# Hebridean Housing Partnership
# Annual Report 2011 - 2012



hebridean housing partnership

www.hebrideanhousing.co.uk

Contents



*“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”*

# Chairman's Report

I am delighted as Chair of HHP to present our 5th Annual Report for 2011/12.

HHP is totally committed to customer care and service delivery and I am pleased to say that in the past year we have continued to see improvements across all the key areas of activity. Our Business Plan developed prior to transfer and updated on an annual basis is on target and delivering our promises made to tenants leading up to transfer.

We continue to be very proud of our new build activity since transfer. Our developments are of excellent quality. Feedback from tenants and the wider community has been very encouraging.

Progress with the newbuild programme affordable for rent has been significantly ahead of target and HHP completed the 250th house since transfer in January 2012 at Slighe Ruairidh Alasdair, Claddach Kirkibost, North Uist.

Our first 6 shared equity houses for sale were completed at Ardanmhor Stornoway followed by another 12 for sale at Manor Drive Stornoway. First time buyers who were finding the current mortgage lending situation difficult were able to purchase 60% - 80% of the equity of these extremely popular homes.

As we welcome these achievements by HHP it is important to acknowledge that HHP could not have developed new homes without the financial support of the Scottish Government and the Comhairle.

During the year we welcomed a new co-opted Board Member. Iain Macmillan, who is the Principal at the Lews Castle College, agreed to join the Board and we are delighted to welcome Iain who has a wealth of experience built up during his working life in public services particular in finance and corporate governance. The AGM last September saw the return to the Board of a former Board Member, Alasdair Mackenzie, as a Lewis Tenant representative. Alasdair served with distinction when previously on our Board and it is good to see him return.

As well as welcoming new Board Members it was with regret I have to record the resignations of two Board Members who were on the Shadow Board prior to transfer – Councillor Archie Campbell and Calum Mackay. Both have been very supportive to me as a Chairman and have put in a tremendous amount of work as Board Members. I shall miss their contributions at Board Meetings. HHP have lost two exceptional, hard working people who believe in what we have been trying to do and must take credit for much of what has been achieved.

I would like to thank everyone who was involved with HHP in what has been another very successful year. We are indebted to our voluntary Board Members, staff and partner agencies – particularly Comhairle Nan Eilean Siar, Scottish Government and Tighean Innse Gall. However I would most importantly like to thank our tenants for their continued support as we seek to enhance and improve our services in the coming year.

# Chief Executive's Report

HHP can, despite these difficult economic times look forward to the future with confidence.

This Annual Report details some of our organisation's achievements and sets out our financial statements for 2011/12.

The Scottish Housing Regulator continues to categorise HHP as medium engagement due to our "systemic importance in the Western Isles". Our post inspection Improvement Plan has been signed off by the Regulator who acknowledged the progress that HHP is making in performance across all areas of the business. All the actions identified in the Plan have been actioned.

Despite the challenges of the economic downturn, arrears continue to fall, void performance is markedly better and the delivery of the repairs service by our new term contractor FES has brought real improvement whilst keeping costs firmly under control. I would draw your attention to the Key Performance Indicators section of this report.

HHP is also making good progress in bringing up the housing stock to the Scottish Housing Quality Standard (SHQS).

HHP has seen a steady year on year improvement in rent arrears recovery. However the Coalition Government is bringing in a series of changes to the welfare benefit system including moving to a Universal Credit over the next 2 years which will impact on the most vulnerable of our tenants.

Tenants who are deemed to be under occupying properties will see a reduction in Benefit. This change in the benefit calculation has been labelled 'a bedroom tax', it will impact on many vulnerable tenants in the Western Isles. HHP will be unable to provide alternative smaller accommodation for most affected tenants.

In recognition of the welfare benefit changes, HHP is reviewing how we can assist tenants to maximise the amount of benefit due and the way tenants who are on benefit pay their rent. Inevitably arrears will rise at least in the short term and we need to work with local agencies such as the Comhairle and Citizens Advice Bureau to raise awareness and provide support.

HHP is a member of the Outer Hebrides Community Planning Partnership. The work of the Partnership is vital if we are to see a joined up approach to providing services for all the communities across the Western Isles.

I am very grateful to the officers and Members of Comhairle Nan Eilean Siar and the Scottish Government staff in Inverness for their support which is becoming increasingly important.

I would like to record my thanks to our staff for all their efforts over the past year. It is an encouragement to me to see the improved performance year on year. Sadly during the year two valued colleagues Janette Martin and Roddy MacCuish passed away following long illnesses. Our thoughts go out to their respective families.

Finally special thanks to the Chair of the Board, George Lonie and his fellow volunteer Board Members for giving freely of their time and energy. Without their commitment HHP could not grow and improve services as it has in the past five years.

# Governance and Management

| Name | Category | Changes during the year | |
|---|---|---|---|
| | | Appointed | Resigned |
| **George Lonie (Chair)** | Community | 16 Sept 2010 (re-appointed) | |
| **David Blaney (Vice-Chair)** | Councillor | 28 June 2007 | |
| **Kevin Paterson (Treasurer)** | Tenant | 16 Sept 2010 (re-appointed) | |
| **Angela Quail** | Tenant | 14 March 2012 (re-appointed) | |
| **Daniel Coyle** | Tenant | 15 Sept 2011 (re-appointed) | |
| **Alasdair Mackenzie** | Tenant | 15 Sept 2011 | |
| **Calum Mackay** | Community | 18 Sept 2008 (re-appointed) | 08 Sept 2011 |
| **Jane Mackinnon** | Community | 15 Sept 2011 (re-appointed) | |
| **Helen Smith** | Community | 16 Sept 2010 (re-appointed) | |
| **Mairi Bremner** | Community | 17 Sept 2009 | |
| **Neil Campbell** | Councillor | 28 June 2007 | |
| **Archie Campbell** | Councillor | 28 June 2007 | 09 March 2012 |
| **Gerry Macleod** | Councillor | 28 June 2007 | |
| **Donald Nicolson** | Councillor | 29 April 2010 | 01 Sept 2011 |
| **Iain Macmillan** | Co-optee | 14 March 2012 | |

The Partnership's Standing Orders allow for one Standing Committee and four Community Liaison Groups. The Board took the decision to reduce the Standing Committee from three to one and replace the Area Committee with informal Community Liaison Groups.

The Board comprises up to 12 members – 4 tenant members, 4 Comhairle nan Eilean Siar nominees, 4 community representatives and up to 3 co-optees. There are currently 12 Board members.

HHP's Rules require that two community and two tenant members step down each year. There will be elections for the vacant positions at the Annual General Meeting in September 2012.

## HHP Awarded Share of £4 Million DECC Green Heating Systems Fund

Hebridean Housing Partnership (HHP) was delighted with the announcement in November 2011 by the Department of Energy & Climate Change (DECC) that HHP is one of twenty four social housing providers across the UK to have been awarded a share of the £4 million fund to install green heating systems in the houses of their tenants. There were 125 bids submitted. HHP received the highest level of award - £175K. The Energy & Climate Change Minister Greg Barker said:

"This scheme directly targets many of the people who could struggle to pay their heating bills in the winter and I am pleased so many in the social housing organisations across the country will be able to get a share of the cash. It will encourage an increase in the number of new heating technologies in social housing and help people deal with expensive fuel costs."

Commenting on the award, the Chairman of HHP, George Lonie, said that the grant was a welcome boost to HHP's goal of reducing the level of fuel poverty being experienced by tenants.

The bids were evaluated by a panel of experts including the Scottish and Welsh Governments, Energy Savings Trust and DECC representatives.

## Tenant Participation

Placing tenants at the centre of what we do is a key objective for HHP. We continued to explore ways of engaging with tenants and we hosted conference for tenants during the year in Stornoway, Tarbert and Balivanich. We also organised rent consultation meetings in Stornoway, Tarbert, Balivanich and Barra. We also continued to seek tenants views on our services, particularly repairs and investment and used the feedback to improve how we do things.

## Rent Rise 2012/13

At the Board meeting on Wednesday 1 February 2012 the Board of the Hebridean Housing Partnership (HHP) approved its budgets and rent rise for 2012/13. Following consultation with tenants and tenant representatives through the Western Isles Federation of Residents Association (WIFTRA) the Board agreed to set an inflation only rent increase of 5.2% resulting in an average weekly rent of £63.48.

At that same meeting the Board approved a 5 year rent guarantee of RPI + 1% which will act as a voluntary cap on future rent increases and give reassurance to tenants about future rent levels.

## Donations to Charities

At the Annual General Meeting on 15 September 2011 the Board of the Hebridean Housing Partnership (HHP) agreed to donate £1000 to be shared between four nominated locally based charities - Bethesda Hospice, MacMillan Nurses, Action for Children and Young Musicians Hebrides.

HHP staff were also delighted to be able to give 2 local charities an early Christmas present last year. Staff had collected £400 over the year through monthly 'dress-down' Friday and then selected Women's Aid and Alzheimer's Scotland to receive £200 each.

# Performance Management

### Allocations

There was further improvement in the performance on re-letting properties and minimising void periods. The average length of time to let houses (excluding houses which were difficult to let) reduced to an average of 19.8 days. 80% were let within 28 days. The amount of rent lost due to houses being empty rose by £11.1K, largely due to the increased turnover of stock resulting from the large new build programme. It was however well ahead of target.

HHP continued to support the Comhairle in addressing homelessness and let 36% of empty houses to applicants referred by the Comhairle. A total of 31 houses are provided to the Comhairle's Homeless Service for use as temporary accommodation.

### Allocations

| Completed within timescale | 31 Mar 2012 | 31 Mar 2011 |
|---|---|---|
| New applications added to housing list | 428 | 518 |
| Average number of days taken to add applicant to list | 8 | 4 |
| Number of lets | 196 | 161 |
| Average time taken to re-let | 32 days | 28 days |
| Average time taken to re-let less difficult to let properties | 19 days | no complete data available |

### Rent Arrears – *HHP Target <2.5%*

| | 31 Mar 2012 | 31 Mar 2011 |
|---|---|---|
| Total Tenant Arrears | £186,653 | £292,559 |
| % Level of Arrears | 2.63% | 4.51% |

### Annual Rent Loss Due to Voids - *HHP Target 1%*

| | 31 Mar 2012 | 31 Mar 2011 |
|---|---|---|
| Rent Loss Due to Voids | £52,742 | £41,548 |
| % of monthly rent due that was lost to voids | 0.76% | 0.65% |

### Repairs Response Times – *HHP Target 95%*

| Completed within timescale | 31 Mar 2012 | 31 Mar 2011 |
|---|---|---|
| Emergency – 4hrs | 95% | 88% |
| Response Time – 24hrs | 96% | 91% |
| Response Time – 3 days | 96% | 85% |
| Response Time – 7 days | 98% | 84% |
| Response Time – 20 days | 99% | N/A |
| Total Number of Repairs Completed | 4664 | 3112 |

### Estate Management

The level of Anti-Social Behaviour complaints received dropped from 37 to 27 on the previous year. We did however take legal action against a very small number of tenants whose behaviour was not acceptable. We continued to take a pro-active approach to maintaining housing areas through our annual inspections and we will seek to build further on this.

### Repairs and Maintenance Contract

FES FM Ltd took over the Repair and Maintenance Contract from 1 April 2011. The contract is based on a partnership approach and the first year has been very positive as we worked closely with FEM FM to mobilise the contract and to improve service delivery and value for money to tenants. Overall repair service performance was significantly improved on the previous years.

# Development & Investment Update

*42 units at Manor Drive, Stornoway*

*15 Units at Melbost Farm, Stornoway*

HHP had its best year in terms of house completions since transfer in 2006. A total of 90 houses completed during 2011/12 – 72 for affordable rent and 18 as part of the Scottish Government New Supply 'LIFT' initiative.

The developments which were handed over were in 2011/12:

- 42 houses/flats at Manor Drive, Stornoway - 12 of which were 'LIFT' and 30 for affordable rent
- 12 flats at Ardanmhor Court, Stornoway - 6 of which were 'LIFT' and 6 for affordable rent
- 18 houses at Bridge Cottages Stornoway for affordable rent
- 8 houses at Bunnavoneadar Harris for affordable rent
- 4 houses at Cnoc A' Runaire, North Tolsta for affordable rent
- 6 houses at Slighe Ruairidh Alasdair, Claddach Kirkibost, North Uist for affordable rent

HHP's new build housing programme reached a landmark 250th house at Slighe Ruairidh Alasdair, Claddach Kirkibost in February 2012. A feature of these new houses has been the high levels of insulation and as gas is not available, air source heat pumps.

The developments due to complete in 2012/13 are:

- 15 houses for affordable rent at Mackenzie Park, Parkend
- 24 houses/flats for affordable rent at Gibson Gardens, Stornoway
- 6 houses under the 'LIFT' initiative at Mackenzie Park (Innovation and Investment Fund)
- 4 houses for affordable rent at Mackenzie Park (Innovation and Investment Fund)

*6 houses at Claddach Kirkibost, North Uist*

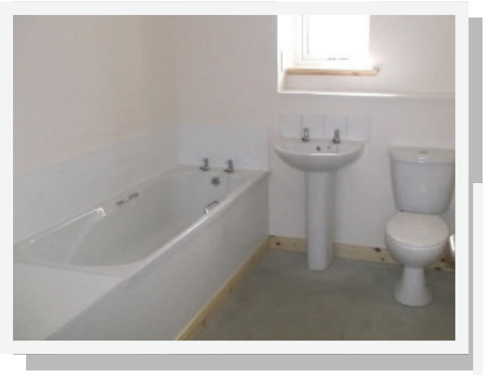
*4 houses at Cnoc A'Runaire, North Tolsta*

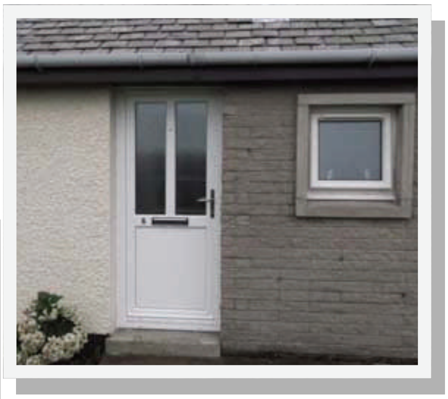
*24 units at the former Gibson Hostel Site, Stornoway*

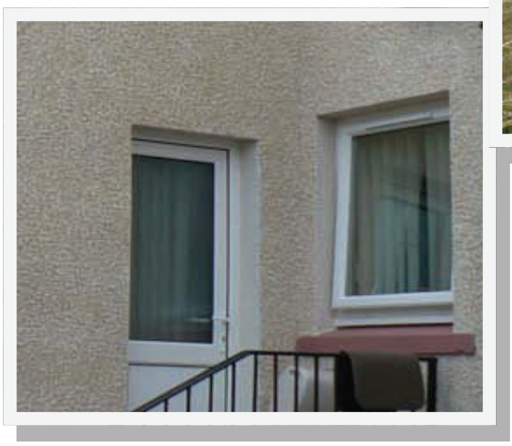
## Investment Programme

We continued to invest significant resources in tenants' homes and spent almost £3m through our investment programme this year. We also carried out a procurement exercise and appointed 11 contractors on a framework contract to deliver our investment works through to 2014. This has significantly increased the value for money we achieve for tenants.

| 2011/12 | |
|---|---|
| **Works Carried Out** | **Number of Units** |
| Kitchens | 78 |
| Bathrooms | 55 |
| Heating | 79 |
| Windows | 155 |
| Insulation (Cavity) | 245 |
| Insulation (Loft) | 605 |





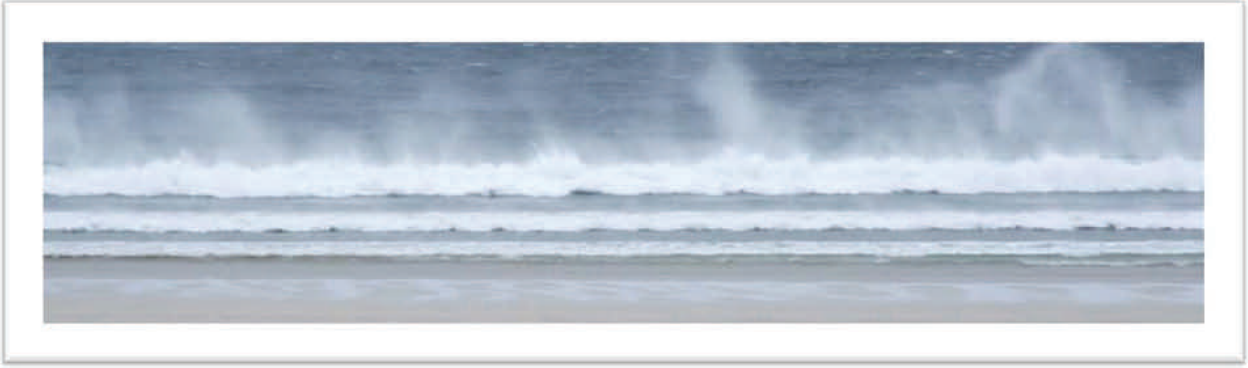


## Planned and Cyclical Maintenance

We completed year 2 of our 5 year programme and invested a further £566k in works to tenants' homes focussing on external maintenance such as, painting, fabric repairs, gutter cleaning and environmental upgrading. We carried out an audit of our gas servicing work to further improve this part of our service. 100% of gas systems were serviced.

## SHQS 2020 Climate Change Target

We continued to work to bring homes up to the SHQS and to prioritise the upgrading of insulation by accelerating this work. We have invested further in renewable technologies such as Air Source Heat Pumps. The energy efficiency requirement of the SHQS presents a challenge due to the large number of solid fuel heating systems remaining within the stock. Fuel poverty is an issue affecting many tenants and we are exploring ways to reduce fuel poverty by improving the houses. Greenspace Ltd have been engaged to carry out a study on a number of houses and the results of the study will inform future survey and investment works.



# Financial Overview

### Income and Expenditure Account for the year ended 31 March 2012

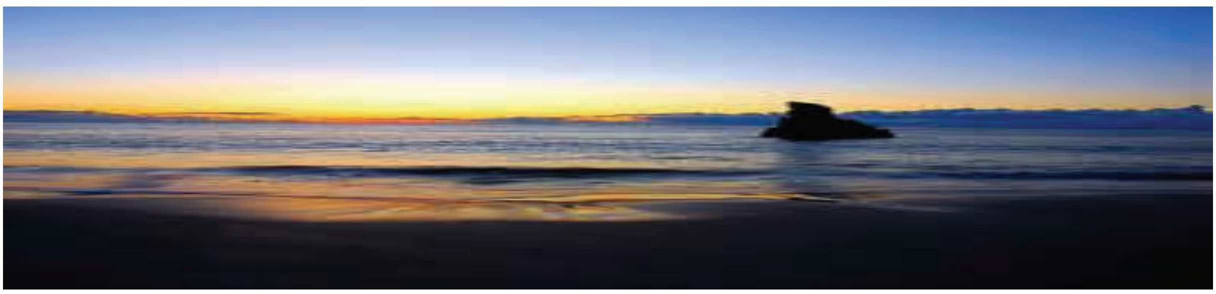
| | 31 March 2012 | 31 March 2011 | Non Accountants Guide |
|---|---|---|---|
| | £ | £ | |
| Turnover | 9,846,975 | 7,458,758 | Income from rents and other activities |
| Operating Costs | -6,831,858 | -4,693,503 | Cost of maintenance and management of properties and other activities |
| **Operating Surplus** | **3,015,117** | **2,765,255** | |
| Surplus on sale of fixed assets | | | |
| housing properties | 26,263 | 75,280 | |
| Interest receivable and other income | 9,200 | 11,510 | Bank interest on deposit accounts |
| Interest payable and similar charges | -253,566 | -249,094 | Interest on money borrowed |
| Surplus on ordinary activities, before transfer of Reserves | 2,797,014 | 2,602,951 | |

### Statement of Total Recognised Surpluses and Deficits for the year ended 31 March 2012

| | 31 March 2012 | 31 March 2011 |
|---|---|---|
| | £ | £ |
| Surplus on ordinary activities, before transfer to Reserves | 2,797,014 | 2,602,951 |
| Transfer to Designated Reserves | -417,330 | -372,266 |
| Total recognised surpluses since the last financial statements | 2,379,684 | 2,230,685 |

## Balance Sheet as at 31 March 2012

| | | 31 March 2012 | 31 March 2012 | Non-accountant's guide |
|---|---|---|---|---|
| | | £ | £ | |
| **Tangible Fixed Assets** | | | | |
| Housing Properties at valuation | | 18,436,501 | 14,494,361 | Houses we own |
| Other tangible fixed assets | | 854,882 | 445,615 | Offices and equipment |
| Investments | | 1 | 1 | Share in Subsidiary |
| | | £ 19,291,384 | £ 14,939,977 | |
| Debtors due after more than on year | | 13,935,442 | 16,543,707 | |
| **Current Assets** | | | | |
| Stock | 18,182 | | 766,433 | |
| Debtors due within one year | 981,547 | | 443,944 | Money owed to us |
| Short-term deposits | 861,313 | | 1,298,941 | Money in the bank |
| Cash at bank and in hand | 392,443 | | 1,082,843 | |
| | | 2,253,485 | 3,592,161 | |
| **Creditors: amounts falling due within one year** | | -933,158 | -1,103,128 | Money we owe others |
| **Net current assets** | | 1,320,327 | 2,489,033 | |
| **Total assets less current liabilities** | | 34,547,153 | 33,972,717 | |
| **Creditors: amounts falling due after more than one year** | | -7,328,047 | -6,878,635 | What we owe on loans for building our houses & money due to Scottish Government |
| | | 27,219,106 | 27,094,082 | |
| **Provisions for liabilities and charges** | | -13,841,595 | -16,445,030 | |
| Net assets | | 13,377,511 | 10,649,052 | |
| **Capital and Reserves** | | | | |
| Share Capital | | 188 | 186 | Number of members £1 shares |
| Designated Reserve | | 1,591,935 | 1,174,605 | Money set aside for future planned repairs |
| Capital Reserve | | 247,165 | 315,722 | |
| Revenue Reserve | | 11,538,223 | 9,158,539 | |
| | | 13,377,511 | 10,649,052 | |



# Contact Details

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