

Appendix 3 – First Draft of BP Section re: Operating Environment

We consider the environment we operate within, in both a local and wider context. How we operate, and what we set out to do over the life of this plan, can be impacted and influenced by various factors.

Wider Context

Cost of Living Crisis

The ongoing cost of living crisis continues to impact tenants. Although headline inflation fell back to around the Bank of England's 2% target by June 2024, it has continued to increase sporadically and currently sits 3.2% in November 2025 (a slight decrease from 3.6% Oct 2025). Although the inflation measures have broadly come down since highs of recent years, persistent inflation has set a new level for pricing, which will not recede. The cumulative impact of high prices in 2021–2023 has left households and businesses struggling. Energy and food costs rose sharply, and the Scottish Government's 2025 overview highlights that the energy price shock (2022–23) and lagged real earnings, exacerbated household budgets.

Fuel poverty remains acute. Recent analysis highlights 861,000 Scottish households in fuel poverty, with social housing tenants disproportionately affected (estimated 61% fuel poverty rate in that tenure), underlining the reality of heat-or-eat trade-off for many tenants.

Housing Emergency

Rosehill continues to assist with the alleviation of Homelessness during the Housing Emergency which was declared in 2023 by Glasgow City Council and a national emergency by the Scottish Government in 2024.

We continue to provide a minimum of 45% of all lets to Section 5 Referrals, whilst trying to obtain the right balance within our communities and addressing the housing needs of waiting list applicants and our own tenants.

Net Zero/Climate Change

The Scottish Government has set an ambitious target to become a net zero country by 2045. Social housing is central to delivery, with policy frameworks (ZEST, Heat in Buildings) emphasising retrofit and clean heat transition. The Scottish Housing Net Zero Standard (SHNZ) is as yet still very unclear on requirements, timeline and funding. Although some recent work by Scottish Futures Trust highlights funding models to scale retrofit and reconfirms the

role of the Social Housing Net Zero Heat Fund, alongside proposals to aggregate projects to attract lower-cost capital.

The considerably high costs and no evidence to ensure a just transition for tenants makes it a difficult decision to pour investment into technologies that may decrease living standards and loss of resources. Rosehill continues to monitor the progression of SHNZ standards for obligatory requirements and will act accordingly on the setting of targets formally where feasible.

Political Landscape

The political environment in both Scotland and the wider UK remains highly dynamic and will shape the operating context for social landlords over the next five years. At UK level, the Labour Government, now in its second year, faces mounting pressure to deliver on promises to improve public services and ease the cost-of-living burden. Fiscal constraints and competing priorities mean that housing policy at Westminster is largely focused on England, with devolved administrations expected to lead on social housing delivery. Nevertheless, UK-wide economic decisions such as taxation, welfare reform, and energy policy continue to influence household affordability and sector funding.

In Scotland, the political landscape is dominated by the upcoming Scottish Parliament elections in May 2026. The current SNP-led government has committed to the Housing to 2040 strategy and the delivery of 110,000 affordable homes by 2032, but progress has been challenged by rising construction costs and the declared housing emergency. Housing has become a central election issue, with all major parties under pressure to set out credible plans to tackle homelessness, improve affordability, and accelerate net-zero delivery.

The next parliamentary term will be critical for shaping funding allocations, regulatory priorities, and legislative changes including the implementation of new tenancy protections under the Domestic Abuse (Protection) (Scotland) Act 2021. For Rosehill, this evolving political context presents both risks and opportunities: while policy commitments signal continued support for social housing, fiscal pressures and shifting priorities mean that proactive engagement and adaptability will be essential.

The Domestic Abuse (Protection) (Scotland) Act 2021 (Commencement No. 1) Regulations 2025

The Scottish Government has indicated that subject to parliamentary approval, the provisions of Part 2 of The Domestic Abuse (Protection) (Scotland) Act 2021 will come into force on 1st August 2026.

Part 2 of the 2021 Act provides social landlords with a new discretionary ground to apply to the court to apply for an order which, if granted, will have the effect of enabling the landlord to transfer a Scottish Secure Tenancy to a victim-survivor.

Draft guidance is currently being developed. Revised model Scottish Secure Tenancy and Short Scottish Secure Tenancy Agreements are currently being prepared.

Aging Population

Scotland's population reached over 5.5 million in mid-2024, with growth driven by migration and expected to continue. Glasgow is expected to see higher increases in population than the national average. The population is ageing as larger generations move into older age. Projections point to continued ageing to the mid-2040s, with implications for accessible homes, adaptations, and support services.

Local Context

Tenant Engagement

We continue to face low response rates to surveys and limited participation in co-design activity (e.g our new website). This mirrors wider Scottish findings that landlords and tenants value engagement, but succession planning for tenant groups is often weak and digital methods need to be complemented by accessible, low-barrier routes to involvement.

Staff Turnover/Absences

Over the last 5 years, we have experienced internal pressures due to staff shortages caused by employee turnover or sickness. These factors can impact service delivery and employee wellbeing. Moving forward, we will look at ways in which we improve employee health and wellbeing and consider ways in which we minimise turnover and/or make better use of the strengths of our current staff team.

IT / Digital

Digital services are a lever for engagement and efficiency but must be inclusive. Findings from the national tenant engagement study recommend multiple accessible channels and practical support to overcome barriers (skills, devices, costs). For Rosehill's website and digital services, co-design with tenants should be paired with assisted-digital routes to avoid exclusion.

Tenants' Aspirations

Not surprisingly tenant aspirations relate to warm, energy-efficient homes, timely repairs, safe neighbourhoods, and transparent communication. However, consistently at the forefront of their minds is the ever-increasing cost of living and general costs of today. The Scottish Housing Regulator's focus on damp/mould and tenant safety aligns with these priorities, reinforcing the need for robust asset management and clear service standards to enable a cost-effective housing provision and maintenance service.

Rent Affordability

Affordability remains a central consideration for social landlords' rent policies. Evidence reviews, emphasise using rent-to-income and residual income approaches and recognising the strong link between housing costs and poverty. With persistent cost-of-living impacts, Rosehill will maintain a cautious approach to rent increases, review appropriate mechanisms for applying increases and balancing investment needs and tenants' ability to pay.