



hebridean housing
partnership

Annual Report

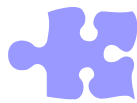
For the Year Ended 31 March 2010

"We aim to provide good quality affordable homes and to secure consistently excellent housing services throughout the Western Isles. Our people will work closely with our tenants and others to provide quality services which strengthen the communities we serve now and in the future"

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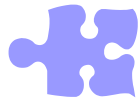
Investment Programme



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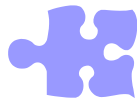
Housing Services



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Message from Chief Executive



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Message from HHP Chairman



The past year has, as every year since HHP commenced operation, been both challenging and rewarding.

New housing developments were completed and let at An Sithean Back; Milkinghill Tong; Hebrides Alpha, Coll; Arra's Cottages, Stornoway; Tom Na Ba, Galson and St Michael's Cottages, Barra. HHP was pleased to welcome Alex Neil, Minister for Communities to open the Arra's Cottages development. Mr Neil said that he was very impressed with the design and quality of HHP's new development.

The Hebrides Alpha is a Christian based charity which aims to provide a supportive and life changing opportunity for individuals with alcohol and other drug addiction issues. HHP supports Hebrides Alpha's aims and we are pleased to work with a local volunteer based organisation committed to providing services for vulnerable individuals in our community by developing purpose built accommodation. It is frustrating, however, that despite the tremendous efforts being put in by the business arm of Hebrides Alpha to raise funds, the excellent residential facility at Coll has not been utilised in accordance with the project's vision due to lack of sufficient revenue support from statutory agencies.

During 2009/10 a total of 58 new houses were built with a further 73 on site. This gives me tremendous satisfaction given that a healthy homebuilding programme is a key measure of the impact of stock transfer in the Western Isles, which supports the construction industry and provides much needed new homes.

HHP continued to put substantial investment in the transferred housing stock in accordance with the pre transfer Business Plan. The focus on commitments made to tenants in the 2005 tenant ballot is of critical importance to HHP's Board as we work to bring all the houses up to the Scottish Housing Quality Standard as required by 2015.

I was very pleased to see HHP further developing its Wider Role by initiating an income maximisation project in conjunction with the Citizens Advice Service.

Funding was secured in August 2009 and two project workers were appointed on a fixed term

basis and are now based in the Citizens Advice Bureau (Stornoway) and HHP's offices in Balivanich.

HHP's Board is monitoring the success of this initiative and will look to see positive outcomes for households in relation to income.

At the 2009 AGM George Banks, Community Board Member left the Board. George came on to the Board in 2007 having previously been Chair of Muirneag Housing Association. We thank George for his considerable contribution to housing services in the Western Isles. At the same meeting we welcomed Mairi Bremner as a Community Board Member. Mairi was formerly a Uist Councillor and NHS Eilean Siar Board Member. That experience will be invaluable to the work of the Board.

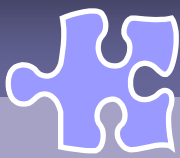
In January 2010 Cllr Charlie Nicolson intimated his intention to resign from the Board due to pressure of work. Charlie played a leading role on the Shadow Board prior to ballot and transfer. Everyone at HHP will miss Charlie and we wish him well.

Looking forward to next year, HHP will again be very busy with new housing developments and the investment and maintenance programmes. HHP is participating in the Scottish Government New Supply Shared Equity Scheme to enable first time buyers to get access to home ownership. There will be two developments where there will be sales both in Stornoway - former Smith's Shoe Shop site and the former MacRae Hostel site. Given the pressure on household incomes in the Western Isles, marketing these shared equity properties will be very challenging for our staff and our development agent Tighean Innse Gall.

HHP is grateful for the support given by Comhairle Members and officials and the staff at the Scottish Government office in Inverness both in the form of grant assistance and officer time.

Finally I would like to pay tribute to the hard work put in over the past year by my fellow Board Members and would also like to thank HHP's Management Team and staff for the excellent services they deliver to our tenants and the wider community.


George Lonie



Governance Review

Governance & Management



Missing from the photo are Archie Campbell, Gerry MacLeod and Angela Quail.

New Board Member



Mairi Bremner - appointed at the AGM in September 2009

Tenant Members

Paul Alldred	Harris
Daniel Coyle	Uist
Kevin Paterson	Lewis
Angela Quail	Lewis

Vacant as at 31 March 2010

Council Members

David Blaney
Archie Campbell
Neil Campbell
Gerry MacLeod

Vacant as at 31 March 2010

Community Members

Mairi Bremner
George Lonie
Calum MacKay
Jane MacKinnon
Helen Smith

Regulation

HHP is regulated by the Scottish Housing Regulator. The Regulator carried out its first baseline inspection of HHP in August 2008. The Regulator awarded HHP a "C" grade - fair.

Following the inspection a Regulation Plan was issued by the Scottish Housing Regulator.

HHP is aware of the weaknesses identified in the report and has drawn up an Improvement Plan in accordance with the Regulator's requirement to enable the Board to monitor progress in achieving the necessary improvements. Progress has been consistent with the timeline in the Improvement Plan and a number of performance targets in relation to void management and arrears control have been exceeded. The Regulator monitors key areas in the Plan and will carry out an audit in June 2011.

Strategy and Objectives

Each year the Business Plan is updated to take account of performance and major changes in the operating environment. During 2009/10 lengthy negotiations took place with Scottish Government about the grant shortfall arising from changes in Housing Association Grant (HAG) levels relating to the new build programme of 275 houses agreed prior to ballot and subsequent transfer. An agreement was reached with Scottish Government which will in part compensate for the lower level of grant than what was assumed in the pre transfer Business Plan approved by the then Scottish Executive and Comhairle Nan Eilean Siar.

Area Committees

A condition of registration for HHP was that Area Committees should be set up in Lewis, Harris, the Uists and Barra.

Area Committees have been constituted in Lewis and the Uists and have been up and running for over a year. In Harris three informal meetings per annum are held with tenants and HHP Members. In Harris it was agreed that a formal Committee was not what was wanted but rather an informal forum where a wide range of issues could be discussed with senior Officers from HHP. Attendance is very encouraging with as many as 20 tenants and Members coming along to the meetings which are held on the same cycle as the Area Committees.

In Barra meetings have been held to which all Members and tenants are invited. Meetings are poorly attended and there is no appetite for an Area Committee. HHP is considering seeking a removal of the condition of registration in relation to formal Area Committees for Harris and Barra and continue with the informal arrangements currently in place.

Key Risks impacting on Future Performance

HHP's 30 year business plan is extremely sensitive to changes in the operating environment and in an effort to minimise that risk, a risk strategy and risk register has been prepared. The strategy is updated annually and the register is reviewed quarterly and updated as necessary.

Any risk which materially jeopardises the Partnership's ability to achieve its Mission and Objectives or conduct its business will not be accepted.

Investment Programme

Planned and Cyclical Maintenance

We achieved record investment of £3.339 million in improvements during 2009/10. Our housing Investment Programme saw the following works completed:

2009/10		
Works carried out	Number of Units	
New Kitchens	99	
New Bathrooms	120	
New Heating Systems	52	
New Windows	101	
Re-roughcast	12	

Scottish Housing Quality Standard

One of the key outputs of the Business Plan for 2009/10 was 23% of the stock fully meeting the Scottish Housing Quality Standard (SHQS). The reason this percentage was not higher is largely due to energy efficiency issues including insulation levels and the limited types of heating systems available in the islands but we plan to invest £13.3 million over the next five years to bring our houses up to the Scottish Housing Quality Standard by 2015.

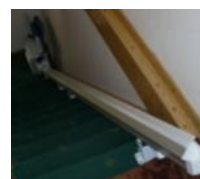
Overall Investment

In total £2.785 million was spent in Housing Investment, £1.109 million on Response Repairs and £0.462 million on Planned Maintenance and Cyclical Painterwork. In addition £1.105m was spent on Reactive Maintenance and Repairs to empty houses.

Grant funding of £285,412 was also made available from the Government to deliver aids and adaptations for tenants with health and mobility problems.



Balustrade



Stair Lift



Hand Rail



Shower Unit



Ramp

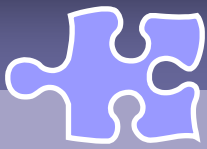
Renewable Heating Systems

We continue to use new technology to try and help our tenants drive down the cost of heating their homes. The developments completed this year had high levels of insulation and had a range of heating systems fitted - air source heat pumps, ground source heat pumps, heat recovery units, solar panels and gas. Survey data from tenants indicate good levels of satisfaction with these innovative heating systems.

Energy Grants for Renewable heating systems totaling £120,292 were received during the year. The Grants were received from:

Awarding body	
Scottish and Southern Carbon Emission Reduction Target (CERT)	£10,800
Government Low Carbon Building Programme (LCBG)	£109,492
Total	£120,292





Operational Review

Development Programme

Developments Completed 2009/10

We had another very successful year with our Housing Development Programme. In total £6.34 million was spent on completing 58 new homes and work commenced on a further 73 units. Since transfer we have built a total of 171 new houses and acquired 10 under the Government's Rent off the Shelf Scheme so our housing stock at 31 March 2010 was 2183.



Developments on site

HHP's development programme continues apace and the following projects are now on site:

- 12 units at Arras Cottages, Perceval Road, Stornoway
- 6 units at Tom Na Ba, Galson, Lewis
- 6 units at An T-Sithean, Back, Lewis
- 8 units at the Bridge, Stornoway. Lewis
- 3 units at 48 Coll, Lewis
- 12 units at Milkinghill, Lewis
- 4 units at Taigh Sgoile, Berneray
- 3 units at Cialla, Eoligarry, Barra
- 4 units at St Michael's Cottages, Barra

- 42 units at MacRae Hostel site, Stornoway
- 12 units at Smith's Shoe Shop Stornoway
- 18 units at Bridge Cottages Stornoway
- 8 units at Bunnavoneadar Harris
- 11 units at Gearraidh Ghuirm Coll, Lewis.

Over the next five years £6.2 million of private finance will need to be earmarked for new build projects. However the number of units built will be dependent on the level of Housing Association Grant funding available from the Scottish Government.

The amount of expenditure in both the Development and Investment Programmes has had a significant impact on sustaining jobs throughout the Western Isles not just for large contractors but also for small contractors, suppliers and service providers.

LIFT Properties

The programmes at MacRae Hostel and Smith Shoe shop include a total of 18 units which will be for sale under the Scottish Governments Low-cost Initiative for First Time Buyers (LIFT). This is a Scottish Government led scheme which works by the Government giving grants to landlords like HHP to help them build new homes for sale. These homes can then be sold to people who cannot afford the full price on a "Shared Equity" basis. This means that the Scottish Government keep a financial stake in the property so the buyer does not have to pay the full price.

The first site is where Smith Shoe Shop used to stand. It is now to be called Ardanmhor Court. The development consists of 12 flats, 6 of which will be rented and 6 of which will be for sale under the Government's LIFT scheme. The flats are due to be completed by March 2011.

The second site is where the old MacRae Hostel stood (next to the big Co-op). This development is to be called Manor Drive. It consists of a total of 42 properties - a mix of houses and flats. Thirty of these are for rent and a total of 12 will be sold under the LIFT scheme. The properties are due to be completed by March 2011.



The New Build Units completed in 2009/10:



12 Units at Milkinghill, Lewis



6 Units at Tom Na Ba, Galson, Lewis



12 Units at Arras Cottages, Perceval Road, Stornoway,



3 Units at 48 Coll, Lewis



8 Units at the Bridge, Stornoway, Lewis



6 Units at An Sithean, Back, Lewis



4 Units at Taigh Sgoile, Berneray



4 Units at St Michael's Cottages, Barra



3 Units at Cialla, Eoligarry, Barra



The Development Programme projects now on site:



11 Units at Gearraidh Ghuirm Coll, Lewis



18 Units at Bridge Cottages Stornoway



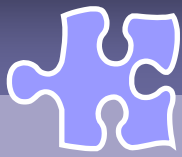
8 Units at Bunnavoneadar Harris



42 Units at MacRae Hostel (Manor Drive), Stornoway (Architects Drawing)



12 Units at Smith's Shoe Shop, (Ardanmhor Court) Stornoway



Operational Review

Housing Services

Performance improved significantly during 2009/10 across a range of core performance areas making it HHP's best performance since transfer .

Rent Arrears – HHP Target 7.25%

	2009/10	2008/09
Total Tenant Arrears	£355,895	£416,640
% Level of Arrears	5.48%	6.85%
Scottish Housing Regulator Performance Average of Housing Associations as at 31 March 2009		4.3%

Allocations

Completed within timescale	2009/10	2008/09
New applications added to housing list	447	402
Average number of days taken to add applicant to list	4	7
Number of lets	246	175
Average time taken to re-let	33 days	69 days
Scottish Housing Regulator Performance Average of Housing Associations as at 31 March 2009		21 days

Rent Loss Due to Voids – HHP Target 1.85%

	2009/10	2008/09
Rent Loss Due to Voids	£56,972	£122,358
% of monthly rent due that was lost to voids	0.88%	2.01%
Scottish Housing Regulator Performance Average of Housing Associations as at 31 March 2009		0.6%

Repairs Response Times – HHP Target 95%

Completed within timescale	2009/10	2008/09	Scottish Housing Regulator Performance Average of Housing Associations as at 31 March 2009
Emergency	96%	96%	100%
Urgent	95%	98%	97%
Routine	95%	96%	96%

Rent Arrears

Current Rent arrears were reduced by over a third and the number of tenants in serious arrears of over £1000 were reduced from 81 to 36. The focus was particularly on early action and prevention of arrears and we entered into a partnership with the Citizens Advice service to improve the support and advice available to tenants.

We have also entered into discussions with a range of other local agencies to seek ways by which we can work better together for the benefit of tenants. Although this is at an early stage we believe that there is considerable scope for us to improve joint working and to achieve more through partnerships.

Allocations and Lettings

Performance on the speed of re-letting houses improved markedly. The average length of time to let houses was reduced from over 60 days in 2008/09 to around 30 days. Over 70% of houses were let within 28 days and we are working to improve on this. This improved performance generated additional income for the business.

Over 250 houses were allocated during the year. We continued to work closely with the Comhairle to address homelessness and 39% of all lets were made to homeless households compared to 27% the previous year.

Estate Management

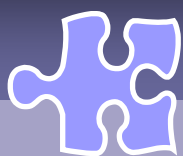
We are committed to keeping housing estates in good condition and to address problems early. We introduced a system of annual estate inspections to identify problem issues and to seek to address and resolve these.

It is important to us that tenants are happy with the areas in which they live and we wish to develop this approach to involve tenants in these annual inspections.

Repair & Maintenance Service

We carried out 3059 repairs of which 95% were carried out within target.





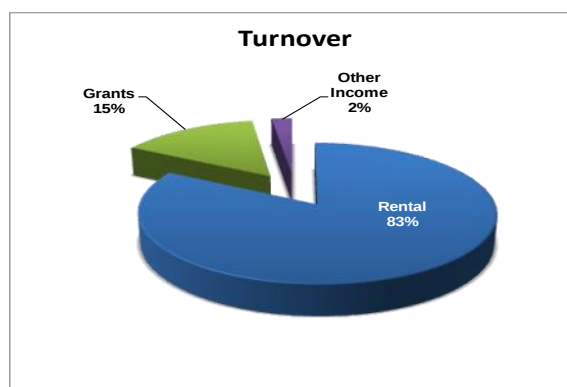
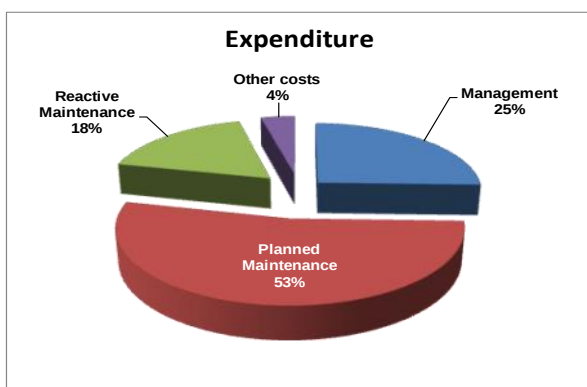
Financial Review

Income & Expenditure for the year ended 31 March 2010

	31 March 2010	31 March 2009
	£	£
Turnover	7,798,473	6,652,634
Operating costs	<u>(6,329,737)</u>	<u>(5,970,215)</u>
Operating surplus	1,468,736	682,419
Surplus on sale of fixed assets		
- housing properties	66,522	74,994
- other assets	10,570	-
Interest receivable and other income	6,281	40,113
Interest payable and similar charges	<u>(218,177)</u>	<u>(212,576)</u>
Surplus on ordinary activities, before transfers to Reserves	<u>1,333,932</u>	<u>584,950</u>

Statement of Total Recognised Surpluses and Deficits for year ended 31 March 2010

	31 March 2010	31 March 2009
	£	£
Surplus on ordinary activities, before transfer to Reserves	1,333,932	584,950
Transfer to Designated Reserves	<u>(419,164)</u>	<u>(259,482)</u>
Total recognised surpluses since the last financial statements	<u>914,768</u>	<u>325,468</u>



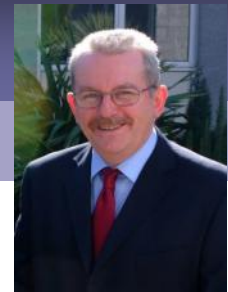
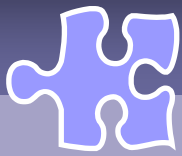


Balance Sheet at 31 March 2010

	31 March 2010	31 March 2009
	£	£
Tangible Fixed Assets		
Housing Properties at valuation	6,806,783	6,117,048
Other tangible fixed assets	497,744	512,532
	<u>7,304,527</u>	<u>6,629,580</u>
 Debtors due after more than one year	 18,075,469	 20,271,131
 Current Assets		
Debtors due within one year	662,506	910,332
Short-term deposits	1,261,726	1,259,433
Cash at bank and in hand	1,033,917	387,086
	<u>2,958,149</u>	<u>2,556,851</u>
Creditors: amounts falling due within one year	<u>(968,056)</u>	<u>(3,047,558)</u>
Net current assets	<u>1,990,093</u>	<u>(490,707)</u>
Total assets less current liabilities	<u>27,370,089</u>	<u>26,410,004</u>
 Creditors: amounts falling due after more than one year	 <u>(6,481,764)</u>	 <u>(4,595,884)</u>
	20,888,325	21,814,120
Provisions for liabilities and charges	<u>(17,971,963)</u>	<u>(20,162,797)</u>
Net Assets	<u>2,916,362</u>	<u>1,651,323</u>
 Capital and Reserves		
Share Capital	182	175
Designated Reserve	802,339	383,175
Capital Reserve	384,279	453,179
Revenue Reserve	1,729,562	814,794
	<u>2,916,362</u>	<u>1,651,323</u>

A total of £44,530 Wider Role Grants were received from Scottish Government and were issued to the following organisations:

TIG - Energy Awareness	£13,000
Sgailean Western Isles Foyer	£20,500
CAB Uist - Tenant Early Intervention	£11,030



HHP Chief Executive - Angus Lamont

The past year which is only the third full financial year since transfer in September 2006, has seen HHP consolidate and improve services.

During 2009/10 HHP accelerated the newbuild programme and it is now well ahead of Business Plan projections. Scottish Government funding has been at record levels. A total of 171 houses have been completed since transfer. This has been possible due to the hard work and abilities of HHP staff, Tighean Innse Gall, consultants and the local building companies. Thanks is due to Comhairle Nan Eilean Siar for all their support particularly in assisting with funding of the more difficult and costly projects outwith the Stornoway area.

Steady progress has been made towards achieving the Scottish Housing Quality Standard. Social landlords in Scotland have until 2015 to ensure that the housing stock is improved to the required standard and in the coming five years that will be our primary focus.

Performance in key areas of HHP's activity has improved considerably during 2009/10. In particular we have seen a sharp fall in the level of current rent arrears and is now at 5.48% of gross rent which is the best performance since transfer. Void management has been another area where there has been marked improvement. Void periods have been substantially reduced and the spend on void repairs brought in line with budgetary provision. This has been a joint effort involving HHP staff and our maintenance contractor - the Comhairle. I am also pleased to report strong budgetary performance in the difficult area of response repairs. The staff involved in these areas have worked hard to achieve these key improvements which are reported in more detail within this Annual Report.

This year HHP also took steps towards reducing fuel poverty following installation of Air Source Heat Pumps in tenants' homes as part of our replacement heating programme. We will be monitoring the heating costs in these properties to ensure that this new technology which is a significant investment by HHP bringing tangible benefits to our tenants in terms of reduced fuel bills. To complement improved heating systems we also have a significant insulation programme.

In order to assess the impact of our improved performance on service users and to ask our customers about their priorities HHP is planning to undertake its second service user survey in 2010/11. The results from this will be used to shape our operations for the future.

Following protracted negotiations with Scottish Government officials a settlement was finally reached with regard to the shortfall in HHP's Stock Transfer agreement caused by the reduction in Housing Association Grant (HAG) levels. Following transfer HHP had to find the additional private finance which has materially impacted on our Business Plan assumptions. It was good to bring these difficult negotiations to a successful conclusion.

The Board and staff of HHP feel very positive about the organisation's future notwithstanding the considerable challenges facing all housing service providers in the current financial situation.

My thanks to the Chair, Board Members and staff for all the support I have received over the past year.

Angus Lamont



Hebridean Housing Partnership

Contact Details

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Auditors

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Isle of Lewis
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Balivanich



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HHP Directors

Chief Executive: Angus Lamont BA DIHS MCIH
Director of Operations: Tony Pendle BA (Hons)
Director of Resources: Dena Macleod BA CA

We continued to develop our approach to Customer Service and now route all calls to the Customer Service team. We want to ensure that all our tenants receive the best possible service and that we direct their enquiries to the person best able to assist. We will continue to build on this approach and to improve the way we deliver services.

Helpline: 0845 6039 180

E-mail: info@hebrideanhousing.co.uk

Website: www.hebrideanhousing.co.uk

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