BUSINESS PLAN

2024 - 2027

cairn

CONTENTS

EXECUTIVE SUMMARY

I am pleased to present this final-year update of Cairn Housing Association's Business Plan for 2024-2027. This update marks the last year of our current plan and provides an important point of reflection as we prepare for the development of our next business plan for 2027-2030.

Over the past two years, this plan has guided our focus on delivering good quality homes, reliable services and value for money for our tenants, while strengthening the organisation for the future. As we enter the final year of the plan, our priorities remain firmly rooted in these commitments, alongside continued investment in our homes, our people and our communities.

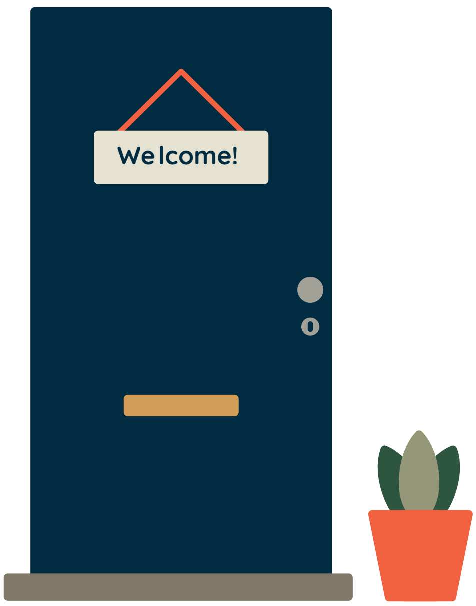
As part of this update, we took the opportunity to go directly to tenants and ask simple but important questions: are our priorities still the right ones, and what should we do differently? Through an online survey, 244 tenants shared their views, providing valuable insight into what matters most to them and how tenants experience our services.

The feedback was clear. Tenants continue to prioritise good quality homes, reliable repairs and services that offer value for money. There was strong support for investment in existing homes, particularly around energy efficiency, heating systems and property upgrades. This reflects both rising living costs and the importance of warm homes. Many tenants also told us they find our services easy to access and value the support they receive from staff.

At the same time, the survey highlighted areas where we need to improve. This feedback will directly inform our 'You Said, We Did' actions and our priorities for the year ahead.

This final year of the 2024-27 Business Plan is therefore about delivery and learning. Throughout this year, we will continue to make progress against our existing commitments while working with tenants, colleagues and partners to shape our next business plan. This future plan will build on what we have learned, respond to the challenges facing our sector, and set out how Cairn will continue to provide high-quality, affordable homes and services that meet the needs of our communities across Scotland.

Audrey Simpson, Chief Executive Officer



OVERVIEW

This document sets out the final-year update to Cairn Housing Association's Business Plan for 2024-2027. It reflects a review of our existing priorities, actions and performance, rather than a fundamental reset of direction.

The business plan continues to provide the framework for how we deliver our services, invest in our homes and support our communities across Scotland. It focuses on providing quality, safe and affordable homes, delivering reliable and accessible services, and ensuring value for money for tenants.

As we step into this final period of the current plan, 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 continue with our implementation of this plan, we are actively seeking tenant input and feedback in the form of tenants panels and through online surveys. If you wish to register your interest in taking part in a tenant panel, please contact us at 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

Our plan has been developed using feedback from tenants, The board of management, the executive leadership 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.

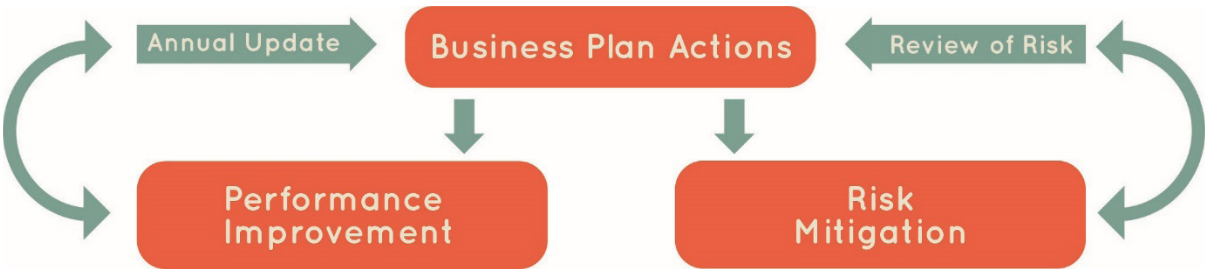


Figure 1 Performance Framework

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 Housing Association stands as a robust organisation, dedicated to addressing the critical need for affordable housing. We operate in 27 local authorities across Scotland.

The Association formed in 1989 as the Scottish arm of the Royal British Legion Housing Association with around 1000 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, a further 1000 properties were transferred to Cairn from Scottish Homes in the Highlands.

Through our development programmes and a further series of transfers from Lochside and Outlook Housing Associations we continued to see the organisation grow. Cairn has previously been recognised as the 42nd best not-for-profit organisation to work for by Best Companies, as well as achieving four stars for excellence award by Quality Scotland. Our Care & Repair Service was awarded a Scottish Quality Mark by Care & Repair Scotland.

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

Today, Cairn provides 5,075 homes (social rent, mid-market and full market rent, and shared ownership), provides handyperson services in and around Inverness, and provides factoring services to over 700 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:

5,075

homes across Scotland

1,000

factoring service to 700 homes and 476 garages

200+

dedicated staff across Scotland

5

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

£30M

Our total turnover is c.£30 million with net assets of c. £80 million.

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

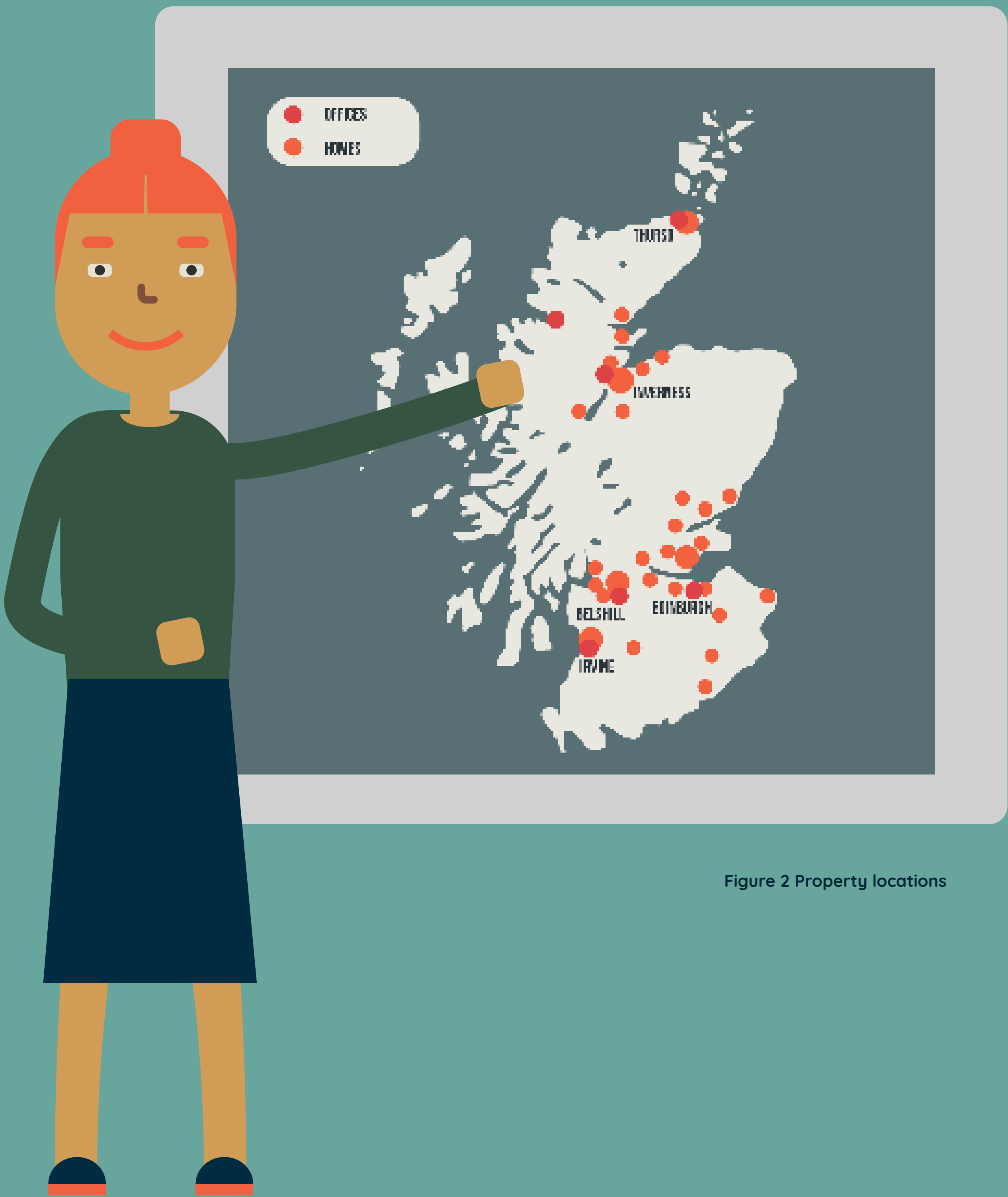
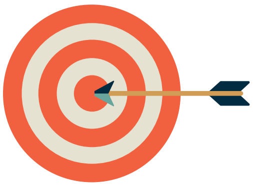


Figure 2 Property locations

MISSION STATEMENT VISON 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 Cairn Board meets seven times per year, with additional meetings for strategy and development matters.

We have three sub committees focused on audit and performance, our asset / development strategy and renumeration. 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.

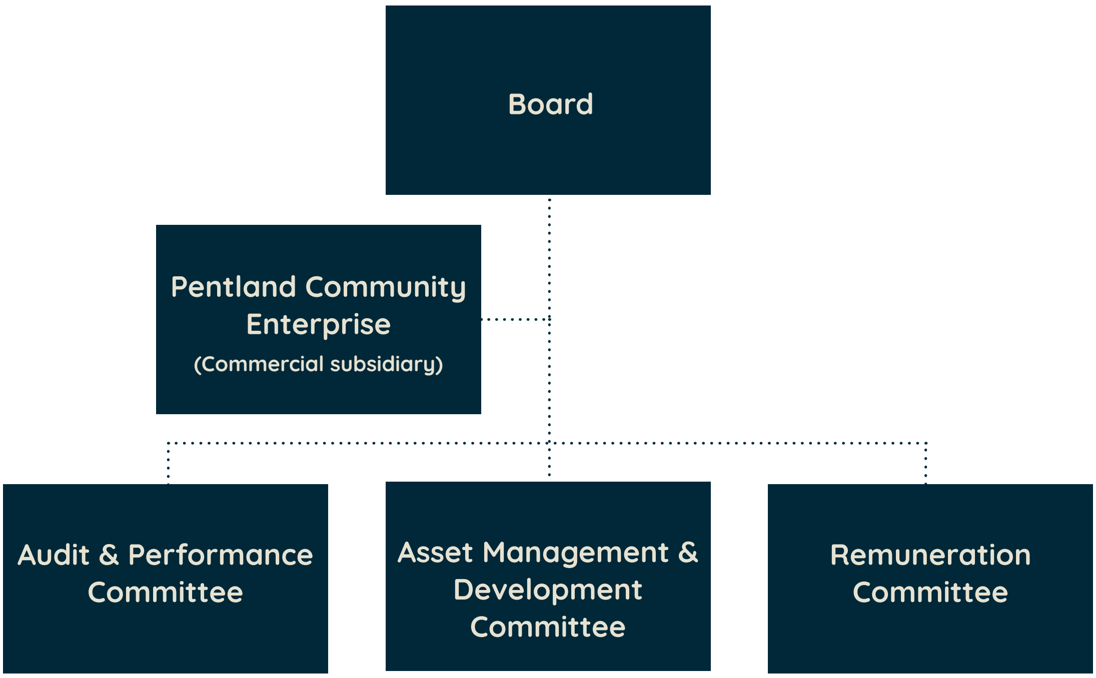


Figure 3 – Governance structure

Chief Executive

Director of People and Insights

- People and culture
- Organisational development
- Business planning and project management
- Public affairs
- Communications and marketing
- Customer insights
- Health and safety
- Equality, diversity and inclusion
- Performance management

Director of Customer Services

- Contact Centre (Cairn Connect)
- Tenancy
- Income
- Welfare benefits advice
- Housing need
- Court services
- Estate management
- Community initiatives

Director of Finance, IT and Risk

- Finance services
- Treasury and ledgers
- Factoring and garages
- Procurement
- Mid-market properties
- Pentland Community Enterprises
- Audit and regulation
- Business continuity
- Risk management
- ICT, systems and digital

Director of Property Services

- Asset management
- Investment and compliance
- Planned and cyclical maintenance
- Energy and carbon zero
- Responsive repairs
- Care & Repair
- HomeWorks
- Contract management
- New development
- Regeneration

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 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 27 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.

Regulators

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 a range of contributions to align our services and investment to meet the national policy priorities of the Scottish Government. We endeavour 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

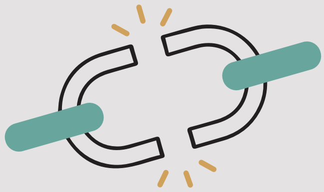
Focus on organisational development

Proactive asset management

Financially sound & resilient business

In-house property maintenance resource, reduces reliance on external contractors

Clear property development programme



WEAKNESS

Ageing stock components

Low demand/hard to let issues in some areas

Estate and environmental condition info

Geographic stock spread across 27 LA's

Stock condition data

Tenant involvement opportunities

Underdeveloped approach to factoring

New 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 independent living service offers and delivery plan

Unclear ESG objectives

Staff training requirements and digital capabilities

OPPORTUNITIES

National presence

New executive team

Strategic procurement and partnership improvements

Improving approach to performance and project management

Review of HomeWorks, handyperson and care takers services

Utilisation of Pentland Community Enterprises

Developing approach to community development and external grant funding

Customer profiling / segmentation

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

Achievement of efficiencies after new systems implemented

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

Government support for social housing

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

Potential deprioritisation of social housing post-election

Stock rationalisation (AMS) - lost income

Increasing compliance and regulatory requirements

Challenges of development process (housing supply)

Failure to deliver component replacement

Phasing out of gas and net zero targets

Energy price volatility

Low demand / hard to let properties

Increasing cyber threats

POLITICAL

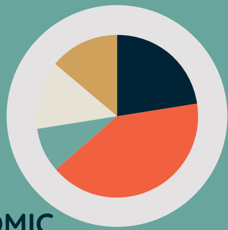
Global politics: Tariff threats could raise costs. Changes in ideology can create instability.

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 27 LA's.

Affordability: Ongoing political sensitivity around rents and affordability of rents..



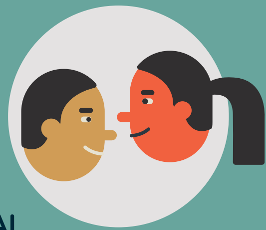
ECONOMIC

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: US tariffs, various global conflicts, and the legacy impacts from Covid-19 and Brexit

Cost-of-living: the increasing cost of food, energy and other essentials impacts our customers, staff and the organisation.



SOCIAL

Demographics: an ageing population will have an impact on what services we provide.

Housing demand: increasing demand for social housing with knock on effects of higher mortgage rates.

Poverty: places increased demands on our services.

Social movements: boycotts and protests can fuel social movements that lead to changes in our operations..

Expectations: tenants expect digital services, better comms, faster repairs and energy efficient homes.

TECHNOLOGICAL

Working arrangements: digital working provides opportunities to work from anywhere and 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.

Data-driven decision-making: increased expectations on using data to improve the customer experience / value for money.

ENVIRONMENTAL

Carbon neutral by 2045: this will target all our operations.

Net zero: the new Scottish standards remain unknown, but they will have an impact.

Active travel and 20-minute neighbourhoods: promotion by the Scottish Government will impact new housing.

Climate change: our properties could be more liable to damage from storms/flood.

Changing values: political discource can shift public opinion and customer priorities on sustainability.

LEGAL

New Housing Scotland Act: this will mean change's to our approach to domestic abuse and homelessness.

Regulator: continuing to meet the evolving requirements of the SHR.

Freedom of Information and GDPR: this can lead to increased costs and there are implications for data security.

Building safet and quality standards: evolving standards around fire safety in particular will increase compliance costs and reporting requirements.

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**
Investment and compliance programmes	% of gas safety certificates renewed within timescale EICR Water hygiene testing Fire risk assessments (FRA) completed Asbestos management Lifts and stairlifts % of stock with up-to-date stock condition survey Damp, mould and condensation compliance SHQS compliance EESSH compliance
Development programme	New supply delivered: absolute (social and non-social)
Reactive repairs delivery	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**
Arrears	% of income collected Current tenant arrears as a % of debit Former tenant arrears as a % of debit
Allocations and voids day-to-day	% of rent lost due to voids New let: average turnaround times. Voids as % of the lettable stock Void relets average days.
Estate management, complaints & ASB day-to-day	General needs estates yearly Independent living estates quarterly % of new tenancies sustained for more than one 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**
Contact centre operations	SLA1 % of calls answered in 60 seconds. SLA 2 % of email processed within 4 hours (within working hours) SLA 3 % of messaging responses within 30 mins (within working hours) Digital as a % of all enquiries Income payments processed per month
Maximize welfare benefits gains for tenants and access sources of external funding	To draw in £1.2m of additional welfare benefits for tenants

We are efficient and value for money	
Continued focus and measurement	
Focus	**KPI**
Ongoing procurement efficiencies	Reduced number of suppliers: Greater community benefit: Innovation / added value: Cost avoidance
Benchmarking & business analysis	Benchmarking with our ARC group and peers plus Scottish Housing Network Board and manager sessions

We have skilled and engaged people	
Continued focus and measurement	
Focus	**KPI**
Delivery of annual training program	Spend of training budget % of e-learning completed
Cyclical review of salary benchmarking	Salary benchmarking within budget tolerances
Staff performance management	100% of staff to have completed performance management reviews

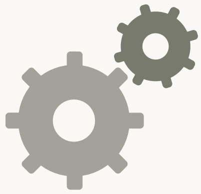
We have sound governance	
Continued focus and measurement	
Focus	**KPI**
Tenant and resident health and safety compliance	Gas safety compliance EICR Water hygiene testing FRA completed
Governance compliance	Annual Assurance Statement & ARC reporting Board appraisals, training and development programme Board succession planning SHR Guidance, OSCR, FCA, Data Protection, Equalities and FOI compliance

STRATEGIC IMPROVEMENT PROJECTS

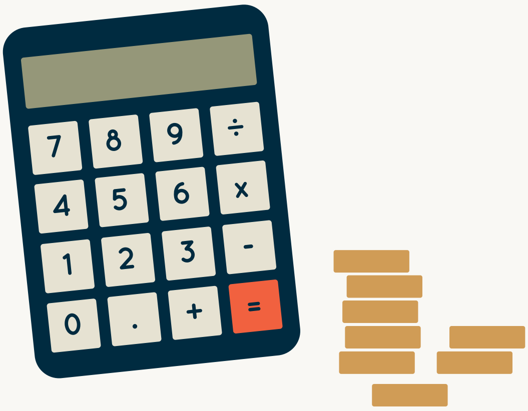
We have high quality homes			
Improvement key focus and projects			
Projects	**Key actions**	**Timescale**	**Exec lead**
Court improvement programme at Adam Grossert Court	Complete phase 1 of project (consultation and rehome) Complete phase 2 of project (restructure) Complete phase 3 of project (reallocation)	2024 - 27	Director of Property Services
Court improvement programme at Aitkin Court and Royal Scot Court	Consultation phase of Aitkin Court and Royal Scot Court Delivery of agreed improvement programme	2024 - 25	Director of Property Services
Net zero and sustainability Improvements	Cluny Court – shared solar Thurso – shared solar EnerPHit 'lite' in Wick Phase 1 EnerPHit 'lite' in Wick phase 2 Energy investment projects Former Ancho tenant consultation	2024 - 27	Director of Property Services

We have thriving neighbourhoods

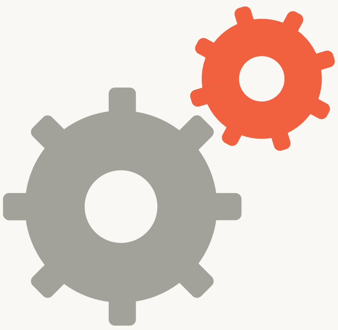
Improvement key focus and projects			
Projects	**Key actions**	**Timescale**	**Exec lead**
Policy and procedure, change and quality review	Create policy and procedure change process and quality and competency framework Prioritise Policies for review Consult with tenants where appropriate Create policy and procedure library Set up ongoing competency and review framework	Phase 1 (HomeMaster dependent polices) to be completed by Summer 2025 Phase 2 by 2027	Director of People and Insights
Review of areas of operation (acquisitions disposals & concentration)	Develop options appraisal framework for stock acquisition or disposal. Define our strategically important areas to concentrate our stock profile. Complete annual asset performance review Carry out options appraisals on strategically identified stock	2024 - 25 Annually / as required	Director of Property Services



We have customer focused services			
Improvement key focus and projects			
Projects	**Key actions**	**Timescale**	**Exec lead**
Expansion of digital offering	Digital offering stage 1 – digital service, workflows, customer portal and payments Digital offering stage 2 – skills and knowledge and omni channel Digital offering stage 3 – efficiency	2024 - 25 2025 - 26 2026 - 27	Director Of Finance, IT and Risk
Review of independent living offering & charges	Review of current services, facilities and offering at each location Consultation with tenants and stakeholders, market and demographic assessment and financial performance analysis Development of pricing strategy	2024 - 25 2025 2025	Director of Customer Services
Develop and implement our communication, engagement and tenant participation offering	Develop tenant participation strategy and assess current and future capabilities to deliver improved engagement Define tenant representative structure, powers and engagement methods Ensure equality and diversity is taken into account when developing our approach	2024 - 25	Director of Customer Services



We are efficient and value for money			
Improvement key focus and projects			
Projects	**Key actions**	**Timescale**	**Exec lead**
Update rent & reassess service sharge structure	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, IT and Risk
Review of office provision and ways of working	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 People and Insights
Maintenance service delivery analysis	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
Review of all SLA's at courts and leased properties	Revisit all service level agreements and leases to ensure fit for future service needs and customer expectations Tenant consultation on any changes identified	2024 - 25 2025 - 26	Director of Customer Services



We have skilled and engaged people

Improvement key focus and projects

Projects	Key actions	Timescales	Exec lead
Investing in our people and training	Further development of career opportunities and continuous learning opportunities, mentoring and coaching Continue to explore staff benefit options and opportunties Develop clear workforce planning mechanisms Develope further training KPIs	2024 - 27	Director of People and Insights

We have sound governance

Improvement key focus and projects

Projects	Key actions	Timescales	Exec lead
Embedding of reporting on outcomes from ESG framework	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 Finance, IT and Risk
Further development of PCE	Optimisation 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, IT and Risk

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 leadership 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 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 and 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 our 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 and safety

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

Objective 5: Repairs and 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 our objectives
- 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

In 2025, we completed the transfer of engagements of Ancho.

Golden rules

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

1. Covenant compliance at all times, with sufficient headroom as agreed with the Board
2. No less than £3 million in liquid funds
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 three and four (2027/28 and 2028/29) - these represent the first years of the calculation change which deducts capitalised major repair expenditure.
- The investment programme is being reviewed by asset management in line with stock condition survey outputs. The projections currently reflect the latest extrapolations of survey results so far.
- 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 Housing Association 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 (KPIs) to track efficiency improvements and measure tenant satisfaction, ensuring transparency and accountability in our operations.

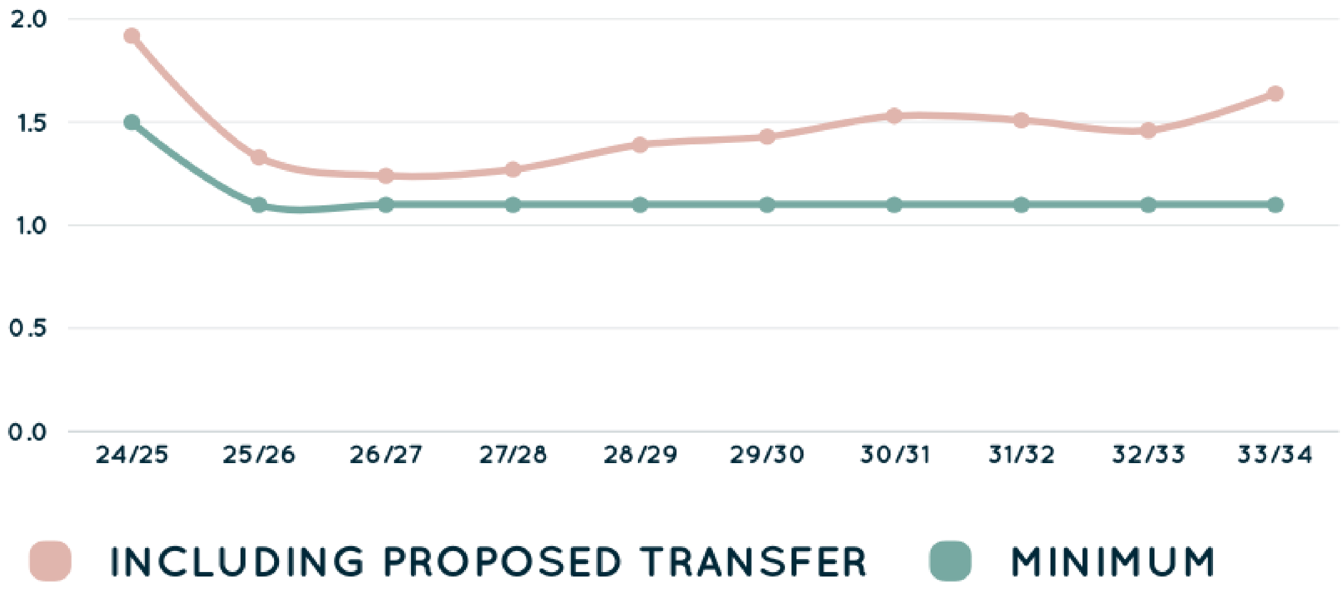
The Scottish Housing Regulator (SHR) has defined value for money (VFM) as one of its key priority areas therefore we will continue to focus on these indications outlined in the Scottish Social Housing Charter to enable us to show our commitment to achieving VFM across all aspects of our operations.

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.

CHART 1.1

INTEREST COVER COVENANT



INCOME AND EXPENDITURE SURPLUS

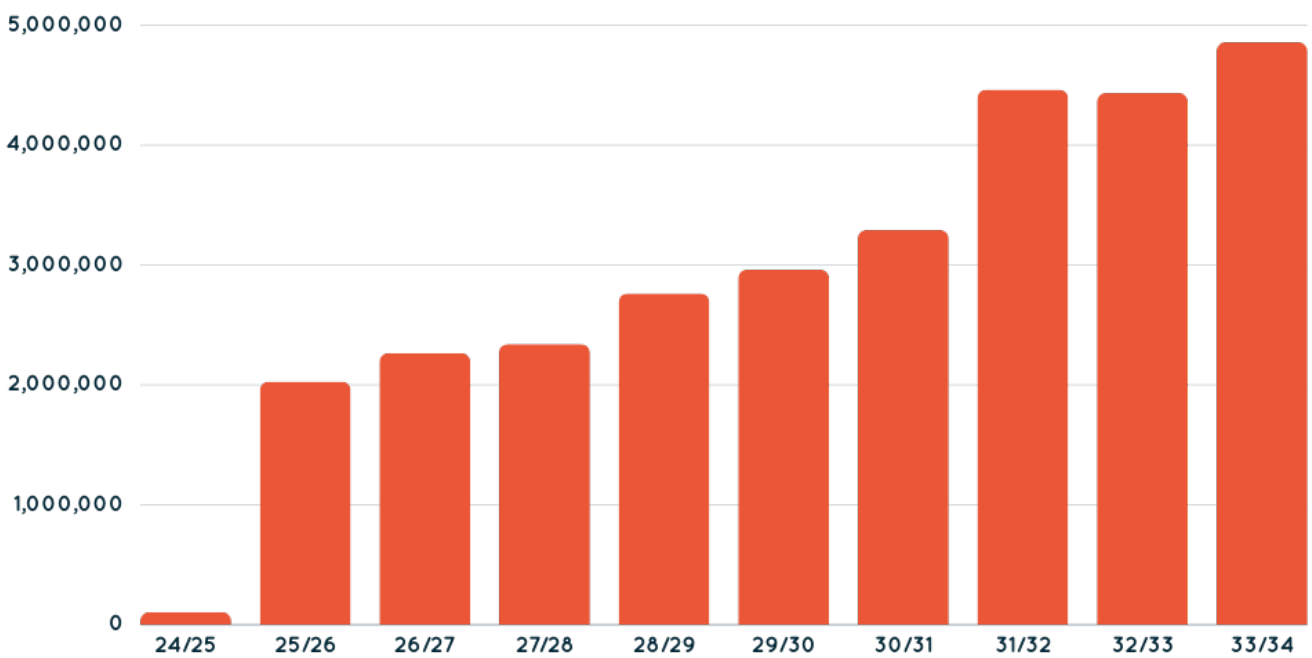


CHART 1.3

CLOSING CASH

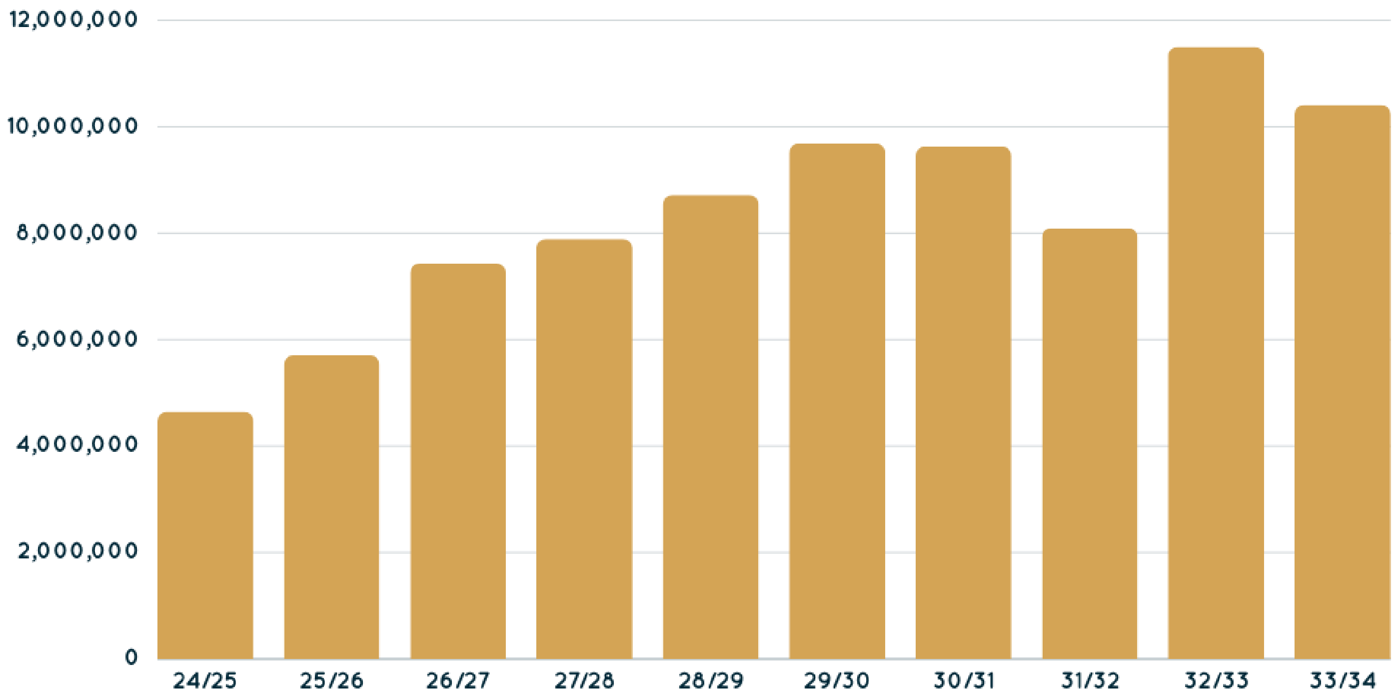
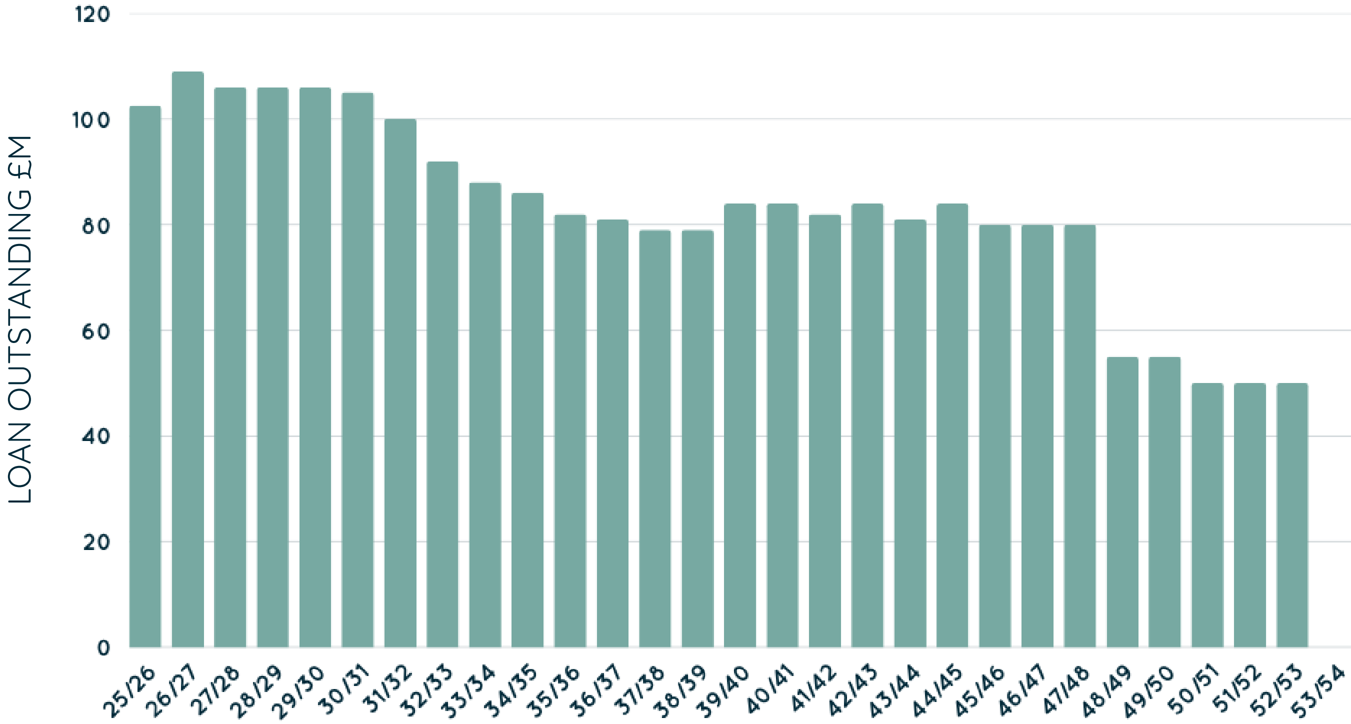


CHART 1.4

CLOSING LOAN BALANCES



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