



# BUSINESS PLAN

2024 - 2027

cairn

# CONTENTS

- 1 | EXECUTIVE SUMMARY
- 2 | OVERVIEW AND ABOUT US
- 5 | MISSION, VISION AND VALUES
- 8 | STAKEHOLDER MANAGEMENT
- 9 | SWOT AND PESTEL
- 12 | OUR VISION TO 2030
- 14 | OPERATING FOCUS
- 18 | IMPROVEMENT PROJECTS
- 23 | HOW THE PLAN WILL BE MONITORED AND REPORTED
- 24 | RISK MANAGEMENT AND MITIGATION
- 25 | ASSET MANAGEMENT
- 26 | FINANCIAL PLANNING AND TREASURY MANAGEMENT
- 28 | VALUE FOR MONEY AND RENT AFFORDABILITY

# EXECUTIVE SUMMARY

I'm delighted to introduce our updated Business Plan, setting out our priorities for 2024 – 2027. This plan is more than just a strategy, it's our commitment to putting tenants at the heart of everything we do.

As we move forward, our focus is clear: delivering great homes, great services, and great people. We'll do this by improving customer service and satisfaction, keeping our homes safe and well-maintained, and making sure our repairs service is as responsive as possible. We'll also continue to invest in our housing stock, build new affordable homes, and modernising our independent living courts so they meet the needs of tenants now and in the future.

We know there's always more we can do. That's why we're prioritising reducing the time it takes to re-let empty homes, making sure people can move into safe, affordable housing as quickly as possible. We'll also make the most of our investment in new IT systems, using digital tools to improve the experience for tenants and make it easier for them to access our services.

But great services don't come from systems alone, they come from people. Our dedicated staff will continue to provide advice, support, and a listening ear to tenants, working closely with local councils, charities, and statutory bodies to make sure those who need help the most get the support they deserve.

We're not just here to provide housing, we're here to build stronger communities. That means listening to tenants, acting on their feedback, and involving them in shaping our services. Whether it's through monitoring service standards, influencing decision-making, or taking part in community initiatives, we want our tenants to have a real voice in what we do.

At the same time, we're committed to keeping rents affordable and delivering value-for-money through sustainable rent structures.

Over the course of this plan, we will also work towards fully integrating Cairn and Ancho, following the positive vote from Ancho tenants to transfer to Cairn. This is an exciting opportunity to build a stronger organisation, one that is more efficient, more resilient, and even better placed to serve our tenants.

This business plan is about more than strategies and targets. It's about ensuring that everyone who lives in a Cairn home feels safe, secure, and supported. And it's about working together to create a future where no one is left behind.

**Audrey Simpson, Chief Executive Officer**



# OVERVIEW

Welcome to Cairn Housing Association’s ambitious journey outlined in this comprehensive business plan spanning 2024 to 2027, updated for 2025. As we step into this challenging strategic period, we are committed to advancing our mission of providing quality, safe, affordable homes, and services in our communities, throughout Scotland. This document serves as a roadmap, detailing our goals, strategies, and the steps we will take to contribute positively to the communities we serve.

As we move forward to implementing this plan, we will be actively seeking tenant input and feedback in the form of tenant panels and through online surveys. If you wish to register your interest in taking part in a tenant panel, please contact us on [enquiries@cairnha.com](mailto:enquiries@cairnha.com)

We will be reporting our progress on the delivery of this business plan to our tenants and other stakeholders at regular intervals. Please see our stakeholder section for more details.

## How this plan was developed

Over the last year the plan has been developed using feedback from tenants, The Joint Board of Management, The Executive Team, and views from all staff. The feedback has been gathered via our tenant survey, a survey of all board members and the board strategy day. All staff teams were invited to feedback in the form of surveys and in person discussions and an extended management team strategy day.

The business plan is laid out to show our intent, starting with our long-term vision for the organisation against each of our stated outcomes. We then set out our continued focus on day-to-day delivery for our tenants as well as our improvement and change projects



Figure 1 Performance Framework

Our performance and risk framework is connected to this business plan. This allows us to link operational performance to improvement actions and allows the actions within the plan to be linked to the risk mitigation.

# ABOUT US

Cairn is a robust organisation, dedicated to addressing the critical need for affordable housing. We operate in 26 Local Authorities across Scotland.

The Association formed in 1989 as the Scottish arm of the Royal British Legion Housing Association with around 1,000 tenancies, providing sheltered housing properties. In 1992 we changed our name to Cairn Housing Association. In 1993, 70 properties transferred from Culdion Housing Association. In 1996, 1000 properties were transferred to Cairn from Scottish Homes in the Highlands. Through our development programs and a further series of transfers from Lochside and Outlook Housing Associations we continued to see the organisation grow.

In 2018 Cairn & Ancho entered a constitutional partnership, which saw Ancho continue to operate as separate housing association with the support of the Cairn team. In 2022 we welcomed Pentland Housing Association into Cairn following a successful tenant vote. In 2025 we welcomed Ancho fully into Cairn with another successful tenant's vote.

Today, Cairn has over 4,500 tenancies, provides handy person services in and around Inverness and provides factoring services to nearly 1,000 homeowners and garage occupants, of which many are managed by our commercial subsidiary, Pentland Community Enterprises.

As an organisation, we take pride in our ability to adapt to evolving housing challenges and provide innovative solutions. This plan reflects our commitment to improvements, sustainability, and, most importantly, making a difference in the lives of those we serve.

## Cairn in numbers:

4,500+

homes across Scotland

1,000

factoring service to  
1,000 homes

200+

dedicated staff  
across Scotland

5

offices located in  
Edinburgh, Bellshill, Irvine,  
Inverness, and Thurso

£25M

Our total turnover is  
c.£25 million with Net  
Assets of c. £79 million.

We comprise of a  
registered social  
landlord, plus  
our commercial  
subsidiary, Pentland  
Community  
Enterprises

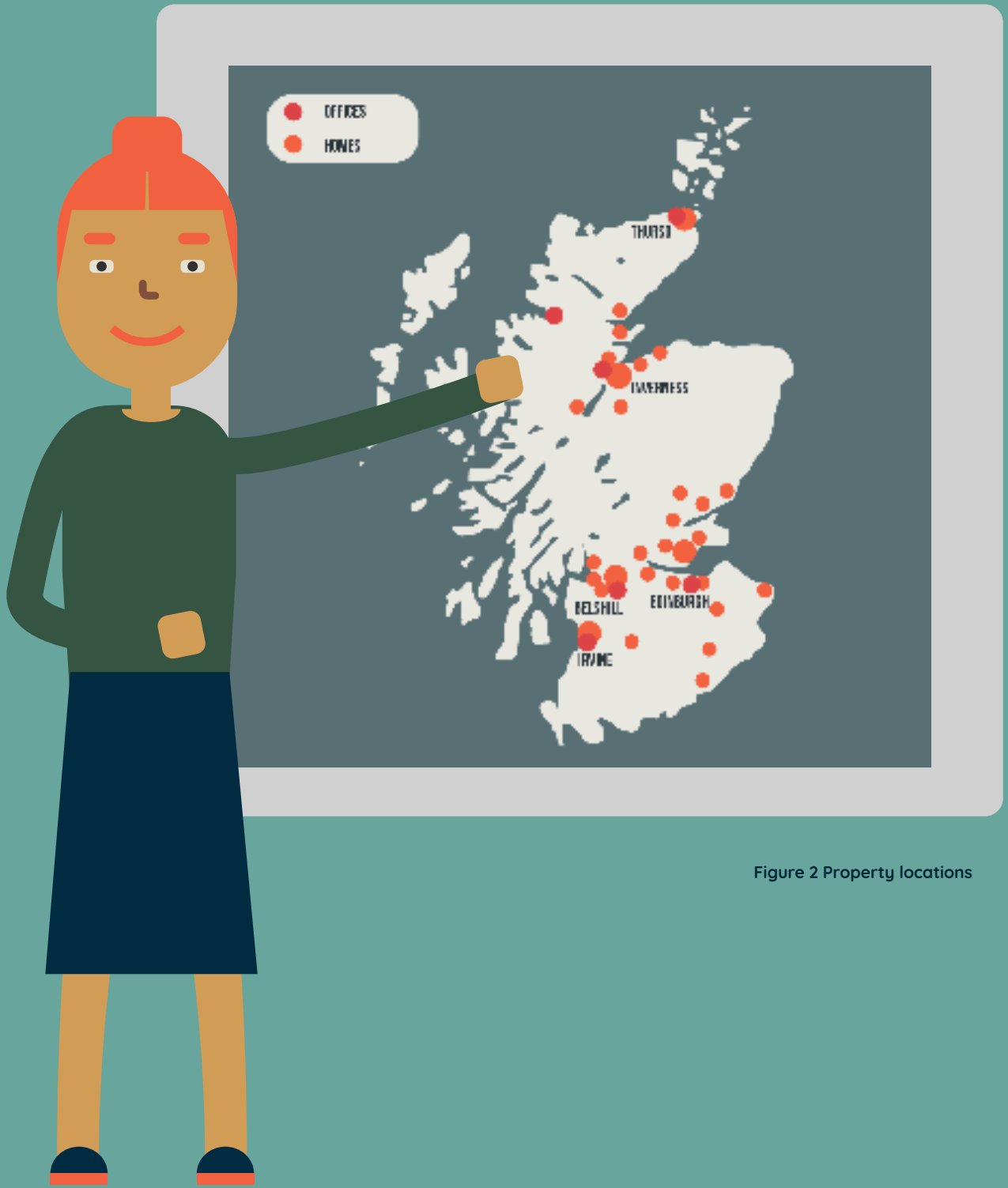


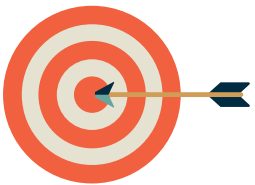
Figure 2 Property locations

# MISSION STATEMENT VISION AND VALUES



**Our Mission:** To provide quality, safe, affordable homes, and services, in our communities and with our partners, throughout Scotland.

**Our Vision:** We want to change more than where people live. We want to change how they live too through:



**Great homes - Great services - Great people.**

## Our Values:

**Customer first** Our customer comes first, and we will always aim to achieve high quality outcomes for customers.

**Excellence** We value excellence and quality and aim to achieve high standards in all we do. We always strive to be the best that we can be.

**Accountability** We are accountable for our actions, and we take responsibility and ownership for outcomes.

**One team** We work as one team and build excellent working relationships to achieve our goals.

**Respect** We value high standards of fairness, treating everyone with consideration and dignity. We show this through our everyday words and actions.

# Governance & Senior management structures

The CairnBoard meet quarterly with additional meetings for Strategy and Development days.

We have three sub committees focused on Audit and Performance, our Asset / Development strategy and finally our remuneration or salary matters. These are shown on the diagram below and Terms of Reference are in place for each.

Our business is organised into four Directorates. This is shown in figure 4 along with their core responsibilities.

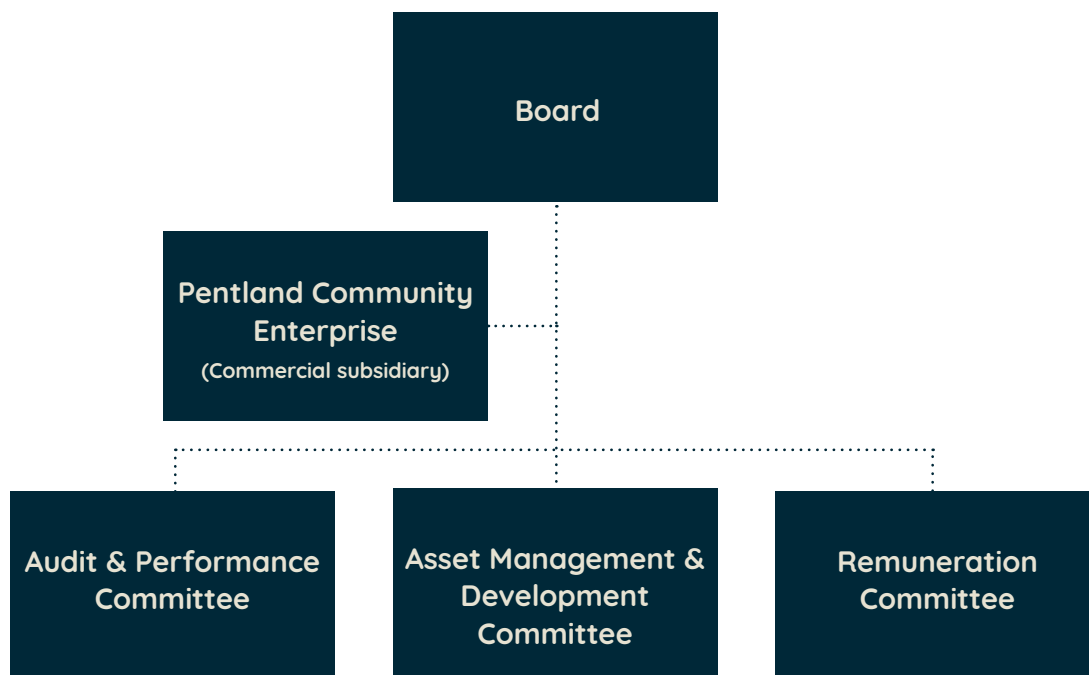


Figure 3 - Governance structure



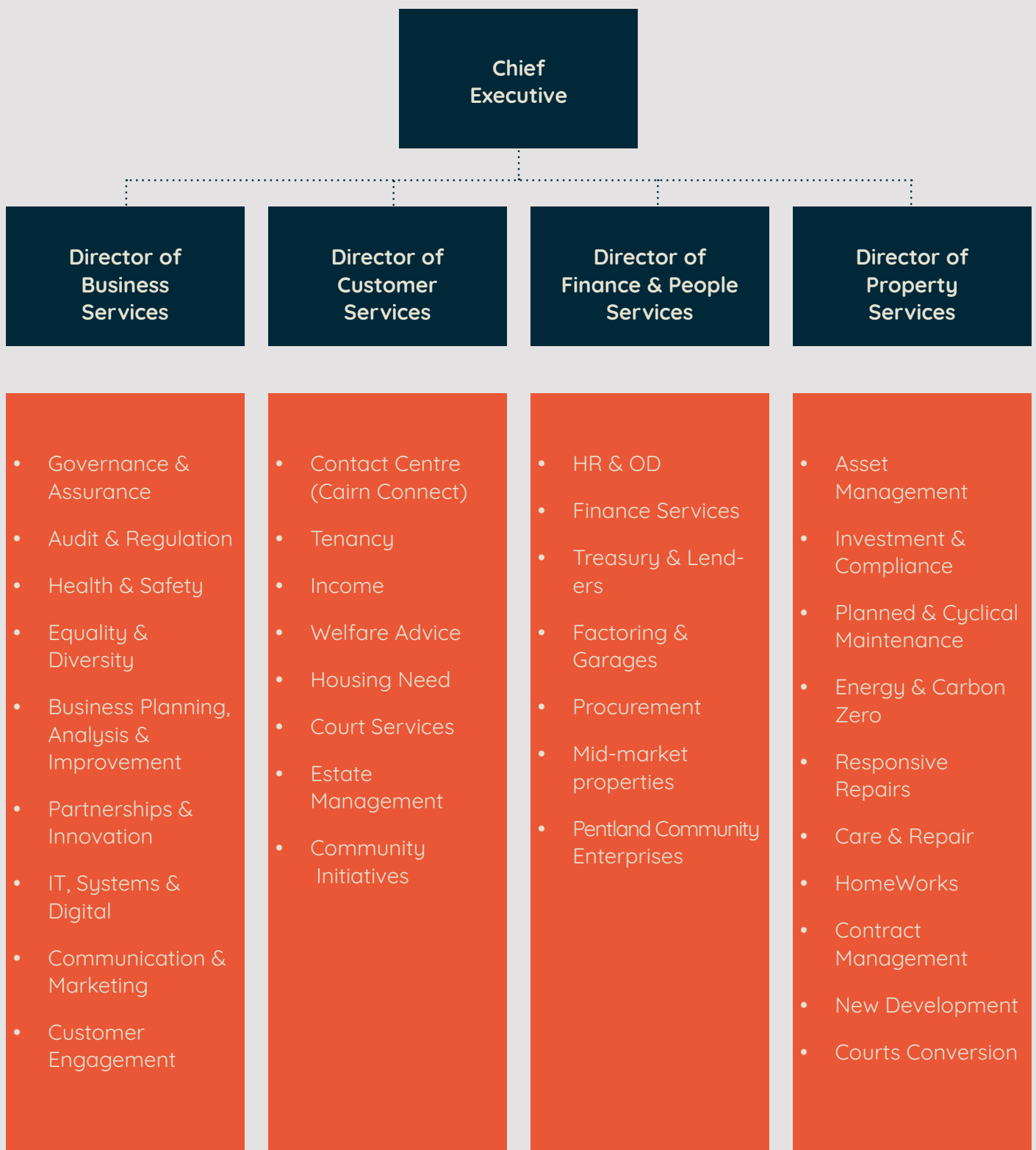


Figure 4 - Departmental structure

# KEY STAKEHOLDERS

The following is a list of our key stakeholders, who are core to our business delivery and influence this plan and our future aspirations.

## Customers

Our customers include tenants, residents, and service users. Our focus is on delivering the best possible services and developing meaningful relationships between ourselves and our customers.

This is the group of stakeholders for whom we exist. These are the people that we deliver services to and build homes for. Our customers are the basis of Cairn and Ancho and as such are the most important stakeholder group.

## Staff

Our staff team are vital to all that we do as an organisation. We are only as good as those who deliver services on our behalf. It is vital that we provide appropriate incentives, support and direction to our staff in return for performance and high levels of professional behaviour. We will focus on engaging our people and maximising their potential to deliver great services to our customers.

## Local Authorities

We work in 26 local authorities across Scotland. The customers we serve are also customers of the local authority, therefore local authorities have significant interest and influence on our work.

We will continue to develop our existing good partnership relationships with local authorities to contribute to their strategic objectives in the interests of local communities.

## Regulation

We welcome the rigor and scrutiny that audit, and regulation brings to ensure high standards of probity, risk management, governance, and financial health. We will continue our positive and professional working relationship with our Regulators, responding to queries and information requests accurately and in a timely fashion to meet regulatory standards.

## Lenders

As a charitable, not-for-profit organisation, and social business, we borrow money from lenders to support both the building of new homes and the refurbishment of existing stock. Communicating with this group of stakeholders and providing them with relevant, accurate and timely information is vital and we will manage our finances to ensure compliance with our financial covenants.

## Government

We will continue to seek to make a range of contributions to align our services and investment to meet the national policy priorities of the Scottish Government. We seek, with others, to influence the Government on housing policy, community, and health and social care where appropriate for the benefit of all our customers.

## Partners

We work with local and national partner organisations on a variety of initiatives. These relationships are valued by us and allow us to deliver a range of projects. We will also seek to learn from others and actively engage in the sector, including the CIH and SFHA, to contribute our voice and influence where appropriate.

## Suppliers and Contractors

We work with a number of suppliers, contractors and developers throughout Scotland and have developed a great relationship with all our suppliers. We will ensure positive, professional partnerships following best practice in partnering, procurement and contract management.

# SWOT & PESTEL ANALYSIS

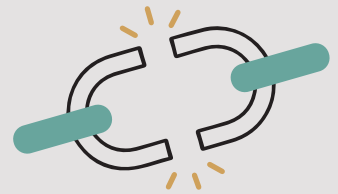
Following on from the surveys of tenants, the board, and staff. The SWOT and PESTEL analysis have helped us identify the areas that we need to focus on. We have six outcomes to focus on, which will address our weaknesses and take advantage of the opportunities we have identified.

## STRENGTHS



- National presence
- Experienced staff team
- Strong governance
- Financial capacity and lender support
- Strong partnerships with stakeholders
- Positive relationship with regulator
- Robust business planning process
- Leadership and management development
- Financial self-awareness
- Whole package employers, secure, flexible, inclusive, financially stable and accredited Living Wage employer.
- Clear vision and values
- Stock investment capacity
- Good levels of staff engagement
- Focus on organisational development
- Proactive asset management
- Financially sound & resilient business
- In-house property maintenance resource, reduces reliance on external contractors
- Clear Development Program

## WEAKNESS



- Ageing stock components
- Low demand/hard to let issues
- Estate and environmental condition info
- Geographic stock spread across 26 LA's
- Stock condition data
- Tenant involvement opportunities
- Underdeveloped approach to factoring
- New Group structure still to mature fully
- Equality and diversity balance on boards
- Current performance challenges around void properties.
- Small teams in some service areas = lack of resilience
- Unclear court service offers and delivery plan
- Unclear ESG objectives
- Staff training requirements and digital capabilities



## OPPORTUNITIES

National presence

New Executive Team

More strategic procurement and partnership improvements

Improving approach to performance and project management

Review of HomeWorks, handy person and care takers services

Utilisation of Pentland Community Enterprises

Developing approach to community development and external grant funding

Customer profiling

Channel shift, step forward in digital, working/access to services

Achievement of efficiencies after new systems implementation

Further Group integration

Future constitutional partnerships and rationalisation in the sector

Increased usage of ESG model

High demand for social housing

Development of artificial intelligence

Stock rationalisation (AMS)

Digital channel shift



## THREATS

Financial volatility by global events

Higher Inflation

Debt portfolio

Failure to actively manage costs in relation to income and stock levels

Geographic spread of housing stock

Lack of succession planning for Board and Executive Team

Failure of key contractors

Changing customer aspirations/needs

Failure to manage adverse impacts of further welfare reform

Stock rationalisation (AMS) - lost income

Increasing compliance and regulation requirements

Challenges of development process (housing supply)

Failure to deliver component replacement

Phasing out of gas & Net Zero targets

Energy price volatility

Low demand / hard to let properties

Increasing cyber threats



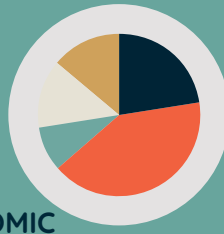
## POLITICAL

**Global Politics:** Tariff threats on supply chains could raise costs. Changes in political ideology can create uncertainty and instability.

**UK Government:** With significant cuts to welfare planned this could impact our customers significantly.

**Scottish Parliament Elections:** May 2026 may have an impact on housing supply or policy.

**Local Government:** Varying local policy application means Cairn must tailor responses and working practices for 26 LA's.



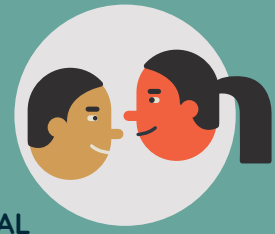
## ECONOMIC

**Grant Subsidy:** increasing costs of housing supply not reflected in grant subsidy.

**High levels of Inflation:** Higher costs places additional demands on the association, customers and staff.

**Economic Uncertainty:** The Ukraine War, impacts from Covid 19 and Brexit, making economic predictions difficult.

**Cost of Living:** the increasing cost of living on our customers and staff.



## SOCIAL

**Demographic Change:** an ageing population will have an impact on what and how we provide services.

**Housing Market Demand:** increasing demand for social housing and knock on effects of higher mortgage rates.

**Poverty, Cost of living:** food and fuel poverty places increased demands on our services.

**Social movements:** boycotts and protests can drive social campaigns that change company operations.



## TECHNOLOGICAL

**Working Arrangements:** increased digital capabilities for working, leads to opportunities to work from anywhere and carry out duties away from a traditional office setting.

**Digital Services:** increased ability to communicate with our customers presents opportunities.

**Cyber Security:** increased cyber threats, places additional costs on the association and risks to be mitigated



## ENVIRONMENTAL

**Carbon Neutral by 2045:** this will target all our operations.

**EESH2 Legislation:** requires an EPC rating of B by 2032.

**Active Travel:** promotion by the Scottish Government will impact new housing.

**Climate Change:** our properties could be more liable to damage from storms.

**Changing Values:** political discourse can shift public opinion and customer priorities on sustainability.



## LEGAL

**New Housing Scotland Act:** and introduction of new measures and responsibilities.

**Regulator:** and meeting requirements of the SHR.

**Freedom of Information and GDPR:** leading to increased costs and implications of data security.

# OUR VISION TO 2030

We created six outcomes to structure our improvement activity around in our 2020 Business Plan. While the life of this plan is to 2027 the Board of management developed a clear direction for Cairn at the Strategy Day in 2023 and 2024 which was based on SWOT and PESTEL analysis and staff/tenant feedback. The following sets out that vision against our six agreed outcomes to 2030.

## Great Homes

### Strategic Objective 1

**We have high quality homes.**

We will continue to prioritise investment in our properties to ensure we provide warm, safe and secure homes for our tenants. We will use the data from our Asset Performance Review to understand the needs of our stock and to target the investment program and consider disposal or demolition and regeneration where appropriate. We will continue to work with our local authority partners to develop new build properties where appropriate to meet housing need across Scotland. We will continue to work towards our green homes and net zero targets and access grant funding where appropriate.

### Strategic Objective 2

**We have thriving neighbourhoods.**

It is not only important that we focus on bricks and mortar, but the neighbourhoods our tenants live in too. We will consider consolidation of where we have stock located to allow us to deliver services to customers in an effective manner. We will support tenants to stay in their homes, by providing access to welfare advice and other support services for those struggling financially. We will continue to reduce the time properties are empty and that we allocate to those in housing need. Working with partners, particularly local authorities, we will improve the estates and communities our tenants live in.



## Great Services

### Strategic Objective 3

#### We have customer focused services.

Our customers are at the heart of the services we provide, and we will continue to involve them in our decision-making processes. We will update and modernise the services delivered within our independent living properties to ensure they meet our customer's needs. We will continue to use modern technology to allow customers to contact us in a way that is suitable to them and to deliver services in a timely manner. We will also use modern technology to ensure our customers' homes are safe.



### Strategic Objective 4

#### We are efficient and value for money.

Achieving value for money for our tenants is one of our highest priorities. We will review our charging framework for the services tenants receive to ensure that these are the best value. The service level agreements and our working arrangements with our partners will be updated to ensure we are getting value for money. We will continue to focus on how we procure goods and manage services to ensure we are getting the best value out of tenant's rent.

## Great People

### Strategic Objective 5

#### We have skilled and engaged people.

Having the right people equipped with the right skills to deliver our services is important to us, as is our organisational culture expressed through our values. We will continue to invest in our team, whether that be staff or board members. We will continue to ensure that we recruit high quality individuals to work with us.



### Strategic Objective 6

#### We have sound governance.

Sound governance underpins every high performing organisation. We will build on our strong reputation, good relationship with the Regulator and continue to ensure that Cairn is run as effectively as possible. Compliance with regulatory standards and wider legislation, particularly that relating to Tenant and Resident Health and Safety will continue to be our priority. We will ensure we meet national standards and requirements for the safety of our customers.

# OPERATING FOCUS

The following section of the plan is in two parts. Firstly, our ongoing service delivery priorities and those measures that are aligned against them which will allow us to monitor progress and tackle poor performance if required. Secondly our improvement agenda is laid out with key projects and high-level actions. A project plan will be created for each of these and will be resourced accordingly.

## Areas of continuing Focus and monitoring

We have high quality homes	
Continued Focus and Measurement	
Focus	KPI
<b>Investment &amp; Compliance Programs</b>	% Of gas safety certificates renewed within timescale EICR Water Hygiene testing FRA completed. Asbestos Management Lifts and Stairlifts % of Stock with up-to-date Stock condition survey Damp Mold & Condensation compliance SHQS compliance EESSH compliance
<b>Development Programme</b>	New supply delivered: absolute (social and non-social)
<b>Reactive Repairs Delivery</b>	Average time (hours) to complete emergency reactive repairs Average time (days) to complete urgent reactive repairs. Average time (days) to complete routine reactive repairs. % of Repairs completed right first time



## We have thriving neighbourhoods

### Continued Focus and Measurement

Focus	KPI
<b>Arrears,</b>	% Of income collected Current tenant arrears as a % of debit Former tenant arrears as a % of debit
<b>Allocations &amp; Voids Day to Day</b>	% Of rent lost due to voids New let: average turnaround times. Voids as % of the lettable stock Void Relets average days.
<b>Estate Management, Complaints &amp; ASB day to day</b>	General Needs Estates Yearly Independent Living Estates Quarterly % Of new tenancies sustained for more than 1 year % Of ASB Cases responded to in Timescale % Of stage 1 complaints responded to within timescale % Of stage 2 complaints responded to within timescale

## We have customer focused services

### Continued Focus and Measurement

Focus	KPI
<b>Contact Centre Operations</b>	<p>SLA1 % of calls answered in 60 seconds.</p> <p>SLA 2 % of email processed within 4 hours (within working hours)</p> <p>SLA 3 % of messaging responses within 30 mins (within working hours)</p> <p>Digital as a % of all enquiries</p> <p>Income Payments Processed per Month</p>
<b>Maximize Welfare benefits gains for tenants and access sources of external funding</b>	To draw in £1.2m of additional welfare benefits for tenants

## We are efficient and value for money

### Continued Focus and Measurement

Focus	KPI
<b>Ongoing procurement efficiencies</b>	<p>Reduced Number of Suppliers:</p> <p>Greater Community Benefit:</p> <p>Innovation / Added Value:</p> <p>Cost Avoidance</p>
<b>Benchmarking &amp; Business Analysis</b>	Benchmarking with our ARC group and peers plus Scottish Housing Network Board & Manager sessions

## We have skilled and engaged people

### Continued Focus and Measurement

Focus	KPI
<b>Delivery of annual training program</b>	Spend of training budget % of eLearning completed.
<b>Cyclical review of salary bench marking</b>	Salary benchmarking within budget tolerances
<b>Staff Performance Management</b>	100% of staff to have completed performance management reviews

## We have sound governance

### Continued Focus and Measurement

Focus	KPI
<b>Tenant and resident health and safety compliance.</b>	Gas safety compliance EICR Water Hygiene testing FRA completed.
<b>Governance Compliance</b>	Annual Assurance Statement & ARC Reporting Board Appraisals, Training & Development Programme Board succession planning. SHR Guidance, OSCR, FCA, Data Protection, Equalities and FOI Compliance

# STRATEGIC IMPROVEMENT PROJECTS

We have high quality homes

## Improvement Key Focus and Projects

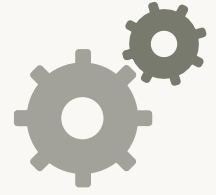
Projects	Key Actions	Timescale	Exec lead
<b>Court improvement programme at Aitkin, Dewar &amp; Royal Scot Court</b>	Customer Consultation phase of Aitkin Court, Dewar Court and Royal Scot Court  Delivery of Agreed Improvement Programme outcomes	2024 - 25	Director of Property Services
<b>Net Zero and sustainability Improvements</b>	Cluny Court – shared solar Thurso – shared solar EnerPHit ‘lite’ in Wick Phase 1 EnerPHit ‘lite’ in Wick phase 2 Energy Investment Projects Ancho tenant consultation	2024 - 27	Director of Property Services



## We have thriving neighbourhoods

### Improvement Key Focus and Projects

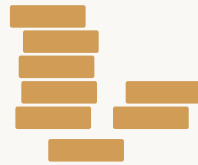
Projects	Key Actions	Timescale	Exec lead
<b>Policy and procedure, change and quality review</b>	<p>Create Policy and Procedure Change process &amp; Quality and competency framework.</p> <p>Prioritise Policies for review.</p> <p>Consult with tenants where appropriate.</p> <p>Create Policy and Procedure Library.</p> <p>Set up ongoing competency and review framework.</p>	<p>Phase 1 (Homemaster Dependent Polices) To be completed by Summer 2025</p> <p>Phase 2 by 2027</p>	Director of Business Services
<b>Review of areas of operation (acquisitions disposals &amp; concentration)</b>	<p>Develop options appraisal framework for stock acquisition or disposal.</p> <p>Define our strategically important areas to concentrate our stock profile.</p> <p>Complete annual asset performance review</p> <p>Carry out options appraisals on strategically identified stock</p>	<p>2025 - 26</p> <p>Annually</p> <p>As required</p>	Director of Property Services



## We have customer focused services

### Improvement Key Focus and Projects

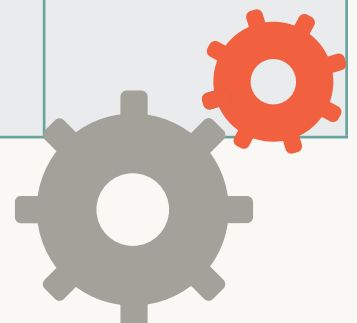
Projects	Key Actions	Timescale	Exec lead
<b>Expansion of digital offering</b>	Digital Offering Stage 1 – Digital Service, workflows, customer portal and payments	2024 - 25	Director Of Business Services
	Digital Offering Stage 2 – Skills and knowledge and Omni Channel	2025 - 26	
	Digital Offering Stage 3 – Efficiency	2026 - 27	
<b>Review of Independent Living offering &amp; charges</b>	Review of current services, facilities and offering at each location.	2024 - 25	Director of Customer Services
	Consultation with tenants and stakeholders, market and demographic assessment and financial performance analysis.	2026	
	Development of pricing strategy.	2027	
	Revisit all service level agreements to ensure fit for future service needs and customer expectations.	2024 - 25	
	Tenant consultation on any changes identified	2025 - 26	
<b>Develop and implement our communication, engagement and tenant participation offering</b>	Develop tenant participation strategy and assess current and future capabilities to deliver improved engagement,	2024 - 26	Director of Customer Services
	Define tenant representative structure, powers and engagement methods.		
	Ensure equality and diversity is taken into account when developing our approach		



## We are efficient and value for money

### Improvement Key Focus and Projects

Projects	Key Actions	Timescale	Exec lead
<b>Update rent &amp; reassess service charge structure</b>	Update rent structure and reassess the future structure of our service charges to align with services provided.  Implement new structure (likely beyond the life of this plan)	2024 - 26  2027	Director of Finance and People Services
<b>Review of office provision and ways of working</b>	Consult and carry out options appraisal on the location and set up of our office structure.  Reassessment of working arrangements.  Implement agreed structure	2025 - 27	Director of Finance and People Services
<b>Maintenance service delivery analysis</b>	Carry out demand analysis of current reactive and planned maintenance delivery.  Carry out options appraisal on future reactive and planned maintenance delivery	2026 - 27	Director of Property Services
<b>Review of factoring</b>	Implement standardised, compliant factoring policies across Cairn and PCE.  Greater efficiency and revenue in factoring.  Higher customer satisfaction and trust.  Stronger compliance with regulations and standards.	2026 - 27	Director of Finance and People Services



## We have sound governance

### Improvement Key Focus and Projects

Projects	Key Actions	Timescales	Exec lead
<b>Completion of Ancho ToE</b>	Restart Project from stage 2  Carry out Tenant Vote  Execute Transition and Integrations (subject to tenant vote)	Completed by April 2025	Chief Executive
<b>Further Development of PCE</b>	Optimization of current operations, products and services offering for Garages, Mid and Full market rent and factoring  Exploration of service diversification, future financial planning and resource allocation as per PCE business plan.	See detail in PCE Business Plan.	Director of Finance and People Services
<b>Embedding of reporting on outcomes from ESG framework</b>	Integration of the data collection and analysis requirements for reporting, benchmarking, and comparison  Adjustments to accountability and governance based on framework.  Identify and implement areas for continuous assessment and improvement	2025-26	Director of Business Services

# HOW THE PLAN WILL BE MONITORED AND REPORTED

Performance will be monitored through our operational performance framework monthly by Executive Team. Audit and Performance Committee will continue to receive quarterly KPI reports for scrutiny as will the Board. Monthly KPI packs are also made available to board members.

Our strategic improvement projects will be monitored quarterly by the Executive Team and six-monthly by the Board.

All or this information will be made available on our website for tenants and will be summarised in our annual report.



# RISK MANAGEMENT & MITIGATION

We operate a strategic risk register of the following 14 risks that are monitored monthly by the Executive Team and quarterly by the Audit and Performance Committee. They are also annually assessed by the Board to ensure that they remain fit for purpose.

Strategic Risks	
1	There is a risk that wider political, economic or constitutional changes and shocks impact on our financial business plan
2	There is a risk that the business and business plan are ineffective
3	There is a risk that we fail to maintain rental income flows
4	There is a risk that we fail to achieve value for money
5	There is a risk that the organisation fails to deliver its asset management strategy and maintain the quality of its stock
6	There is a risk that the organisation fails to deliver its new build and growth program within financial limits
7	There is a risk that we fail to comply with legislation and Regulatory Standards
8	There is a risk that the group structure is ineffective
9	There is a risk that we fail to comply with GDPR and FOI legislation
10	There is a risk that we fail to have adequate IT systems to allow us to operate effectively as a business.
11	There is a risk that we do not have staff with the appropriate skills or motivation to deliver business objectives.
12	There is a risk of fraud or criminal activity.
13	There is a risk that we fail to engage our customers or consult them effectively.
14	There is a risk that we do not have Board Members with the appropriate skills or motivation to deliver business objectives.

We use a heatmap scoring system and track mitigation through our strategic risk register reporting to the Audit and Performance Committee.

# ASSET MANAGEMENT

Cairn's Asset Management Strategy has been developed in support of the strategic outcomes identified as part of this plan, the objectives of the strategy are set out below: In addition to the outcomes identified we have begun work on a stock condition survey.

## Objective 1: Investment & Component Replacement

- We will deliver £25.5m investment in our housing stock during 2024-2027 and manage the investment programme to support a sustainable business plan and balanced stock portfolio.
- We will deliver investment promises to former Pentland tenants.
- We will deliver investment promises to former Ancho tenants under the transfer of engagements.

## Objective 2: Governance

- We will ensure that there is effective governance of the delivery of the asset management activities in line with the Group's priorities.
- We will make use of the Asset Performance Review process to provide a comparative performance analysis for our properties and support decision-making.

## Objective 3: Energy Improvements

- We will deliver investments that support our energy efficiency targets, national ambitions and help to reduce fuel poverty for our tenants.

## Objective 4: Modernising our Independent Living Properties

- We will deliver investments that support the modernisation of our Independent Living housing stock to keep it relevant for future housing provision.

## Objective 4: Tenant Health & Safety

- We will ensure effective compliance with statutory requirements across all our stock, focusing on tenant safety and improved processes.

## Objective 5: Repairs & Maintenance

- We will ensure effective reactive repairs are carried out in a timely manner so that properties remain in good working order, wind and watertight.

# FINANCIAL PLANNING & TREASURY MANAGEMENT

Our financial strategy is designed to complement and support our strategic objectives. The overarching strategic financial priority is to maintain a viable long term financial model incorporating all of our ambitions. This includes reference to the following:

- Long-term affordability of rents
- Making adequate provision for planned, cyclical and responsive maintenance expenditure, including that required to meet energy efficiency standards
- Taking advantage of development opportunities which meet our viability criteria
- Securing appropriate finance and complying with all lending covenants
- Enabling our commercial subsidiary company, Pentland Community Enterprises, to provide services and projects which complement the objectives of the Group
- Identifying and managing financial risks through appropriate policies and controls
- Managing the liquidity requirements for each Group company with robust forecasting models
- Meeting all financial compliance requirements of stakeholders including the Scottish Housing Regulator, lenders, HMRC, the FCA and OSCR

## Golden rules

We operate within the following financial parameters within which we operate, referred to as “**golden rules**”:

1. Covenant Compliance exceeded by 15% at all times. For interest cover this means at least 172.5% until 31 March 2027, and cover of at least 126.5% thereafter (at which point lenders have stipulated major repairs are to be deduced from the surplus). For the gearing covenant this means no more than a ratio of 55.25%.
2. No less than £3 million cash in the bank (increasing with inflation) with at least £2 million of available funds to draw down.
3. Major Component Replacement expenditure requirements aligned with stock condition information held within our life cycle costing system PIMMS.

These Golden Rules are to be adhered to within the financial forecasts.

# Financial Projections

Our financial projections are updated periodically to reflect current forecasts and planned activity over a 30-year timeframe. The overarching objective is to ensure that Cairn remains a financially viable organisation which will deliver on long-term commitments to its customers and stakeholders.

Quarterly management accounts are produced for each group company and presented to respective Boards. Covenant compliance and financial performance are reported to lenders on a quarterly basis. The model is based on forward projected assumptions driven by the income and cost base from the most recent budget.

We will report to Board on:

- 30-year financial projections consisting of statement of comprehensive income, statement of financial position and statement of cash flow
- assumptions and explanations on what they have been based on;
- a comparison of projected financial loan covenants against current covenant requirements.
- financial sensitivity analysis which considers the key risks, the mitigation strategies for these risks and a comparison of the resulting covenant calculations with the actual current covenant requirements.
- our approach to financial risk management and mitigation.
- demonstrate how our future rent increase assumptions are compatible with affordability for our tenants.

The charts on the following page are a summary from the most recent financial projections..

- The overall financial position of Cairn will benefit from the Ancho transfer.
- Covenant headroom is currently low in years two and three (2025/26 and 2026/27) - these represent the first years of the calculation change which deducts capitalised major repair expenditure from 01/04/25.
- The investment programme is being reviewed - planned maintenance expenditure is currently deferred for those years in the model, but this has to be considered in line with investment needs and other strategies for reducing the cost base in those years will be reviewed.
- The model is predicated on rent increases of CPI+1% as in previous years; going forward we will need to assess how realistic this is based on affordability.
- Sensitivity analysis has been carried out (chart 1.3 below) - of the factors reviewed we are most vulnerable to adverse changes in planned maintenance costs - directly impacting not only cash but future interest cover covenants.

## Treasury Management & Loan Portfolio

We have an existing loan portfolio supported by two lenders. Future borrowing will be determined with reference to viability assessments on prospective developments along with the needs of our investment programme. There is currently an unused secured revolving credit facility in place of £10m which we will draw on as required.

Our approach to surplus cash will continue to be to invest with approved institutions for periods determined by short-term cash flow needs and available interest.

## VALUE FOR MONEY AND RENT AFFORDABILITY

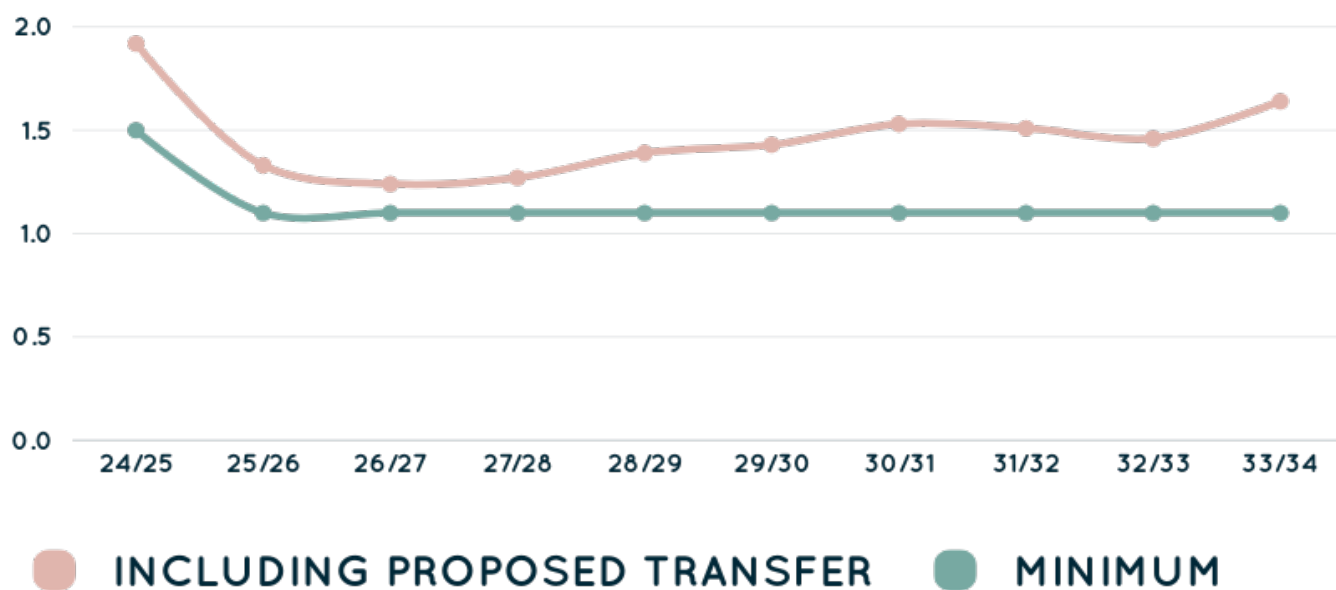
Cairn is committed to delivering value for money for our tenants by optimising resources and services. We prioritise quality cost-effective solutions, such as efficient maintenance practices and sustainable energy initiatives, to ensure affordability and quality living standards. Through continuous monitoring and evaluation, we develop key performance indicators to track efficiency improvements and measure tenant satisfaction, fostering transparency and accountability in our operations.

The Scottish Housing Regulator has defined VFM as one of its key priority areas therefore we will continue to focus on these indicators outlined in the Scottish Social Housing Charter to enable us to show our commitment to achieving VFM across all aspects of our operations.

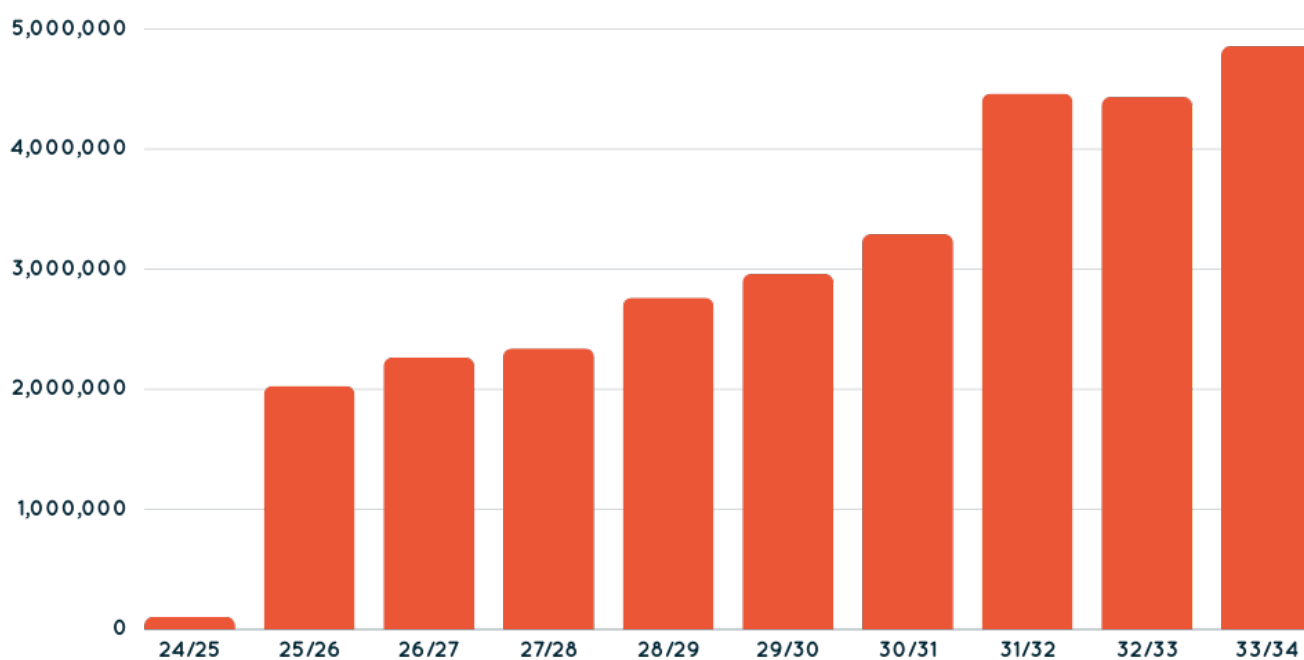
To evidence our commitment to value for money, through the Scottish Housing Network we will introduce further value for money indicators to assess our services against others.

As part of our improvement projects over the life of this plan we will be looking at restructuring our rents and service charges, to enhance understanding and consistency across the organisation. In consultation with our tenants, considering local affordability factors as well as the individual services our tenants and customers receive, this project will ensure we are delivering rents and services charges in a fair, transparent and affordable system of charges.

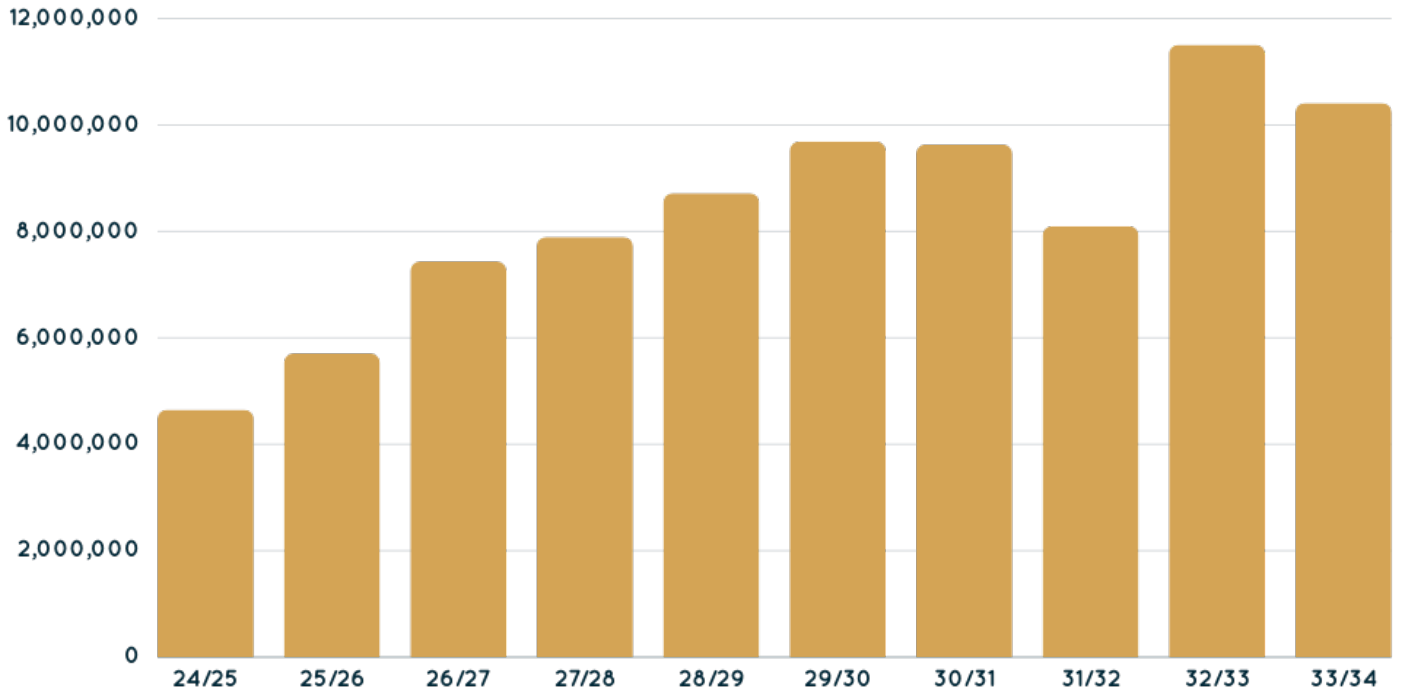
### INTEREST COVER COVENANT



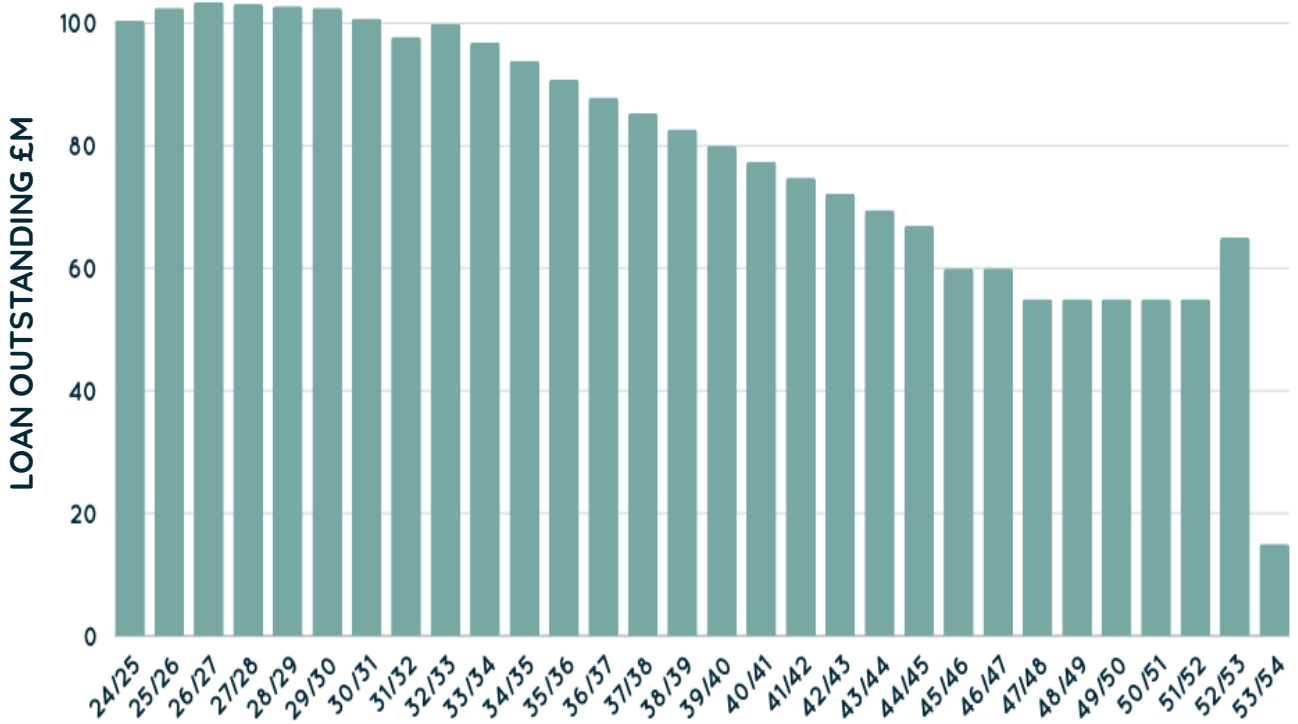
### INCOME AND EXPENDITURE SURPLUS



## CLOSING CASH



### CLOSING LOAN BALANCES



# cairn

**OUR HEAD OFFICE:**

Bellevue House  
22 Hopetoun Street  
Edinburgh  
EH7 4GH

**OUR WEBSITE:**

[www.cairnha.com](http://www.cairnha.com)

**OUR EMAIL:**

[enquiries@cairnha.com](mailto:enquiries@cairnha.com)

**OUR PHONE NUMBER:**

0800 990 3405