

LINK GROUP BUSINESS SUSTAINABILITY PLAN

2021/22



Foreword by the Link Group chair – Ross Martin

I am delighted to present the Link Group ‘Business Sustainability Plan’ for 2021, on behalf of the Board.

When we set out our objectives this time last year we could never have predicted the far reaching impact of the pandemic which was about to strike. The ability of the whole Link Group family; our staff, customers and partners alike, to deal with the exceptional set of challenges has been inspirational and gives enormous confidence for the years that lie ahead.

Despite the rapidly changing impact of the pandemic, we were delighted by the way people in teams across the organisation continued to provide first class services to communities throughout Scotland.

Our gratitude, and theirs, goes to all those involved in providing those services in a safe and compassionate manner, especially in those cases where without the support of Link staff many of our customers would have fallen through the net. As we begin 2021 more uncertainty awaits but that focus on exceptional customer service, and the compassion required to deliver it remains, thus ensuring that our organisation is ready to take on these next set of challenges.

This business sustainability plan sets out how we will build on our core services as we move into the second year following our group wide Strategic Services Review in 2019.

While we continue to operate in challenging times, we also continue to grow. We hope to be able to welcome Weslo tenants and staff to the Link Group over the course of this year, through a transfer of engagements, which will

transform both organisations in a profound and positive way.

In 2020, amidst the Covid crisis we established our first targets for our ambitions for carbon reduction to take on the even greater challenge of the Climate Emergency and this year we have evolved more fundamentally, taking the decision to anchor the whole business onto this platform of ‘sustainability’.

From delivering fantastic homes and communities to ensuring our customers have the services and support they need to live full and enriched lives; we know and will demonstrate that sustainability is a core characteristic of the Link Group. We recognise this is a long-term journey, and this Business Sustainability Plan is another key milestone on the road to further embedding its aims into the core of what Link does. This plan must be owned by everyone across the organisation and is another opportunity to showcase how Link’s successes are the result of strong partnership working, so I invite you to join us in this endeavour as we better connect our people to the places around them and the planet which we all jointly call home.

Introduction from our chief executive – Jon Turner

Welcome to the Link Group Business Sustainability Plan (BSP). Central to the purpose of the BSP are two themes: firstly, to set ‘sustainability’ in all its forms at the forefront of the business operations; and, secondly, to continue to put the customer at the heart of our services and decision making.

By purposefully engaging with these key themes, I am confident the group will continue to provide high quality services to our tenants and service users, and we will be well-placed to always be there for them when they need us most.

The BSP is structured to provide a clear alignment from strategic intent through to operational delivery with activities falling under the following headings:

- Vision & mission [what are we here for]
- Delivering the vision [how will we do it]
- Protecting the organisation [keeping ourselves safe]
- Stakeholder insights [keeping ourselves informed]
- Where are we now and how do we see the future [managing external influences]
- Business resilience [our financial future]

This business plan sets out the overarching strategic direction and objectives for the group as a whole. As a group with the responsibility for providing housing services to more than 15,000 families across all of Scotland’s local authority areas and a further 2000 people through our care and support services this is no small task and within our group there are a number of important corporate partners who contribute in different ways – a glossary of these organisations is presented in Appendix 1.

We recognise that the impact of the COVID-19 pandemic continues to have far

reaching effects. The safety of our colleagues and customers has always been of paramount importance and some of the key actions we have taken as an organisation are set out in Appendix 2. We will continue to work with our customers to provide them assurance that we will continue to treat them with compassion whatever their personal circumstances and will continue to keep their homes safe and secure.

During 2021 we hope to welcome Weslo Housing Management (“Weslo”) staff and tenants into the Link Group. This will have a significant and positive impact should the Weslo tenants vote for a ‘Transfer of Engagements’ which would take place in June. Our BSP is based on the current Link Group of companies and we have set out in Appendix 6 the key impacts should this transfer take place as we hope it will.

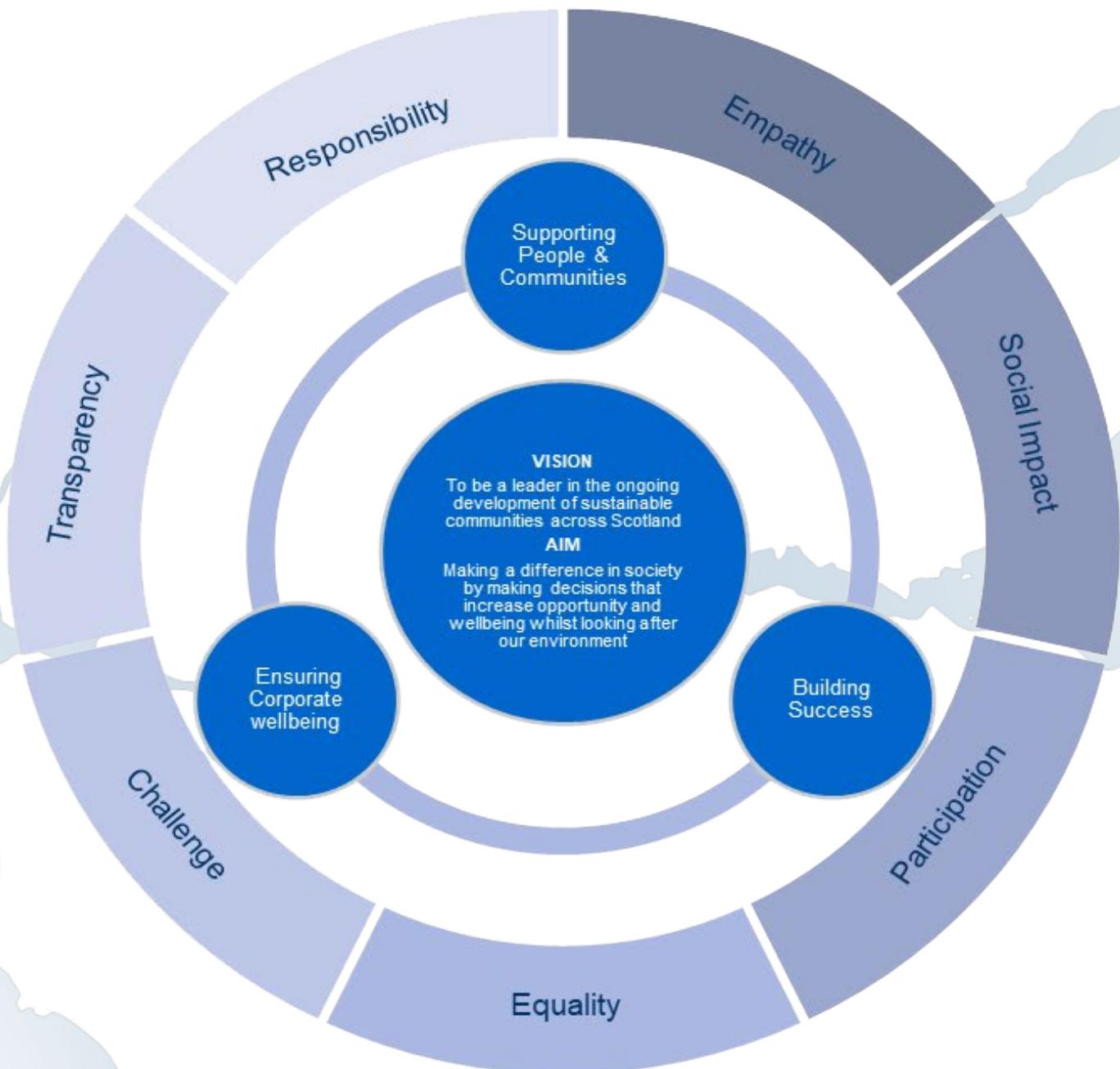
As we evolve our services to suit our customers, we also develop our delivery model. Our BSP sets out the journey that we are on and how we want to make an impact in society. These are significant goals and ones which we hope will continue to make a real difference to people across Scotland.

Vision / mission [what are we here for]

The Link Group Vision, Aim, and Mission statement was refreshed in 2020 and reflects a continued focus on supporting and developing sustainable communities across Scotland¹.

The central Vision and Aim for the Group is supported by three Mission statement pillars and link directly into the Group's operating structure. 'How' the Group works is as important as 'what' it delivers. The Group Values provide the framework within which all the teams work.

Figure 1: Vision, Aim, Mission statement, and Values



¹ The refreshed Vision, Aim, and Mission statement was developed in 2020 by a cross group staff sustainability group with input from the Link Group Convenors Group and Link Group Board.

Delivering the vision [how will we do it]

Sustainability driven

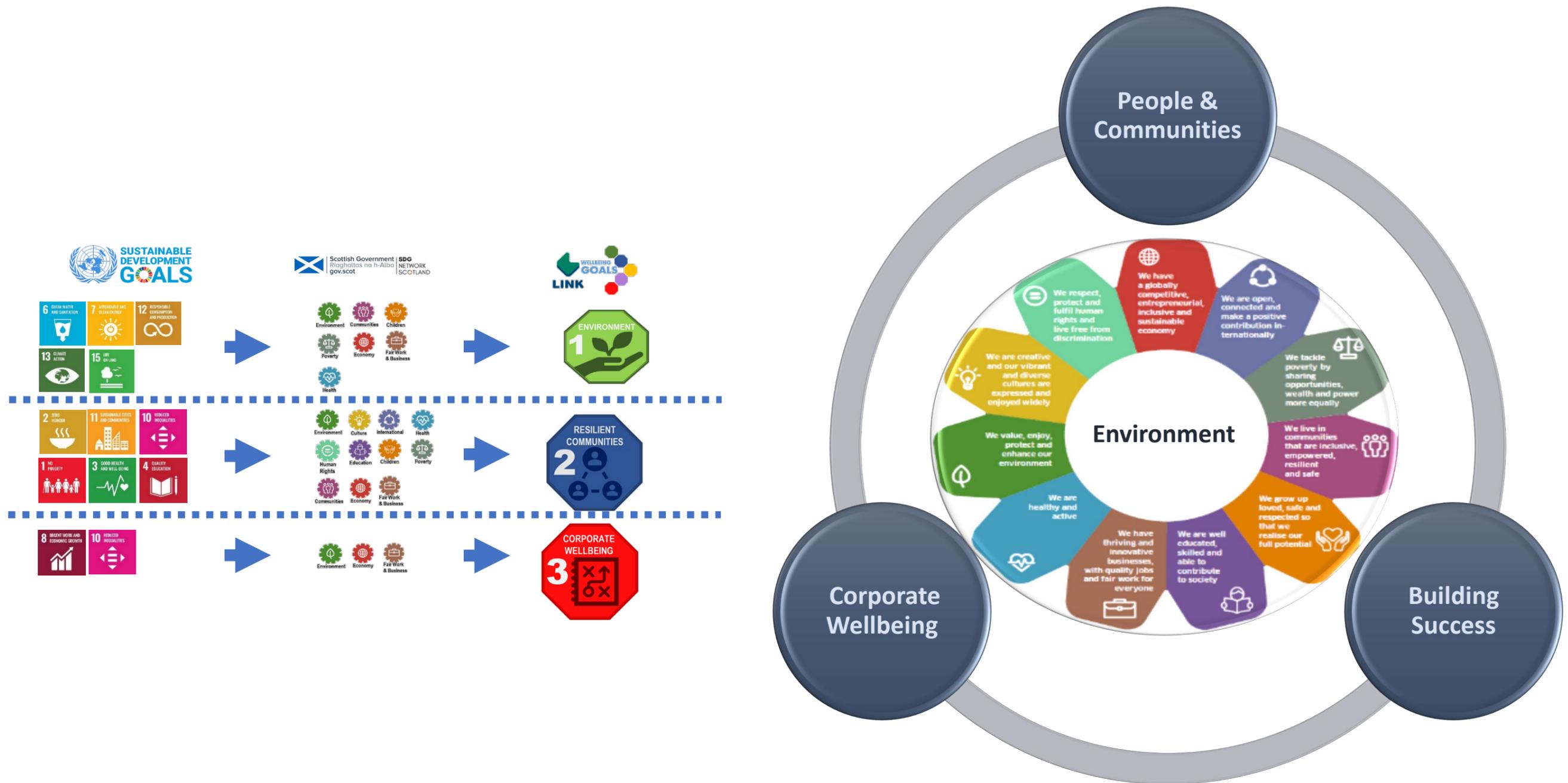
The Link Group operating structure has been designed to map from international recognised standards for sustainability through to individual directorates. This approach has been endorsed by the Link Group Board and will continue to evolve as the group wide sustainability strategy takes shape.

In 2020 the Link Sustainability working group established a clear pathway from United Nations 'Sustainable Development Goals' through the Scottish Government 'National Performance Framework' and identified four key pillars on which to build a long-term sustainable organisation.

The development of the Link 'Wellbeing Goals' of Environment', 'Resilient Communities' and 'Corporate Wellbeing' flow through into our operating structure. This ensures that we can track all our service activity through to the impact that each one has at the highest level.

In December 2020 the Link Group leadership team was restructured to recognise this approach with new directorates put in place to ensure a clear vision from front line services through to national sustainability objectives

Over the next two pages - Figure 1 & 2: UN Sustainable Development Goals mapping to Link Group directorates



In 2021 the Link sustainability strategy will be formally established and this forms one of the primary strategic objectives within the Corporate Wellbeing directorate.

Directorate structure

The Link Group directorates provide the platform for all tenant and customer services.

Figure 3: Directorate structure and alignment into the BSP



The Link Group BSP sets the overarching strategic objectives for the group at the Directorate level.

Within the wider group there are supporting business plans which take the strategic objectives and cascade these into operational plans – in some instances these plans are stand-alone business plans in their own right (for example the RSL partners, Link Living and Link Housing Association) and in other cases they are embedded within the core Link Group plans (for example the Corporate Wellbeing directorate). The Link Group Board approves the stand alone plans on an annual basis and these plans are held locally and can be found on the respective websites. This approach ensures every team can clearly see how their performance contributes to the overarching objective of providing first class services to tenants and service users.

Strategic objectives

The new directorate structure was put in place in Q4 2020 and consequently 2021 will be the first full year of operation. The strategic objectives have been designed as one year objectives which will then lead to a longer term view from 2022 onwards.

Supporting the three directorate objectives a fourth pillar is in place – that of ‘Environment’ – as recognised in its own right in Figure 2 above. Whilst the Environmental pillar will be coordinated through the Corporate Wellbeing directorate it is a cross cutting theme which is important enough that it is recognised in its own right in the BSP.

People & Communities – Group Director: Sarah Smith

OBJECTIVE	PURPOSE	TARGETED OUTCOMES
Development of Link group-wide communities strategy	Designing of a customer led proposition clearly articulating the value that Link seek to bring to our communities and those who live in them.	<ul style="list-style-type: none"> ✓ Compelling and exciting vision for communities of the future ✓ High quality customer engagement & customer led design ✓ Clear KPI structure to support longer term performance monitoring of the strategy
Redefining housing services of the future	<p>Establish what tenants and service users want from their ‘housing service’.</p> <p>Develop an evidence base for longer term service provision and asset management.</p>	<ul style="list-style-type: none"> ✓ Design and deliver a customer engagement plan to explore all aspects of our housing services ✓ Deliver tangible recommendations for future service structures including housing and support teams
Maximising collaboration across housing, support and employability services	To encourage innovation and shared learning, demonstrating the social value that Link brings to the communities in which it operates	<ul style="list-style-type: none"> ✓ Transformational change in the professional development of front-line service provision
Communities performance reporting – review and refresh Link Group performance reporting and value for money indicators	Develop a longer term view of how to monitor and assess the successful delivery of our front line services – from outputs to outcomes	<ul style="list-style-type: none"> ✓ Refreshed corporate reporting frameworks aligned to tenant and service user experience of the housing and community services

Building Success – Group Director: Colin Culross

OBJECTIVE	PURPOSE	TARGETED OUTCOMES
Development of new commercial strategy / proposition	Clear definition of Link Group commercial offering to group partners and external stakeholders.	<ul style="list-style-type: none"> ✓ New corporate strategic plan to be in place for 2022 ✓ Link Property renamed ✓ Chairperson appointed and Board established ✓ Alignment of commercial offering to Link’s social activities ✓ Target driven performance metrics established ✓ Delivery of £1.2m of gross profit contribution to the group
Delivery of new affordable homes for Scotland’s communities	Continue Link Group support for Scottish Government ambitions to address homelessness through increased affordable housing provision	<ul style="list-style-type: none"> ✓ c1300 new homes to be built in 2021/22 ✓ c3000 new homes to be delivered over next 5 year period ✓ Minimum 10% of new rented homes to be wheelchair accessible ✓ Deliver new standards of sustainability and future proof for net zero
Provide a first class, customer focussed services via Link Property and Private Initiatives.	Enhance the skills, infrastructure, and culture within existing teams to drive value for money and service excellence	<ul style="list-style-type: none"> ✓ Development of customer outcome focused targets ✓ Deliver a value for money cost structure ✓ Drive to improve customer satisfaction metrics

Corporate Wellbeing – Group Director: Neil Hall

OBJECTIVE	PURPOSE	TARGETED OUTCOMES
Development of an overarching customer focused Corporate Wellbeing strategy	Build a clear customer focused culture across all corporate service teams	<ul style="list-style-type: none"> ✓ Clear and professional articulation of service provision ✓ Customer KPI metrics in place to monitor performance ✓ Create a tailored and adaptive performance reporting system

<p>Deliver first class business resilience</p>	<p>Embedded organisation safety and long term viability</p>	<ul style="list-style-type: none"> ✓ Standardise group wide financial planning ✓ Implement group-wide treasury management ✓ Refined financial performance reporting across the group ✓ Delivery of new funding to support wider liquidity position ✓ Further develop the Oracle finance system
<p>Continue to develop a first class governance and assurance environment</p>	<p>First class governance will provide a high confidence level and ensure the group's corporate wellbeing</p>	<ul style="list-style-type: none"> ✓ Development of clear 'Governance Hub' of expertise and performance ✓ Implement fully all the requirements of the Intra Group Agreements ✓ Implement changes to group structure
<p>Support and develop the Digital strategy for customer engagement</p>	<p>Supporting front line teams with market leading innovation to ensure high quality customer engagement channels are in place</p>	<ul style="list-style-type: none"> ✓ Implementation of the six themes of the Digital Strategy to directly and/or indirectly support front line teams. ✓ Established innovation challenge to support the development of market leading customer services, drive efficiency and sustainability. ✓ Develop Digital Facilitation models to ensure Link's customers are not disadvantaged by their financial situation or other constraints. ✓ Clearly defined and implemented customer engagement channels that treats customer interactions in multiple channels as part of one unified customer journey.
<p>Refreshed 'people strategy' including training,</p>	<p>A review as part of Link's continued commitment as an employer of choice will</p>	<ul style="list-style-type: none"> ✓ Refreshed 'people strategy' to be activated

development, and personal welfare support	enable us to maintain and our current position and improve on this where possible	<ul style="list-style-type: none"> ✓ Development of revised staff deployment model ✓ Cross group staff engagement channels reviewed and refreshed ✓ Support, training and development offering to be reviewed and refreshed
Ongoing Regulatory and Legal compliance	Safety and security of customers, staff and the organisation	<ul style="list-style-type: none"> ✓ Robust management and Board level scrutiny of compliance indicators

Our Environment – Group Director: Jon Turner

OBJECTIVE	PURPOSE	TARGETED OUTCOMES
Develop an overarching strategic plan for Link’s journey to net zero and associated action plan across the group.	Demonstrate clear leadership for the housing sector in the field of sustainable homes and communities	<ul style="list-style-type: none"> ✓ Strategic plan to be in place ✓ Targets with associated KPIs to be developed and incorporated into wider performance monitoring framework
Development of specialist sustainability resource experience within the organisation	Development of core internal knowledge to drive the agenda. Limit reliance on external consultants to technical areas to maximise value for money	<ul style="list-style-type: none"> ✓ Central Link Group resourcing to be in place supported by cross group partner engagement plans

These overarching strategic objectives for the Group disaggregate into the individual directorates which manage their own strategic action plans. These can be found in the associated business plans for the individual front line teams.

Protecting the organisation for the future [how will we do it safely]

Link Group governance arrangements

Within Link there is a strong governance culture and this is embedded across the group companies.

Link Group Ltd is the parent company within the group. As a charitable Registered Social Landlord and a Community Benefit Society, it is subject to a rigorous regulatory framework which includes Scottish Housing Regulator and Financial Conduct Authority (FCA) scrutiny as well as wider regulators such as OSCR.

As the parent company, Link Group Ltd carries the ultimate accountability for group-wide operations and compliance with all associated regulations. Link Group Ltd controls the parameters and authority of all the group members through Intra-Group Agreements which set out the powers delegated to group members and

the controls which vest in the parent company. In September 2020 the Link Group Board, along with all the RSL partners within the group adopted the new SFHA model Rules.

Within the group there are companies which carry additional regulatory obligations – LinkLiving is Care Inspectorate regulated for a number of its services and Financial Conduct Authority licenses are in place for Link Housing Association in order for these businesses to undertake financial advisory work on behalf of tenant groups and shared equity schemes administration on behalf of the Scottish Government.

Governance structure

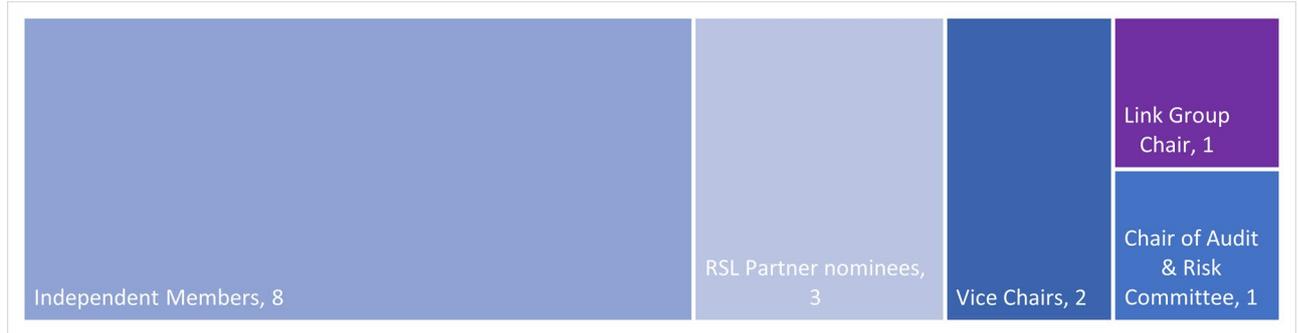
The Link Group Board forms the heart of the group governance structure. This Board is responsible for the completion of the Annual Assurance Statement sign off on behalf of all the group companies.

The Group Board is responsible for direct oversight of all the Link Group properties and is accountable for wider group activities undertaken in separate partner organisations.

There are three partners in the group which are also standalone RSLs and have their own Boards and associated sub-committees.



Link Group Board composition



The Link Group Board comprises up to 15 individuals, including 3 nominated individuals from the RSL partner organisations. Full details of the Board Members and their backgrounds is documented on the Link Group website.

All Board members have an annual performance review undertaken by the Chair of the Board. The Chair has an annual performance review undertaken by the 2 Vice Chairs. The outcomes of these reviews are reported annually to the full Board. In 2021 it is planned to develop the commercial offering within the group and a new Vice Chair role is likely to be put in place with primary responsibility for oversight of this refreshed proposition.

The Link Group Board runs three standing sub-committees:



These committees operate under delegated approval authorities as set out in Link Group’s Standing Orders and carry out other duties which may be granted to them from time to time by the Link Group Board in relation to specific pieces of work. The committees report back to the Group Board at the next Board meeting. This approach ensures that additional scrutiny can be carried out by Board members on specific matters whilst ensuring clear accountability is retained at Group Board level.

In addition to these formal sub-committees there is a standing ‘Convenors Group’ to which the Chair and Vice Chairs of all the entities within the group are invited. This runs on a monthly basis and is a forum for information sharing across the group. This group is attended by the Link Group CEO.

During 2021/22 Link will continue in its aims of making its group structure “fit for purpose” and to align the group to the thematic structure set out in “Delivering the Vision section of this plan.

Link Group executive structure

Group Leadership Team

A leadership team is in place with responsibility for all aspects of strategic leadership and performance across the group. The leadership team have clear lines of responsibility for the delivery against the group's strategic objectives:

- Link Group CEO – Jon Turner [Responsible for group-wide performance]
- Group Commercial Director – Colin Culross [Building Success directorate]
- Group Director of Communities – Sarah Smith [People and Communities directorate]
- Group Director of Corporate Services – Neil Hall [Corporate Wellbeing directorate]

The leadership team meets twice a month and operates in line with the Standing Order delegations from the Link Group Board.

Business Improvement Team

As a partnership led organisation Link recognises the breadth of skills and experience across the group partners divisions. A Business Improvement Team is in place which meets on a monthly basis and comprises senior leaders who report into the Group Directors. This team monitor performance, group wide policy compliance and are key to information sharing across all parts of the group.

Annual assurance statement & annual return on charter

The Link Group Board is responsible for oversight and submission of the Annual Assurance Statement (“AAS”) and the Annual Return on Charter (“ARC”) reporting to the SHR. The coordination of the AAS and ARC work is undertaken within the Corporate Wellbeing Directorate.

All parts of the group are engaged in the collation and validation work undertaken with specific reporting to the group board also undertaken where activities are conducted in separate regulated entities – key reporting includes:

- Board confirmations from Link Housing Association Board on the performance metrics in relation to Link Group homes; and
- Board confirmations from the RSL partner boards in relation to the homes owned and managed within the individual RSLs.

This structure ensures locally validation activity supported by overarching scrutiny at the Link Group level.

For ease of reference Appendix 3 provides a mapping of the Regulatory Standards which the Group complies with to the sections within this BSP where these are materially covered.

In addition to the responsibilities the group holds to the SHR it also operates in a broader legislative framework. Key areas of legislation are set out in Appendix 4.

Group wide oversight

A series of Intra-Group Agreements is in place which provides the strategic framework for how the group operates. The RSL partner agreements were refreshed in 2020 and in early 2021 the agreements with LHA, LL and LP were also concluded. These agreements are specifically designed to allow for local specialism and focus whilst ensuring that Link Group has not only control as the parent company in the group but also clear visibility and oversight in relation to the performance across the group of companies. The timing of Board meetings ensures that all partner Boards meet prior to the Link Group Board so that any pertinent matters can be escalated accordingly.

Every organisation has its own business plan and performance objectives. These are aligned to the Link Group strategic objectives set out within this Business Sustainability Plan.

There is a strong Link Group Board oversight mechanism in place and it is planned to enhance this in 2021 – areas include:

- Setting of clear strategic objectives at the start of each year through the business planning process [Annual – in place];
- 6 month review against business plan objectives [Annual - to be implemented in 2021]
- Link Group board strategy day [Annual - October / November – in place]
- Cross group reporting on KPIs across all parts of the Group [Quarterly – in place];
- Convenors Group meetings [Monthly – in place].

In addition the Group Leadership Team will review progress against the business plan on a quarterly basis.

The strategic objectives set by the Group are developed with cross-group engagement at a Board level through the Convenors Group and the presence of the partners nominated positions on the Board. At an executive level, the Group Leadership Team is responsible for delivering the Board objective and the Business Improvement Team supports the development of the wider local objectives.

The Group strategic objectives are cascaded from the Group board by the board members who chair the partner organisations.

As part of the ongoing delivery of the 2019 Strategic Services Review the commercial offering is being developed further in 2021. This approach will incorporate further development of the commercial governance framework including an expansion of capacity at Board level.

Stakeholder insight [keeping ourselves informed]

High quality tenant engagement

In February 2020, a full staff away day was held with Link Group RSL partners to support the development of the Housing with Heart Strategy. 'Customer engagement' was identified as one of the four main pillars of the strategy which will be developed over the course of 2021.

Link Group's Tenant Engagement Strategy was reviewed in consultation with tenants in 2020 with over 300 tenants completed the survey. Two face to face events were also held in Glasgow and Falkirk.

During consultation events tenants agreed the following themes to lead Link's tenant engagement strategy:

Influence – Housing policies, services and service levels are shaped by tenants through effective and thorough consultation. A 'participatory budgeting' approach to involve tenants in decisions about investment is being developed.

Tenant Scrutiny – Link Housing's Tenant Scrutiny Panel has developed and is implementing a three-year business plan. The Panel plays a key role in scrutinising Link's performance of the Scottish Social Housing Charter outcomes, making recommendations for improvement and assessing value for money.

Communication and Information – Link Housing produces tenant newsletters and other information in partnership with tenants. A new Tenant Armchair Critics Panel has been established to review the information that is sent to tenants electronically.

Menu of ways to get involved – Link Housing has developed a range of opportunities and methods, so that tenants can get involved at a level they are comfortable with.

Local neighbourhood engagement and registered tenant organisations – where there is interest and demand the development of local tenant groups is supported. Throughout the summer months local events are held across the areas where we have housing stock [current restrictions allowing].

Training and skills development – Link Housing will provide training or work with wider partners to ensure tenants have the skills and confidence to take part in all engagement activity.

Link commits considerable financial and intellectual resource to supporting tenant engagement through a specialist tenant engagement team run within LHA and this will be continued moving forward given the success of the approach to date.

Link RSL partners also use a range of engagement channels with specific structures in place to recognise the different type of organisations – Horizon for example have an active Residents Improvement Panel in place with Larkfield being community activity led.

Local authority engagement

We have numerous contact points with the key local authorities in whose regions we operate. These contacts operate within the housing teams and also within the development teams to ensure an alignment of our strategic housing delivery programmes with local initiatives and priorities. Our approach ensures that local authorities can be confident that they can access our services and management teams easily and efficiently.

During 2021 a structured approach to our engagement with Local Authorities will be developed to deepen the already strong channels of communication.

Scottish government engagement

Link is well known to the Scottish Government and they support activities across the group – in 2020 Horizon hosted an Accessible Living Summit which the Housing Minister opened with a keynote speech. Our engagement is on numerous levels including:

- Operation of all of the Scottish Government equity schemes in an agency capacity (e.g. Help to Buy, First Homes Fund);
- Active in responding to government consultations;
- Active in areas of housing specialism – e.g. decarbonisation agenda work; and
- The Link contribution through the significant development programme.

In addition to the direct engagement Link are an active supporter of SFHA and contribute to both conference events as well as Chairing a number of panels (e.g. East of Scotland Finance) which provide feedback into central government. This approach will continue into 2021.

Wider communities

Everyone at Link invests in our communities, whether through building and managing homes or delivering services to the people who live in them. Link's health and wellbeing charity, LinkLiving, helps people to overcome the negative effects on their lives of trauma, mental health, inequality and isolation.

The support offered includes helping young homeless people and those leaving care to develop personal resilience and both practical and emotional skills, including independent living skills. The charity also works with adults and older people who have been impacted by these disadvantages across their whole lives.

LinkLiving's trauma-informed approach underpins all of its care, support, employability and volunteering services. LinkLiving works closely with colleagues across Link to ensure that its expertise and support are available to tenants and the communities in which Link operates. This year will see the launch of the Building Resilience for Better Homes project, a collaboration between the RSLs and LinkLiving that will provide solution-focused mental health support to Link tenants.

Link's Community Investment team (CIT) acts as a catalyst to increase our positive impact in communities. The Team works with colleagues across Link and partners to identify needs and issues amongst our customers and in our communities and supports the development of services to meet these needs. This includes networking with external partners and community organisations to secure funding and improve local amenities and services.

Link ensures Community Benefit clauses are used to build a range of employment and training opportunities for unemployed or otherwise disadvantaged people into the delivery of construction contracts issued by Link. This approach can be viewed as contributing to the Value for Money and sustainable procurement agendas and contributes to those outcomes which deliver wider social benefits to Link's communities.

Link continues to use the Construction Skills Client Based Approach for Community Benefits in Procurement and its use has been built in as standard to the procurement processes of the Housing Development and Maintenance teams in relation to their substantive contracts. We continue to work closely with the Construction Industry Training Board (CiTB) in the roll-out of our community benefit programme.

Going forward, as Link's housing development programme continues to grow, so too does the scope for increasing the range of community benefit that can be gained in contracts and in particular, community enhancements in the form of local, non-employment related community benefit.

Where are we now and how do we see the future [Managing external influences]

Performance levels

Our annual performance is presented in detail in our annual accounts and CEO report to the virtual AGM.

The Strategic Objectives set out in Section 3 are designed to allow a longer-term vision to be delivered whilst also ensuring ongoing progress against the plans. The Link Group considers the delivery of the objectives through its existing Board cycle and in 2021 this will be enhanced by way of a new reporting regime including quarterly review at a GLT level supplemented by bi-annual reporting to Link Group and the continuation of the annual Link Group strategy day sessions.

Operational targets are delivered by LHA and LP with performance targets and reporting contained in the LHA business plan.

The RSL Partners set and monitor local action plans to deliver their operational targets and these are reviewed on a quarterly basis at the Link Group level.

Each year the Link Group set Key ARC Performance Indicators for Link Group and the wider group companies. The 2021 targets are set out in Appendix 8 alongside the performance against these targets for 2019/20, and performance up to Q3 in 2020/21.

It is recognised that performance against the 2020 Strategic Objectives has been impacted by the restrictions caused by the COVID pandemic. This has been closely monitored by the Link Group with the primary objective of ensuring that service levels are maintained where it is legal and safe to do so. A summary of performance against these objectives is presented below.

OBJECTIVE – PROVIDING HOMES

[Build at least 1000 new homes over 5 years / ensure homes are well maintained, efficient and adaptable]

Delivered in 2020

- Completed 529 new homes
- Strong future pipeline of in excess of 2,500 homes
- 75 new PSL200 properties with 15 more accepted offers
- Development of in-house gas servicing capability in Link Property
- Winning of Scottish Government Help to Buy managing agent role – Link now manage all SG ownership schemes throughout Scotland supporting families buy their own homes
- £12.3m investment in existing homes

- Changeworks assessment of LHA properties – carbon baselining and assessment of journey to net zero undertaken
- Ritterwald Sustainable Housing accreditation obtained

Areas not delivered

- Land bank not developed [pandemic impact]
- Planned completions of 1,125 slipped to future years as a consequence of lock downs
- Wider Stock Condition Survey following Changeworks report [access for non-essential purposes not possible due to lockdowns]
- Repair targets missed as a result of lockdown restrictions

OBJECTIVE – BUILDING COMMUNITIES

[Working with people to improve communities and supporting wider social enterprises]

Delivered in 2020

- Expansion of LinkLiving resilience building services during the pandemic for young people and their parents/carers, including the provision of support for schools during lockdown
- Social cafes for isolated older people moved to on-line virtual cafes, supported by volunteer digital champions and the provision of tablets and mifi units from Connecting Scotland
- Shopping service, telephone support and welfare garden visits put in place for older people who would ordinarily have been supported through LinkLiving befriending and social café services
- All LinkLiving services delivered through blended models of virtual and face to face support
- SQA employability and personal development courses adapted for on-line delivery
- Core partner of the Social Enterprise Academic Big Issue schools edition

Areas not delivered

- Link Academy could not deliver face to face courses in its training hubs for most of the year given the lockdown restrictions in place

OBJECTIVE – VALUING PEOPLE

[Finding out from customers what they want from us and supporting our employees, staff, and volunteers]

Delivered in 2020

- Senior management team restructure and new divisional structure implemented to support long term service model
- Link Tenant Engagement strategy consulted on and refreshed
- Group-wide consultation on new sustainability strategy
- Group-wide work placements (13 student and apprentice placements)
- Significant numbers of new opportunities delivered through community benefit clauses in development agreements (81 work placements / 53 apprentices deployed / 41 new jobs created / 7 new graduate trainee roles created)
- Staff training and development – including c.600 staff trained on Equality & Diversity and 34 first time line managers development programme

- Significant impact through the ‘Step on’ programme (48 young people with many going on to work or further education) and ‘Step up’ programme (26 young people supported through a 10 week employability course)

Areas not delivered

- Tenant consultation on Housing with Heart strategy – decision taken to move this into 2021 given overall pandemic position

OBJECTIVE – WORKING TOGETHER

[Helping people to fulfil their potential, taking care of resources, and using our networks to maximise our impact]

Delivered in 2020

- First Scottish RSL to formally engage with innovative HACT work on the development of new social value indicators for the UK sector
- Additional Universal credit and welfare rights training provided across all Housing Officers and free training packages made available to other RSLs to assist with remote support for tenants
- Help on Managing Everything programme expanded across Link aligning LinkLiving support and Housing Officers
- 37 new job Kickstart job placements for young people to be invested in as part of the UK government pandemic response
- Significant financial expansion of the Link Giving Trust activities to provide rapid ‘pandemic hardship’ support
- Significant new borrowing facilities activated to support longer term liquidity objectives

Areas not delivered

- Corporate structure roll out from the strategic services review not fully implemented – de-prioritised in context of wider operating environment
- Value for Money strategy design – incorporated into 2021 activities

Assessing and delivering value for money (“vfm”)

In 2019 Link consulted with tenants on how to describe ‘value for money’ and now uses the definition:

“Doing the right thing, in the right place, at the right time, at the right price”.

The Link Group Customer Satisfaction Survey undertaken in 2020 reported that 76% of tenants felt that their rent represented VFM. Whilst it was pleasing to see an increase from the previous survey in 2017 it is recognised that further work in this area is required. Further development of the Link Group VFM framework will be undertaken in 2021 based on the definition above with clear alignment to our KPI framework. LHA will lead this work for Link Group.

In addition, the organisation plans to expand the wider VFM work including;

- More localised impact investment – Housing Officers to be given financial authority to support their tenants directly where specific need is identified;
- Ongoing use of the Link Giving Trust to support wider hardship cases;
- First Scottish investor in the HACT social indicator development process (Social Value Road Map) starting in 2021;
- Further embedding of the Community Insight profiling tool across Link Group to support local initiatives;
- Embedding VFM as a principle in the new sustainability strategy work; and
- Becoming a member of HouseMark to allow for wider cost and efficiency benchmarking alongside SHN value for money assessments.

It is recognised that there is also a key aspect of tenant communication and engagement involved in value for money, as there is an important ‘perception of value’ aspect which needs to be captured. Further tenant engagement in this area will be conducted in 2021.

Affordability across Link

Maintaining the affordability of the homes across the group remains a key focus.

Any household’s financial position is, by its nature, unique and also variable with changes over time according to personal circumstances.

Link recognises this challenge and considers affordability on an annual basis at both portfolio wide, and personal levels, using the following tools:

- SFHA Affordability Tool – to gauge portfolio affordability on a recognised sector wide basis [portfolio view];
- Review of rent levels against average social housing sector rent levels [portfolio view];
- Consideration of rent increases over the previous years [portfolio view];
- Annual tenant feedback through the rent consultation process [personal view];
- Ad hoc affordability reviews (for example 2019 prospective tenant assessment); and
- Affordability questions in customer satisfaction surveys [personal view].

Current indicators suggest that the Link rent levels are affordable. Link rents are on average lower than the Scottish Average and increases have been lower than the Scottish average for 5 out of the last 6 years. In the 2020 rent consultation 85% of respondents confirmed that the rent was either ‘Very or fairly easy to afford’ (40%) or ‘Just about affordable’ (45%) which was consistent from the prior year and an increase of 7% on 2018.

During 2021 the view into rent affordability will be further enhanced through;

- Structured Housing Officer engagement with tenants to understand specific affordability issues (building on our remote tenant engagement strategy during the pandemic);
- West Highland HA will pilot a new affordability tool built by Arneil Johnston to look at usability locally and wider across the group.

In addition, the group is investing further in measures to support tenants who are struggling financially and in particular;

- A new post in the group Welfare Rights team is to be put in place to support those who need assistance; and
- A new 2 year post is being created using Scottish Legal Aid Board funding focused on debt and money advice to those who need additional support with digital engagement.

Through these mechanisms the group will continue to have a clear insight into tenant affordability as well as developing further support infrastructure to assist those who need it most.

Internal & external considerations

The Group uses SWOT and PESTLE appraisal tools to support the overall strategic direction of organisation. The 2020 assessments are attached at Appendix 5.

The key strengths and opportunities for the group lie in the strength of the operating framework and breadth of staff teams and experience.

The diversity of the group in terms of its spread of RSL network, LinkLiving specialist services, and the development of the commercial areas of operation contribute to a strong, resilient, organisation. The challenges are clear and lie in the wider

economic and social challenges which are evident across Scotland.

The continued success of the group is important not only to the existing tenants and service users within the group but also to the wider communities in which the organisation works. Recognising the core resilience of the group is key to the long-term strategic positioning of the organisation.

Business resilience [financial stability]

Background

Link is a robust business with strong financial metrics over the medium and long term whether this measured on an entity basis or as the consolidated Link group of companies. Link Group has retained a Standard and Poor's rating of "A" with a stable outlook.

Over the course of 2020 the financial outturn for the organisation has been closely monitored and decisions made in terms of longer-term de-risking against key metrics. One of the primary changes has been to reduce the longer rental increase profile from inflation + 0.5% to an inflation only model (assumed at the Bank of England targeted CPI level of 2%). This was an important change as it reflects the desire of Link to be more prudent in its financial projections but also to address the affordability question not through short term changes to headline rental increases but through long term fundamental business changes.

In the short term the commitment to the delivery of new homes to meet increasing social housing need has led to a tightening of the financial metrics, in particular, interest cover and gearing. This was planned for by the Board and it will lead in the longer term to significant growth in turnover and the year-on-year surplus thereby improving the business model's financial strength.

The pandemic has not led to a material weakening of operating performance and fears of significantly increasing arrears, voids and bad debts which are key sensitivity risks of the business model in terms of operating revenues have not materialised. This is in part due to the financial support provided by the UK and Scottish governments in supporting tenants who have been affected by the pandemic with our seeing a doubling of our tenants being in receipt of Universal Credit during that period. It is also however because of the substantial resource applied by Link's Housing teams across the group to supporting tenants in financial difficulty.

Operating margins have remained at or around the 15% to 25% level for some time with the tightest periods being in 2021-22 and 2022-23 with EBITDA- MRI, which is the measure of operating performance that is adjusted to remove the effects of grant amortisation, depreciation and the capitalisation of repair costs, being measured at 13% and 15% respectively in those years.

In terms of costs, the benign interest rate environment that has persisted for the last few years has been helpful in reducing the weighted average cost of borrowing which is supporting the development programme along with the on-going Scottish Government commitment to provision of grant.

The pandemic has affected the delivery of that development programme as forecast which affects the short term (2021-22 and 2022-23). This is because borrowing costs are being incurred for a longer time period as properties remain in the course of construction but also

because the planned point at which those properties would have contributed revenue income to the business has been deferred.

The financial performance measures are well above any thresholds imposed by funders on interest cover (>110%) and gearing (<50%). The interest cover forecast performance suggests that Link will in 2021-22 be 164% and in 2022-23 be 199% with gearing being 42% and peaking at 43% in the same periods. In addition, the implication of delays in the completed homes coming on stream is that Link will have fewer properties available to secure new funding to ensure that it has committed facilities available to support the remainder of the development programme. That potential for weakened asset cover in the short term will improve as completions occur as development sites open up.

As a result, whilst Link remains robust financially in the medium and long term it must consider the risks to its operating model and its financial performance measures of further regionalised or localised covid19 impacts. In particular the development programme which is a core purpose of Link to meet social housing delivery will need to deliver completed homes before embarking on a new period of expansion of delivery. The next two years require cautious pragmatism and prudence to navigate the potential risks.

We are recommending that Link sets parameters for its risk appetite in terms of future development capacity to ensure that covenant levels are not placed at risk. We will revert to the Board with suggested proposals at a future Board meeting.

Key assumptions

The key business plan assumptions are as follows.

	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27 Onwards
Rent Increase	2.50%	2.00%	2.00%	2.00%	2.00%	2.00%
Inflation	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Loan Interest Rates	4.26%	3.13%	2.93%	2.74%	3.24%	3.49%
Voids & Bad Debts	1.70%	1.70%	1.70%	1.70%	1.70%	1.70%

The rental assumptions being aligned to an inflation only increase is a step in ensuring that Link addresses affordability of its social housing in the long term whilst preserving long term viability and sustainability.

Inflation is assumed to be at the Bank of England and Government target for the Consumer Prices Index being 2%.

Loan interest rates which are a significant cost to Link are assumed at the weighted average cost of borrowing taking account of Link's currently agreed terms, margins, and rates. The

medium term assumed rate for 2026-27 and beyond is a planning rate for long-term borrowing not yet arranged.

The voids and bad debts assumptions are predicated on Link's current operating performance.

The other key assumption in the business planning model is the development programme profile for Link moving forward. Link has a development programme for new homes as follows for the following 5-year period.

Total expenditure	£ 415,974,466
Grant	£ 187,528,134
Sales	£ 32,814,651
Private finance	£ 195,631,681

Completions – homes **2,972**

The majority of development is affordable housing development which is supported by Scottish Government grant.

At least 1/3 of these developments will complete in the 2021-22 year with the remainder occurring over the remaining period of the forecast.

The profile of these developments is important as there are contractually committed homes under development amounting to £233.7 mio of the above quoted total sum. The remainder are planned but not yet past the point of tendering and contractual commitments amounting to £182.32. The uncommitted development is therefore what might be termed pipeline development which in the event of financial difficulties could be deferred or removed entirely. In those circumstances Link would utilise its operating revenues to pay down debt at a faster rate improving its financial metrics.

Financial projections

Link Group has produced 30-year financial projections for Link Group as a standalone entity. The financial statements are presented at **Appendix 9.1** alongside associated KPI data and future covenant projections.

During the 2021-22 financial year Weslo Housing Management will be acquired by Link Group Limited under a transfer of engagements. Link Group has therefore run a second set of financial projections which includes Weslo Housing Management's operating performance for 2021-22 and beyond. The re-cast financial statements incorporating Weslo Housing Management are presented at **Appendix 9.2**. In the event of a positive ballot the business will move to run off these forecasts.

Weslo Housing Management is forecast to make a long term positive operating contribution to Link through the surplus generated. This once adjusted for depreciation and amortising

grant will add further to the interest cover covenant performance of Link immediately post transition.

Asset management

The asset management programme for Link Group has been considered taking account of the current stock knowledge and the profiled component replacement for the next five years with commitments beyond that based on an average total unit spend. The long-term asset management programme is supported by an ongoing cycle of property maintenance reviewing and the profile of investment over the next 5-year period is set out below:

That profile of expenditure at a strategic level is as follows:

	2021/22	2022/23	2023/24	2024/25	2025/26
Cyclical	£2,582,505	£2,444,078	£2,444,078	£2,444,078	£2,444,078
Major	£4,278,833	£4,872,298	£5,924,207	£6,169,207	£6,379,207
Total	£6,861,339	£7,316,377	£8,368,286	£8,613,286	£8,823,286

The cyclical programme includes the following commitments:

	2021/22	2022/23	2023/24	2024/25	2025/26
Painter work	£393,050	£466,237	£466,237	£466,237	£466,237
Asbestos Management	£41,406	£43,001	£43,001	£43,001	£43,001
Domestic Gas Boiler Maintenance	£1.2m	£1.2m	£1.2m	£1.2m	£1.2m
Electrical Inspections EICR	£360,000	£150,000	£150,000	£150,000	£150,000
Legionella Testing	£110,000	£95,000	£95,000	£95,000	£95,000
Emergency Lighting	£144,592	£150,163	£150,163	£150,163	£150,163

The major component replacement programme includes replacement of the following items:

	2021/22	2022/23	2023/24	2024/25	2025/26
Door/window renewals	£1,432,175	£1,011,395	£1,011,395	£1,011,395	£1,011,395
Central heating system renewals	£308,352	£550,000	£931,909	£931,909	£931,909
Kitchen replacements	£239,659	£582,803	£1,062,803	£1,332,803	£1,542,803
Bathroom replacements	£322,172	£324,048	£324,048	£324,048	£324,048

EESSH	£75,000	£150,000	£150,000	£150,000	£150,000
Stage 3 level access shower replacements	£110,080	£184,088	£184,088	£184,088	£184,088
Shower replacements	£65,000	£65,000	£65,000	£65,000	£65,000
Door entry system renewals	£28,800	£174,870	£174,870	£174,870	£174,870
Roof Various Estate enhancements	£247,480	£277,919	£277,919	£527,919	£527,919
Major Repairs	£150,000	£160,000	£160,000	£160,000	£160,000
General Allowance	£250,000	£250,000	£250,000	£300,000	£300,000
Electrical Consumer Units	£130,400	£250,000	£250,000	£250,000	£250,000

The Weslo Housing Management 's asset management profile has been assumed to meet the 5-year commitment to tenants spending £25 mio on the homes in that five-year period. This will however be a low start as Weslo is integrated into the business of Link and gearing up for delivery takes place. The detail of this investment programme is contained within the Weslo Housing Management Business Case for the transfer.

Funding

The plans of Link incorporate the operating cashflows as well as the capital expenditure cashflows. In addition, Link has some expiring funding arrangements with Santander and £15 mio of fixed loans that will need to be refinanced in 2023 along with the expiry of its £10 mio revolving credit facilities in 2022. Bank of Scotland also has an expiring revolving credit facility of £10 mio in 2023.

The net effect of is that Link requires additional debt funding of £198 million of new funding to meet its commitments during the same period. Link has recently secured a £60 mio 10-year term loan form RBS and an extension to its Revolving Credit facility of 2 years and £5 mio to support that funding.

Link will require to put in place additional funding in the next year of a further £63 mio by the end of 2023 and beyond that a further £45 mio to support the planned activities.

External environment

The wider economic context has been challenging in the last year with the effects of the pandemic. The commitment to the job retention scheme (furlough) has enabled Link to

support the continuing employment of many of our repairs and maintenance operatives who would otherwise we might have had to make redundant had furlough not been available. The introduction of the vaccine is likely to see a gradually improving environment where easing of movement restrictions should occur. The possibility of new strains of the virus and community transmission suggests that there is an increased likelihood of regionalised or local lockdowns taking place rather than a national lockdown and that the vaccination program is likely to continue for several years as this is not seen as a one off approach. It is therefore likely that we will not see an end to social distancing entirely and that the delivery of services and development for Link will need to continue to flex to accommodate the legal environment as it evolves.

The Brexit impact has been muted as a result of the pandemic, but it is evident that supply chain issues are occurring in some raw materials and manufactured finished goods from Europe and further afield. As demand has been depressed due to lockdowns and site closures that hasn't been a significant issue. Materials cost growth is already running at 5.7% according to the RICS BCIS index and there is a very real risk that the pent-up demand of construction and repairs and maintenance companies could push that higher with limited materials supplies.

The inflation environment has been volatile in the last year with disinflationary effects taking hold during lock downs and significant growth coming back into the economy at times of relaxation of pandemic sanctions. The UK government has however reiterated in its recent UK budget that it expects the Bank of England to continue to manage the economy to deliver an inflation outcome of 2% moving forward. There is however a risk that the funds that have been injected into the UK economy and the return to work of the population plus the spending of savings where those individuals and more importantly corporate entities have garnered cash could stimulate significant inflationary pressures. At the same time however, those affected by the pandemic through job losses and earnings reduction would be penalised by any monetary policy. This could lead to a K shaped recovery which has a twin track of recovery for those that were unaffected and those that were affected by the pandemic being completely at odds. This creates dilemmas for policy makers and creates uncertainty for long term planning.

The Treasury management environment has been relatively benign if not supportive by comparison with very low market rates of interest either through the official base rate moving to 0.1% or by the gilt market yields falling across the Board. Margins for borrowers have also been improving with lenders generally being cash rich due to the fiscal and economic stimulus being pumped into the economy and yields being so low. This is a strong time to borrow and for the longer term even with the recent uptick in gilt yields in the 10-year space.

The Bank of England signalled to banks in October/November 2020 that they should prepare themselves for the possibility of negative interest rates. This is likely to mean that the Bank of England will require banks holding cash deposits in turn this means that companies holding significant cash balances will be asked to pay banks to hold those deposits. At the same time, it is highly unlikely that loans will move into negative interest rate territory. This widens the

“cost of carry” of cash and borrowing and in particular where committed funding is required for development programmes but there is an inability spend that funding thus reducing margins.

Outcomes

The outcomes of the financial plans are that the base case outturn shows a viable and sustainable business for Link both with and without Weslo Housing management included. This can be seen in **Appendix 9.3**.

The short-term position however remains the area of key risk with more than 1,100 properties in the course of construction and expected to be completed during 2021-22. The weakest financial metric performance is in 2021-22 and 2022-23 with interest cover falling to 164% in 2021-22 and gearing rising to 43% in 2022-23. After 2022-23 however the financial performance improves markedly with long term the business generating net cash after 30 years of £405 mio without Weslo Housing management and £505 mio including it.

Sensitivity analysis

The financial plans have been subjected to Link’s standard sensitivity analysis suite of risks. These can be seen at **Appendix 9.4**.

Some of those sensitivities lead to further deterioration of the financial metrics in particular the increased voids and bad debts sensitivities. It is notable that none of the sensitivity’s “break” the plan creating covenant breaches or failures throughout the plan even without any corrective measures being undertaken. Should any of the scenarios begin to materialise then the organisation would look to make appropriate adjustments to address the issues however it is a reflection of the strength of the core operating model that these are not needed to ensure covenant compliance as modelled

Risk registers

Link maintains a strategic risk register and an operational risk register. The strategic risk register distils the high-level key strategic risks that Link’s Board and Group Leadership Team focus on during the year. The strategic risks are those that would have the highest group impact if they crystallised.

The strategic risks are reviewed and updated bi-annually by the Audit and Risk Committee. The strategic risks are also reviewed quarterly by the Group Leadership team Each strategic risk has a number of sub risks and these sub risks are individually assessed for probability of occurrence and impact. Controls are then considered and assessed and depending on the strength of the controls (often this is dictated by what is and isn’t in Link’s direct control)

then a residual risk is determined. Each sub risk is then analysed and aligned to monitoring measures including linkages to key performance indicators which are reported quarterly to the GLT and Group Board.

The operational risk registers sit below the strategic risk registers and are produced by each department/group member and these are used to assess what adverse operational situations would have on the group and how these would be mitigated against and dealt with.

The Audit and Risk Committee approved the strategic risk registers which feature at **Appendix 9.5** to this plan at its March 2021 meeting.

The main risk areas as set out in the recent analysis are:

- Increased organisational debt
- Unavailability of long-term funding
- Major fraud (including cybercrime)
- Legionella risk
- Gas servicing risk
- Non-compliance with Housing (Scotland) Act 2014
- Poor financial performance as assessed by lenders
- Loss of IT service/cyber-attack

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APPENDIX 1

Glossary of Link organisations

Company	Role	Representation in BSP
Link Group Ltd ("Link Group")	<ul style="list-style-type: none"> Registered Social Landlord Parent company in the group Registered Society under the Co-operative and Community Benefit Societies Act 2014 Charitable 	<ul style="list-style-type: none"> Company responsible for overarching strategic direction of the group Company responsibility for overall governance and compliance across the group Owner of the BSP
Link Housing Association ("LHA")	<ul style="list-style-type: none"> Housing management services company Undertakes all tenancy and welfare advice activities for the Link Group tenants Company Ltd by shares 	<ul style="list-style-type: none"> Central to the delivery of the social housing tenant facing activities – central to the Communities division targets Delivers the core Regulatory performance data and metrics
LinkLiving ("LL")	<p>A Care Inspectorate Scotland registered support provider focusing on care, support and employability services</p> <ul style="list-style-type: none"> Company Ltd by Guarantee Charitable 	<ul style="list-style-type: none"> Key part of the Communities division alongside LHA
Link Property ("LP")	<ul style="list-style-type: none"> Commercial services company which provides repairs services to a number of group companies Company Ltd by Shares 	<ul style="list-style-type: none"> Central to the delivery of the Building Success division objectives
Horizon HA ("Horizon")	<ul style="list-style-type: none"> c.900 property RSL based in Livingston with a specialism in Accessible Living Registered Society under the Co-operative and Community Benefit Societies Act 2014 Charitable 	<ul style="list-style-type: none"> Key partner organisation in the delivery of the Communities strategic objectives
Larkfield HA ("Larkfield")	<ul style="list-style-type: none"> RSL which owns, or manages on behalf of Link Group, a portfolio of c.1,000 properties based in Greenock 	<ul style="list-style-type: none"> Key partner organisation in the delivery of the Communities strategic objectives

	<ul style="list-style-type: none"> • Registered Society under the Co-operative and Community Benefit Societies Act 2014 • Charitable 	
<p>West Highland HA (“WHHA”)</p>	<ul style="list-style-type: none"> • RSL which owns or manages c. 800 properties based in Oban. • Registered Society under the Co-operative and Community Benefit Societies Act 2014 • Charitable 	<ul style="list-style-type: none"> • Key partner organisation in the delivery of the Communities strategic objectives

APPENDIX 2 - COVID PANDEMIC

The COVID pandemic required significant flexing of the Link operating model during 2019/20, as indeed has been the case across the sector. It is important to recognise that the country is still in a heavily restricted position and furthermore the recovery of society and the economy will take many years.

The overall business operating and financial impact of the pandemic is embedded within the core assumptions set out in this business plan.

It is evident that the organisation has withstood the pressure well from an overall resilience perspective. More importantly through the significant work undertaken through teams such as the Welfare Advice, Link Giving Trust, and LinkLiving our tenants and service users have been supported through some incredibly difficult personal circumstances.

There are a number of business changes that have been made at a group level that will be retained and developed further.

Group leadership

- We have a cross group management level 'Covid Response Group' who convene whenever there is a Government announcement which affects our services. This ensures operational responses can be put in place within a matter of hours from any announcement.
- Communications - weekly video updates are provided from the Group CEO on cross group matters to ensure staff are up to speed with ongoing developments.

Customer & staff safety

- A new Health & Safety committee has been established with cross group representation. This considers all aspects of Health & Safety and is led by the Director of HR & Business Support.
- Workplace safety – all of our offices have been made 'COVID' secure and our IT infrastructure has supported over 90% of our colleagues to work efficiently offsite where job roles allow. Where staff need to work onsite or in our tenant's homes, fully compliant PPE and procedures are in place.
- Staff wellbeing – Link has a comprehensive staff support package in place and ongoing communications from our HR team have been run to reinforce the support available should colleagues need it.
- Tenant wellbeing – we have developed market leading training on the Universal Credit within our welfare advice team with this being rolled out to all housing officers across the Group and also to a number of external RSLs so that our teams can react quickly and provide direct support where tenants are in need of it.
- Tenant engagement – over the course of 2020 LHA undertook two calling programmes where in each instance all of our tenants were directly spoken to in order to proactively identify any areas we could provide further support to the families.

Our overall business model will continue to flex in 2021/22 recognising the evolving nature of the external environment. Important areas for focus will continue to be:

- Rent Affordability – rent indicators remain positive using the SFHA tool, rent arrears indicators, and feedback from our tenants directly including the rent increase consultation. This area will be included in the development of our wider Communities Strategy this year.
- Risk Management – Group strategic level and operational level risk registers remain in place and COVID specific risks are incorporated. Safe operating practices have been put in place to cover internal and front line service teams.
- Asset Management & Development – an area subject to ongoing flex as directly impacted by the Scottish COVID Tier system. With most of our repairs carried out in house by Link Property we can directly manage workflows and are not exposed to material external contractor risk. Our development programme carries completion risk which to date has been manageable.
- Financial planning – our business plan has been fully refreshed twice during the year, once at the half year and once for the Weslo Transfer of Engagements Board decision in November 2020. As a consequence the impact of the pandemic effects have been filtered into business financial modelling incrementally and direct line of sight maintained by the Link Group Board.
- Treasury management – this is an embedded part of our financial forecasting and we have continued our fund raising activities during 2020. Our strong relationship with existing and potential future funders has meant that a move to a remote engagement has been smooth.

In summary – the pandemic has led to a number of changes being made to the business operations however, from a financial resilience and tenant service perspective, performance has been robust.

It is important to recognise that we have been able to maintain a full suite of services throughout most of the pandemic impacted period.

Moving forward the business has been stress tested against a variety of downside scenarios as outlined in the Business resilience [financial stability] section of this business plan. These include a range of COVID impacts and the Group Leadership Team and the Link Group Board are confident that the organisation is well placed to withstand further COVID pressure.

APPENDIX 3

Regulatory standards mapping

This appendix provides a reference point identifying the areas in the BSP that most directly link to the individual Regulatory Standards.

Regulatory Standard	BSP Areas	Comments
<ul style="list-style-type: none"> The governing body leads and directs the RSL to achieve good outcomes for its tenants and other service users 	<ul style="list-style-type: none"> Section 2 – Vision and Mission Section 3 – Delivering the Vision Section 4 – Protecting the organisation 	The governing body establishes the overarching vision, mission, and values (S2) that it expects to be delivered for tenants and service users. The leadership team are tasked to deliver against this vision (S3) and a strong governance and reporting framework ensures active scrutiny (S4).
<ul style="list-style-type: none"> The RSL is open about and accountable for what it does. It understands and takes account of the needs and priorities of its tenants, service users and stakeholders. And its primary focus is the sustainable achievement of these priorities. 	<ul style="list-style-type: none"> Section 3 – Delivering the Vision Section 5 – Stakeholder Insight 	The voice of the customer leads the Link service provision. The strategic goals (S3) are built on wide stakeholder engagement and well developed participation channels (S5)
<ul style="list-style-type: none"> The RSL manages its resources to ensure its financial well-being, while maintaining rents at a level that tenants can afford to pay. 	<ul style="list-style-type: none"> Section 6 – How do we see the future Section 7 – Financial planning 	Financial and economic effectiveness is directly linked to the quality of services provided (S6). Link has significant systems and management experience in financial planning and reporting with external scrutiny on an annual basis by multiple stakeholders (S7)
<ul style="list-style-type: none"> The governing body bases its decisions on good quality information and advice 	<ul style="list-style-type: none"> Section 4 – Protecting the organisation Section 7 – Financial planning 	Scrutiny is encouraged at Board and senior leadership levels (S4). Technical activities are acknowledged and considered at multiples

<p>and identifies and mitigates risks to the organisation’s purpose</p>		<p>levels through appropriate sub-committee structures and wider group-wide information sharing forums are in place. Financial and Risk assessment and oversight is undertaken at Group Board level (S4 & S7).</p>
<ul style="list-style-type: none"> • The RSL conducts its affairs with honesty and integrity 	<ul style="list-style-type: none"> • Section 4 – Protecting the organisation 	<p>Link adopt the SFHA model rules as the central basis for its operations</p>
<ul style="list-style-type: none"> • The governing body and senior officers have the skills and knowledge they need to be effective. 	<ul style="list-style-type: none"> • Section 4 – Protecting the organisation 	<p>The Board is supported in its activities through a robust training cycle including induction activities and specific technical areas (for example finance)</p>
<ul style="list-style-type: none"> • The RSL ensures that any organisational changes or disposals it makes safeguard the interests of, and benefit, current and future tenants 	<ul style="list-style-type: none"> • Section 3 – Group wide Oversight 	<p>Link’s governance framework ensures that organisational changes and disposals are reserved to the Group Board to ensure protection of tenants’ interests</p>

APPENDIX 4

Summary of key legislation

As a group of regulated companies the group complies with a range of legislative instruments. These ensure that customers and staff are kept safe and the organisations operate in clear compliance with their obligations. Whilst not a definitive list of all legislation some of the key regulations which govern the operations are set out below:

General

The General Data Protection Regulation (EU) 2016/679 (including where applicable as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of the European Union (Withdrawn) Act 2018)

Safeguards in relation to data holding and transmission. An area under ongoing review with the Brexit transition agreements.

Climate change (Emissions Reduction Targets) (Scotland) Act 2019

Scottish Government commitments to carbon reduction which will impact most areas of business operations over time.

The Scotland Act 2016 (part 3) and Social Security (Scotland) Act 2018

Key act making provision for social security in Scotland to deliver the devolved powers introduced in the Scotland Act 2016 (Part 3).

Procurement Reform (Scotland) Act 2014 & Public contracts (Scotland) Regulations 2015

General procurement requirements governing the purchasing of goods and services.

Housing focused

Coronavirus (Scotland) Act 2020

Primary purpose is to reduce the risk of homelessness to tenants during the period of the pandemic through enhanced protections against repossession proceedings.

Housing (Scotland) Act 2014

Overarching act governing housing in Scotland supported by a number of pieces of ancillary secondary legislative provisions.

The General Data Protection Regulation (EU) 2016/679 (including where applicable as it forms part of the law of England and Wales, Scotland and Northern Ireland by virtue of the European Union (Withdrawn) Act 2018)

Safeguards in relation to data holding and transmission. An area under ongoing review with the Brexit transition agreements.

Public Services Reform (Scotland) Act 2010, Part 5

Applicable to the Sheltered Housing services in the group which are registered and monitored by the Care Inspectorate.

Duty of Candour Procedure (Scotland) Regulations 2018

Applicable to the Sheltered Housing services in the group which are registered and monitored by the Care Inspectorate.

Energy Efficiency Standard for Social Housing [Regulatory standard]

Energy efficiency standards and future targets have been established for the social housing sector. Targets are based on EPC ratings and form part of the group approach to overall sustainability objectives.

Fire Safety Regulations

Introduced in February 2019 and sets out the safety standards with regards to Fire and Smoke alarm systems as well as details on Carbon Monoxide protection.

Planning (Scotland) Bill

Key legislation governing overall planning framework for Scotland including aspects such as the right to appeal planning decisions and compulsory purchase provisions.

Care service focused

The majority of LinkLiving's service provision is registered with the Care Inspectorate and as such is subject to external monitoring and inspection at both local and organisational levels. Because these services account for the large proportion of the organisation, LinkLiving also applies most of the required policies, procedures and practices to its non-registered services. This is for reasons of good practice and governance rather than due to regulatory requirement.

The Scottish Social Services Council (SSSC) is the regulator for the social service workforce in Scotland. Its aim is to ensure that social services are provided by a trusted, skilled and confident workforce. It protects the public by registering social service workers, setting standards for their practice, conduct, training and education and by supporting their professional development. Where people fall below the standards of practice and conduct the SSSC can investigate and take action.

In addition to meeting the expectations and standards set through the above regulatory bodies, LinkLiving ensures that the organisation and its activities comply with a suite of safeguarding legislation and attendant policies, including:

- Adults with Incapacity (Scotland) Act 2001
- Adult Support and Protection (Scotland) Act 2007
- Protection of Vulnerable Groups (Scotland) Act 2007
- Social Care (Self-directed Support) (Scotland) Act 2013
- Public Services Reform (Scotland) Act 2010

- Children and Young People (Scotland) Act 2014

Commercial focused

The Private Housing (*Tenancies*) (Scotland) Act 2016

Commenced on 1 December 2017 and introduced the new 'private residential tenancy'. Its purpose is to improve security, stability and predictability for tenants and to provide safeguards for landlords, lenders and investors.

The Property Factors (Scotland) Act 2011

The Property Factors (Scotland) Act 2011 came into force on 1st October 2012. The Act's main aim is to create a statutory framework that will give protection for homeowners in Scotland who receive services from factors.

APPENDIX 5

SWOT and PESTLE analysis

	Strengths to build on	Weaknesses to overcome
Internal	<ul style="list-style-type: none"> • Sector leading housing development programme • Size related economies of scale • A trusted partner and enabler for community groups • Focus on low-risk social housing activities – no private market exposure • Wide range of advice and tenancy sustainment services • Strong income generation through wider social welfare contracts • RSL wide network brings specialist knowledge – e.g. accessible living / rural operations knowledge • In-house trades team reduces reliance on external contractors 	<ul style="list-style-type: none"> • A complex group structure results can lead to a lack of clarity amongst stakeholders • Geographically diverse housing stock leads to operational challenges • 4 separate RSLs within the group leads to addition governance and management complexity • Link's size can lead to challenges when implementing organisational change • COVID legacy on development and repairs programmes
External	Opportunities to exploit	Threats to guard against
	<ul style="list-style-type: none"> • The emergent ESG models • Technology structure provides strong basis to develop tenant solutions for the future • Provision of affordable housing remains a political priority • Commercial service team platform gives opportunity for future growth and increased profit • Innovative models of support for older people experiencing social isolation • Link's PSL model and has the potential to be replicated with other Councils • High quality management and staff teams including expertise in trauma and mental health • Deeper integration of care services with mainstream housing • Employability provision, training academy and expertise in supporting young people into training and work will position group well to participate in Covid Economic Recovery initiatives 	<ul style="list-style-type: none"> • Economic and social uncertainties of COVID in the longer term • Environmental agenda implementation challenges i.e. EESSH 2 and gas boiler ban • Scottish Government housing funding is relatively finite • Maintenance works / asset management cost inflation may rise due to Brexit / COVID • Increased customer needs emerging from the pandemic i.e. social isolation • Ongoing planning complexity may impact development aspirations • Current economic climate may have a negative financial impact on tenants • Profit generation from commercial activities is negatively affected by funding cuts and/or reduced income

<p>P POLITICAL</p>	<ul style="list-style-type: none"> • Scottish Government policy now places a greater emphasis on wellbeing than GDP • The current economic position will likely result in a reduction of Government funding • Scottish Government Election 6th May 2021 – potential uncertainty and lack of continuity • The application of government policy at local level can be inconsistent • Regulation is tightening around environmental considerations requiring innovative solutions • Provision of affordable housing is a political priority
<p>E ECONOMIC</p>	<ul style="list-style-type: none"> • We are currently in an unprecedented period of economic uncertainty including the ongoing impact of Covid 19 and future turbulence likely to be caused by Brexit • This will likely lead to wider economic inequalities for tenants and service users and resultant impact of wellbeing • The emergence of Environmental, Social and Governance (ESG) investment models may create opportunities for investment in Link services • Reduced availability of construction materials and the complexities of operating during the pandemic will lead to an increase in costs • Higher unemployment leading to an increase in demand for Link employability services
<p>S SOCIAL</p>	<ul style="list-style-type: none"> • Demand for social housing continues to outweigh supply. This is particularly acute for those who require accessible housing, where they choose to live • Community empowerment mechanisms offer opportunities for more sustainable communities • Increased needs emerging from the pandemic i.e. social isolation - need to keep service provision under review to mitigate impact • An ageing population will have an impact on the nature of services required • Construction typology and housing development amenity impacting on future demand
<p>T TECHNOLOGICAL</p>	<ul style="list-style-type: none"> • Technology is changing at expedient rate requiring a flexible approach when introducing it into new homes to avoid obsolescence and avoidable expenditure. • The technology now exists to allow us to communicate far more effectively with customers • Broadband providers have the ability and resources to put technology into new build homes • An affordable alternative to a gas boiler which cannot be fitted after 2025 does not yet exist without significant investment in improving the building fabric
<p>L LEGAL</p>	<ul style="list-style-type: none"> • Regulation can result in conflict between meeting requirements and developing innovative approaches i.e. increased sustainability measures • Housing Associations must comply with public procurement legislation - goods and services (over £50k) and works (over £2M) • The emergence of legislation for GDPR and FOI has led to increased costs • The Sustainable Procurement Duty requires a focus on sustainability within the procurement process i.e. community benefit
<p>E ENVIRONMENTAL</p>	<ul style="list-style-type: none"> • Scottish Government is aiming for Scotland to be net carbon neutral by 2045 • EEESH 2 legislation requires Housing Associations to achieve (as far as practicably possible) an EPC standard of B by 2032 • There are a range of environmental regulatory requirements being introduced which will impact on our core business i.e. no gas boilers by 2025 • Scottish Government is promoting a circular economy and is working to enable this • Active travel is being promoted by the Government and encouraged in new housing developments

APPENDIX 6

Weslo Housing Management Transfer of Engagements

Introduction

In 2020 Link Group was successful in being appointed preferred Partner for a transfer of engagements of Weslo Housing Management (“Weslo”).

Weslo owns and manages approximately 2,300 social houses and 130 mid-market rent / private market homes. In addition, Weslo provides factoring services to in the region of 3,500 private homeowners. With income in excess of £11m in 2020 and a fixed asset position of c.£67m the organisation is in its own right a significant RSL in Scotland.

The transfer is following the legally required process which runs two stages of tenant consultations exercises which are then followed by a formal ballot of the tenants should the consultations prove supportive.

The consultation exercises run to the end of February with a targeted ballot due date of the end of March 2021. Should a positive ballot be achieved the targeted completion date is the end of May 2021.

The main implications of the Weslo transfer are set out in the formal Business Case designed to support the transaction and which was approved by Weslo and Link Group Boards, and sighted by the SHR, in 2020.

Changes since the business case completion

The business case was concluded in November 2020 following which a number of business activities have been completed as part of the annual business planning process. These include:

- Conclusion of the rent consultation process – Link Group rents to increase by 2.5% for 2021/22
- Remodelling of the Link Group plans reflecting the ongoing lock down requirements of the pandemic
- Finalisation of projections with regards to Scottish Government agency schemes

These refinements form part of the core Link Group financial plans referenced in this business plan.

Business plan implications

From a project perspective detailed work has been undertaken on the business integration planning in preparation for a positive ballot outcome. This work ensures that there would be a seamless transition from a tenant perspective at the point of transfer.

The transfer to Link would have the following key implications for the business plan:

- Tenant communications campaign
- TUPE transfer of c.[50 staff] – consultation will be completed early 2021
- Recruitment of additional Link Property operatives and implementation of new asset management programme for the Weslo homes [per Business Case]
- Systems integration during 2021 for core platforms (e.g. Aareon / finance platforms etc)

The financial profile of Weslo has not changed from the Business Case and the joint financial profile of the combined organisation is set out in the financial section. The underlying financial robustness of the transfer remains intact and provides long term positive services for tenants and financial resilience for both Link Group and Weslo.

APPENDIX 7

Glossary of commonly used abbreviations

Abbreviation	Long form terminology
AAS	Annual Assurance Statement
ARC	Annual Return on Charter
BSP	Business Sustainability Plan
FCA	Financial Conduct Authority
OSCR	Office of the Scottish Charity Regulator
RSL	Registered Social Landlord
SFHA	Scottish Federation of Housing Associations
SHR	Scottish Housing Regulator

Appendix 8

Key ARC performance indicators

Service quality

Indicator	Why included	Reporting Frequency	Source	2019/20 Annual Outturn	2020/21 Q1-Q3 cumulative	2021/22 Target
Average re-let time calendar days (30)	a) ARC indicator b) Direct service impact c) Financial impact	Quarterly	LHA	26	51	25 days
			Horizon	14	26	15 days
			Larkfield	29	56	20 days
			WHHA	7	29	8 days
Average length of time taken to complete emergency repairs hours(8)	a) ARC indicator b) Direct service impact c) Safety and wellbeing	Quarterly	LP	3	5	4 hours
			Horizon	2	2	4 hours
			Larkfield	4	4	4 hours
			WHHA	4	3	12 hours
Average length of time taken to complete non-emergency repairs. (9)	a) ARC indicator b) Direct service impact c) Safety and wellbeing	Quarterly	LP	7	12	6 days
			Horizon	5	10	5 days
			Larkfield	7	11	6 days
			WHHA	6	7	6.5 days
Percentage tenants satisfied with repairs service (12)	a) ARC indicator b) Direct service impact and impact on overall satisfaction.	Quarterly	LP	87	90	96%
			Horizon	90	83	92%
			Larkfield	100	99	97%
			WHHA	81	81	90%
% of tenants who feel the rent for their	a) ARC indicator	Quarterly	LHA	76	76	84%
			Horizon	83	81	80%
			Larkfield	85	85	80%

property represents good value for money (25)	b) Direct service impact		WHHA	90	90	80%
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Homelessness

Indicator	Why this is being included	Reporting Frequency	Source	2019/20 Annual Outturn	2020/21 Q1-Q3 cumulative	2021/22 Target
Percentage of new tenancies sustained for more than a year, by source of let. (16)	a) ARC indicator b) Direct service impact c) Safety and wellbeing	Quarterly	LHA	84%	94%	90%
			Horizon	98%	94%	95%
			Larkfield	96%	100%	90%
			WHHA	92%	95%	90%
Homelessness -of properties available (and where there was demand from homeless people) to let what % went to homeless applicants * not the Charter indicator amended due to complexities in different lettings systems and areas.	a) ARC indicator (amended) b) Direct service impact c) Safety and wellbeing	Quarterly	LHA	86%	67%	70%
			Horizon	70%	73%	25%
			Larkfield	43%	10%	25%
			WHHA		59%	25%
Percentage of the court actions initiated which resulted in eviction and the reasons for eviction. (22)	a) ARC indicator b) Direct service impact	Quarterly	LHA	29 evict. 47 aban.	4 evict. 29 aban.	<32 evict. <35 aban.
			Horizon	0 evict. 3 aban.	0 evict. 2 aban.	<3 evict. <3 aban.
			Larkfield	2 evict. 3 aban.	0 evict. 0 aban.	<2 evict. <3 aban.
			WHHA	1 evict. 1 aban.	0 evict 0 aban.	<3 evict. <3 aban.
Number of abandonments						

Stock quality

Indicator	Why this is being included	Reporting Frequency	Source	2019/20 Annual Outturn	2020/21 Q1-Q3 cumulative	2021/22 Target
How many times did you not meet your statutory obligation to complete a gas safety check within 12 months of a gas appliance being fitted or last checked. (11)	a) ARC indicator b) Direct service impact c) Safety and wellbeing	Quarterly	LHA	1	50	0
			Horizon	0	0	0
			Larkfield	0	5	0
			WHHA	0	2	0
Number of water management (Legionella) checks completed by scheduled date (%)	a) Safety and wellbeing	Quarterly	LHA	100%	84%	100%
			Horizon	100%	75%	100%
			WHHA	100%	100%	100%
Percentage of properties brought fully up to SHQS standard	ARC indicator	Annual	LHA	99.5%	99.7%	99.6%
			Horizon	98.5%	100%	100%
			Larkfield	94.5%	95%	95%
			WHHA	96.2%	96.2%	99%
Percentage self-contained properties that meet EESSH2	ARC indicator	Quarterly	LHA	97%	97%	95%
			Horizon	99%	99%	99%
			Larkfield	96%	96%	95%
			WHHA	97%	97%	97%
Achieve 100% smoke and heat compliance by February 2022	ARC indicator legislative requirement	Quarterly	LHA	NA	65%	100%
			Horizon	NA	91%	100%
			Larkfield	NA	84%	100%
			WHHA	NA	60%	100%

Financial health

Indicator	Why this is being included	Reporting Frequency	Source	2019/20 Annual Outturn	2020/21 Q1-Q3 cumulative	2021/22 Target
% rent due lost through homes being empty over the last year	Financial impact	Quarterly	LHA	0.6%	0.6%	0.6%
			Horizon	0.3%	0.3%	0.3%
			Larkfield	0.6%	0.5%	0.4%
			WHHA	0.1%	0.6%	0.4%
Gross rent arrears	Financial impact	Quarterly	LHA	4.5%	3.9%	5.6%
			Horizon	4.1%	2.9%	4%
			Larkfield	4.6%	4.3%	4.5%
			WHHA	3.7%	3.5%	4%