

HSCHT MINI-BUSINESS PLAN FOR 2008/11 (amended 15/3/08)

1. RESOURCES AND DELIVERY

1.1. *Changed revenue funding context*

Since its inception in 1998 the Trust has relied almost entirely on receiving core revenue funding (steadily increasing in amount as its operations and staff numbers grew) from a varying combination of the following public funding sources:

- Scottish Executive/Government
- Highland Council (Housing Services)
- Scottish Homes/Communities Scotland
- Highlands and Islands Enterprise

Whilst the Scottish Government has offered continuing grant support (at much the same level) for the next 2 Financial Years, the 3 remaining funders' positions have changed greatly:

- following local government re-organisation in 2007, Highland Council's Housing Service no longer has a budget to support such work although it is expecting the newly forming Charitable Trust of The Highland Housing Alliance (a profit-making development company whose operations have been heavily resourced by Highland Council) to provide an additional, potential grant funding source for organisations like HSCHT
- Communities Scotland's Wider Action Grant budget is time-limited to 6 years (2 x 3 years) absolute maximum and the Trust cannot, therefore, re-apply. In any event, both the budget and Communities Scotland will cease to exist after April 2008 and it is not yet clear what new approaches to external organisation grant funding may be developed by the Scottish Government departments subsuming Communities Scotland's role
- H.I.E. are going through a radical period of downsizing and re-organisation at the moment and face the same time-limited constraints on providing long-term core funding. However, like Highland Council's Housing Service, they have expressed an interest in using the Trust as a contractor to deliver smaller and very project-specific pieces of work (but as yet unspecified)

The Trust has had to recognise the problems all key potential revenue funders face in providing long-term core funding compared to shorter-term, much more

project specific funding. As a result it has had to accept that it will not have the revenue funding in place for 2008/9 to allow it to continue employing 5 full time staff and that it will, as a result, have to go through a difficult but necessary period of transition whilst it endeavours to reduce its reliance on core funding and to earn much more of its revenue funding from identifying, developing and delivering carefully targeted projects which have been contracted by key players and other potential funders.

1.2. ***Revised revenue funding targets and sources***

Year 1 – 2008/9	£
Scottish Government Vol. Housing Orgs Grant	65,000
The Tudor Trust	40,000
Esmée Fairbairn Foundation/Robertson Trust	60,000*
HHA Charitable Trust	50,000*
Contract fees	5,000*
TOTAL	180/220k*

Whilst HSCHT has secured promises (above) of revenue funding from both the Scottish Government and the Tudor Trust, it will not know the results of the applications it has made to the other funders (asterisked) until April/May 2008 at the very earliest. Whilst present indications are that they will be at least partially successful, the funding parameters have been set at what is believed to be realistic, as well as realisable, levels of £180k to £220k for Year 1.

Year 2 – 2009/10 (+6% uplift)	£
Scottish Government Vol. Housing Orgs Grant	66,000
The Tudor Trust	30,000
Esmée Fairbairn Foundation/Robertson Trust	50,000*
HHA Charitable Trust	50,000*
Contract fees	39,000*
TOTAL	195/235k*

Year 3 – 2010/11 (+6% uplift)	£
Scottish Government Vol. Housing Orgs Grant	67,000*
The Tudor Trust	20,000
Esmée Fairbairn Foundation/Robertson Trust	40,000*
HHA Charitable Trust	50,000*
Contract fees	83,000*
TOTAL	210/260k*

1.3. *Revised running cost forecasts*

	2008/9 £	2009/10 £	2010/11 £
*Salaries, NI, Pensions etc	120,000	127,000	135,000`
Sub-contracted work	2K to 42K	7K to 47K	6K to 56K
Travel and subsistence	10,000	11,000	12,500
Training and conferences	1,000	1,100	1,250
Board Directors' expenses	1,500	1,700	2,000
Recruitment costs	10,000	5,000	7,500
Office rental and other costs	15,000	16,500	18,000
Insurance	1,500	1,600	1,750
Posts, stationery etc	7,500	8,250	9,500
Telephone/internet etc	4,000	5,000	6,500
IT/website support	2,000	2,200	2,500
Office equipment	500	2,500	500
Publicity materials	1,000	1,200	1,500
Subscription fees etc	750	850	1,000
Audit requirements	2,000	2,200	2,500
Legal advice	1,000	1,500	1,500
Sundry expenses	<u>500</u>	<u>600</u>	<u>750</u>
Totals	180K-220K	195K-235K	210K-260K

Staff and costs	Salary	N.I.	Pension	Car lump sum	TOTALS
*CEO	42,096	2,105	5,893	1,121	51,215
Project Implementation Manager	32,230	1,615	4,512	1,121	39,478
Marketing & Development Officer	23,743	1,185	3,324	1,121	29,375
TOTALS	98,069	4,907	13,729	3,363	120,000

2. **STAFFING**

£180k per annum is the (pared) minimum that would allow the Trust to employ 3 f.t.e. members of staff, contract out the absolute minimum of other support services and meet its other (reduced) running costs. £220k p.a. would allow the Trust to employ or contract out additionally required support service work

which would equate to an additional 0.1 to 0.75 of an f.t.e. post, depending on the cost and on-costs of the particular skills and services required.

a) Staff complement (3) *to (3.75)*

- Chief Executive Officer (full-time)
- Project Implementation Manager (full-time)
- Marketing & Development Officer (full-time)
- *Support work (part-time or contracted out)*

b) Functions, roles and responsibilities

CEO

- Organisational leadership and business planning
- Financial management and control
- Income generation from core and project funding
- Corporate governance and accountability
- Staff and contract supervision
- Community Housing Action Plan supervision
- Innovation project development and supervision
- Specialist information sharing (e.g. on Rural Housing Burdens) and wider networking
- Assisting in shared tasks (see below)

PROJECT IMPLEMENTATION MANAGER

- Landbank project management and implementation:
 - site identification and appraisal
 - supervision of site assessment and servicing contracts
 - supervision of innovative/sustainable house build projects
 - negotiating with landowners
 - liaising well with project partners
 - supervising development tasks given to Dev.& Marketing Officer
- Assisting in the development of innovative projects
- Assisting with shared tasks (see below)

DEVELOPMENT AND MARKETING OFFICER

- House plot marketing and RHOG agency service
- Organising housing options and needs surgeries
- Assisting with project development and implementation tasks
- Assisting in the management of the Trust's small housing stock

- Assisting with the shared tasks (see below)

Shared tasks and responsibilities (all staff)

- Community engagement
- Housing options and needs surgeries
- Community Housing Action Plan preparation
- General admin, office management and dealing with enquiries
- Good partnership working (formal and informal)
- Reporting to Trust's Board
- Working well together as a team and sharing outreach work
- Working in the best interests of the Trust and its good name

c) *Support work/er services*

A number of functions would continue to be contracted out (e.g. legal, I.T., audit) and, depending on the revenue funding available, other tasks presently undertaken by Trust staff would either be undertaken by additional Trust staff (on a part-time basis, probably) or on a contracted out basis to approved contractors. Some of those contracted out support services would be paid for out of the revenue funding available although others would be capitalised and paid for by capital receipts, as follows:

- i. conveyancing and other legal services (mostly capitalised)
- ii. site survey/servicing costs (capitalised)
- iii. *financial management, reporting and control (revenue)*
- iv. *I.T. support (revenue)*
- v. *some innovation and outreach projects (revenue)*
- vi. *other occasional consultancy (revenue)*

d) Management, supervision and accountability

The Trust's Board of Directors will be accountable for the conduct of the business of the Trust. The Trust's CEO is accountable to the Board and Trust staff and contractors are accountable to the CEO. The Development & Marketing Officer will also be accountable to the Project Implementation Manager for some tasks.

e) Office base(s)

Retain the Inverness office base but with possibility of reducing rooms from 2 to 1 and/or increased home-based office working or relocation to another (cheaper) Inverness office base

f) Recruitment

A new CEO will be recruited and in post by the end of June 2008. Any other posts or services will be recruited or contracted in as and when required.

3. **FOCUS AND OUTREACH**

Although the Trust will continue to focus most of its operational day to day activities within the Highland Council Local Authority area, it will share information and advice – particularly on its successful innovative approaches, such as Rural Housing Burdens – much more widely.

Its original Business Plan commitment to provide an outreach support service to some community landowning groups (existing or aspiring) wherever they are based in the Highlands and Islands would, of necessity, depend on additional funding becoming available to employ or sub-contract people with the requisite skills to do any work involved outwith the Highland Council area.

Moreover, with a smaller staff team, the Trust will not be able to provide the same level of community engagement coverage to as many communities as it has managed to do hitherto or as it hoped and planned to do. Nevertheless, the Trust will (with 3 full-time members of staff) always respond to, and attend at least one meeting in, any Highland community that needs information, advice and support. Thereafter, the Trust will need to assess very carefully and target which communities should be prioritised for the requisite degree of additional Trust support (rather than from others) that, in the Trust's best judgement, may or may not be required to help them tackle their housing problems. The Trust will, however, ensure that its already programmed landbanking project commitments are delivered.

In short, the Trust will still function well and in line with its original Business Plan commitments but on a somewhat reduced scale. It will put greater emphasis on providing high quality community engagement services (using Community Housing Action Plans), implementing a reduced portfolio of selected and often innovative projects and on helping communities and key players alike secure a proper understanding of, and good solutions to, the housing-related community-development problems of the Highlands - but with less handholding being provided directly by the Trust itself in the process.

4. **OPERATIONAL TARGETS AND OUTPUTS**

These mirror those in the original 2008/11 Business Plan – but with some reductions in outputs to reflect the reduction in the Trust’s staff numbers, contracts and resources.

They also reflect the priorities which the Trust believe it must concentrate on in order to keep faith with its core commitments, whilst it goes through a period of transition from reliance on core funders to greater reliance on generating income from undertaking specific contracts.

4.1. ***Community engagement, support and capacity-building***

The Trust’s raison d’etre and operational relevance is based first and foremost on engaging intelligently and productively with the communities it exists to serve, in line with the staged (ie at various levels of engagement) Community Housing Action Plan approach detailed in the 2008/11 Business Plan.

In its efforts to provide the best (high quality, well-targeted) community engagement etc services possible within the limits of its reduced resources, it will deal with the same number of Level 1 enquiries, meet at least once with the same number of community groups (Level 2) but, thereafter, reduce the follow-up work (Levels 3 to 6) by about a half to a third overall.

The emphasis will be on devoting a proportionately greater number of staff hours to supporting community groups – especially existing or aspiring community landowning groups – who are keen to take on direct responsibility for facilitating good housing solutions on land they own or could own. At the moment (Feb 08) the Trust is working actively with 4 such groups - the Camuscross Grazings Committee, the Camustorsa (presently a Forestry Commission site in Ardnamurchan) self-build group, the Assynt Foundation and the Knoydart Foundation.

The Trust will, of course, continue to help other communities but in future, with a greater emphasis on acting more as a friendly and supportive reference point for good information and advice on the best, apparent housing solutions available to them. It will do more work as an honest broker, bringing the suppliers of those solutions (e.g. Housing Associations, Highland Housing Alliance) and the community organisations together for direct action and take commensurately less direct action itself on behalf of the community concerned.

However, the Trust will continue to help as many communities as its resources allow to secure the independent evidence of local housing needs and options that they need to make a well founded case to the suppliers of the housing they

need. Trust staff will carry out between 15 and 20 housing needs and options surgeries a year (with written reports to follow) – and will be happy to carry out more if additional resources allow (see also 4.5.4.).

4.2. *Landbanking to strengthen community capacities*

In essence, the Trust will devote significantly less resources to direct landbanking activities in future except where it is adjudged, after discussion with key partners, that it would still be the most suitable landbanking horse for the particular course. Housing Associations and the Highland Housing Alliance have far greater staff and financial resources than the Trust to invest in the process of site acquisition to supply most of the affordable housing options that Highland communities require.

However, the Trust will continue to work in and with communities to identify, make an initial assessment of, and refer onwards, good sites for HAs and/or HHA to consider purchasing.

The emphasis of the Trust's direct landbanking activities will, in future, be mainly on helping community landowning groups achieve these objectives.

4.3. *Managing the Trust's Landbanking Fund and programme*

The Trust's priority for 2008/9 is to get its revolving landbanking fund into good "revolvable" condition again – by combining the good work of recent months and continuing to sell house plots in particular that will replenish the cash reserves required to be able to support other landbanking purchases or loans to community landowning groups for the same purpose (see also 4.4.).

4.4. *Buying, selling and managing houses*

The Trust's priority will be to sell/transfer about half of its (small number) of houses to the local Housing Associations which manage them but to retain - and where resources may allow – and increase its supply of key worker houses. The capital receipts from house sales will go back into the landbanking fund (see also 4.5.3.).

4.5. *Developing, delivering and sharing innovative housing solutions*

The Trust will continue to share its knowledge of all the innovative housing solutions it has developed – and probably to much the same extent as originally envisaged under the original 2008/11 Business Plan, although on a more office-based (phone, e-mail, website) basis and a reduced physical outreach basis.

It will invest much more of its Lead Officer's time in identifying, and developing proposals for, specific (and, to a greater or lesser degree, innovative) projects which key players are likely to be interested in paying the Trust to deliver – thus enabling the Trust to employ or contract in additional people with the skills required to implement the particular project.

Plans for the delivery of its existing innovative projects are as follows:

4.5.1. Rural Housing Burdens (RHB)

The Trust will continue to attach RHBs to the Titles of all the plots it sells and share information on an office-based basis on their potential use with all those who are interested. Physical outreach advice services will be very limited unless additional funding is secured.

4.5.2. Sustainable houses-in-the-forest projects

The Trust's main priorities during 2008/9 will be to implement the pilot project at Milehouse, Kincaig, now that it has acquired the site from the Forestry Commission under their National Forest Land Scheme and has received full planning consent to develop it. However, rolling out the model will depend on the Trust receiving additional resources to do so.

4.5.3. Key worker housing

This is a much-needed, potential additional project-in-waiting, if additional resources could be secured to take it forward.

4.5.4. Housing needs surveys and options "surgeries"

Additional "surgeries" will be provided if additional contract funding can be secured (see 4.1.).

4.5.5. Community Housing Action Plans and community asset building

The commitment to delivering the C.H.A.P. approach remains unchanged, although it will be developed in fewer communities as a result of the revenue funding cutbacks.

However, extension of this approach is also seen as a potential project-in-waiting being as relevant to targeted communities in the Highlands and Islands not in the Highland Council Local Authority area as those that are.

4.6. *Extending the geographical outreach of Trust services*

The Trust will not now have the one full time member of staff equivalent capacity to provide outreach services to communities in other (non-Highland) parts of the Highlands & Islands. However, the Trust would still be happy to do so if additional funding support for this service became available (see also Section 3 of 'Mini-Business Plan').

4.7. ***Partnership working***

The Trust will continue to engage as an effective and wholehearted partnership working vehicle, attending all the Area Housing Development Forum Meetings plus such other partnership meetings as it is asked to and/or its available staff resources may allow. Informal partnership working will continue as before.

4.8. ***Governance, staffing and income generation***

4.8.1. Governance

The Trust will maintain the same level of resource commitment to good governance as set out in its original 2008/11 Business Plan although it may slightly reduce the number of Board and related Sub-Committee Meetings it holds each year to free up some additional staff time that would otherwise be required – particularly that of the Trust's C.E.O.

4.8.2. New job descriptions and responsibilities for 3 core staff

Moreover, as Section 2 of the Mini-Business Plan indicates, the Trust's C.E.O. (with a new postholder to be recruited and in post by this Summer) will have a significantly reduced project implementation role – which will be assumed by the Project Implementation Manager – and a significantly increased responsibility for developing new projects and otherwise generating the income streams that will allow the Trust to sustain its operations in future.

4.8.3. Contracted-out support work

In the absence of the levels of hoped-for core funding a greater reliance will be placed on contracting out any additional project work (for which the Trust has secured the resources) to people with requisite skills and track record to be able to provide the standard of work required.

4.8.4. Possible further changes to Trust's Mem. and Arts. and Business Plan

The Trust is exploring a number of options which may result in firm proposals being put to the Trust's membership for amendments to its Memorandum and Articles of Association and/or result in much closer working arrangements with one or more of its partners in the Highlands.

a) *HSCHT to become HCHT ?*

HSCHT's Board is well-disposed to the idea that its remit should and could encompass urban as well as rural communities in the Highlands and that it might seek to change its Memorandum and Articles at an E.G.M. or A.G.M. to become The Highland Communities Housing Trust.

b) *H(S)CHT to amalgamate with HHCCT ?*

Also being explored at present is the idea that the Highland Housing and Community Care Trust – a charity with identical Charitable Objects to HSCHT which was established about the same time as HSCHT – and H(S)CHT should amalgamate. HHCCT's operations have greatly reduced over the years and it employs no staff.

c) *Closer working arrangements with the Highland Housing Alliance ?*

After much discussion it now seems unlikely that some form of 'merger' will take place in the near future between HHA and HSCHT, although both organisations remain committed to exploring mutually beneficial options for closer partnership-working.

d) *Implications for Business Plan*

The above explorations and potential proposals (all of which are under active consideration - but with no recommendations to, or decisions by, the Trust's Board at this point in time) are all predicated on a shared desire to make the affordable housing system in the Highlands work yet more efficiently and effectively and help many more households secure good solutions to their housing problems.

However, whatever the eventual outcome, there would still be a Charitable Trust – identical, perhaps, in all but name to the Highlands Small Communities Housing Trust – but with an even bigger community engagement requirement and, in any event, with the same obligation to ensure the delivery of the particular outputs promised to each of its revenue funders.

27/2/08, amended /15/3/08