



## **STRATEGIC PLANNING PROCESS (2017)**

### **1.0 INTRODUCTION**

1.1 The Association's strategic planning framework consists of the preparation of the following documents;

- ✓ Corporate Management Plan
- ✓ Departmental Service Plans

1.2 The Corporate Management Plan is the core strategic document which is intended to communicate organisational objectives.

1.3 Departmental Service Plans outline how the Associations strategic objectives are translated into departmental objectives and how these are to be delivered.

For the avoidance of doubt the Associations other key strategic and operational planning documents are as follows;

- ✓ Departmental Service Plans
- ✓ Development Strategy
- ✓ Residential Property Acquisition Strategy
- ✓ Asset Management Strategy & Plans
- ✓ Annual Budget
- ✓ Medium Term (5 Year) Cash Flow Projections
- ✓ 30 Year Cash Flow Projections
- ✓ Risk Management Strategy

### **2.0 CORPORATE MANAGEMENT PLAN**

2.1 The Association's Corporate Management Plan is the core strategic document to communicate its organisational objectives. It sets out the actions and tasks needing to be undertaken, and the financial profile and spending plans to achieve those objectives.

2.2 The Corporate Management Plan is primarily an internal document, reviewed and updated annually, and must be approved by the Management Committee on an annual basis.

2.3 The Association's corporate management includes a statement of vision (corporate goal), purpose, key objectives and strategic direction (covering the next three years), which has been approved by the Associations Management Committee.

- 2.4 Preparation of the Corporate Management Plan is the responsibility of the Director, in conjunction with Committee Members and the other members of the Management Team, who together form the “leadership” of the Association.

### **3.0 ROLES & RESPONSIBILITIES**

- 3.1 **Committee Members** (who form the governing body of the Association), have ultimate responsibility for the governance and direction of the organisation, and it is their responsibility to agree and approve the final version of the Corporate Management Plan.
- 3.2 **Management Team** (the Director, Head of Finance & Corporate Services/Depute Director and Head of Customer Services) have a key role to play in ensuring that Committee Members receive appropriate information, based on good quality data and analysis, to support and evidence an informed approval of the plan. Both must be able to demonstrate a shared understanding of the environment in which the Association operates, and the key risks that it faces, and shared support for the agreed strategy and corporate direction.
- 3.3 **Staff** have a key role to play in achieving the agreed operational tasks and targets that are incorporated within both the Corporate Management Plan and Departmental Service Plans.
- 3.4 The Director, in conjunction with the other members of the Management Team, has responsibility and accountability for the successful delivery of the Corporate Management Plan (and Departmental Service Plans).
- 3.5 Both documents are intended to be management and motivational tools for staff, giving clarity and unity of purpose for Committee Members, Management Team, line managers and frontline staff, cascading down to provide a framework and targets for the whole staff team’s performance objectives for the year ahead.
- 3.6 Individual staff will be responsible for the successful delivery of these objectives and targets, measured and assessed as part of the year-end performance review including individual staff performance appraisal reviews.
- 3.7 The Corporate Management Plan preparation process will include input from key stakeholders (where practicable). The Corporate Management Plan will, where appropriate, be aligned to the strategies and objectives of key partners, and to the relevant expectations and priorities of key stakeholders.

### **4.0 KEY PERFORMANCE INDICATORS**

- 4.1 A set of Key Performance Indicators (KPIs) will be included within the plan, intended to measure whether the key objectives are being achieved. The range of KPIs will be reviewed annually to confirm that all organisational objectives are covered by appropriate KPIs. Relevant and challenging targets, benchmarked wherever possible against our peers, the wider housing association sector, and other sectors where useful, will be proposed by the Director, in conjunction with the other members of the Management Team, each year, and approved by the Management

Committee. Performance against these targets will be monitored via quarterly reports to the Management Committee.

## **5.0 FINANCIAL PLANNING**

- 5.1 Each year the Association's 30-year financial model will be updated as part of the Corporate Management Planning preparation process, to take account of the income and expenditure implications of the agreed objectives and tasks. Underlying assumptions will be corporately reviewed for their continuing appropriateness, and clearly set out within the projections.
- 5.2 The budget for the year ahead will derive from year 1 of the projections. The presentation and format of the budget will be more detailed than the 30-year summary page, and will reflect best practice. The 30-year model will be fully reconciled to the 5-year financial projections submitted to the Scottish Housing Regulator (SHR) by 30 June each year.
- 5.3 The 30-year model should demonstrate the Association's ongoing viability, financial health, and compliance with any covenants imposed by its lenders, and should meet any expectations of SHR's regulatory requirements, especially standard 3 of the Governance and Financial Management Regulations, 2012.

## **6.0 REVIEW OF THE PLAN**

- 6.1 The Association has adopted a strict annual process of reviewing its Corporate Management Plan, where aims, objectives and priorities are reviewed in terms of their continued relevance and updated as appropriate to reflect changes in the operating environment.
- 6.2 The Corporate Management Plan preparation process will take account of the guidance set out in SHR's "Corporate Management Planning, Recommended Practice" document, and any subsequent updates.

## **7.0 DEPARTMENTAL SERVICE PLANS**

The form, content and processes described above are equally relevant to the preparation, approval and monitoring of departmental service plans although their preparation is primarily the responsibility of Heads of Service in conjunction with the relevant sub-committees.

## **8.0 CORPORATE MANAGEMENT PLANNING PROCESS**

- 8.1 Preparation of the Corporate Management Plan will be led by the Director, in conjunction with the other members of the Management Team, but will involve a "whole organisation" approach:-
  - ✓ The Association's Management Committee will endorse the mission and vision; shape the key aims and objectives; agree the strategic direction; and approve the final plan, including the updated 30-year projections, the annual budget and key performance targets;
  - ✓ The Director, in conjunction with the other members of the Management Team, will develop the key annual objectives, tasks and targets; update the 30-year

model; co-ordinate the preparation of the annual budget; and assess the key risks for inclusion in both the Corporate Management Plan;

- ✓ Committees and management will develop their own departmental service plans, which will be aligned with the Corporate Management Plan;
- ✓ Staff will be involved with the development of annual tasks and targets, and undertaking risk assessments;
- ✓ Tenants will be consulted about rent increase proposals; any significant growth or diversification, major changes in service provision and when a more fundamental review is taking place in terms of organisational direction, tenant (and other stakeholder) interests will be incorporated into the decision making process.

## 8.2 **Key Steps in the Corporate Management Planning process; –**

### 8.3 **Step 1: Agree the programme**

The annual process to be adopted is attached - **Appendix 1.**

### 8.4 **Step 2: Data collection and strategic analysis**

The process needs to allow sufficient time for the collection of necessary data, for review and analysis, and for consultation and involvement with key stakeholders. The Management Team will lead this part of the process, preparing an up-to-date picture of:

- ✓ our tenants and other customers, including any tenant profile information available;
- ✓ current assessment of demand for our properties;
- ✓ assessment of the effectiveness of our core services, and areas for improvement, based on tenant surveys, complaints' analysis, and other feedback from tenants and staff;
- ✓ housing stock and asset management issues;
- ✓ staff structure efficiency and effectiveness;
- ✓ treasury and funding issues;
- ✓ latest management accounts and financial projections;
- ✓ latest performance and KPI benchmarking information, including performance against the current and previous year's corporate management plan objectives, tasks and targets
- ✓ current assessment of key risks

Much of the above information will be available within the Association as forming an integral part of the Associations quarterly performance review process.

An up-to-date assessment of the operating environment will also be needed, the majority of information relating to this having already been incorporated included in the quarterly Risk Management reports to Committee.

Engagement with stakeholders and key partners will be an important part of the process. Awareness of their key strategies and interests should shape the Association's own plans – for instance, local authority housing strategies, housing needs assessment, SHIP (Strategic Housing Investment Plans), etc, will need to be

considered, as will local community development and regeneration plans, community care plans, Scottish Government priorities and initiatives, and any regulation plan or regulatory concerns from the Scottish Housing Regulator.

The Associations Communication Strategy outlines who it considers its key partners and stakeholders to be, and sets out its approach to managing these relationships.

Any information gathered from the annual Committee Appraisal process will also be factored in at this stage of the process.

8.5 **Step 3: Confirm (or update) vision, objectives and strategic direction**

Committee Members will meet once a year, along with the Management Team, at an appropriate time, in an “away-day/planning evening” style event, to review and confirm, or if appropriate, amend the organisation’s vision, key objectives and strategic direction. The data collected at step 2 above will be reviewed, and an environmental analysis will be conducted. An assessment of strengths, weaknesses, opportunities and threats (SWOT analysis), will be undertaken at this event as will a PEST analysis – political, economic, socio-cultural, technological - to inform the environmental analysis.

8.6 **Step 4: Develop the plan for the year ahead**

The Director, in conjunction with the other members of the Management Team, will be responsible for developing the detailed version of the plan, which will subsequently be submitted for Management Committee approval.

Building on the broader vision and key objectives, annual priorities will be identified, and key tasks which will help achieve the organisation’s objectives will be set out in SMART (specific, measurable, achievable, relevant, time-bound) format (where possible). It is important that as many staff as possible are involved in this process, working at a team / departmental level to ensure the necessary “buy in” is obtained.

Other key stakeholders/partners may be consulted at this stage, if deemed appropriate.

A number of Key Performance Indicators (KPIs) will be identified for the year ahead, which together should give a clear picture of the extent to which the organisation is achieving its key objectives. The Director in conjunction with the Management Team will review existing KPIs before the start of each new annual cycle, and propose changes if appropriate. A suitably challenging target will be proposed for each of these KPIs and these will be based not only on achieving improvement on the previous year’s performance but also at least matching the average performance of all peer group RSLs as reported annually by the Scottish Housing Regulator or Scottish Housing Network.

8.7 **Step 5: Prepare financial plans**

The Head of Finance and Corporate Services will (in consultation with the Director and Head of Customer Services) oversee the preparation of an annual budget, matching resources to proposed objectives and tasks.

The assumptions underlying the Association’s 30-year financial projections will be reviewed at this point, and updated as appropriate. The projections must be “owned and understood” by both the Management Committee and the Management Team.

Year 1 of the updated model will form the basis for the annual budget, and be fully reconcilable to it. The updated 5 year projections, which require to be submitted to SHR by the end of September each year, must also be reconciled to the approved 30 year projections.

Each year, the updated 30-year projections need to be tested for changes in key assumptions that might arise, given changes to the economic situation or due to the crystallisation of key risks. This “sensitivity analysis” also needs to assess the combined impact of more than one change occurring at the same time. These tests will illustrate the financial capacity of the Association to withstand certain pressures, particularly in relation to peak debt changes, impact on cash balances and continuing compliance with key lending covenants.

#### 8.8 **Step 6: Assess risk**

The Director, in conjunction with the other members of the Management Team, will assess the risks that may undermine the successful delivery of the new plan/s, and the achievement of the proposed budget and KPI targets.

Staff teams will be involved in an update of the key operational risks. Risks will be assessed and scored in accordance with the Association’s risk management strategy, and suitable mitigating actions identified to reduce risk scores. The content of the plan may be amended following the risk review exercise, if unacceptably high risks emerge. An update of this risk review will be undertaken, and reported to the Management Committee quarterly, including an assessment of new and changing risks, and of the impact of mitigating action taken.

#### 8.9 **Step 7: Approve Corporate Management Plan and budget**

A deadline will be established each year by which time the Association should have completed its review of vision, main objectives and strategic direction; assembled key objectives and tasks for the year ahead; and prepared a draft budget. Consultation should then take place with staff, and any other relevant stakeholders.

The Corporate Management Plan will then be amended following consultation, updated, harmonised, and the affordability and deliverability of draft plans confirmed. KPIs and their proposed targets will be added; risk reviews conducted; the 30-year model updated; and final draft Corporate Management Plan prepared for presentation to the Management Committee.

Departmental Service Plans will then be presented to the relevant Sub Committee for approval.

#### 8.10 **Step 8: Communicate plan, and cascade objectives and targets**

Once the Corporate Management and Departmental Service Plans have been approved by the Management Committee, they will be communicated internally to all staff, and copies made available for each staff member. Communication to tenants will be made, usually via newsletters, and decisions made about what communication with partners and stakeholders would be appropriate.

A key part of the performance management framework will be in the systematic use of the staff performance & development process, ongoing one-to-one meetings

between staff members and their line manager, and formal reviews of staff performance & development documentation.

All staff will have an annual performance & development interview conducted on a “cascaded” basis (Director first, followed by Heads of Service, line managers and other staff), starting at the beginning of the new financial year (i.e. during the month of May), and completed and fully documented by the end of June.

Objectives for the year ahead set will derive from the Corporate Management Plan and Departmental Service Plan priorities, tasks and targets, so it will be clear to all staff how their role contributes to the achievement of the organisation’s key objectives.

The accountability of the Director and other members of the Management Team for the successful delivery of these plans will be evident from the objectives set for them, and they will transfer accountability for achievement of relevant parts of the plan, and key targets, to other departmental staff via individual objectives and targets.

#### 8.11 **Step 9: Ongoing monitoring and review**

The Management Committee (and relevant sub Committee in relation to Departmental Service Plans) will monitor performance against the key objectives and priorities contained in the approved Corporate Management Plan on a quarterly basis. Management will report progress on the following to the Management Committee:

- ✓ Corporate management plan tasks programmed for completion during the previous quarter;
- ✓ KPI targets set for the year, as at the quarter end;
- ✓ Quarterly management accounts, including financial KPIs and loan covenant compliance;
- ✓ Risk mitigation action scheduled to be completed during the previous quarter, and an updated assessment of key Corporate Management Plan risks.

All staff one-to-one reviews will have a focus on progress with meeting their objectives and targets, to inform management team’s quarterly report to the Management Committee.

The purpose of these reviews, in addition to raising awareness on what has and hasn’t been achieved within timescales and targets set, is to enable plans to be adapted and amended according to changes in circumstances, and for management and the Management Committee to focus on what can and should be done differently to restore performance where targets and objectives are not being met.

- 8.12 Generally speaking, what is in the Corporate Management Plan should be central to all strategic and operational decisions made throughout the year, and Management Committee reporting should reflect this. When a decision with significant financial implications is to be taken, particularly any new corporate proposal, it will be important to understand the impact on the financial forecasts (i.e. the 30-year model), as part of the decision-making process.

## **9.0 CORPORATE MANAGEMENT PLAN CONTENT**

9.1 The Corporate Management Plan is a written document supported by long-term financial projections (typically 30 years). The Corporate Management Plan should give a complete picture of the Association and should reflect:

- ✓ understanding of its tenants and customers, both now and in the future;
- ✓ the services it delivers;
- ✓ its history and background;
- ✓ its aspirations and objectives;
- ✓ the environment that it operates in;
- ✓ the range of assets it owns and maintains;
- ✓ the risks and opportunities it faces.

9.2 The precise content of the Association's corporate management and departmental planning documents will vary from year to year, but will generally include the following elements:

- ✓ Introduction
- ✓ Executive summary
- ✓ Vision, aims and objectives
- ✓ A Brief History & Future Strategic Direction
- ✓ Key Services, Outputs & Outcomes
- ✓ The External Environment & Key Stakeholders
- ✓ Self-Assessment
- ✓ Asset Management Strategy & Plans
- ✓ Corporate Governance & Human Resources
- ✓ Implementation Plan
- ✓ Financial & Treasury Management
- ✓ Risk Management & Mitigation
- ✓ Performance Management & Monitoring
- ✓ Corporate Performance & Compliance with Strategic Objectives
- ✓ Key Priorities (Year1)
- ✓ Appendices

9.3 A separate schedule, not for inclusion in the plan itself, but circulated to all Committee Members and The Management Team, will be prepared showing all Management Committee and sub-committee meeting dates for the year ahead, and the key business to be transacted at each meeting.

## **10.0 REVIEW**

This process will be reviewed at least every 3 years.

George Tainsh  
Director

**22<sup>nd</sup> November 2017**

**Review Consultation Process**

<b>APPROVED BY THE MANAGEMENT COMMITTEE ON</b>	<b>30<sup>th</sup> NOVEMBER 2017</b>
<b>Date of Next Review</b>	<b>November 2020</b>

Approved