the only Registered Social Landlord (RSL) based in Orkney, and became a registered Charity in 2001.

Our founding members formed the Association to be forward-looking, ambitious and resilient. These strong foundations, along with our exceptional staff team, enable the Association to remain strong and focused on our path of

***“Delivering for Orkney”***.

# 3

## Our World, Our Challenges, Our Opportunities

As we launch this new Plan, it is easy to forget that only five years ago we were in a national lockdown to prevent global spread of a contagious virus and our health service becoming overwhelmed. Since that time there has continued to be a rapid pace of change and recovery across the globe. We are fortunate to have a population and economy that is strong and resilient in our islands, but we recognise the pressures on public funds and consider how that could impact us and our tenants in the years ahead. We continue to consider, plan and innovate as we consider how best to deliver this Plan - **“Delivering for Orkney”**.

### Global Issues Affecting Us

In our safe and inclusive corner of the world, we are still impacted by challenging global issues such as significant economic instability and warfare. It is not our role to influence meaningful change in this area, but we continue to keep aware of anything that impacts our tenants and services and seek to support those who can influence change at the highest level.

Political change and any introductions of trade tariffs are likely to have an impact on components and commodities that we need in order to build and repair properties.

### Orkney in 2025 and Beyond

Orkney remains a magical place. People within our community have always sought to help and support individuals whilst working together for the greater benefits of our community and our islands.

To many, our islands are picturesque, self-sustaining and place of choice to live. That in itself causes challenges, and we have seen a significant rise in demand for housing in Orkney over recent years. This is particularly acute in Kirkwall and we anticipate high housing demand to continue into the future.

We are very fortunate in Orkney to have a mature construction industry, led by long-standing local family firms who take great pride in their reputations for good build quality, and attention to detail. Many of them have worked with us over the past 40 years to build and maintain homes to high standards. We are, however, operating in a tight labour market and availability of contractors can be challenging when other major capital projects are being undertaken. We have also experienced materials supply issues, and uncertainty around global trade tariffs could present challenges in the domestic and local economy.

We will continue doing all we can to work in partnership with Orkney Islands Council (OIC) and Scottish Government to seek to deliver more local community-owned affordable homes for rent and low-cost home ownership over the course of this Plan, to tackle some of the demand. Together, we will seek to ensure that Orkney has the accommodation needed for the years ahead.

As well as housing those already in Orkney in housing need, future demographics are a real consideration for the community. Without skilled and young inward migration, our population is projected to age faster than most other areas, and the economically active population will decrease. We already see high levels of employment, low unemployment and unfilled vacancies regularly.

# 3

## Our World, Our Challenges, Our Opportunities

### Rural Housing Challenges

The cost of developing housing in rural areas is significantly more than in urban Scotland. The market comprises of a large number of small contractors and a few medium-sized firms who can deliver medium-sized developments. This means we need to maintain good relationships with the local construction sector in order to obtain value from delivering the right projects at the right time.

Simply getting materials to site, and the extra costs and logistics involved in multiple journeys involving sea crossings, can be significant. Cost of materials and transport can be very challenging when developing and refurbishing properties, particularly in our most remote communities.

Rural fuel poverty is a real issue in Orkney, with the highest rate of fuel poverty in the country. We work closely with local, regional and national partner organisations to do all we can to reduce fuel poverty and its impacts in our community. The broader cost of living challenges will likely only exacerbate this issue in the coming years.

The incomes required to live in Orkney to the same standard as central Scotland are between 20%-40% higher. This places daily challenges on people in our communities, but particularly so in the winter when heating demands and energy costs are higher. We will continue our work to ensure that rural housing challenges are considered and “island-proofed” in Scottish Government legislation.

### National Matters

Changing legislation is a constant consideration for our organisation. We have highly skilled people and teams who ensure compliance and more – to make sure we do the best we can for our customers.

Governance and compliance requirements focus our resources also. There continues to be turbulence in the economy and we will monitor inflation and interest rates closely, considering how important they are to influencing this Plan.

We will face a difficult challenge of finding the correct balance between all priorities of governments and regulators. There is no one simple solution to addressing affordable rents, zero-emission heating, fuel poverty, and ever-changing building standards whilst delivering an ongoing development programme.

We plan to continue as members of the Scottish Federation of Housing Associations (SFHA), the Rural and Island Housing Associations Forum (RIHAF) and other relevant networks, using our collective voice as a sector to deliver positively for those in housing need in Orkney.

We will continue to innovate and plan ahead to do our very best for those in our community and our properties.

# 3

## Our World, Our Challenges, Our Opportunities

### Strengths

- Ability to adapt and continue to deliver high quality services
- Supportive, knowledgeable, skilled & experienced Committee and staff
- Finances in a strong position
- Relations with sectoral partners
- Favourable terms & conditions – an attractive employer
- Quality housing stock
- Increasing tenant satisfaction
- Established repairs service with high satisfaction
- Good links and relationships with local contractors
- Reputation within community
- Communication with staff and tenants
- Compliant with Regulatory Standards

### Opportunities

- Continue to modernise workforce
- Review design brief – how can we reduce costs and maintain quality?
- Maximising our use of existing IT systems and website to improve communications
- Increase Direct Labour Team and sell services to others
- Digitalisation of services for tenants
- Consider different types of housing and housing services
- Strengthen tenant engagement
- Transition to sustainable energy by 2030
- Offer alternative housing models
- Community Housing Bonds

### Threats

- Energy costs – threat to our income and costs
- Climate Change
- Fire safety and EESSH energy efficiency legislation requires large spend for limited benefit to tenants
- Constitutional crisis/change in Scotland/UK/Europe
- Brexit impact – labour & supply shortages
- Costs of building materials and energy
- Cyber-attack or major IT failure
- Future ability to borrow affordably due to global factors
- Cost of development and grant subsidy levels
- Capacity of local contractors
- Changes to building standards / new build requirements
- Cost of living pressures continue to rise

### Weaknesses

- Land availability
- Lack of clarity on future programme and long-term support from key Public Sector/Government partners, particularly financial support
- Traditional systems in need of modernisation
- Limited functionality of website

# 3

## Our World, Our Challenges, Our Opportunities

### Political

- UK and Scottish Government changes
- World elsewhere - war, unrest following elections in America and South Korea
- Minority Government in Scotland and budget changes
- Partnership working with local authority very important but can be challenging at times

### Economic

- Fear that Orkney “misses the boat” as a consequence of no dedicated Economist leading policy locally
- Need to identify suitable land to build on, which needs to be zoned for housing and consents obtained

### Social

- Poverty and subsequent challenges - fuel poverty, drugs and alcohol abuse, anti-social behaviour
- Ageing and decreasing population predictions
- Wages in Orkney lower than nationally
- Talent drain resulting from young people leaving islands to study and work
- Workforce concerns, eg leaving trades to work in other industries
- Kirkwall centralisation

### Technological

- Roll out of adequate Internet/WIFI throughout Orkney
- Radio Teleswitch Service switch by 30 June 2025
- Telecommunications change from Public Switched Telephone Network (PSTN) to Voice over Internet Protocol (VoIP) by January 2027
- Sabotage & reliance on old cable system
- Artificial Intelligence



# 3

## Our World, Our Challenges, Our Opportunities

UK & Beyond	Scotland and Scottish Government	Orkney Community	Orkney Housing Association
<ul style="list-style-type: none"> <li>• War in Ukraine/ Europe/World</li> <li>• Global Energy Markets/prices</li> <li>• Trumponomics</li> <li>• Innovative ways of providing housing</li> <li>• Economic turmoil – inflation, interest rates</li> <li>• Cost of money</li> <li>• Availability of money</li> <li>• Public expectations</li> <li>• Private sector changes/ employment</li> <li>• Taxation</li> </ul>	<ul style="list-style-type: none"> <li>• 2026 Election / new government</li> <li>• Conflicts between affordability, new builds and Net Zero</li> <li>• Need for subsidy benchmarks to keep pace with construction inflation.</li> <li>• Tackling Fuel Poverty</li> <li>• NetZero compliance</li> <li>• Ongoing work for tenant safety</li> <li>• Scottish Housing Regulator regulation changes</li> </ul>	<ul style="list-style-type: none"> <li>• Delivering New Supply Shared Equity housing in partnership with OIC</li> <li>• Huge demand for housing</li> <li>• Incoming workers unable to find housing, so refusing jobs.</li> <li>• Demographics – less people of working age</li> <li>• High employment</li> <li>• Private sector for market rent</li> <li>• Rise of drug &amp; substance use/ misuse</li> <li>• Increasing community engagement and involvement Opportunities from Towns Fund</li> <li>• 2027 Election</li> </ul>	<ul style="list-style-type: none"> <li>• Maintaining our high performance</li> <li>• Cyber Security</li> <li>• Modernising our IT provision</li> <li>• Succession planning - Staff and Committee</li> <li>• Continued demand exceeding supply</li> <li>• Keeping rents affordable</li> <li>• Cost of living pressure on tenants</li> <li>• Tenant / customer expectations</li> <li>• Increasing build standards</li> <li>• Delivering efficiencies</li> <li>• Community Housing Bonds</li> <li>• Delivering wider services via OHE</li> </ul>

# 4

## What we will do and how we will do it

Across the Association, there is a real shared understanding of, and commitment to, what we are here to do – our Mission:

**“We will provide good quality affordable homes and services for the benefit of the people and community of Orkney.”**

In carrying out our Mission, we will focus on our three Corporate Outcomes. These are the three areas which we believe that if we achieve, then we will know we are delivering in line with our Mission. Our three Corporate Outcomes, which we explain further in Section 5 are:

- **A Great Place to Work**
- **Great Customer Service**
- **Contributing to a Safe and Sustainable Community**



### Values

We are very much embedded within the Orkney community, and much of our approach to how we do business reflects our historic approach within the community. Our values – our “5 I’s” - are the principles we live by:

- **Impact:** We deliver homes and services which meet the needs of, and have a positive impact on, our customers and the community.
- **Involve:** We involve staff, tenants and stakeholders, listening to them and ensure their input is valued and considered.
- **Intent:** We are clear what we are doing, and communicate effectively with our customers and our community, so that we each understand expectations.
- **Integrity:** We act with the highest standards of integrity and respect, working within the Regulatory Standards.
- **Improve:** We seek out and take opportunities to improve, through training, efficiencies, benchmarking, sharing and learning.

By doing all of this, we believe that we will deliver our long-term Vision that we will be:

**“Recognised across the country as a leading housing association that provides quality affordable housing”**

# 4

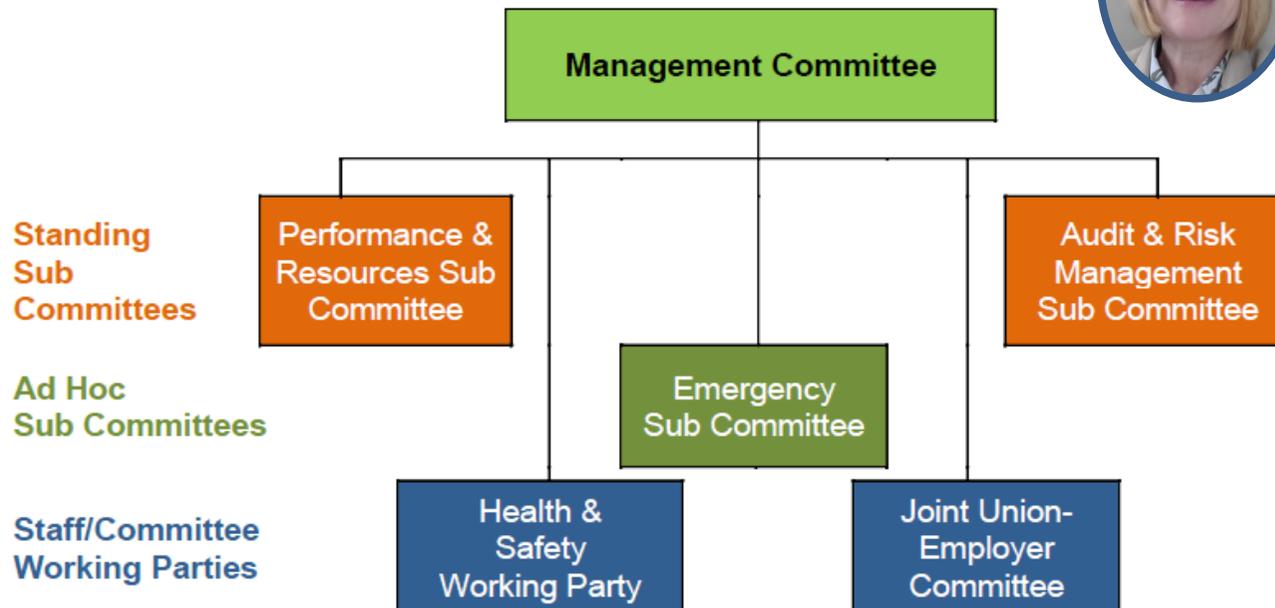
## What we will do and how we will do it

### Leading and overseeing delivery

Our Management Committee are the strategic governing body of the Association. They have led on this Plan, approved it and regularly monitor progress and delivery.

Management Committee members are an experienced and talented group of individuals from a wide range of backgrounds. They are committed to our values and overseeing delivery of our Corporate Outcomes. As at 01 April 2025, we have 10 Management Committee members as follows:

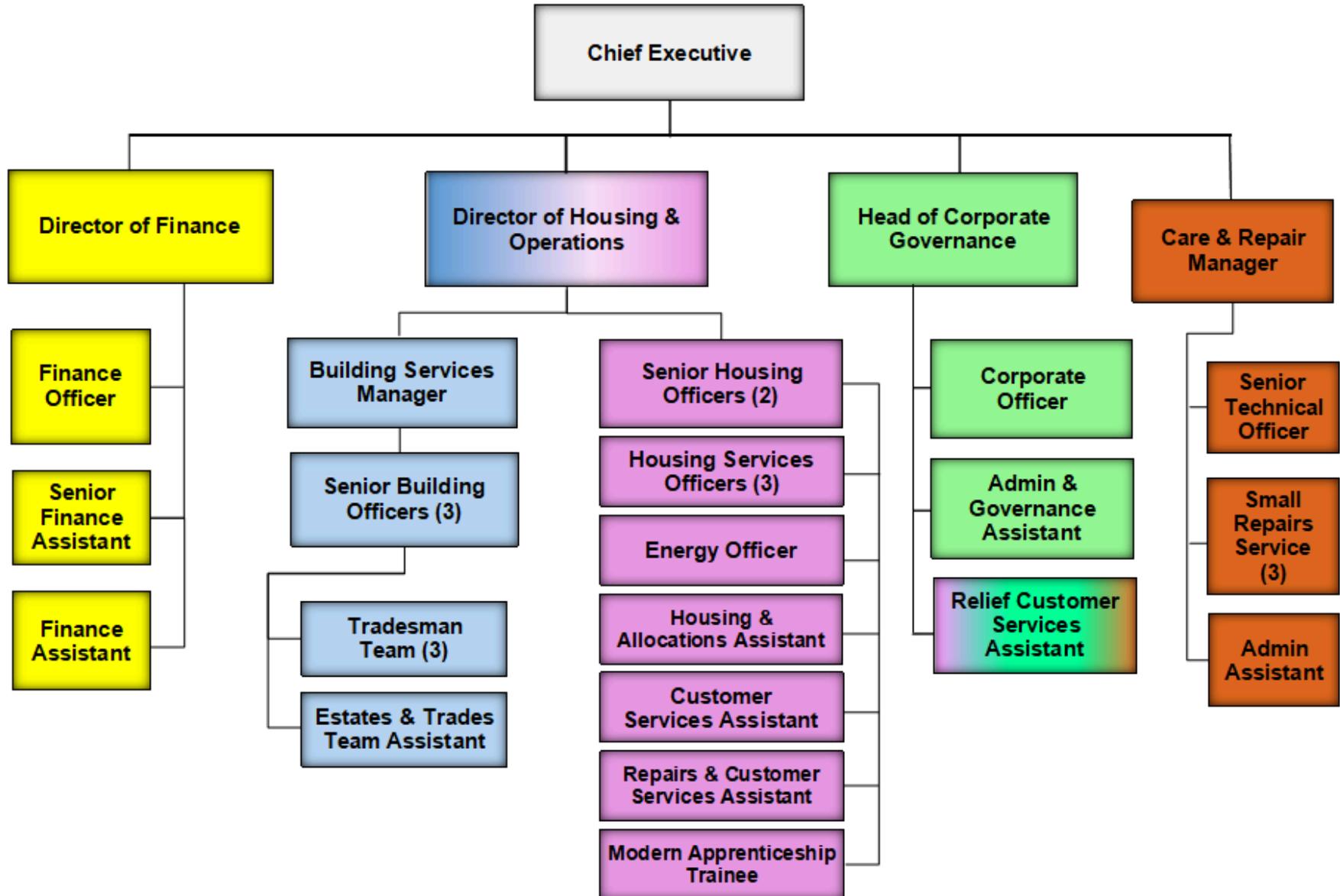
- Brian Kynoch (Chair)
- Fiona Lettice (Vice Chair)
- Kate Hayes
- Suzanne Lawrence
- Mary Ann Lewis
- Bruce Pilkington
- John Rodwell
- Mervyn Sandison
- John White
- Roella Wilson



# 4

## What we will do and how we will do it

On a day-to-day basis, our Leadership Team co-ordinate delivery within the Association and are supported by a highly skilled and capable staff team.



As we outlined in the previous section, all our activity will be planned in order to support us working towards our long-term vision:

*“We will be recognised across the country as a leading housing association that provides quality affordable housing”*

We believe that this will be achieved by working to our 3 guiding Corporate Outcomes:

## A Great Place to Work

We believe that we have an exceptional, motivated and committed team of people at our Association. It is because of this team - and only because of this team - that we can deliver equally exceptional services.

We make our best efforts to listen to our staff, consult and involve them in all key parts of their employment and how we deliver services. Our 2025 independent staff survey showed us that we do that - but it remains important to us to continue building on that and doing better than ever before in all we can.

We know that if we invest in our staff, train and support them to grow skills, we will have a stronger team who will be placed to continuously support each other and take opportunities to benefit themselves, their colleagues and the wider Association.

We support our staff group to organise activities and events. These seem to regularly involve food - whether it is a doughnut day, or collecting items to help the local foodbank, they all help grow a sense of togetherness, camaraderie and support.

Nothing stays the same, and we plan ahead for changes in staff, celebrating retirements at end of career, supportively congratulating colleagues who move on to more senior roles elsewhere and welcoming, inducting and supporting new colleagues. We bring great efforts to ensuring new colleagues have a positive and supportive experience in joining us.

We plan to welcome an additional colleague to our Trades Team this coming year and look forward to integrating them into our “family”.

We aspire to be recognised as a *Great Place to Work*.

## Great Customer Service

Our great staff team want to do their best. This involves understanding the needs of our customers and focusing our delivery in ways which meets their needs and are of a high quality. We believe that our customers are entitled to expect a high standard of service from us, that we should set out to deliver that. This is why we have a Corporate Outcome of “Great Customer Service.”

Positive engagement with our customers is an important part of understanding their needs. Our organisation and individuals within the team have a very positive relationship with our customers. We will continue working to evolve our tenant and resident engagement over the duration of this Plan.

Demand for housing across all tenures remains strong in Orkney. We have significant expertise and knowledge in delivering affordable housing in Orkney and plan to continue to develop new housing for the duration of this Plan and for the coming 30 years.

Over the next 10 years, we will work closely with partners to aim to deliver 32 new social rented homes per year in a mix of property types and locations. This will be supplemented by affordable homes for sale, targeted at first-time buyers. Our subsidiary, Orkney Housing Enterprises, plans to deliver mid-market rent homes targeted at essential workers and to offer landlord services to the community.

We have developed tailored support for customers who are struggling or in need of extra support at specific times. We are able to assist, signpost and sometimes provide direct emergency help via our Housing & Customer Services team.

We aspire to be recognised as an organisation which provides *Great Customer Service*.



## Contributing to a Safe and Sustainable Community

Above all else, we are here to deliver quality services and housing to those already living in our properties. Delivering new affordable housing to those in housing need in our community has also always been very important to us. We also deliver the Care and Repair service to private home owners across Orkney on behalf of the Local Authority.

As a community anchor organisation, we take seriously that we have a responsibility to the wider community. To do all of this, we need to have staff engaged and motivated – a great place to work - and tenants who are satisfied with the product and services we deliver to them - great customer service. If we remain successful in achieving these objectives, we will continue to have capacity for wider contributions within our community - as we have done for the past 40 years.

Our engagement and participation in leading areas of the community is important. We actively contribute to the Orkney Community Planning Partnership and key strands such as the Child Poverty Taskforce, Cost of Living Taskforce and Community Wealth Building.

“Wider role” is the term given to the many different ways in which housing associations help to tackle the challenges affecting their communities that go beyond immediate housing need. We will continue to fulfil our wider role within the community over and beyond the duration of this Plan.

We share a 40th anniversary with the International Island Games, which will be hosted in Orkney in 2025, and we will celebrate with them, Team Orkney and visiting athletes and spectators from across the world.

Collaborating with others to tackle poverty, disadvantage and the Cost of Living will remain important, and we will support the Orkney Towns Fund in investing strategically in our community.

We aspire to be recognised as ***Contributing to a Safe and Sustainable Community***.

By doing all of this, we believe that we will deliver our long-term Vision that:

***“We will be recognised as a leading provider of quality affordable housing”***

# 5 Outline Plan 2025-28

Over the 3-year duration of this Plan, we will produce a detailed annual Delivery Plan which will set out key actions to be delivered in-year. The Delivery Plan will be appended to the Business Plan on an annual basis. This will be initially based on the outline 3-year framework set by our Management Committee, as follows:

## 2025/26

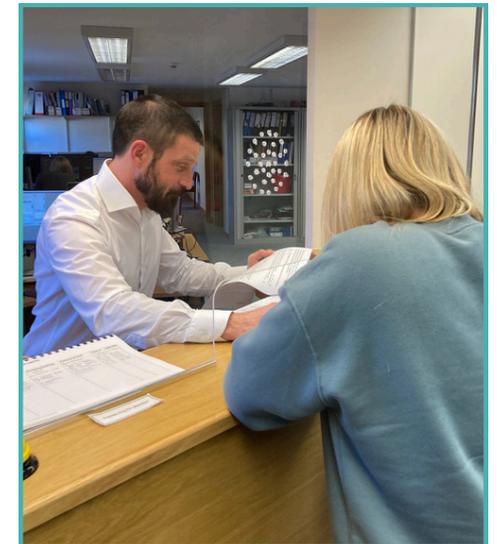
- 40th anniversary celebrations
- Consider and take forward Actions/ output from Staff Survey
- Workforce Strategy
  - AI future proof
  - Career progression
  - Succession planning
- Staff wellbeing (Wellbeing Policy to include stress and menopause etc. review 1:1s and appraisals to include wellbeing check-ins)
- Living wage accreditation
- Promote new brand identities
- Housing options – on-line = efficiencies
- Committee recruitment – OHA and OHE
- Subsidiary resources and promotion
- Review options of working week
- Strengthen trades team to share the workload most effectively.
- Ensure up to date policies/procedures.
- Make our office “greener”

## 2026/27

- Review of IT software (efficiencies / morale)
- Employee Survey
- Staff Working Group:
  - Review of HR Policies and Procedures – Appraisals / Training
- Consider further DLO expansion
- Review of in-house skills v needs ie do we have resources where they are most needed
- AI robot / chat – website
- Benchmark and explore options for remuneration for MC members
- Reputation – do people want to work for OHA (T&C, flexi, pension, leave etc); review / maintain

## 2027/28

- Explore options for Apprentices:
  - Trades
  - Graduate
  - Collaborative opportunities
- IIP or alternative external accreditation
- Explore partnership opportunities with other Housing Associations such as secondments, training etc



## Great Place to Work

# 5

## Outline Plan 2025-28

### 2025/26

- Keyworker accommodation offer
- More tenant engagement opportunities
- Customer experience hub
- Increased visibility of Housing Staff & Senior Building Officers
- Expand and recruit trades team
- Housing options
- Review of the planned maintenance programme
- Land acquisition for more homes
- Tenant sustainment resource implications
- Repairs deliver improvement – increased security of delivery
- Building more new community-owned affordable homes
- Subsidiary delivery
- Collaborate with OIC to offer more choice and more homes to homeless households
- Review opening hours and contact methods

### 2026/27

- Tenant survey
- Land acquisition
- Appointments for repairs
- Annual tenant visits
- Telephony integrated with customer dashboard
- Digital resources / IT forms
- Customer / contractor portal
- Tenant Portal – AI
- Tenant scrutiny
- New finance & housing software
- Review staffing levels – recruitment
- Tenant on Committee
- Reducing waiting lists
- Manage tenant expectations including self service hub

### 2027/28

- Building more new community-owned affordable homes
- Lower running costs for tenants – improvements
- Land acquisition
- Reduced waiting list



## Great Customer Service

# 5

## Outline Plan 2025-28

### 2025/26

- OHE - Publicity
- Community Bonds launch
- Targeted charitable donations (linked to OHA 40)
- Contribute to work which reduces/eliminates poverty – leading where appropriate
- Orkney 2025 Island Games
- Net Zero Fund
- Positive partnership working with OIC and Community Planning
- Promote our work in the community – link to OHA 40 and rebranding
- Make new and build on existing partnerships for key worker housing
- Ensure future finance availability
- Ensure our allocations policy considers needs of our local residents
- Maximise local procurement

### 2026/27

- Renew and extend revolving Credit Facility (OIC)
- Establish OHA/OHE as strategic housing lead
- Secure land supply
- Infrastructure resource
- Consult tenants on responses to ASB
- Engage with and influence Orkney Towns Board
- Explore with partners bringing empty homes back into use – particularly in town centres
- Championing sustainable transport link for tenants (particularly rural areas)
- Long-term strategic finance (borrowing) in place
- Explore further opportunities for subsidiary

### 2027/28

- Explore renewable energy generation
- Review development (spec, pattern, archetype, density, safe etc)
- Explore funding for solar lights on public footways
- Secure future Care & Repair funding
- Types of tenure of housing

## Contributing to a Safe and Sustainable Community

*“How land and property assets are owned and managed is key to ensuring wealth is generated and retained for the benefit of local communities. Local ownership of assets means any profits will be received by individuals, companies and organisations in Orkney, rather than being automatically repatriated outside of the county.”*

Orkney Community Wealth Building Delivery Plan 2025



# 6 Supporting and enabling resources

Orkney Housing Association has always approached our financial and resource management with good planning, robust management and sound governance. With this experience, we are in a position where we know the detailed costs of running the Association and can forecast confidently for the future.

Our financial planning consists of a detailed budget for year 1 of this 3-year Plan. Our business model is based on a 30-year business and financial plan, in which we can forecast development and refurbishment of properties, and have confidence in our ability to repay loans and run the Association well. At the outset of this Plan, we have loans totalling around £17m.

We expect the need and demand for housing in Orkney to continue. We have planned an ongoing, sustainable development programme of 32 social rented units/year for the next 10 years, reducing to 20 units/year thereafter. This will be supplemented by low-cost home ownership properties also. To facilitate this, we foresee a need to borrow a further £25m over the next 20 years. More of our stock is slowly becoming free of borrowing, giving us more ability and flexibility to invest further into our community.

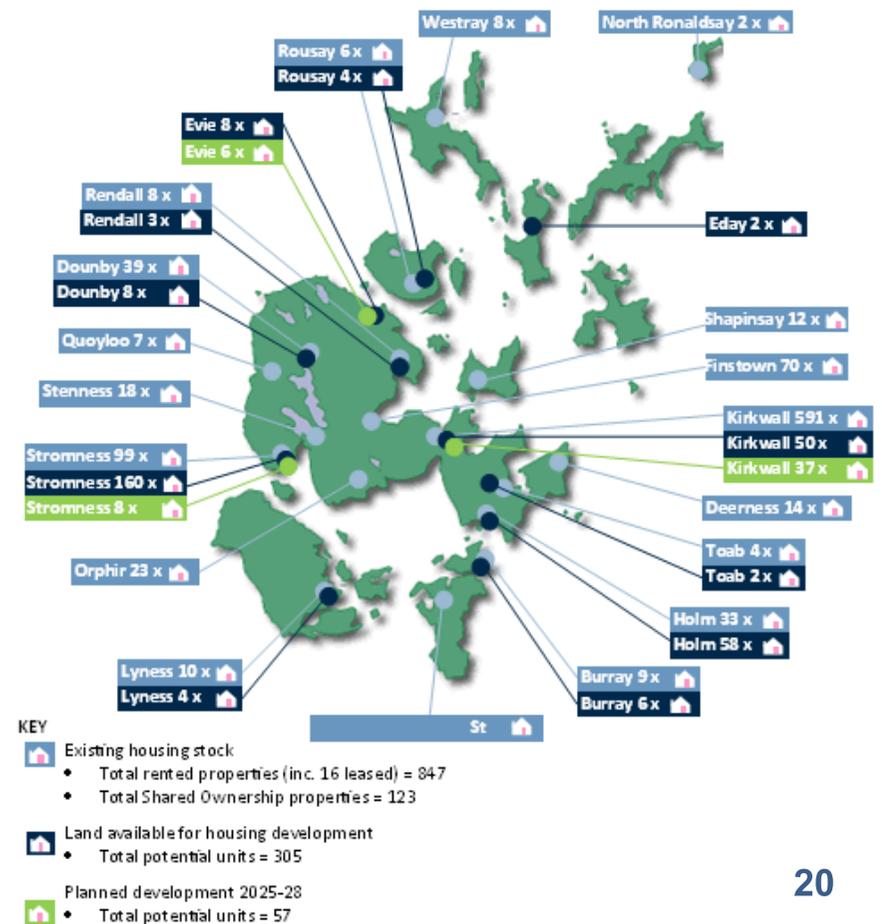
Over this period, we plan to continually seek efficiencies in how we operate. To this extent, we foresee no growth in staff numbers. We will do things differently, roles will change and evolve, and we might stop doing some things in order to provide services differently and better.

Historically, we have increased rents by inflation plus an added percentage, but our Management Committee took a view in 2019 that we will no longer plan to increase rents by any more than RPI inflation.

In the last few years, we have had sub-inflation rent increases which has created some financial pressures. We consulted our tenants in early 2025 around a 3-year rent proposal. Tenants voted overwhelmingly in support of a 3-year rent setting plan of 4%, 4%, 2.5%.

This helps give certainty in planning and budgeting for both our tenants and the Association.

Our “Tenancy Sustainment Fund” and other measures continue to be available to help our Housing Officers to support our most vulnerable tenants when they most need it.



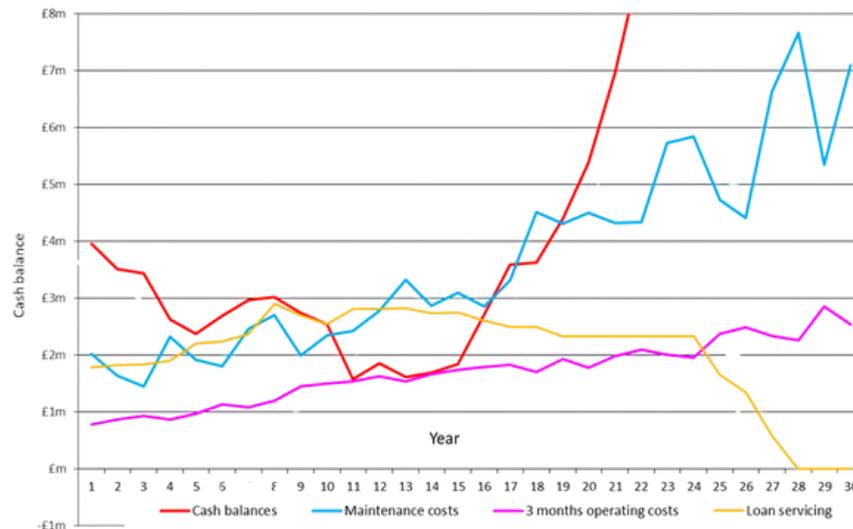
# 6

## Supporting and enabling resources

Each year, we will consider current economic data, projections from the Bank of England and Office of Budget Responsibility. This helps us produce our “Key Assumptions”. We then use these to reforecast our annual and longer term budgets each year of this Plan – based on known current position and refreshed projections.

Our Key Assumptions and detailed 1-year budget are in Appendix 2 and Appendix 3, and our 30-year financial plans showing revenue, balance sheet and cashflow projections can be found in Appendix 4.

The graph below demonstrates that, based on what we know and assume at the outset of this Plan, the Association will have sufficient cash for its day-to-day operations, to service its loans and to fund its planned maintenance programme over the next 30 years.



## Key Assumptions

<b>Inflation (RPI)</b>	Year 1	4.0%
	Year 2	3.5%
	Year 3	3.0%
	Year 4	3.0%
	Years 5 - 30	3.0%
<b>Inflation (CPI)</b>	Year 1	3.0%
	Year 2	2.5%
	Year 3	2.0%
	Year 4	2.0%
	Years 5 - 30	2.0%
<b>Rent increases</b>	Years 1 – 30	RPI + 0%
<b>Repairs inflation</b>	Year 1	4.5%
	Year 2	4.0%
	Year 3	3.5%
	Year 4	3.5%
	Years 5 - 30	3.5%
<b>House price index</b>	Years 1 - 30	2.0%
<b>3 month borrowing rate</b>	Year 1	3.85%
	Year 2	3.65%
	Year 3	3.45%
	Years 4 - 30	3.45%
	<b>Staffing (FTE)</b>	Years 1 - 30
<b>Development completions</b>	Year 1	8
	Year 2	32
	Year 3	32
	Year 4	32
	Years 5 – 11	32
	Years 12 - 30	20

# 6

## Supporting and enabling resources

### Stress-Testing

We consider “what if” our assumptions and projections may not be accurate. The world is an uncertain place at present, with constitutional and economic factors difficult to predict. However, we must make sure that the Association continues to be financially sound and that we protect the interests of everyone involved or affected. We conduct rigorous testing of our Business Plan and our financial assumptions – what we refer to as “stress-testing”.

We incorporate stress testing that reflects the pressures, changes and risks that we may reasonably face. We consider the financial impact, particularly what our loan agreements say, and what view our lenders may take. As part of stress-testing, we consider how we would rectify the impact of any scenario.

On an annual basis, we will consider the impact of different scenarios and external factors on the financial viability of our Plan. We will set these out in detail in Appendix 5 on an annual basis, but they will contain at least:

- Higher interest rates
- Lower inflation
- Higher inflation
- Higher repair costs
- Higher construction costs with reduced grant levels
- Continuing development at 32 social rented properties per year for duration of Plan
- A combination of the above
- Ceasing development



# 7

## Monitoring our Plan and reporting

In the previous sections we have set out key aims, objectives and performance standards, identified the main obstacles and how we intend to deal with them, set out the actions we will take and arrange the finance necessary to deliver our plans.

Monitoring will consist of on-going observation and measurement which will demonstrate the extent to which outcomes match our plans.

### Key Performance Indicators

We have identified a number of important and measurable areas of performance which are set out as Key Performance Indicators (KPIs). The headline KPIs on page 25, and detailed targets will be updated annually in Appendix 6. These will enable us to report on how we are delivering day to day services. We will issue an Annual Report each September detailing how we have achieved these.

Our Performance and Resources Sub-committee will be the regular, first point of monitoring and scrutiny of how we are achieving these targets. Audit and Risk Management Sub-committee will review the effectiveness of our Risk Management arrangements. Sub-Committee Chairs will submit a written report to the subsequent full meeting of the Management Committee.

The following suite of regular reporting arrangements has been put in place to enable our Management Committee to oversee the success or otherwise of the plans contained in our Business Plan.

<p><b><u>Quarterly</u></b>            Outcomes v KPIs            Outcomes v budgets            Management of identified risks            Progress with Implementation Plan</p>	<p><b><u>6-monthly</u></b>            Risk Report to Committee            Business Plan Progress update</p>
<p><b><u>Annually</u></b>            Risk Management framework            Achievement of Objectives            Long term financial projections</p>	<p><b><u>Ad hoc</u></b>            New business and emerging risks</p>

# 7

## Monitoring our Plan and reporting

### Scottish Housing Regulator

In May of each year we will report to the Scottish Housing Regulator (SHR) on our performance against the Scottish Social Housing Charter in an Annual Return on the Charter (ARC).

In October of each year, we will submit an Annual Assurance Statement which will set out the extent to which we comply with the Regulatory Requirements and Standards as set out in Chapter 3 of the SHR Regulatory Framework.

We will report any other relevant matters such as notifiable events to the SHR promptly, as appropriate, during the year.

### Our Members

We will report in full to general members of Orkney Housing Association at our Annual General Meeting which we will hold before the end of September each year.

### Our Tenants

We will engage with our tenants and owners throughout the year. Our Tenant Engagement Forums will receive updates and be involved in considering key issues. We will also involve these Forums in conducting scrutiny exercises, with findings being reported back to Management Committee and to tenants.

By the end of October each year we will report in full to our tenants and other service users how we have performed in achieving or progressing towards the Charter.



# 7

## Monitoring our Plan and reporting

### Key Performance Indicators 2025-28

Governance G1 G2 G3	Staff absenteeism % Staff training and development plan - % complete Complaints response times within target
Housing H1 H2 H3 H4	Rent arrears Re-let times - days to re-let a property Tenants satisfied with re-let standards Anti-social behaviour resolved within target
Finance F1 F2 F3 F4	Management and maintenance administration costs per unit Reactive maintenance costs per unit Interest cover Debt to net worth
Properties P1 P2 P3 P4 P5 P6	Emergency repair response times Non-emergency repair response times Satisfaction with new homes Satisfaction with repairs service Compliance with EESSH Compliance with SHQS
Community / Care & Repair C1 C2	Hospital discharges completed on target Client satisfaction

# 8

## Risks to delivering the Plan

After we have set our plan and outcomes, we explore the risks to which the Association is exposed, consider how these might hinder the delivery of our plans and how we will minimise their impact.

We have a robust risk management process which involves a five stage cycle of identification, analysis, prioritisation, mitigation and monitoring.

Our Risk Appetite has been discussed and set. It states that “We have a low-medium risk profile, recognising that sometimes we will take calculated risks in order to achieve our goals”.

We will:

- Ensure that the Association generally adopts a prudent attitude to risk.
- Be fully aware of the key risks affecting us.
- Ensure adequate responses.
- Be kept fully informed.

Key risks are identified, sorted and prioritised according to the extent of their impact on the achievement of our Vision, Mission and Corporate Outcomes and the likelihood of the risk occurring. Risks are scored in line with the table opposite.

Category	Definition	Description
<b>Impact</b>	Negligible (1) Minor (2) Moderate (3) Major (4) Extreme (5)	<ul style="list-style-type: none"> <li>• Minimal effect on achievement of objectives</li> <li>• Minor effect on achievement of objectives</li> <li>• Moderate effect on achievement of objectives</li> <li>• Major effect on achievement of objectives</li> <li>• Catastrophic effect on achievement of objectives</li> </ul>
<b>Likelihood</b>	Rare (1) Unlikely (2) Possible (3) Likely (4) Almost Certain (5)	<ul style="list-style-type: none"> <li>• Will only happen in exceptional circumstances</li> <li>• Not expected to happen, but potential does exist</li> <li>• May occur, has happened before - reasonable chance of occurring/reoccurring</li> <li>• Strong possibility this could occur - may occur several times</li> <li>• This is expected to happen - more likely to occur than not</li> </ul>
<b><u>Risk Categories</u> Score</b>		
<b>15-25</b>	<b>Red</b>	Significant attention required in monitoring or controlling risk
<b>8-14</b>	<b>Amber</b>	Medium intensity attention required in monitoring or controlling risk
<b>1-7</b>	<b>Green</b>	Routine attention required in monitoring or controlling risk

# 8

## Risks to delivering the Plan

We have identified the following headline risks at the outset of this Plan:

<b>1.1</b>	Internal Communications	<b>2.3</b>	Tenant Safety
<b>1.2</b>	Digital Progression	<b>2.4</b>	Secure land and consents
<b>1.3</b>	Workplace of Choice	<b>3.1</b>	Collaboration and Alignment
<b>2.1</b>	Cost of Living Crisis	<b>3.2</b>	Finance our development and Improvements
<b>2.2</b>	Tenant Expectations	<b>3.3</b>	Opportunity of OHAL 40

Appendix 7 contains summarised information about how these risks are to be mitigated. The details of each risk are recorded in a risk form by the identified risk owner.

An updated Risk Register will be appended on an annual basis in Appendix 7.

All risks will be monitored by the risk owners. The Leadership Team review these in detail at the start of each month and report to the Audit & Risk Management (ARM) Sub-Committee:

<b>3 per annum</b>	The management by Leadership Team of identified risks to ARM	<b>Annually</b>	The adequacy of, and compliance with, the Risk Management Framework
<b>6-monthly</b>	Mid and full-year reports on Risk Management to Management Committee	<b>Ad hoc</b>	New Business Risk New emerging risk with a high risk status



**ORKNEY  
Housing  
Association**

**Orkney Housing Association**

39a Victoria Street, Kirkwall, Orkney, KW15 1DN

Tel: 01856 875253 E-mail: [enquiries@ohal.org.uk](mailto:enquiries@ohal.org.uk) [www.ohal.org.uk](http://www.ohal.org.uk)