



Statement of Intent 2003-04



we will ...

*radically improve the
living conditions and
life opportunities
of all our tenants*

we aim to have:

- ▶ *sound business management*
- ▶ *customer focused services*
- ▶ *sustainable homes and strong communities*
- ▶ *efficient and effective housing organisations*
- ▶ *committed, motivated and competent staff*
- ▶ *local community ownership*

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1.0 Introduction

Welcome to Glasgow Housing Association's first Statement of Intent (SOI).

It sets out what GHA is intending to do.

GHA's task, working with our partners, is to transform social rented housing in Glasgow within the next ten years, and to leave it thriving in community ownership. It's a short time for a big job so the focus is on moving quickly.

It should be stressed that GHA is an unusual institution. It needs to be a viable, well-run business in its own right. It also has the task of supporting the set up of new housing businesses and attracting other housing organisations to take over its activity. Whilst these three separate streams are running, GHA will operate a devolved management structure with operational responsibilities delivered through Local Housing Organisations (LHOs). This is a complex and fluid operating model which will test GHA at all levels, but which will require a broad and continuing alignment between GHA, the Scottish Executive, the Glasgow City Council and the LHOs.

Inevitably at this stage, much of the detailed planning is still to be done. So this SOI concentrates on four things:

- ▶ It identifies the partners we will work with to plan the future.
- ▶ It sets out key challenges that have to be understood and tackled if the ambitions for social renting are to be achieved.
- ▶ It explains the service planning framework that GHA has set up for itself to drive action throughout the organisation and to enable others to see and understand what we are doing.
- ▶ It sets out in detail the actions being taken in the first year.

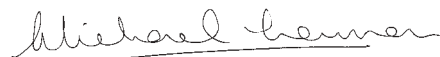
*gha is
determined
to succeed*

Although we believe that the targets set out in this document are realistic and achievable, they are ambitious for the first year of a new organisation.

If we miss a target, we will ensure that the reasons for missing the target are identified and explained. We will revise our plans accordingly.

GHA is determined to succeed. Ironically, the ultimate test of success will be in it no longer existing, because it is no longer required, with community owned social renting flourishing in successful neighbourhoods across the whole of Glasgow.

Increasingly stakeholders see that this will take some doing - and, as well as the complete commitment of GHA, it will require the skill and commitment of all the agencies involved in the regeneration of Glasgow. From the help and support that we have had so far, we are confident that commitment is there. For some aspects of this transformation, we will play a leadership role, for others we will be in support, but whatever the role is, GHA will be a reliable, trustworthy and determined partner.



Michael Lennon
Chief Executive

1.1 Background

In March 2002, tenants of Glasgow City Council voted in a ballot to support transfer to Glasgow Housing Association. On 7th March 2003 that transfer took place, involving 80,500 homes.

The transfer was based upon a 30-year business plan that provided funding for all GHA's investment and regeneration plans and allowed for all the anticipated changes in the amount and type of housing over that period. In particular it provided for the continued demolition of unsustainable housing, for bringing all sustainable homes up to modern standards, and for new homes to be provided where required.

It also provided for services to be delivered through a network of independent, community-led LHOs, and for a programme of Second Stage Transfer (SST) to LHOs. The business plan assumes that the bulk of investment and other changes takes place within the first ten years so that, by the end of that period, all remaining homes are readily sustainable at low cost for at least another twenty years. Most are to be transferred into community ownership.

The business plan also provided for a programme of Wider Action to harness the benefits of GHA's investment to promote the social and economic regeneration of Glasgow, and in particular the poorest parts of the city, typically dominated by GHA homes.

The annual Statement of Intent is intended to be an accessible way by which people will be able to understand the changing nature of the plan and continue to see, through the next few years, how GHA is meeting its commitments to tenants and other residents, and to the city as a whole. It will also allow GHA to be monitored and our performance evaluated.

1.2 Key Relationships

GHA operates in a complex environment where various parties have critical interest in its activities and performance. These include:

- ▶ Tenants - for whom GHA exists.
- ▶ Owner-occupiers - who rightly expect a satisfactory factoring service at reasonable cost.
- ▶ LHOs - tenant-led local committees increasingly responsible for service delivery.
- ▶ Staff - including union representation.
- ▶ The Housing Association Movement - independent not-for-profit housing providers, including Glasgow's network of CBHAs.
- ▶ The Scottish Executive and its agencies providing funds, policy, frameworks and the core regulatory environment.
- ▶ Funders - a consortium of financiers which together have pledged a lending programme.
- ▶ Glasgow City Council - former owners of the stock and critical partners of GHA in numerous areas, particularly in housing strategy, local planning and funding.
- ▶ Suppliers and Contractors.

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1.3 Key Challenges

Managing and meeting expectations

The size of the GHA initiative, the diversity of the groups affected and the sheer ambition of the project are at one level inspiring, at another, daunting. It will be vital to make clear - out of all the things which could be done - what will be done this year. It is only by these means that, for example, tenants waiting for repairs or funders waiting for results can be given guidance and certainty about what is to be delivered and when. In the absence of this, GHA will certainly fail in the eyes of some since expectations are uniformly high.

GHA therefore needs to introduce new corporate reporting and regular monitoring to provide a greater degree of clarity and transparency. This SOI will form the core of this approach.

Getting everyone used to continual change

GHA is an organisation which is part of a social and economic movement. It seeks to devolve and transfer responsibility and authority over time to LHOs and others. It exists to support the progressive independence of these groups. It also needs to generate business efficiencies over short time periods.

Generations of tenants have become accustomed to the same local authority landlord. Our staff have been used to working for the same, very stable employer, often for periods of twenty or thirty years. This is therefore a very big change. It will affect people's outlook, the reference points for where issues are resolved (increasingly at a local and neighbourhood level), career planning and expectations, amongst others. GHA will undergo continual change in size, composition and structure year in and out. As we progress, questions of viability for LHOs and GHA alike will arise. **If we are successful, GHA will not exist in its current form in 5-7 years.**

Thinking through how GHA may change

This in turn raises questions over how GHA will evolve:

- ▶ Will LHOs consolidate into sufficient size to each have, for example, their own corporate services and technical support?
- ▶ If so, how are the continual cost reductions assumed in the Business Plan to be achieved?
- ▶ Whatever the size, how do we ensure that tenant control and local accountability are maintained?
- ▶ If not, what kinds of options for GHA are possible - for example, shared service centres, a wholly-owned subsidiary of LHOs?
- ▶ When should GHA aim to stop being a Registered Social Landlord?

How to establish a new performance-based management culture

Performance is the essence of any modern organisation. Business efficiency is required if we are to succeed in our aims. If we do not perform we should not exist. Good performance and effort should be rewarded. Poor performance should not be tolerated. This requires clarity of what is expected, rigour in assessing performance and fairness in allocating rewards and benefits.

In addition, GHA must aim to be a winning team, where the organisation is proud of shared achievements and where due recognition for outstanding effort is given.

Current pay and reward systems do not adequately recognise this.

Getting a customer service ethos

GHA has tenants as core customers, but it also has others including owners. Insisting upon basic conditions of customer service - respect, courtesy, responsiveness - must be a core element of the organisation from the Receptionist and the Housing Assistant to the CEO and the Management Committee Chairman.

When we make our decisions we are aware that they will affect our future customers as well as our current tenants and owner occupiers. A new housing asset should last 40-50 years. Tenant turnover averages around 10% each year. New kinds of households, different family make-ups and people who are young, old, disabled or in some kind of crisis will progressively make different claims upon our services.

Negotiating new relationships with key parties

To deliver on its mission GHA needs the active help and engagement of others. The term 'partnership' is too often used loosely. Partners join together to pursue shared aims. They also have separate aims. Ensuring that partners understand each others' differences is fundamental to successful joint effort. This will apply to partnerships between CBHAs and LHOs, between LHOs and the police, between GHA and the Glasgow City Council, and so on.

Partners will need to find not only new ways of working together, but clear methods of committing long term activity. In its next planning year the SOI will aim to incorporate annual commitments of other key agencies - particularly the Scottish Executive / Communities Scotland and the Glasgow City Council.

Building the confidence of Funders

Tenant rent is the key source of GHA funding. Beyond this, grant income provided by the Scottish Executive, Glasgow City Council programmes and debt sourced through the funding consortium led by the Halifax Bank of Scotland and The Royal Bank of Scotland are the key sources of income. These parties have committed themselves to a large and therefore, by definition, risky undertaking. Special and close working relationships with Communities Scotland and the funders - including regular briefings and easy access to quality information - will be required.

As we proceed it will be vital to continually revisit key assumptions made in compiling the GHA Business Plan for 30 years. The model *will* change, of necessity.

Validating the Second Stage Transfer (SST) Programme

The Business Plan is predicated on the SST taking place but is silent on some key elements of this phase. Three are critical:

- ▶ How to avoid GHA being left with poor stock, high overheads and other liabilities.
- ▶ How to interpret 'financial neutrality' required as a test for SST.
- ▶ How to establish reasonable economies of scale in organisations acquiring stock through SST amongst others.

Moreover, the timing for SST needs to be openly discussed.

The Scottish Executive has provided a £300m incentive in the form of debt being non-repayable if 80% of stock is transferred by year 8. This is a tough challenge and we want to win this prize for Glasgow. In planning terms it makes sense to aim to meet this target by year 7, allowing some slippage into year 8. SST is core business for GHA. The exact timetable for its delivery will be informed by the prototype programme during 2004/05.

Agreeing some fundamentals about the future of the Housing System

Glasgow City Council has the statutory responsibility to prepare a Housing Strategy for the city. It expects the following trends over the period 2003-8:

- ▶ The pattern of employment change is likely to be similar to that of 1993-2001. Jobs are likely to increase sub-

stantially but in new service sectors and will continue to decline in manufacturing.

- ▶ Glasgow's population is likely to continue to decline but the number of households will continue to increase. In particular, single person households will rise substantially. The population will age, be continually more ethnically diverse and single parent numbers will begin to fall.
- ▶ The demand for social (rented) housing will continue to fall and owner occupation will increase. The number of houses overall will increase but 'right to buy', owner-occupation and growth in private rentals will all contribute to further reduction in social renting.
- ▶ Technical and environmental change will continue. In particular environmental sustainability will increasingly pervade all aspects of physical development.
- ▶ Developments in housing in Glasgow will continue to depend critically on change in the city's economy. In short, jobs will be the issue.

GHA investment programmes must work within this context and be aligned to major investments, infrastructure and physical fabric of the city. The Glasgow City Council has a key role in setting the annual strategy within which GHA works and is funded.

Testing the viability of the Business Plan

In turn this reinforces the need to view the GHA Business Plan as a set of commitments made on understandings which exist at a single point in time. These will change. Indeed signs are evident that two issues require particular analysis:

- ▶ The projected demolition rate in the Business Plan is for 14,000 properties. The LHOs have, so far, through their Local Management Investment Plans, indicated that this number could be as high as 18,000 (perhaps more). Detailed work is required to resolve this, in particular through investment option appraisals. Additionally, the future desirability and viability of different categories of multi-storey flats requires detailed analysis.
- ▶ The future demand for the social rented sector is expected to decline. Residential preferences and tenure preferences will form key aspects of this change. If social rented housing is not to be the tenancy of last resort, substantial changes to the quality and amenity of new-builds and re-developments may well be required. This may require tenants and others to discuss and debate the kinds of housing that will be required in the future, such as whether residential densities should not be substantially lower, or how improvements to the physical landscape can be made.

2.0 The Statement of Intent

The SOI aims to provide clarity to multiple stakeholders on the committed work programme of GHA. The document aims to improve communication by making it clear what key activities are to be carried out and by when.

More importantly the SOI provides a basis for the internal monitoring of GHA performance and the external evaluation of GHA progress. An Annual 'Report Card' will be produced, assessing GHA achievements against stated intent.

It should be stressed that in expressing its intentions in such an open way, GHA will be open to scrutiny (and criticism). Not all aims will be met within the time-frames. This is an ambitious programme.

2.1 Core Aims

Commitments are grouped around core long-term aims for GHA.

- ▶ Sustainable Homes and Strong Communities.

The right stock, in the right place within stable, safe and supportive communities.

- ▶ Community Ownership.

Stock progressively managed and owned by the communities in which it is located, made up of renters and owners alike.

- ▶ Efficient and Effective Housing Organisations.

Modern organisations which are tenant-led and controlled and supported by competent management.

- ▶ Customer Focused Services.

Placing customers at the centre of all activity; providing services responsive to customer needs and aspirations.

- ▶ Effective Business Management.

Applying sound business and management discipline to the use of public and community resources.

- ▶ Committed, Motivated and Competent Staff.

Providing energy, management and leadership through well trained professional staff.

*this is an
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2.2 Aims 2003/4

The following are priority aims for GHA in its first year:

- ▶ To complete the transition to the new organisation.
- ▶ To achieve agreed standards of customer service and service delivery.
- ▶ To establish an investment planning system and deliver the agreed year 1 investment plan.
- ▶ To enter into an interim management agreement with each LHO.
- ▶ To inform, develop and motivate staff to deliver GHA business.
- ▶ To scope and plan the prototype programme of Second Stage Transfer.

Each of these, in turn, will be driven by relevant objectives, targets and timeframes as outlined in the subsequent section of the SOI. The relationship between core aims and aims for 2003/04 is shown in the following illustration.

GHA 30 year business plan

To radically improve the living conditions and life opportunities of all our tenants.



Key issues putting work of GHA into context (see supporting narrative)



Core aims of GHA

A	B	C	D	E	F
Effective business management	Customer focused services	Sustainable homes and strong communities	Efficient and effective housing organisations	Committed, motivated and competent staff	Local community ownership



Aims for 2003/04

To complete the transition to the new organisation	To achieve agreed standards of customer service and service delivery	To establish the investment framework and deliver the year 1 programme	To enter into an interim management agreement with each LHO	To inform and develop and motivate staff to deliver GHA business	To scope and plan the prototype programme of second stage transfer
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Objectives for 2003/04 - Specific, Measurable, Achievable, Realistic / Relevant and Time-bound



Measures of success



Feedback fed into aims for 2004/05

Statement of Intent (SOI) for Glasgow Housing Association 2003/04

Core Aim for GHA: A) Effective business management

Aim in 2003/04 to complete the transition to the new organisation

Objectives for 2003/04	Measures of success
A) 1 Implement agreed staff structure for GHA and LHOs by November 2003	▶ All posts filled
A) 2 Establish asset management framework for years 2, 3 and 4 by March 2004	▶ Forward investment programme agreed by the Management Committee
A) 3 Establish a management information system that accurately reports business performance by October 2003	▶ Accurate and timely performance reporting ▶ Internal and external information related to running the business accessible to all ▶ Information acceptable to funders
A) 4 Establish a business risk management programme / assurance framework by March 2004	▶ 2003/04 internal audit plan implemented ▶ Agreed 2004/05 internal audit plan part of published SOI ▶ Health and safety policies agreed and effectively implemented throughout GHA ▶ Business risk strategy and register in place
A) 5 Corporate governance aligned to business aims and stakeholder expectations by December 2003	▶ Rules and standing orders reviewed by the Management Committee ▶ Revised delegations approved by the Management Committee ▶ Performance of Management Committee reviewed
A) 6 Budget, financial management and forecasting aligned to the SOI by March 2004	▶ Finance Sub Committee endorsement of revised system ▶ Approval of 2004/05 budget ▶ 2004/05 rents set
A) 7 Treasury management system and funding strategy agreed by March 2004	▶ All treasury policies and procedures agreed by Finance Sub Committee ▶ Funding strategies for key business activities agreed ▶ Funding covenants effectively monitored
A) 8 3 year efficiency targets and benchmarking system agreed by the Management Committee by March 2004	▶ GHA and LHO agreement on efficiency targets ▶ Efficiency benchmarking system in place
A) 9 On-going monitoring and re-evaluation of business plan assumptions by the GHA Executive Team	▶ Demolition forecast re-assessed with GCC ▶ Long term demand characteristics re-assessed ▶ Future of multi-storey flats agreed
A) 10 Monitoring system established for GHA regulatory and contractual commitments by March 2004	▶ Regulatory status by Communities Scotland established ▶ Compliance with partnership commitments including: - Asylum seeker quota - Accommodating homeless people - Council transfer agreement
A) 11 New corporate identity adopted throughout GHA by December 2003	▶ All relevant staff wearing uniforms and badges ▶ All offices identifiable to general public ▶ Agreed office relocations planned and budgeted for support services and LHOs with leases expiring within the current financial year
A) 12 ICT strategy approved by Finance Sub Committee by September 2003	▶ ICT strategy and implementation plan agreed ▶ New finance and rent systems delivered ▶ GCC disengagement and outsourcing strategy agreed

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Core Aim for GHA: B) Customer focused services

Aim in 2003/04 to achieve agreed standards of customer service & service delivery

Objectives for 2003/04	Measures of success
B) 1 Implement agreed 2003/04 repair programme to agreed standards	<ul style="list-style-type: none"> ▶ 100 % Emergency repairs attended within 4 hours ▶ 100% Emergency repairs completed within 24 hours ▶ 90% Internal appointment completed within 3 days ▶ 95% Dampness repairs within 20 days ▶ 95% Rot repairs within 30 days ▶ 90% Security repairs within 24 hours ▶ 90% Fabric repairs within target timescales ▶ 95% Void repairs within target timescales ▶ 90% Environmental repairs complete within timescales
B) 2 Implement agreed service charter by March 2004	<ul style="list-style-type: none"> ▶ 100% of complaints acknowledged or resolved within 5-10 days ▶ Repeat complaints within 5 working days ▶ 100% of responses to telephone queries by close of business ▶ 90% of housing applications processed within 5 working days ▶ 100% of responses to written enquiries within 5 working days ▶ 90% of settling in visits for new tenants within six weeks
B) 3 Implement business plan and Interim Management Agreement customer standards by March 2004	<ul style="list-style-type: none"> ▶ Voids & turnover <ul style="list-style-type: none"> - Number or properties re-let within four weeks - 50% - Lettable void rate - less than 2.5% - Annual turn-over rate - less than 12% ▶ Arrears <ul style="list-style-type: none"> - sitting tenant arrears less than 5% - sitting tenant arrears including bad debt - 5% - % of tenants in arrears - less than 30%
B) 4 Agree customer service standards for use throughout GHA by November 2003	<ul style="list-style-type: none"> ▶ All staff aware of customer service standards ▶ First tenant satisfaction survey completed ▶ Benchmark established for customer service standards ▶ Required management actions identified and implemented
B) 5 All staff trained on GHA customer service standards by February 2004	<ul style="list-style-type: none"> ▶ Agreed customer service standards evident in all locations
B) 6 Tenant participation policy implemented by December 2003	<ul style="list-style-type: none"> ▶ Processes for participation agreed and operational
B) 7 External communications plan designed by October 2003 and delivered by March 2004	<ul style="list-style-type: none"> ▶ Communications programme for tenants and owners designed and delivered ▶ All stakeholders are aware of GHA aims and published programme of activity ▶ All stakeholders aware of how they can participate with GHA and LHOs
B) 8 Establish a capability to prevent and manage anti social behaviour	<ul style="list-style-type: none"> ▶ Establish neighbour relations team ▶ 95% of initial responses to neighbour nuisance complaints in 24 hours ▶ Staff aware of legal and other remedies (eg ASBOs)
B) 9 Establish GHA Management (Factoring) Business by October 2003	<ul style="list-style-type: none"> ▶ Number of factored owners in arrears for common services <12% ▶ Recovery of common charges as % of sum due - >95%
B) 10 Workforce planning processes agreed and operational by September 2003	<ul style="list-style-type: none"> ▶ Future role and configuration of concierge service agreed by March 2004
B) 11 Framework established to achieve active involvement of owners in appropriate neighbourhood matters	<ul style="list-style-type: none"> ▶ Owners effectively participating in decisions affecting their neighbourhood
B) 12 Programme of policy review and service development devised and implemented by March 2004	<ul style="list-style-type: none"> ▶ Policy improvements consistent with raising standards and other best practice ▶ Service development improvements implemented ▶ Equal Opportunity policy and action plan 2001 Act compliant ▶ Framework for each LHO's allocation policy drafted

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Core Aim for GHA: C) Sustainable homes and strong communities

Aim in 2003/04 to establish an investment planning system and deliver the agreed year 1 investment plan

Objectives for 2003/04	Measures of success
C) 1 Agreed approach to management and investment in each LHO area in place by January 2004	<ul style="list-style-type: none"> ▶ Each LHO to have an Local Management Investment Plan agreed with GHA by January 2004 ▶ 'Safe for Investment' stock separated from stock requiring assessment before investment
C) 2 Financial and analytical tools required to support investment decision making by October 2003 in draft	<ul style="list-style-type: none"> ▶ Tools successfully in practical use in 2004/05
C) 3 Agreed year 1 investment programme delivered by March 2004	<ul style="list-style-type: none"> ▶ Mainstream investment budget fully spent on stock assessed as safe for investment: <ul style="list-style-type: none"> - at unit costs averaging at or below business plan assumptions - indicative targets - warm deal heating 6400 units - Homes plus x AS roofs - 1450 units - Homes Plus x GS Insulated Render - 1400 units - Homes Plus x AS windows - 4600 units ▶ Tenants surveyed for satisfaction with services and products provided
C) 4 For stock requiring assessment before investment, approach to assessment established and joint GHA/LHO process underway by March 2004	<ul style="list-style-type: none"> ▶ Worst performing stock assessed for early demolition and decisions taken ▶ Stock for short-cut assessment for retention and management solution identified and programme of assessment underway ▶ Stock for major option appraisal identified and at least 10 option appraisals underway
C) 5 For stock in demolition programme rate of rehousing and demolition meets annual programme	<ul style="list-style-type: none"> ▶ Reduction in number of separate blocks empty but not yet demolished ▶ Reduction in number of blocks with one or two tenants left awaiting unresolved rehousing arrangements
C) 6 New build housing planned by March 2004	<ul style="list-style-type: none"> ▶ Preferred general locations for new build identified ▶ Site search process established jointly with GCC ▶ First group of firm sites for GHA development established ▶ RSL development programmes includes sites meeting GHA rehousing needs ▶ Procurement strategy established
C) 7 Procurement strategy for years 2-7 determined by December 2003	<ul style="list-style-type: none"> ▶ Procurement strategy agreed ▶ New contracts in place where required for year 2 programme
C) 8 Wider Action programme underway by March 2004	<ul style="list-style-type: none"> ▶ Business and jobs - two new training programmes created linked to the transfer - construction training & housing ▶ Silver Deal - long term programme for Silver Deal Delivery in place ▶ Glasgow at Home - pilot scheme complete for 600 homes by March 2004 ▶ Safe Glasgow - contributing to the delivery of Glasgow's Community Safety Strategy - in place ▶ Procurement strategy maximising employment and training gains for GHA neighbourhoods agreed by Management Committee ▶ Effective joint working with partners through Glasgow Task Force and relevant agencies in place

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Core Aim for GHA: D) Efficient and effective housing organisations

Aim in 2003/04 to enter into an interim management agreement with each LHO

Objectives for 2003/04	Measures of success
D) 1 LHO network fully operational by December 2003	<ul style="list-style-type: none"> ▶ All LHOs established with management committees and Community Housing Managers responsible for all GHA stock
D) 2 Ratify Interim Management Agreements with all LHOs by December 2003	<ul style="list-style-type: none"> ▶ LHOs capable of registration with Communities Scotland and IMAs and LMIPs signed off by LHOs
D) 3 Implement agreed support services provision by GHA for LHO network by October 2003	<ul style="list-style-type: none"> ▶ Respective roles and responsibilities as defined in the Interim Management Agreement operational ▶ LHO staffing and budgets in place ▶ Effective LHO management information provided routinely ▶ GHA / LHO ICT connectivity operational ▶ LHO Committees supported by C.S., SFHA, EVH, SHARE and others to fulfil their roles and responsibilities
D) 4 Effective Area Team / LHO working relationships established by December 2003	<ul style="list-style-type: none"> ▶ Business Support Teams established ▶ Business Support Team service standards defined and delivered ▶ Business Support Team development programme delivered ▶ Business Support Team Service Level Agreements established by March 2004

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Core Aim for GHA: E) Committed, motivated and competent staff

Aim in 2003/04 to inform, develop and motivate staff to deliver GHA business

Objectives for 2003/04	Measures of success
E) 1 Pay and reward system designed by March 2004	<ul style="list-style-type: none"> ▶ Pay and reward system designed and agreed by OD Sub Committee and workforce representatives - Equal opportunity throughout - Job evaluation system agreed, ensuring equal pay for work of equal value across the organisation
E) 2 Internal communications processes operational by January 2004	<ul style="list-style-type: none"> ▶ GHA intranet operational ▶ Communications plan agreed and implemented
E) 3 Performance development system agreed and implemented by March 2004	<ul style="list-style-type: none"> ▶ Team priorities roles and responsibilities agreed for: <ul style="list-style-type: none"> - GHA Executive Team - Senior Manager Team - Business Support Teams - Individual performance agreements in place and reviewed, Executive Team, Senior Management Team, Community Housing Managers, all managers - Personal development plans in place for all managers and 50% of staff
E) 4 Leadership framework including behaviours agreed by the GHA's Executive Team by September 2003	<ul style="list-style-type: none"> ▶ Statement of core values and behaviours agreed and published ▶ Leadership framework designed and published September 2003
E) 5 Learning and development policy and processes agreed by the OD Sub Committee by December 2003	<ul style="list-style-type: none"> ▶ Learning and development policy agreed ▶ Learning plan detailed for 04/05 ▶ Staff trained in new roles and responsibilities ▶ 2003/04 training and development plan agreed by the OD Sub Committee
E) 6 Leadership programmes designed and delivered by March 2004	<ul style="list-style-type: none"> ▶ Leadership development programmes delivered for: <ul style="list-style-type: none"> - GHA Executive Team - SMT - Community Housing Managers, and LHO Chairs - GHA Management Committee
E) 7 Standards for managing and achieving potential of staff devised by March 2004	<ul style="list-style-type: none"> ▶ First staff survey completed ▶ Standards agreed by OD Sub Committee ▶ Benchmark established for subsequent surveys ▶ Required management actions identified and implemented

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Core Aim for GHA: F) Community ownership

Aim in 2003/04 to scope and plan the pilot programme of second stage transfer 2004/05

Objectives for 2003/04	Measures of success
F) 1 Agreed method of consultation and involvement of LHOs in design of SST process by September 2003	<ul style="list-style-type: none"> ▶ Method agreed by Communities Scotland ▶ SFHA engaged in the process and supportive of the design
F) 2 Agreement of the Management Committee to the prototype programme by September 2003	<ul style="list-style-type: none"> ▶ LHOs to participate in prototype programme identified
F) 3 Framework for SST, including definition of financial neutrality agreed by the Management Committee and Communities Scotland by December 2003	<ul style="list-style-type: none"> ▶ Financial framework agreed by funders and Communities Scotland ▶ Consultation with key partners (eg SFHA) complete
F) 4 Resource capability for SST prototype programme delivery agreed by GHA's Executive Team by February 2004	<ul style="list-style-type: none"> ▶ Staffing, budget, and internal and external processes agreed for managing the prototype programme

3.0 Risks and Controls

Risks (such as the failure to deliver promises to tenants) will arise from a number of sources including financial (eg interest rates) and political in terms of changes of government policy. The profile of risk that GHA must manage will alter depending on the stage in the process it is at and the external prevailing economic conditions.

As part of GHA's corporate governance and the annual business planning process, a corporate risk strategy will be developed. A risk register will identify in line with the core aims of the SOI the major risks that GHA requires to manage. It will include the following:

- ▶ Description of risks with high probability and/or impact.
- ▶ Risk owner within GHA's Executive Team.
- ▶ Clear mitigation strategies on whether GHA plans to:
 - Retain - where the other options are uneconomic or undesirable.
 - Reduce - minimise risk by raising awareness and developing protection measures.
 - Avoid - choose different methods/solutions.
 - Transfer - assign the control of risks to others.
 - Share - where the risk cannot be managed by GHA alone.
- ▶ The mitigation strategies identified will then be included within the relevant Divisional Work-plans.

The Risk Register will be reviewed annually and quarterly during the course of the year to ensure that the risk management strategy it defines is constantly monitored and managed.

In doing so, GHA will ensure that it effectively manages its risk profile, places the appropriate level of insurance at the most advantageous cost, conduct effective Treasury Management and engages with its partners with a clear understanding of the most appropriate profile of risk to be borne by each partner.

4.0 Budget Summary and Accounting Policies

4.1 Budget Summary

The 2003/2004 budget pack, which was approved by the Management Committee at its April meeting, is on the inside back cover of this document.

The budget process was commenced later than would be the norm, due to the stock transfer taking place soon before the financial year commencement date of 1st April. The process involved the dissemination of the high level Business Plan which had been prepared in the lead up to the stock transfer and took on board the detailed knowledge and expertise of GHA's new management team in the compilation of "bottom up" budgets.

In the course of the preparation of the detailed budgets a number of variances from the Business Plan were identified and built into the budget, whilst acknowledging the desire to ensure that there be no significant deviation from the more fundamental aspects of the Plan, which formed the basis of the funding package.

The result has been a budget which is "owned" by GHA's budget holders and which satisfies the main drivers and expectations of the stakeholders.

4.2 Audit Committee

GHA's Audit Committee has been formally constituted and held its first meeting on Tuesday 22 July 2003. The Committee membership will consist of no less than five Management Committee Members and up to two co-opted members who will be independent experts who are not Management Committee Members. This will allow wider financial and industry experience to be brought to bear and candidates for these positions are being sought.

Terms of reference have been agreed and consideration is being given to the re-appointment of KPMG, GHA's current auditors, for 2003/04.

Also agreed at this meeting was the Internal Audit Plan for 2003/04, which is detailed at section 4.4.

4.3 External Audit

The 2002/03 statutory accounts will be audited by KPMG, and will be presented to the Annual General Meeting in September.

The external audit plan for 2003/04 has been discussed with KPMG in outline and the Internal Audit Plan prepared and agreed after consultation with KPMG.

4.4 Internal Audit

The Internal Audit team is fully appointed and in place and comprises an Internal Audit Manager and two Internal Auditors.

The Internal Audit Plan has been approved by the Audit Committee and adopts a risk-based assessment approach. The areas of highest risk have been highlighted in systems reviews carried out by appointed accountancy and business analysts and also by internal management.

The Plan has been broken down into five areas, as follows:

▶ 4.4.1 Systems Reviews

These will comprise of a review of core finance and control systems such as tendering procedures, delegated authorities.

▶ 4.4.2 Compliance Reviews

These will consider areas not covered by the Corporate Compliance Manager, such as LHO compliance with the Interim Management Agreement.

▶ 4.4.3 Development Work

This will be focused on developing the departmental risk registers.

▶ 4.4.4 External Audit

Time has been allocated to allow co-ordination with the external auditors.

▶ 4.4.5 Contingency

The plan will accommodate unspecified and unplanned reviews, which may be necessary as a result of developments during the course of the year.

4.5 Principal Accounting Policies

The Accounting Policies currently in place relate to the accounts for the year ending 31st March 2002. The 2002/03 statutory accounts are currently being prepared and the accounting policies will be amended and enhanced, as necessary, to reflect the business activity since the stock transfer date.

GHA's financial statements have been prepared in accordance with applicable accounting standards and on the historical cost basis.

A summary of the more important accounting policies is set out below:

▶ Fixed Assets and Depreciation

Fixed Assets are held at historical cost. Depreciation is charged on a straight line basis over the expected useful lives of fixed assets to write off the cost less estimated residual values at the following annual rates.

Furniture & Equipment	20%
Computer Equipment	33.33%

▶ Pension

Contributions to the pension scheme are calculated as a percentage of pensionable salaries of the employees, determined in accordance with actuarial advice. The actual pension cost is charged to the income & expenditure account based on spreading the costs of pensions over the service lives of employees.

▶ Leases

Annual rentals in respect of operating leases are charged to the income and expenditure account.

The Glasgow Housing Association Limited

Balance sheet

Period ending	31-Mar-03	25-Apr-03	23-May-03	20-Jun-03	18-Jul-03	15-Aug-03	12-Sep-03	10-Oct-03	07-Nov-03	05-Dec-03	02-Jan-04	30-Jan-04	27-Feb-04	31-Mar-04
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Fixed assets														
Cost	25,000	30,586	36,123	41,610	45,443	51,306	57,169	63,032	69,046	75,061	81,076	87,113	93,150	99,194
Less: RTB sales		(892)	(1,401)	(1,690)	(1,937)	(2,236)	(2,525)	(2,829)	(3,238)	(3,642)	(3,957)	(4,314)	(4,865)	(5,249)
Net book value	25,000	29,694	34,722	39,920	43,506	49,070	54,644	60,203	65,808	71,419	77,119	82,799	88,285	93,945
Current assets														
Rent receivable		1,564	2,346	2,659	2,659	2,659	2,659	2,659	2,659	2,659	2,659	2,659	2,659	2,689
Debtors & prepayments		816	1,397	349	1,042	1,681	338	975	1,460	315	799	1,284	293	779
Cash at bank		47,572	42,484	41,604	40,789	38,280	36,802	33,837	30,578	26,210	23,881	20,697	18,769	15,737
Total	13,825	49,952	46,226	44,612	44,490	42,620	39,798	37,471	34,696	29,184	27,339	24,639	21,721	19,205
Current liabilities														
Bank overdraft		0	0	0	0	0	0	0	0	0	0	0	0	0
Rent arrears due to GCC		1,645	1,716	1,786	1,857	1,927	1,998	2,068	2,115	2,162	2,209	2,256	2,303	2,350
Creditors		6,084	4,396	4,381	3,912	4,704	4,773	4,688	4,729	4,747	4,414	4,824	4,828	4,830
Bank fees o/s		4,581	3,781	3,781	3,781	3,781	3,781	3,781	3,781	1,125	1,125	1,125	1,125	1,125
Total	4,581	12,310	9,893	9,948	9,550	10,412	10,552	10,537	10,625	8,034	7,748	8,205	8,256	8,305
Net current assets / liabilities	9,244	37,642	36,334	34,664	34,940	32,207	29,246	26,935	24,071	21,150	19,591	16,434	13,465	10,900
Long term liabilities														
Debt drawn		0	0	0	0	0	0	0	0	0	0	0	0	0
Unamortised fees		(9,180)	(9,132)	(9,108)	(9,084)	(9,060)	(9,036)	(9,012)	(8,988)	(8,964)	(8,940)	(8,916)	(8,892)	(8,868)
SE drawdown		32,500	63,250	63,250	63,250	63,250	63,250	63,250	63,250	63,250	63,250	63,250	63,250	63,250
Net worth	10,924	13,242	16,938	20,442	24,280	27,088	29,677	32,900	35,617	38,283	42,400	44,900	47,392	50,463
Revenue reserve	10,924	13,242	16,938	20,442	24,280	27,087	29,677	32,900	35,617	38,283	42,400	44,899	47,392	50,463



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