



# Hillcrest Business Plan 2026-2029



**Hillcrest**

# Foreword/Introduction

The purpose of this business plan is to clearly set out the plans for Hillcrest over the coming months and years. During the business planning process, Board Members and staff consider the Operating Environment, financial projections and customer feedback. These are taken into account alongside the opportunities and challenges facing the organisation and a range of strategic objectives are agreed.

As each company within Hillcrest is focussing on different areas, there are individual company business planning meetings held between Governing Body/Board Members and senior colleagues. These meetings will consider what our customers and stakeholders are focussing on and will agree the priorities for Hillcrest going forward. Although each business planning session is held separately, the synergy, inter dependency and strength of the combined structure are always at the forefront of decisions being made.

There are employee business planning meetings held which focus more on the operational impact and process of the strategic priorities set. Consideration is given to what our customers want, their experiences and how this can best be delivered. Our Values are always at the heart of any discussion we have with an excellent customer service experience a key deliverable in any interaction with Hillcrest.

There are challenges to be faced over the period of this business plan, with real uncertainty around funding and finances. This business plan shows how Hillcrest will address these challenges by building on the strong foundations that have been established over many years. This includes financial resilience, an excellent reputation, a can-do attitude and a willingness to adapt to changes that are presented. Our employees are a huge strength in our successes, supported through a focus on organisational development and a true empathy in helping our customers to achieve excellent outcomes.



**Dave Boyle**  
Chairperson



**John Alexander**  
Chief Executive

# Executive Summary

Hillcrest's 2026/27 Business Plan has been developed in a period of sustained pressure, continued financial uncertainty, and growing expectations from regulators, government partners, and the communities we serve. The political, economic and operating context across Scotland remains challenging, with inflationary pressure, interest-rate volatility, new legislative duties, and increased scrutiny on energy efficiency standards and tenant wellbeing shaping the environment in which Hillcrest operates.

At the same time, our organisation has undergone one of the most comprehensive cycles of staff and Board engagement in recent years. Across Homes, Futures, Enterprises and Maintenance, colleagues and Board Members contributed clear insight into what matters most for the year ahead: improving customer experience, simplifying and strengthening our systems and processes, investing in our people, protecting our financial resilience, and ensuring Hillcrest is prepared for the scale of the Net Zero transition. These themes were strongly echoed in our staff business planning sessions, which highlighted five dominant priorities: Service Excellence, Data & Technology, People & Culture, Financial Resilience, and Sustainability, and a shared recognition that while Hillcrest has grown significantly, our focus now must be on becoming a fitter, leaner, more resilient organisation.

This Business Plan balances ambition with realism. It sets out how Hillcrest will meet rising expectations around safety, quality, affordability and accountability, while responding proactively to regulatory and policy changes, and it explains how we will continue delivering high quality homes, services and support to thousands of households, tenants and people we support across Scotland.

## Strengthening Customer Experience and Service Excellence

Improving customer and service user outcomes remains at the heart of Hillcrest's mission to help people live better lives. Staff engagement demonstrated a strong appetite to redesign key customer journeys, particularly in areas where demand arising from issues not resolved the first time remains high: repairs, lettings, arrears and damp/mould. Our ambition is to move to a more streamlined and effective service delivery model, that continues to achieve high levels of customer satisfaction and performance across all areas of business.

We will continue to build on strong performance in areas such as responsive repairs and compliance while addressing areas of pressure, including void turnaround times, rising adaptations demand and the implications of new homelessness prevention duties under the Housing (Scotland) Act 2025.

## Financial Resilience in a Volatile Landscape

The financial environment remains unpredictable with interest-rate volatility, inflationary pressure, increasing overheads, increasing safety and compliance costs. The Homes Position Statement confirms that while Homes remains in a surplus position with covenant compliance maintained, headroom continues to require careful oversight. Prudent assumptions, active lender engagement and monthly departmental budget monitoring will be central to protecting Hillcrest's financial stability.

Hillcrest will continue to refine scenario planning, stress-test assumptions, and pursue efficiencies through process redesign, reducing avoidable repeat activity, software licence rationalisation, and improved strategic procurement. Opportunities to diversify income, including through commercial activity, training and development services, and partnership models, will also be explored where they align with risk appetite and deliver value.

## **Investing in Digital, Data and Technology Enablement**

Staff feedback across all companies emphasised the need for a reliable, accessible, and accurate single source of truth for data. Improving data quality, governance and accessibility is a foundational enabler for improved performance, better customer insights, and enhanced regulatory assurance.

Over the coming year, Hillcrest will progress cloud migration, case-management and CRM improvements, develop automated data retention processes, and carefully pilot AI applications, such as call transcription and triage, where appropriate and safe. Digital enhancements across Futures, including the Digital Social Care Management System will strengthen compliance, reduce duplication and support more efficient service delivery.

## **Preparing for Net Zero and Retrofit at Scale**

Net Zero remains one of the most significant operational and financial challenges facing Hillcrest. National policy on the Social Housing Net Zero Standard is expected imminently, and early indicators suggest substantial requirements for fabric efficiency, ventilation, clean-heat systems and enhanced reporting.

This Business Plan outlines Hillcrest's commitment to publish our Net Zero Strategy, progress retrofit planning through improved asset data and dashboards, explore partnership and funding routes, and develop in-house or hybrid retrofit delivery capability. Staff have highlighted a strong appetite for building internal capacity to manage retrofit more cost-effectively and at scale.

New developments will continue to target high sustainability standards, and pilot projects such as the Cairnie retrofit demonstrator will inform best practice going forward.

## **People, Culture and Workforce Capacity**

Our people remain our greatest strength. Staff feedback emphasised both the opportunity and the challenge of aligning workforce capacity with organisational ambition. This Business Plan doubles down on our commitment to developing people through the new People and Organisational Development Strategy, the LEAD programme and looking at enhanced training pathways and opportunities to explore partnerships with training providers.

Recruitment and retention pressures remain particularly acute in care, trades and specialist technical roles. Workforce planning, talent development, succession planning and staff wellbeing will be central to ensuring that Hillcrest remains resilient and agile over the coming years.

## Development, Growth and Partnerships

Hillcrest remains committed to addressing the national housing emergency, recognising that the need for affordable, energy-efficient homes has never been greater. Despite contractor pressures, inflation and programme risks, Homes continues to target the completion of 250 homes per year from 2027/28, with around 140 handovers projected for 2026/27.

We will continue to explore partnerships with local authorities, developers, health and social care partners and organisations such as SSEN Transmission, ensuring all opportunities align with risk appetite and protect financial resilience.

## Conclusion

This Business Plan sets out a realistic but ambitious programme for the year ahead. It prioritises the simplification of core processes; the strengthening of digital and data foundations; the development and wellbeing of our people; the delivery of measurable improvements in customer experience; and a credible pathway to Net Zero. It also focuses on protecting Hillcrest's financial resilience, ensuring that we can continue investing in homes, quality, safety, sustainability and staff capability.

Hillcrest will face significant pressures over the coming year, but we do so with clarity, commitment and confidence. We will continue to be **bold where it matters and disciplined where it counts**, holding fast to our values, listening to our tenants and the people we support, empowering our staff, and delivering positive impact through collaboration, innovation and shared purpose.

**Bold** where  
it matters  
and **disciplined**  
where it counts

# Key Priorities

This Business Plan covers a three-year period from 2026/27 to 2028/29 for all companies within Hillcrest. The Key priorities agreed form part of a regular report to the Governing Body and Subsidiary Boards and will be kept under review to ensure that they are still on target and still appropriate.

The Key Priorities for the next three years are:

- Effective financial management in the challenging financial climate.
- Involvement in City Centre regeneration across Scotland, with a multi-tenure approach.
- Delivering new homes in conjunction with the Scottish Government and local authorities to assist in dealing with the Housing Emergency.
- Implement the Care Management System for Hillcrest Futures.
- Explore opportunities for sustainable growth for Hillcrest Futures to increase capacity of existing services and new service provision.
- Reiterate the shared vision and agree clear objectives following the merger of Enterprises and Maintenance.
- Develop a Strategic Asset Management Plan, informed by the Retrofit dashboard.
- Investigate avenues for partnership working / delivering services externally
- Deliver the SSEN Transmission Housing Strategy initiative.
- Develop a Digital, Data & Technology Strategy to improve systems and processes, drive innovation on AI and automation, enhance cyber security and enhance the customer experience.
- Introduce and deliver the actions as part of the People and Organisational Development Strategy.
- Develop and implement a new Equality, Diversity and Inclusion Strategy.

# Mission and Values

## Corporate Strategy

<b>Our Mission</b>	Helping people live better lives				
<b>Our Objectives</b>	Build and maintain inclusive, sustainable and energy efficient homes at affordable rents				
	Work in partnership to create fairer communities				
	Deliver consistent, person-centred support that enables people to fulfil their potential				
	Transition to a net zero organisation				
<b>Our Key Pillars</b>	Attract and retain an engaged, empathetic and skilled workforce providing excellent customer service				
	Financial Resilience	Growth	Impact	Service Excellence	Sustainability

## Values

### Inclusion

We listen to other points of view, learn from best practice and engage with our customers and communities as we recognise, we are stronger and can contribute more if we have shared goals and collective efforts.

### Respect

We value our staff, tenants and people we support and empower them in a positive way to participate, adapt and be inspired to take ownership and make positive change.

### Excellence

We are ambitious for what our organisation and customers can achieve and strive to deliver the highest quality and value possible.

### Innovation

We look for new ways of solving problems, strive for continuous reflection and improvement and promote others to do the same.



# Organisational Structure

Hillcrest will consist of three companies, from 2026, and the Hillcrest Foundation. Hillcrest's group structure continues to be one of our greatest strengths, enabling us to combine the stability and governance of a large registered social landlord with the agility of specialist subsidiaries. This integrated model allows us to deliver a wide range of high quality housing, care, tenancy support, commercial and maintenance services, while ensuring strong oversight, risk management and strategic alignment across all companies.

**Hillcrest Homes** is a registered RSL, a Scottish Charity and a Community Benefit Society. It is regulated by the Scottish Housing Regulator, Financial Conduct Authority and OSCR. Hillcrest Homes is the parent carrying ultimate responsibility for the performance of all companies. There is a Responsibility and Service Level agreement between Homes and the three subsidiaries outlining the parameter, delegated authority and reporting arrangements to retain overall accountability.



Hillcrest Homes is based in Dundee but operating over the East Coast of Scotland from Aberdeen to Edinburgh. The primary purpose of Hillcrest Homes is to provide good quality, well maintained, energy efficient homes to people in housing need. In practice, Hillcrest Homes does so much more. There are teams to encourage tenant participation, provide benefit advice, help with energy costs and fuel security advice, wellbeing and adaptations and financial assistance to enable individuals to remain in their home safely and comfortably.

**Hillcrest Enterprises** is an incorporated company Limited by shares and a wholly owned and controlled subsidiary of the Registered Social Landlord parent, Hillcrest Homes. Hillcrest Enterprises provides Mid-Market Rent accommodation to individuals and families which is set at a level that people on low incomes can afford. In 2026, Enterprises and Maintenance were merged to provide a wider range of services, support broader corporate objectives and simplify processes and internal structures. As a component part of Enterprises, maintenance will continue to provide an in-house maintenance service to tenants over a range of contracts including day to day repairs, kitchen and bathroom replacements, cyclical and planned maintenance

programmes, voids and gas installation and inspections.

**Hillcrest Futures** is a company Limited by Guarantee, registered Scottish Charity regulated by the Care Inspectorate and works in line with guidance provided by the Scottish Social Services Council (SSSC) for a trained and skilled workforce. Futures provides residential and community-based care and support services to people across six local authority areas, supporting vulnerable people with a diverse range of support needs including autism, physical and learning difficulties, mental health and wellbeing, homelessness, harm reduction, and specialist drug and alcohol support services.

**The Hillcrest Foundation** (Scottish Charitable Incorporated Organisation) supports internal and external community initiatives, distributing charitable funds generated through Gift Aid from Enterprises and Maintenance and through community benefit contributions.

The Foundation continues to play an important role in tackling poverty, supporting families and communities, and enhancing social impact across Hillcrest's areas of operation.

Hillcrest Homes is managed by their Governing Body made up of elected members with a Chairperson and two Sub-committee Convenors. Elections for Governing Body Members are held yearly at the Annual General Meeting with a maximum of 15 Governing Body Members required. As well as the Governing Body, Hillcrest Homes also has two Sub-Committees, the Audit and General Purposes Sub-Committee and the Operations Sub-committee.

The Model Rules and Standing Orders outline the requirements for the election of Governing Body Members and the remits and delegated authority for the Governing Body and Sub-Committees.

Each Subsidiary Board is also managed by Board Members who are recruited on a regular basis following review of the skills matrix, diversity and skills gaps of the current board composition.



# Compliance Requirements

There are a number of different compliance requirements for each company within Hillcrest. These are presented to the relevant Board meeting for consideration and approval throughout the year. These include:

## Hillcrest Homes

Hillcrest Homes is responsible for the overview and submission of the Annual Assurance Statement to the Scottish Housing Regulator after considering the evidence presented to back up the statement. The Scottish Housing Regulator also requires the submission of the Annual Return on the Charter, the Loan Portfolio Return and the five-year Financial Projections.

Hillcrest also receive an Engagement Plan on an annual basis from the Scottish Housing Regulator which covers information they require to receive and review on a regular basis. Scottish Housing Regulator guidance notes and the Regulatory Framework determine other areas that need to be reported including Notifiable Events, Treasury Management and Business Planning.

There are other compliance requirements with lenders around covenant compliance, financial submissions and matters which are submitted on a timely basis and in line with the stipulations in the loan facility letter.

## Hillcrest Futures

Hillcrest Futures is regulated by the Care Inspectorate who inspect the individual projects on a regular and rolling basis. Reports are produced by the Care Inspectorate and grades are awarded based on compliance with national care standards. Part of the report will confirm what areas are needing focus or improvements with a detail of any updates required.

The workforce within Futures must conform with the Scottish Social Services Council (SSSC). The SSSC is responsible for raising and maintaining standards in care and support provision. As a charity, Futures also must comply with the regulations and guidelines issued by OSCR for the organisation and the Charitable Trustees.

## Hillcrest Enterprises

Hillcrest Enterprises is a Limited Company and needs to comply with Company Law. Enterprises as a private sector landlord is required to be registered with each local authority and registered on the Scottish Government, Scottish Letting Agent Register. The Maintenance division within Enterprises has various compliance requirements around health and safety legislation, electric and gas safety regulations and asbestos and legionella requirements.

## Hillcrest Foundation

The aims of the Hillcrest Foundation are to provide an opportunity to support internal and external community initiatives and build on the corporate responsibility within Hillcrest. The Foundation centralises all fundraising, charitable donations and gift aid in one place to streamline distribution of funds to maximise the outcomes. The Foundation is a Scottish Charitable Incorporated Organisation (SCIO) and is governed by the principles of charity law.

# Stakeholder engagement

Hillcrest's ability to deliver positive outcomes for tenants, service users and communities relies on constructive, transparent and sustained engagement with a broad range of stakeholders. As a multi company group operating across housing, care, support, maintenance and regeneration, these relationships provide essential insight, accountability and partnership capacity. This year's business planning process reaffirmed the importance of strong external engagement in a period of increasing regulatory expectations, financial pressures and rising demand.

Throughout 2025/26 and into the current planning year, Hillcrest has continued to work closely with tenants, local authorities, the Scottish Government, the Care Inspectorate, lenders, developers, health and social care partners and community organisations. Engagement has been shaped by several themes identified through staff planning sessions, including the need for stronger data and insight, more streamlined processes for customers, and clearer routes for feedback and collaborative problem solving.



## Staff

Staff remain a central stakeholder group whose skills, insight and day to day experience directly influence the quality and effectiveness of Hillcrest's services. Engagement through staff planning sessions, surveys and internal communication channels continues to shape business priorities, highlighting the need for clearer communication, improved systems and strong organisational alignment. Maintaining an open dialogue with colleagues across the Group ensures the workforce is supported, informed and empowered to deliver the best outcomes for tenants, service users and communities.



## Tenants

The input from tenants is considered under a variety of ways including taking account of the tenant satisfaction survey, the rent consultation, learning from complaints, outcomes from our Feedback Forum and Tenant Scrutiny Reports. There has been ongoing engagement and additional support given to tenants because of the cost-of-living crisis.



## Supported Individuals

The input from supported individuals and their carers is critical to enable Hillcrest to deliver person centred care and support and deliver high quality outcome-based services. Feedback is gathered using recognised supported individual involvement and engagement practices, complaints and compliments, feedback surveys, internal and external inspections and audits which will inform individual service improvement plans.



## Councils

Hillcrest operates over a number of local authority areas and identifies a lead person to be the primary contact for each area. Discussions are also held with key officials for the Strategic Housing Investment Programme to match our development aspirations and sites where there is housing need.



### Scottish Government

Hillcrest has a good relationship with individuals in the key areas for housing and care and contributes to consultation exercises and steering groups as appropriate.



### Local Health and Social Care Partnerships

Health and Social Care Partnerships commission the majority of services delivered by Hillcrest Futures and it is critical that effective and collaborative relationships are established and maintained with this stakeholder group.



### Lenders

Hillcrest has a proactive relationship with lenders covering both current lending facilities and future requirements for further funding.



### Scottish Housing Regulator

Through the identified relationship manager, formal and informal discussions are held regularly to consider areas of growth or new business.



### Developers

Homes and Enterprises have developed good relationships with a number of developer partners throughout its area of operation. These relationships underpin the development delivery programme.



### Communities

Enterprises operate in a number of distinct communities, particularly in urban areas, and feedback through staff and tenants helps shape the service Enterprises delivers. The gap between social and Council rented properties, and the private sector reflects the importance of the MMR sector and the stepping stone it can be for those people who want to own their own home.



### Other Partners and Organisations

Hillcrest has a track record of participating and assisting in initiatives which will benefit both our tenants and other organisations in the sector. This includes in areas like the Scottish Federation of Housing Associations (SFHA), other RSLs, Chambers of Commerce, Stobswell Forum, CCPS, and Cora Foundation.

# Operating Environment

Hillcrest Homes and the two main subsidiaries are all successful and well respected amongst the stakeholders they work with and their customers. Hillcrest continues to operate within an environment characterised by volatility, rising expectations and an increasingly complex regulatory landscape. Across Scotland, the financial, social, economic and political conditions influencing housing, care and support services have continued to shift rapidly, presenting both risks and opportunities for the group.

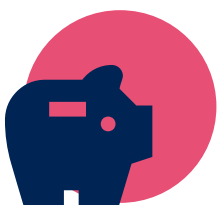
This year's business planning discussions reinforced that Hillcrest must balance ambition with pragmatism, making disciplined decisions that strengthen organisational resilience while sustaining high quality services for tenants and people we support. Staff and Board reflections emphasised that the operating environment is not expected to stabilise in the short term; rather, it will require more responsive planning, improved systems and data, and stronger cross functional coordination across the group.



## Financial

There are financial challenges for all companies which have been created by the external environment that need to be addressed collectively. The position with regards to growth in the economy, interest rates, inflation and future taxation is volatile.

Additional financial pressures include, but are not limited to, low economic growth UK wide, additional financial pressure because of increases in the Scottish Living Wage, funding for care and support and difficulty in recruiting staff.



## Funding

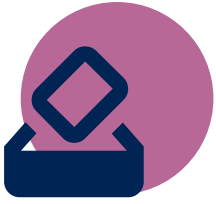
The external operating environment has improved after the declaration of the Housing Emergency. A new commitment to invest up to £4.9bn over the next four years, delivering around 36,000 affordable homes by 2029-30 was made in the latest Scottish Government budget.

There has been considerable pressure within the Health and Social Care Sector for funding for some time. The health and social care sector in Scotland faces severe financial pressures, with 80% of Integration Joint Boards (IJBs) facing sustainability risks.



## Contractors

Contractor insolvencies over the last two years have highlighted fragility within the construction sector. Some partners have sought additional funding to complete contracted developments, creating risk of programme slippage and cost escalation. This impacts the costs, timing on development for Homes and needs to be carefully monitored with additional checks being put in place before new contracts are signed.



### Political

The upcoming Scottish Parliamentary Elections and subsequent Scottish Council Elections in 2027 provide an element of uncertainty. While all parties broadly support affordable housing, there remains uncertainty around longer term funding frameworks, planning reform and the future of the Social Housing Net Zero Standard. Engagement with the Scottish Government and SFHA continues to be essential.



### Insurance

Although property insurance markets have stabilised relative to recent years, extreme weather events, flooding and high rise building risks continue to influence premiums and availability. Cladding remediation remains a priority area of uncertainty, with the Scottish Government's funding commitments still evolving following the Cladding Remediation Act and Single Building Assessments.



### Construction Industry Costs

Over recent years, there has been significant increase in the costs associated with material, plant, labour and professional fees. Any increase results in an increase for Homes, Enterprise and Maintenance as the business model is inextricably linked.



### Net Zero

This impacts all companies within Hillcrest with the asset owning companies facing the more critical challenges. The Social Housing Net Zero Standard (SHNZS) will replace EESSH2, with final requirements expected shortly. In addition, Awaab's Law implementation in Scotland will create stricter timelines for managing damp and mould hazards.

Hillcrest's own Net Zero Strategy and retrofit planning will be essential to navigating these regulatory requirements and accessing emerging funding streams.



### Demographic & Social Pressures

Demand for services continues to increase due to the ongoing housing emergency, rising homelessness presentations, increases in complex needs, pressures on mental health and care services.

Tenants continue to face significant affordability challenges: energy costs, food insecurity, and the wider cost-of-living crisis. Hillcrest's role in tenancy sustainment, financial wellbeing and energy advice remains essential.

# Financial Overview

## 2026-27 Three Year Revenue Budget

The three-year Revenue Budget is reviewed and approved by the Governing Body on an annual basis and does not change once approved. The 2nd Year and 3rd Year of the three-year Budget will be reviewed and may change every year.

A focus on a three-year Budget helps to manage short to medium term financial risk, bring flexibility to the overall planning process and provide key management information to support decision-making.

## 2026-27 Three Year Capital Budget

The 2026-27 three Year Capital Budget is £93m. All the works/costs included in the Capital Budget are included in the Revenue Budget as a 'depreciation cost' over a number of years.

The 2nd Year and 3rd Year of the three-year Budget will be updated annually to take account of changes in timing or assumptions. Capital works will often already be contractually agreed (e.g. Development Contracts), are required to meet Health and Safety requirements (e.g. Fire Safety works) or are required due to component deterioration and failure (e.g. window replacements).

## Net Zero works

Net Zero works in the 2026-27 three Year Budget is £17m. This is an increase on what was included previously due the introduction of a single Net Zero Works Programme. Work includes but is not limited to; roofing replacements, windows, doors, heating system replacements, in addition to PV installations and whole house retrofit. This spend is included in the 2026-27 3 Year Capital Budget of £93m.

## Cladding

The 2026-27 Budget includes £12m for Cladding Removal works at Colonsay View Edinburgh and at Sailmaker Edinburgh. This is a placeholder Budget figure only and is dependent on the outcome of a new 'Single Building Assessment Survey' and further discussion with the Scottish Government.

## Loan Interest

Loan interest costs continue to rise as overall borrowing increases to support new development activity, and as wider bank interest rates remain elevated. This results in higher annual financing costs that need to be managed within future budgets.

## Loan Covenants

The organisation has a number of loan covenants across its lenders, all of which must be met each year. Failure to meet any single covenant would place all loans in breach, so maintaining adequate covenant headroom remains a key financial priority.

The Budget includes a measure of covenant headroom to provide protection against rising costs or reduced income. While the 5% internal 'Golden Rule' headroom is achieved in the 2026-27 Budget, the 10% lender 'Trigger Level' is not currently met. Positive discussions are ongoing with lenders to amend this requirement and strengthen overall covenant headroom.

In addition, the long-standing Net Debt Per Unit covenant with Lloyds and Barclays, in place since 2007, is expected to be updated before 31 March 2026 to better reflect the organisations current scale and investment plans and both lenders have agreed to these changes.

### **CPI Inflation**

The 2026-27 Budget Inflation (CPI) rate is based on the latest forecast from ATFS (Treasury Management Consultants).

### **Building Cost Inflation**

Building Cost Inflation is budgeted at 6.0% in 2026-27, reducing to 3.0% in 2027-28 and 2028-29. From 2029-30 onwards, this reduces to 2.0% and in line with CPI inflation.

Building Cost Inflation as per a BCIS (Building Cost Information Service) October 2025 report is Forecast at 16.0% over the next five years.

## **Scenario Planning**

The forecasts presented to the Governing Body are based on assumptions that have been considered and approved using information prepared by advisors and market information. To ensure the robustness of these figures and Hillcrest's ability to absorb market changes a series of different scenarios are run.

Hillcrest appointed Arneil Johnston to independently review a range of scenarios. The scenarios included were;

- Voids increase by 0.5%
- Bad debts increase by 1%
- Repairs and Maintenance inflation increases by 1% for 5 years
- Interest rates increase by 1% for 5 years
- Range of different scenarios of development activity for new homes

Each of these scenarios created different potential risk for Hillcrest Homes. The management and mitigation of these risks were summarised by Arneil Johnston by keeping the following key assumptions under review;

- Continue to monitor new build development programme and update model with any material changes
- Continue to closely monitor arrears and voids
- Assess Net Zero investment once new standard in place
- Keep under review the provision for future planned maintenance programmes
- Continue to monitor budget variance and risk for material changes to the assumptions used
- Consider adopting a revised rental strategy in excess of CPI + 1% to build in additional headroom to manage risks
- Monitor and review the Treasury Management Strategy and loan portfolio to mitigate impact of any increase in interest rates

# Workforce Planning and Wellbeing

Hillcrest recognises that the success of the organisation and the excellent customer service we deliver is dependent on the dedication, empathy and commitment of our employees. Hillcrest has been accredited with Investors in People (IIP) Gold and Investors in Young People (IIYP) Silver for almost 20 years. We will continue to prioritise and invest in the development of our people to ensure that they feel supported and to keep Hillcrest a resilient and agile organisation.

Hillcrest's workforce remains one of the organisation's greatest strengths and a central pillar of our ability to deliver high quality services. Across all business planning sessions this year, staff emphasised the importance of aligning workforce capacity with organisational ambition, investing in skills and development, and strengthening the culture and systems that enable colleagues to do their best work. The operating environment continues to place significant demands on staff, particularly within care, trades and specialist technical roles, making effective workforce planning and wellbeing support more essential than ever.

Hillcrest remains committed to supporting a resilient, capable and empowered workforce that can respond to the growing complexity of service demands, regulatory expectations and financial pressures facing the sector.

A clear theme from staff engagement sessions was the need to ensure that workforce capacity is aligned to the scale of organisational ambition. Teams across Homes, Futures, Maintenance and Enterprises identified pressure points in service delivery that stem from rising workload demands, complex customer needs, systems limitations and regulatory change.

Hillcrest will undertake more structured workforce planning in 2026/27, focusing on:

- **Aligning capacity to priority outcomes**, particularly in areas such as repairs, voids, homelessness prevention, damp/mould response, digital transformation and compliance.
- **Assessing demand vs. capacity** for care and support services, where recruitment and retention challenges remain acute.
- **Strengthening supervisory and leadership capacity** to support change and ensure consistent quality.
- **Improving workforce data**, including skills mapping, vacancy tracking, succession planning and absence analysis.

The core aim is to ensure that teams have the resources, tools and support needed to deliver high quality, right first time outcomes for tenants and people we support.

Recruitment challenges continue across several parts of the organisation, influenced by a competitive labour market, the cost-of-living context and national workforce shortages in both the care and construction sectors. Futures faces sustained recruitment challenges despite signs of cooling in parts of the labour market.

To respond, Hillcrest will:

- **Strengthen recruitment strategies**, including targeted campaigns, improved candidate journeys and clearer articulation of Hillcrest's employer offer.

- **Invest in internal progression routes**, enabling staff to “grow our own” talent across trades, care, digital and technical roles.
- **Embed succession planning** across all companies to ensure resilience during organisational change and leadership transitions.

Boards and staff alike have emphasised the importance of blending skills development with modern digital tools and redesigned processes, ensuring people have both the capability and the environment needed to deliver great work.

Hillcrest has invested in organisational development as a key enabler of culture change and leadership capability. In 2025/26, the organisation launched a refreshed LEAD programme, grounded in Hillcrest’s values, focusing on change management, problem solving, communication and collaborative leadership.

During 2026/27, OD priorities will include:

- **Implementation of the new People & Organisational Development Strategy**, aligning people, structures and processes with Hillcrest’s strategic direction.
- **Embedding the Learning Management System**, improving data on training completion, compliance and skill gaps.
- **Expanding leadership development programmes**, building capability to support process redesign, digital transformation and culture change.
- **Supporting managers to lead cross functional teams**, reflecting Hillcrest’s increasing emphasis on silo busting and integrated ways of working.

These initiatives will help drive consistency, strengthen accountability and improve organisational adaptability.

Hillcrest’s culture continues to be defined by empathy, flexibility and a strong commitment to supporting tenants and service users. Staff repeatedly highlighted this cultural strength during business planning workshops, while also calling for improvements in communication, systems, data and workload distribution.

In the year ahead, Hillcrest will focus on:

**Creating space for innovation**, allowing staff to contribute ideas for process improvement and service redesign.

**Strengthening internal communication**, ensuring staff have timely information and feel engaged in organisational priorities.

**Celebrating values-driven behaviour**, through recognition programmes and case studies that highlight exceptional customer service.

Wellbeing remains a central part of Hillcrest’s workforce approach. Staff working in both housing and care environments continue to face increasing complexity and emotional demand, particularly given the rise in homelessness, mental health pressures and crisis support needs across communities.

Hillcrest will strengthen wellbeing support through:

- **Enhancing wellbeing resources** across all companies, wherever possible, including mental health support and accessible wellbeing activities.
- **Promoting work/life balance**, including flexible and hybrid working arrangements where operationally feasible.
- **Supporting staff through the LEAD programme, reflective practice and supervision models** in high-pressure roles such as care and tenancy sustainment.

Hillcrest's commitment to Investors in People and Investors in Young People remains central to supporting a positive, inclusive and values-driven culture.

Hillcrest's workforce strategy for 2026/27 is rooted in realism and ambition. It recognises the pressures facing staff but also the enormous strengths, talent and commitment across the organisation. The priorities for this year focus on:

- aligning capacity to priority outcomes,
- strengthening recruitment and internal progression routes,
- investing in leadership and organisational development,
- improving culture, communication and ways of working,
- supporting wellbeing in a complex and demanding environment,
- developing new skills to meet the demands of Net Zero and digital transformation.

These actions will ensure Hillcrest continues to build a resilient, skilled and motivated workforce, capable of delivering excellent services in a challenging and rapidly evolving environment.

## Key Performance Indicators

Performance management remains a central component of Hillcrest's governance and assurance framework. KPIs enable the Governing Body and subsidiary Boards to monitor progress against strategic objectives, compare performance to sector standards, and evaluate whether resources are being deployed effectively to deliver high-quality services.

As regulatory expectations continue to rise, including new requirements linked to damp and mould, safety compliance, homelessness prevention and Net Zero reporting, KPIs must become more precise, transparent and actionable. The updated KPI suite for 2026/27 is designed to achieve this, while supporting the organisation's broader goals around service excellence, financial resilience, and organisational learning.

Hillcrest Homes – KPI's include financial capacity, rent arrears, letting performance, units completed, repairs performance, turnover of staff

Housing Enterprises – KPI's include rent arrears, letting performance, repairs performance including compliance

Hillcrest Futures – KPI's include are Inspectorate grades

Action	Outcome	
	Target 2025/26	Target 2026/27
<b>Hillcrest Homes</b>		
<ul style="list-style-type: none"> <li>· Loan covenant headroom</li> <li>· Surplus</li> </ul>	5% £1.4m	5% £1.5m
<ul style="list-style-type: none"> <li>· Void target times - Relets</li> <li>· Void target times - New Lets</li> <li>· % of total rent not collected due to homes being empty (voids)</li> <li>· Rent arrears (net)</li> </ul>	28 days 21 days 1.5% 4%	28 days 21 days 1.5% 4%
<ul style="list-style-type: none"> <li>· % of tenants sustaining their tenancy</li> </ul>	94%	94%
<ul style="list-style-type: none"> <li>· Maintain electrical and gas compliance</li> <li>· % of homes meeting the SHQS</li> </ul>	100% 98.5%	100% 98.5%
<ul style="list-style-type: none"> <li>· Repairs right first time</li> <li>· % of tenants satisfied with the repairs service</li> <li>· Emergency repair times</li> <li>· Day to day repair times</li> </ul>	88% 90% 4hrs 8 days	97% 95% 4hrs 8 days
<ul style="list-style-type: none"> <li>· No. of homes completed</li> <li>· Contract spend</li> </ul>	250 <1%	250 <1%
<ul style="list-style-type: none"> <li>· Employee turnover</li> <li>· Days lost to absence</li> </ul>	20% 3.5	20% 3.5
<b>Hillcrest Enterprises</b>		
<ul style="list-style-type: none"> <li>· Void target times - Relets</li> <li>· Void target times - New Lets</li> <li>· Rent Arrears (net)</li> </ul>	28 days 14 days 1.35%	28 days 10 days 1.5%
<ul style="list-style-type: none"> <li>· Maintain electrical and gas compliance</li> </ul>	100%	100%
<ul style="list-style-type: none"> <li>· Repairs right first time</li> <li>· % of tenants satisfied with the repairs service</li> <li>· Emergency repair times</li> <li>· Day to day repair times</li> </ul>	88% 90% 4 hrs 8 days	97% 95% 4 hrs 8 days
<b>Hillcrest Futures</b>		
<ul style="list-style-type: none"> <li>· Care Inspectorate grades</li> </ul>	4	4

# Affordability

Affordability remains at the heart of Hillcrest's mission to help people live better lives. In a period defined by rising living costs, ongoing economic uncertainty and increasing pressure on household finances, Hillcrest continues to recognise that both rent affordability and the wider cost of sustaining a home are fundamental to the wellbeing of our tenants and the people we support. Our commitment is not only to provide safe, warm and energy efficient homes, but to ensure that these homes remain genuinely affordable to live in and maintain.

The 2026/27 planning cycle emphasised affordability as a cross cutting priority. Staff highlighted the need to reduce avoidable repeat contact, improve the predictability of repairs, strengthen energy advice, and ensure that customer experiences are smoother, more transparent and easier to navigate, all essential to keeping costs.

## Rents

Hillcrest Homes continues to adopt a carefully balanced approach to setting rents, considering affordability, regulatory expectations and the financial requirements of maintaining high quality homes and services. The rent setting process includes:

- A 'Rent Affordability Target', which is included in the 2026-27 3 Year Budget for Homes and Enterprises.
- comparison with rents across the sector and within the areas where Hillcrest operates;
- analysis of refusal reasons for allocations to identify affordability pressures;
- detailed tenant consultation through surveys and direct engagement;
- consideration of wider living costs and economic pressures affecting tenants.

This approach remains critical during a period of persistent inflation, rising energy costs and evolving legislative duties around homelessness prevention and damp/mould response. Rent affordability must be assessed holistically, reflecting the total cost of living in a Hillcrest home, not solely the rent level.

Hillcrest Enterprises continues to set mid-market rents (MMR) with careful consideration of affordability and Local Housing Allowance (LHA) and Broad Rental Market area thresholds.

The proposed exemption of MMR from rent control caps under secondary legislation provides important stability for the viability of MMR delivery and future investment decisions.

MMR continues to play an important role in providing affordable alternatives for households unable to access social housing but priced out of private renting, supporting broader housing system affordability.

## Repairs and Maintenance

The cost of maintaining, repairing and upgrading homes is one of the largest drivers of Hillcrest's operating costs. Ongoing materials inflation, contractor availability pressures and rising safety expectations all contribute to this trend.

To protect affordability, Hillcrest continues to:

- use data and process redesign to reduce preventable repair requests;
- improve right first time repairs performance;
- strengthen Maintenance's technical capacity to reduce reliance on external contractors;
- use planned programmes to reduce reactive costs;
- monitor value for money through independent benchmarking and SHR landlord comparisons.

Investing in systems, data and customer journey redesign, including damp/mould response, voids, and repairs triaging, will reduce costs for both tenants and the organisation over time.

## Care and Support Charges

Affordability within Hillcrest extends beyond housing costs and energy use; it also applies to the charges associated with the delivery of care and support services provided by Hillcrest Futures. These services play a crucial role in supporting people with complex needs, including mental health challenges, homelessness, learning disabilities, addictions and social isolation, and must remain financially sustainable while also protecting service users from undue financial hardship.

Care and support charges vary across geographical areas and depend on the type and intensity of support delivered. They are predominantly funded through contracts with local authorities and Health & Social Care Partnerships (HSCPs), which assess value for money and approve funding levels. These contracts are typically tendered regularly, introducing a need for continuous competitiveness and operational efficiency within Futures.

However, the funding environment for care and support remains tight. Futures continues to operate in a context of:

- **year on year real terms reductions in local authority funding,**
- **increasing wage and National Insurance pressures,**
- **rising regulatory reporting expectations, and**
- **ongoing requests from local authorities to return funding in some cases.**

These pressures require careful financial stewardship to ensure service continuity without introducing unaffordable costs for the people we support. Futures' emphasis on person centred care, lived experience and high quality support must be balanced with close monitoring of cost structures, staffing levels and contract compliance.

During staff planning sessions, colleagues highlighted the importance of building resilience within Futures, strengthening digital tools (such as the Digital Care Management System), embedding more efficient ways of working and improving workforce stability to manage financial pressures while enhancing the customer experience.

# Asset Management

Hillcrest's asset base continues to grow and complexity, spanning more than 9,300 homes, multiple supported accommodation projects, commercial premises and office locations. Managing this portfolio effectively, ensuring that homes are safe, energy efficient, desirable and financially sustainable, is central to delivering high quality outcomes for tenants, service users and communities.

The Hillcrest portfolio of assets now contains:

- Over 9,300 housing units (including 198 shared ownership properties).
- 18 projects of supported accommodation leased to, or supported by, Hillcrest Futures
- 19 projects of supported accommodation leased to external care organisations
- 49 shops
- 298 garages
- 7 office premises (two of which are leased by Hillcrest)

Taking all the maintenance programmes into account, Hillcrest will be investing around £105 million in the housing stock over the next three financial years.

The main parts of the strategy are to:

- Undertake planned maintenance maximising component lifecycles.
- Maintain high performance and further improve satisfaction levels in day-to-day maintenance as well as moving to an appointment service for repairs.
- Carrying out adaptations to allow individuals to stay in their own home.
- Support Hillcrest Maintenance through well planned, continuous programmes.
- Deliver a range of energy efficiency and sustainability measures to improve the energy efficiency of our stock.

## Planned Maintenance

Hillcrest's planned maintenance programmes ensure that key components are replaced in a timely, efficient and cost effective manner. These include:

- kitchen and bathroom replacements
- window replacements
- electrical upgrades
- paintwork
- cyclical safety inspections and renewals

Each programme is underpinned by regularly updated data, including stock condition surveys and component lifecycle modelling.

During 2026/27, a renewed emphasis will be placed on:

- improving data accuracy and automating updates
- aligning planned works with emerging retrofit requirements

- strengthening tenant communications and consultation
- coordinating schedules with Maintenance to maximise efficiency

Staff noted the importance of creating “space and time” for better process mapping and planning, a key enabler for improving the quality and consistency of planned maintenance.

### Day to Day Maintenance & Customer Experience

Hillcrest’s in house Maintenance team will carry-out out around 60% of the 2026-27 3 Year Budget of £105m of Maintenance works across the Homes and Enterprises portfolios, delivering substantial value through VAT savings, quality control and improved customer satisfaction.

Performance in responsive repairs remains strong, with right first time repairs consistently around 99% in 2025/26.

In 2026/27, the focus is on:

- redesigning repairs processes to reduce repeat contacts
- improving scheduling and triage to support timely, efficient visits
- strengthening data capture and reporting from operatives
- aligning repairs workflows with damp/mould and voids processes
- enhancing digital tools to improve communication with tenants

Staff emphasised the importance of breaking down silos across Housing, Maintenance and Assets to deliver a smoother customer journey.

### Cladding Remediation & Building Safety

Hillcrest continues to work through the requirements of the Housing (Cladding Remediation) (Scotland) Act 2024, including:

- completion of Single Building Assessments
- addressing findings through structured remediation plans
- engaging with the Scottish Government regarding available funding

The 2026/27 3 Year budget includes £12m as a placeholder for cladding works (Colonsay View and Sailmaker in Edinburgh), pending funding clarity.

Safety compliance more broadly remains a major ongoing requirement, including:

- fire safety
- asbestos management
- legionella
- electrical and gas safety

### Net Zero, Retrofit & Energy Efficiency

Net Zero is one of the most significant asset challenges facing Hillcrest. The forthcoming Social Housing Net Zero Standard (SHNZS) will require:

- fabric efficiency improvements
- clean heat systems (heat pumps, heat networks)

- ventilation upgrades
- new monitoring and reporting obligations

Hillcrest will publish its Net Zero Strategy during this planning cycle and continue developing a comprehensive, data driven retrofit programme.

Key priorities for 2026/27 include:

- delivering pilots such as solar PV, battery storage and heat pump installations
- building PAS aligned retrofit capability within Maintenance
- creating a multi year, sequenced retrofit delivery plan
- enhancing EPC data quality and reporting
- sourcing grants and green finance to support affordability

The Cairnie retrofit demonstrator will provide key learning for future projects.

## Non-housing Property Assets

**Commercial Shops** - Hillcrest has a small portfolio of shops which are either part of a tenement that was purchased or part of the planning conditions of the newbuild development. The Operations Sub-Committee consider a quarterly report on the performance of these properties and where required will approve additional investment to secure future tenants. The commercial portfolio generates an annual surplus which is used to further the services provided to tenants.

**Commercial Garages** – Hillcrest owns a number of garages that are let at commercial rates. There is a review of the ownership of these garages currently underway to determine whether these should be retained or sold on the open market.

**Office Properties** – Hillcrest has seven offices across its geographical footprint. Five of these offices are owned outright, one of which is leased to another party and two are rented from other landlords. The office review that has recently been made recommendations of the future of all these offices in line with hybrid working, stock growth and office demand.

# Development programme

Hillcrest remains committed to supporting Scotland’s housing needs through a sustainable, financially responsible development programme. As the country continues to face a national housing emergency and rising homelessness, the delivery of new, high quality, energy efficient homes remains central to our mission. However, development activity must be carefully balanced against financial resilience, contractor capacity, regulatory obligations and emerging Net Zero requirements.

The development environment remains challenging. Contractor insolvencies, supply chain constraints, rising build costs and increased due diligence requirements continue to place pressure on viability and programme timelines. Despite these challenges, Hillcrest has maintained a strong development pipeline and continues to play a leadership role in delivering affordable homes across the East Coast and beyond.

Hillcrest’s ambition remains to deliver 250 homes per year from 2027/28, subject to grant availability, market conditions and risk appetite.

For the 2026/27 year, around 140 handovers are expected, reflecting ongoing projects already on site and those at advanced stages of design and procurement.

The promise to invest up to £4.9bn over the next four years, delivering around 36,000 affordable homes by 2029-30 was made in the latest Scottish Government budget. This longer term commitment is welcomed but the split per local authority area is unlikely to be revealed until after the start of the financial year, still causing some long term uncertainty.

Hillcrest will continue to apply stringent due diligence to new schemes and will not proceed with projects that do not meet financial viability criteria or risk appetite thresholds.

<b>Growth</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
New Units (handover)	per programme	per programme	per programme
<b>Capital Cost per Unit;</b>			
Works and Land Development Admin	£190,000 £4,750	£195,700 £4,893	£201,571 £5,039
<b>Total Cost</b>	£201,950	£208,936	£213,294
HAG per unit	£110,000	£113,300	£116,699
Own Funds per unit	£80,000	£82,400	£84,872

# Net Zero

Hillcrest continues to use the ESG reporting approach to evaluate governance, environmental impact and community influence, adhering to the Sustainability Reporting Standard for Social Housing. Our ESG report has been independently verified, and this framework will continue to support our Net Zero planning and reporting.

In the first quarter of this Business Plan, Hillcrest will publish its updated **Net Zero Strategy**, setting out our commitment and roadmap to becoming a net zero and climate resilient organisation. The strategy will cover all operational areas, existing homes, new developments, fleet and offices, and outline how we will reduce our carbon footprint while adapting to a changing climate.

Achieving Net Zero will require embracing innovative technologies and embedding a culture of energy efficiency across the organisation. Staff engagement emphasised the need for stronger data, new skills and internal capability to support this transition, ensuring that both colleagues and tenants are equipped for the changes ahead.

A key focus of the past year has been establishing a robust baseline. Hillcrest has calculated scope 1 and 2 emissions and is currently analysing scope 3. A live Retrofit Dashboard is being developed to identify and sequence potential projects, strengthening our planning and investment decisions.

Our Strategy aims, where practically feasible, for all homes to achieve EPC Band C by 2030, with a pathway aligned to Scottish Government targets for 2040. This includes a long term approach to fabric improvements, ventilation, heating systems and integrated retrofit planning.

New developments will continue to be designed to high sustainability standards. The updated design brief commits all new homes to achieving at least EPC B, ensuring good indoor air quality, energy efficiency and long term affordability. The Development and Sustainability teams will work closely to align specifications with emerging regulatory expectations such as SHNZS.

In the final year of the previous Business Plan, Hillcrest delivered a demonstrator retrofit project at Cairnie, Arbroath, incorporating external wall insulation, solar PV and battery systems, new ventilation, and air source heat pumps. The lessons learned from this project will inform our future retrofit approach and enhance tenant experience in future programmes.

Hillcrest's Maintenance fleet of over 130 vehicles remains an area of focus, with a long term ambition to transition to a fully electric fleet. This will be phased in line with infrastructure availability, operational requirements and affordability.

We are also expanding the use of environmental sensors across our stock to support a more preventative and data driven approach to property health, particularly around damp and mould. This work is at an early stage and will continue to evolve over the period of this Business Plan.

# Risks

Hillcrest has undertaken a full review of risk management as part of the business planning process and identified the following risks that require ongoing monitoring. A risk register is considered quarterly by the Audit and General Purposes Sub Committee, with reference to the agreed risk appetite for each area. A risk register is also reviewed quarterly by each Subsidiary Board.

The main areas of risk identified in the recent analysis include:

## Development

- Higher than expected build cost inflation impacting scheme viability.
- Contractor fragility, including insolvency risks and requests for additional sums, which may prolong contract periods and increase costs.
- Supply chain constraints for retrofit technologies (e.g., PV, heat pumps) and skilled labour.
- Viability challenges for MMR developments due to interest rate costs and Local Housing Allowance limits.

## Financial

- Instability and volatility of interest rates affecting loan costs and covenant headroom.
- Increased employer costs, including the impact of National Insurance rises and wage uplifts.
- Global conflict, economic shocks can translate into higher costs and consequential effects on inflation, markets and wider economic stability.

## Operational

- Capacity pressures and increased avoidable repeat contacts across core customer journeys (repairs, voids, lettings, arrears and damp/mould).
- Increased void costs and longer turnaround times due to ageing stock and higher safety requirements.
- Rising demand for adaptations and the challenge of matching resources to need.
- Ongoing uncertainty within the insurance market, with potential volatility linked to weather related claims.

## IT / Digital

- Evolving cyber security threats requiring ongoing investment in resilience and disaster recovery.
- Delivery risks associated with major digital change, including cloud migration and case management improvements.
- Challenges in governing safe and effective adoption of AI across operations.
- Rising and recurring costs of licenses, systems upgrades and digital infrastructure.

## Health and Safety of Buildings

- Uncertainty around funding and timelines for cladding remediation in high rise buildings.
- Ongoing responsibilities and risks relating to asbestos, legionella, fire safety and compliance across the stock.
- Increased scrutiny and fixed timescales for damp and mould response under Awaab's Law aligned requirements.

## Legislative

- Implementation risks associated with the Housing (Scotland) Act 2025, including homelessness duties and emerging rent control frameworks.
- The introduction of the Social Housing Net Zero Standard (SHNZS) and related reporting obligations.
- Significant changes to ARC indicators from April 2025 impacting reporting and assurance.
- Changes to employment rights and charity legislation requiring updates to policies and governance frameworks.

## Net Zero

- Finalisation and implementation of the Net Zero Strategy, including sequencing and capacity planning.
- Compliance risks and cost pressures associated with SHNZS and wider Scottish Government net zero timelines.
- Need to enhance and maintain ESG reporting and data quality to meet external expectations. Challenges in securing funding for large scale retrofit programmes.
- Financial and logistical challenges linked to transitioning the 120+ vehicle Maintenance fleet to electric.

# Legislation Changes

There are a number of legislative changes expected over the next few years including the following:

## Changes to Charity Law

Reforms to charity law continue through phased commencement, with further updates expected in 2026. Implications for Hillcrest are limited as most duties are already met, but Trustee reporting and governance compliance will need ongoing monitoring.

## Social Housing Net Zero Standard

The SHNZS will replace EESSH2. Final regulations and guidance are expected in the coming months (2026), with implementation sequenced through 2030–2040.

Requirements are expected to include:

- Fabric efficiency standards
- Clean heat requirements (e.g., heat pumps, heat networks)
- Ventilation and monitoring standards
- Revised ARC reporting

Hillcrest will update compliance pathways once final indicators are issued.

## **Housing (Scotland) Act 2025**

The Housing (Scotland) Act 2025 passed on 30 September 2025 and received Royal Assent on 6 November 2025, creating wide ranging reform across rent controls, tenant rights, homelessness prevention, eviction processes and safety standards.

Key provisions include:

- New Rent Control Areas, with caps set at CPI + 1% up to a maximum of 6%. Certain tenures, including Mid-Market Rent, will be exempt, with exemptions confirmed in secondary legislation in 2026.
- Stronger tenant rights, including requests to keep pets or carry out décor/alterations, with landlords required to respond within 30 days.
- A statutory duty on local authorities to prevent homelessness, requiring earlier interventions and partnership working.
- The introduction of Awaab's Law style standards, updating the statutory Tolerable Standard to include clear requirements for addressing damp and mould within fixed timescales.

Implementation will be phased throughout 2026–2028, with key operational details dependent on secondary legislation.

## **Housing Cladding (Remediation) (Scotland) Act 2024**

Commenced on 6 January 2025, this Act implements:

- Single Building Assessments
- The Cladding Assurance Register
- Standards for remediation
- Requirements for engagement with the Scottish Government on funding

Hillcrest has buildings progressing through the SBA process, with further regulations expected in 2026.

## **Employment Rights Bill**

UK wide employment changes announced late 2025 will introduce:

- Day one rights for certain employee protections
- Updates to flexible working
- Expanded parental leave entitlements

Policies across all companies will require updating during 2026.

## **Reform of Co-operative and Community Benefits Act**

This is an England and Wales Law Commission Consultation but some of the recommendations will alter the legislation and impact on Scottish RSLs. The results of the consultation and change on legislation will not be enacted until 2026/27 but will likely result in a change to our model rules. Homes will keep updated on timescales and changes through engagement with the SFHA.

## **Community Wealth Building (Scotland) Bill**

The passage of the Community Wealth Building (Scotland) Bill in February 2026 places new statutory expectations on public bodies and anchor organisations to ensure that economic wealth is generated, circulated and retained locally. For Hillcrest, this aligns strongly with our long standing focus on supporting tenants, local communities and the wider social economy through our investment, procurement and community programmes. As an anchor organisation, Hillcrest contributes to Community Wealth Building (CWB) by supporting local supply chains, creating fair work opportunities, and reinvesting resources into the communities we serve. Our housing, care, and regeneration activities, alongside the work of the Hillcrest Foundation, already play a critical role in strengthening community wellbeing, reducing inequality and supporting local resilience, consistent with the five pillar CWB framework of local spending, fair work, land and property use, inclusive ownership and community focused finance.

# SWOT Analysis

As part of the Business Planning Process all Boards considered the SWOT analysis below and agreed this was a good representation of what Hillcrest was faced with during the period covered by the Business Plan.

## Hillcrest SWOT Analysis

	The good	The not-so-good
What we've got	<ul style="list-style-type: none"> <li>✓ Depth of experience</li> <li>✓ Group Structure (scale)</li> <li>✓ Asset Management</li> <li>✓ Partnership</li> <li>✓ Track Record</li> <li>✓ Reputation</li> <li>✓ Customer Focus</li> <li>✓ Customer Satisfaction</li> <li>✓ Resilience</li> <li>✓ Development/ Assets</li> <li>✓ Geographical Spread</li> <li>✓ Innovative</li> <li>✓ Flexibility</li> <li>✓ Sustained Growth</li> <li>✓ Investment in Capabilities</li> <li>✓ Governance</li> <li>✓ Relationships – SHR, lenders, SG, LA's.</li> </ul>	<ul style="list-style-type: none"> <li>⊗ Staff workload</li> <li>⊗ Staff retention (HF)</li> <li>⊗ Systems &amp; processes</li> <li>⊗ Recruitment</li> <li>⊗ Legacy Stock Quality</li> <li>⊗ Data/ Digital Technology Adoption</li> <li>⊗ Data Integration</li> <li>⊗ Low surplus/ profit levels across Hillcrest</li> <li>⊗ Single Points of Failure</li> <li>⊗ Efficiency in Some Areas</li> <li>⊗ Desirability of Some Stock</li> <li>⊗ Funding for Retrofit</li> <li>⊗ Funding Certainty</li> <li>⊗ Low loan covenant headroom</li> </ul>
What's out there	<ul style="list-style-type: none"> <li>➤ Partnerships – SSEN</li> <li>➤ Collaboration – development &amp; maintenance</li> <li>➤ Inflation/ Interest Rate Fluctuation</li> <li>➤ Corporate Strategy</li> <li>➤ Additional Funding</li> <li>➤ Technology adoption</li> <li>➤ Staff Incentives</li> <li>➤ Workforce Development &amp; Planning</li> <li>➤ Hillcrest Foundation</li> <li>➤ Development Programme</li> <li>➤ Merger</li> <li>➤ Exploring new avenues and tenures</li> </ul>	<ul style="list-style-type: none"> <li>▲ Funding Certainty</li> <li>▲ Inflation/ Interest Rate Fluctuation</li> <li>▲ Scottish Parliament Election 2026</li> <li>▲ Rent Control (MMR)</li> <li>▲ Ageing Workforce (HF)</li> <li>▲ Legislative Changes</li> <li>▲ Costs</li> <li>▲ Cyber Security</li> <li>▲ Environment/ Climate</li> <li>▲ Increased Regulation</li> <li>▲ Contractor Availability, Fragility &amp; Performance.</li> <li>▲ Customer Aspirations/ Expectations</li> <li>▲ Planning/ Lead Times</li> <li>▲ Programme Slippage</li> </ul>

# Key Priorities

Purpose	Key Priority/Action	Outcome			Lead
		2025/26	2026/27	2028/29	
Build and maintain inclusive, sustainable and energy efficient homes at affordable rents	Work with Local Authorities and contractors to ensure development programme stays on time and in budget.				DCE
	Delivering new homes in conjunction with the SG and LA's to assist in dealing with the housing emergency.				DCE
	Complete the merger of Enterprises and Maintenance.				DCE
	Deliver the SSEN Transmission Housing Strategy initiative.				DCE
	Deliver required cladding remediation works, in line with recommendations from external advisors.				DP&F
Work in partnership to create fairer communities	Where appropriate, Hillcrest should be involved in city centre regeneration with a multi-tenure approach.				DCE
	Develop deeper partnerships across housing, care, energy and community sectors to enhance delivery and outcomes for tenants/ service users.				CE
Maintain financial resilience in a challenging economic climate	Improve financial covenant headroom, scenario testing and prudent forecasting.				DP&F
	Enhance internal financial reporting, streamline financial processes and review budget preparation timelines.				DP&F
	Seek to diversify income through commercial activity and partnership-based services.				CE

Deliver efficient, effective and resilient services	Fully embed the Enterprises/Maintenance merger, reducing duplication and realising efficiencies.				DCE
	Simplify internal processes and eliminate legacy practice, where appropriate, across the organisation.				CE
	Following the adoption of the Digital, Data and Technology Strategy - improve systems and processes, drive innovation on AI and automation, enhance cyber security and enhance the customer experience.				CE
Deliver consistent, person-centred support	Implement a Care Relationship Management system for Hillcrest Futures.				DF
	Support the exploration of opportunities which align strategically with Hillcrest Futures and add value from a people and financial perspective.				DF
	Strengthen accessibility, communication and proactive engagement and work to utilise technology to enhance customer contact journeys.				DCE
Transition to Net Zero	Deliver the objectives and aspirations contained within Hillcrest Net Zero & Climate Change Strategy.				CE
	Develop and embed ESG reporting across business areas, with a particular focus on the work of Homes and Maintenance.				CE
	Develop a dashboard for retrofit projects and produce a programme of works.				DCE

Attract and retain an engaged, empathetic and skilled workforce providing excellent customer services	Introduce and deliver the actions contained within the People and Organisational Development Strategy.				DCS
	Develop and implement a new Equality, Diversity and Inclusion Strategy.				DCS
	Align workforce capacity with organisational ambition.				CE