Section 8: Financial Information (Nov 2026)

The Scottish Housing Regulator Regulatory (SHR) Standards of Governance and Financial Management - Standard 3 states:

> *"The RSL manages its resources to ensure its financial well-being and economic effectiveness, while maintaining rents at a level that tenants can afford to pay."*

In order to comply with this standard, as well as good business management practice, the Association keeps its financial position under regular review. This includes annual budget setting; five year financial projections; 30 year long term projections; quarterly management accounting; annual financial statements and auditing; and quarterly treasury management reporting.

The Association has a financial planning timetable for keeping matters under review as follows:

Month	Area of Work	Reporting Details
Jan	Annual budget and rent review – final	To Jan committee meeting
Jan	Long term projections review	To Jan committee meeting
Feb	Management accounts to 31/12	To Feb committee meeting
Feb	Treasury management reporting to 31/12	To Feb committee meeting
May	Annual Financial Audit	
May	Management accounts to 31/03	To May committee meeting
May	Treasury management reporting to 31/03 and annual review	To May committee meeting
May	Five year financial projections (FYFP) for SHR – due 31/05	To May committee meeting
June	Annual Financial Statements and Audit Reporting	To June committee meeting
June	Loan portfolio return for SHR – due 30/06	Approved from year end Treasury Management Report.
June	Update finance KPIs and finance section of business plan to reflect the above	
Aug	Management accounts to 30/06	To Aug committee meeting
Aug	Treasury management reporting to 30/06	To Aug committee meeting
Aug	SHAPS Financial Assessment	To Aug committee meeting
Sept	Annual Financial Statements for SHR	Completed with approved audited Annual Financial Statements
Sept	Financial Conduct Authority annual return	Completed with approved audited Annual Financial Statements
Sept	OSCR annual return	Completed with approved audited Annual Financial Statements
Nov	Annual budget and rent review – first draft	To Nov committee meeting

The Association's intention with the above timetable is to aim for continuity between its financial documents, with this section of the plan being updated annually.

This section of the Business Plan should be read in conjunction with Section 7: Performance Indicators.

Five Year Financial Projections

The Association is required to submit five year projections to the SHR each year by 31/05. Due to the timing requirement of this return by SHR, the FYFP return is based on outcomes from management accounts rather than the audited annual financial statements.

Any changes throughout the year will be reflected in quarterly management account reporting, with the finance section of the business plan only being updated annually.

For the 2026 submission, the submission was based on quarter 2 management accounts forecasted to 31/03/2026. There is no allowance built in for (Scottish Housing Net Zero Standard (SHNZS) are requirements are yet to be finalised by the Scottish Government.

Projection Assumptions:
The below key assumptions were used for five year projections submitted in 2026.

Assumption	Year 0 2025/26	Year 1 2026/27	Year 2 2027/28	Year 3 2028/29	Year 4 2029/30	Year 5 2030/31
General Inflation %	2.3	3.8	2.5	2.5	2.0	2.0
Rent Increase – Margin above General Inflation %	2.2	1.0	0.0	0.0	0.0	1.0
Operating cost increase above General Inflation %	0.3	0.5	0.5	0.5	0.5	0.5
Direct maintenance cost increase above General Inflation %	0.5	0.5	0.5	0.5	0.5	0.5
Actual/assumed average salary increase %	4.0	5.1	4.0	2.5	2.0	2.0
Average cost of borrowing %	1.3	1.4	1.5	1.5	1.6	1.6
Employers contributions for pensions %	11.6	10.0	10.0	10.0	10.0	10.0
Employers contributions for pensions £'000	94.2	88.0	88.1	90.3	92.1	94.0
SHAPS pension deficit contributions £'000	0.0	69.6	69.6	69.6	69.6	0.00
Total staff costs £'000	998.9	1,177.0	1,175.2	1,210.1	1,239.9	1264.7
Full time equivalent staff	20.3	21.5	21.5	21.5	21.5	21.5
Total capital and revenue expend on maintenance £'000	1,466.0	1,735.5	1,517.5	1,504.0	3,602.2	2,922.5

When the assumptions are entered into the SHR five year financial projections (FYFP) system this produces outcomes with a trend and comparators statement which highlights trends and comparators, as given below.

Submitted Five Year Projections 2026

Five Year Financial Projections (FYFP) 2025-2026

Scottish Housing Regulator

TRENDS & COMPARATORS

RATIOS	Year -2	Year -1	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	National Median
Financial capacity	Actual	Actual	Outturn	Forecast	Forecast	Forecast	Forecast	Forecast	
Interest cover	3,997.3%	3,155.0%	9,212.791%	9,106.294%	11,449.618%	13,912.727%	14,450.000%	21,133.333%	364.0%
Gearing	(20.2%)	(25.0%)	(30.515%)	(33.082%)	(37.024%)	(40.706%)	(34.816%)	(32.947%)	39.2%
Efficiency									
Voids	0.2%	0.1%	0.186%	0.496%	0.489%	0.490%	0.489%	0.489%	0.6%
Arrears	3.1%	2.6%	2.199%	2.105%	2.054%	2.004%	1.964%	1.907%	1.8%
Bad debts	0.5%	0.0%	(0.210%)	1.007%	1.007%	1.008%	1.008%	1.007%	0.4%
Staff costs / turnover	18.4%	19.0%	19.469%	21.733%	21.262%	21.451%	21.620%	21.521%	20.6%
Turnover per unit	£5,665	£5,738	£5,877	£6,204	£6,331	£6,462	£6,569	£6,732	£6,165
Responsive repairs to planned maintenance	1.6	1.1	1.4	1.8	1.4	1.3	4.4	3.3	1.8
Liquidity									
Current ratio	3.2	3.6	9.3	10.0	11.1	12.3	10.7	10.2	1.6
Profitability									
Gross surplus / (deficit)	22.7%	12.8%	11.819%	8.881%	12.214%	13.178%	7.651%	8.963%	17.7%
Net surplus / (deficit)	25.1%	16.2%	14.983%	10.986%	14.474%	15.043%	9.001%	10.123%	9.5%
EBITDA / revenue	41.4%	35.8%	35.871%	28.426%	33.617%	33.974%	(2.398%)	11.913%	24.8%
Financing									
Debt Burden	0.4	0.3	0.2	0.2	0.1	0.1	0.1	0.1	1.5
Net debt per unit	(£3,834)	(£4,995)	(£6,367)	(£7,127)	(£8,316)	(£9,539)	(£8,364)	(£8,140)	£6,841
Debt per unit	£2,365	£1,460	£1,285	£1,106	£925	£741	£555	£366	£9,511
Diversification									
Income from non-rental activities	22.9%	20.0%	18.464%	19.308%	18.953%	18.606%	18.332%	17.915%	16.4%
INDICATORS									
Turnover	4,951.2	5,014.7	5,130.6	5,415.8	5,527.3	5,641.3	5,734.9	5,876.7	
Operating costs	2,229.2	2,764.9	2,898.7	3,300.7	3,225.2	3,277.9	3,589.8	3,598.0	
Net housing assets	37,655.3	36,501.8	35,179.7	34,121.2	32,938.2	31,765.0	32,341.3	32,167.9	
Cash & current investments	5,417.3	5,641.9	6,680.1	7,187.5	8,067.1	8,974.3	7,786.6	7,426.1	
Debt	2,066.7	1,276.4	1,122.1	965.2	807.1	646.9	484.5	319.9	
Net assets / capital & reserves	16,607.2	17,445.3	18,213.7	18,809.0	19,609.0	20,457.6	20,973.7	21,568.6	

Year Identification and Trend and Comparators Definitions:

Year -2	2023/24 – year end 31/03/24 outcome
Year -1	2024/25 – year end 31/03/25 outcome
Year 0	2025/26 – year end 31/03/26 forecast (from management accounts)
Year 1	2026/27 – year end 31/03/27 forecast (from long term financial projections)
Year 2	2027/28 – year end 31/03/28 forecast (from long term financial projections)
Year 3	2028/29 – year end 31/03/29 forecast (from long term financial projections)
Year 4	2029/30 – year end 31/03/30 forecast (from long term financial projections)
Year 5	2030/31 – year end 31/03/31 forecast (from long term financial projections)

> Financial Capacity Ratios:

Interest Cover % - (Net Cash from Operating Activities + shares cancelled – SHAPS past service deficit contribution + Interest Received) / Interest Paid.
This indicates the extent to which the interest payable on loans is covered by cash generated from operations. This KPI can change radically due to the timing of expenditure over the 5 years.

Gearing % - Net debt / Total capital & reserves.
This ratio considers the proportion of debt to total reserves. The higher the gearing % the riskier the Association would be viewed by lenders and other organisations.

> Efficiency Ratios:

Voids % - Rent loss from voids / gross rents and service charges receivable.
This indicator shows the percentage of income lost as a result of properties being void.

Gross Arrears % - Gross rental receivables / (net rents and service charges receivable).
This ratio shows the level of gross rent arrears being carried after deducting potential bad debts.

Net Arrears % - Net rental receivables / (net rents and service charges receivable).
This ratio shows the level of net rent arrears being carried after deducting potential bad debts.

Bad Debts % - Bad debts written off or back / (net rents and service charges receivable).
This ratio shows the percentage of net rental & service charge income lost from bad debts.

Staff Costs / Turnover % - total staff costs (including NI and pension) / turnover
This ratio shows staff costs incurred to generate income.

Key Management Personnel / Staff Costs % - total key management personnel costs (including NI and pension) / total staff costs (including NI and pension)
This ratio shows key management personnel costs incurred as a proportion of total staff costs.

Turnover Per Unit £ - Turnover / Number of Units Owned.
This ratio shows the turnover generated by each unit owned.

Responsive Repairs to Planned Maintenance – (Planned maintenance (direct costs) + improvement of housing) / total reactive & void maintenance (direct costs).
This ratio indicates how much is being spent on planned maintenance against responsive maintenance. This ratio can change radically due to the timing of expenditure over the 5 years.

> Liquidity Ratio:

Current Ratio - Current assets / current liabilities
This ratio is to monitor solvency, and the ability to pay liabilities as they fall due.

> Profitability Ratios:

Gross Surplus/Deficit % - Operating surplus / turnover.
This ratio monitors operating performance, before funding commitments. This ratio will fluctuate with committed operating cost expenditure.

Net Surplus/Deficit % - Net surplus / turnover. This ratio monitors operating performance, after funding commitments. This ratio will fluctuate with committed operating cost expenditure.

EBITDA/Revenue % - (Operating surplus (deficit) + housing depreciation + improvement of housing) / turnover. This ratio monitors operating performance.

EBITDA/Revenue excluding deferent grant % - (Operating surplus (deficit) + housing depreciation + improvement of housing – amortised grant) / turnover. This ratio monitors operating performance.

> Financing Ratios:

Debt Burden - Debt / Turnover. This ratio indicates the time for turnover to repay debt (years).

Net Debt Per Unit £ - Net debt / number of units owned. This ratio shows the average amount borrowed, less cash and near cash, to finance each unit owned.

Debt Per Unit £ - Debt / number of units owned. This ratio shows the average amount borrowed to finance each unit owned.

> Diversification:

Income from non-rental activities % - turnover – net rent and service charges / turnover
This ratio shows the proportion of income derived from non-rental activities.

> Indicators:

Turnover – gross rents + service charges – rent loss from voids + grants released from deferred income + grants from Scottish Ministers + other grants + other income
This indicator shows the total amount of income generated by the Association.

Operating costs – housing depreciation + management costs + service costs + planned maintenance (direct costs) + reactive and void maintenance + maintenance overhead costs + bad debts written off/back + other activity costs + other costs
This indicator shows the total amount of operating costs incurred by the Association.

Net housing assets – housing properties (gross cost) – housing depreciation
This indicator shows the net housing property cost net of depreciation.

Cash & current investments – investments (non-cash) + cash at bank and in hand
This indicator shows the current cash and cash equivalents.

Debt – loans due within one year + overdrafts due within one year + loans due within one year
This indicator shows short and long-term debt.

Net assets / capital reserves.
This indicator shows assets excluding liabilities and provisions.